# SubC Partner A/S

Sahara 4, 6700 Esbjerg

CVR no. 28 70 26 12

## Annual report 2023

Approved at the Company's annual general meeting on 19 June 2024

Chair of the meeting:

....................................................
Tonny Klein

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

Today, the Board of Directors and the Executive Board have discussed and approved the annual report of SubC Partner 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 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.

Further, in our opinion, the Management's review gives a fair review of the matters discussed in the Management's review.

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

Esbjerg, 19 June 2024
Executive Board:

Tonny Klein

Board of Directors:

Rune Værndal
Chairman

Peter Sønderlyng

Patrick Jacques Joseph Gilly

Tonny Klein

# Independent auditor's report

## To the shareholder of SubC Partner A/S

### Opinion

We have audited the financial statements of SubC Partner 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 accounting policies. The financial statements are 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 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.

### 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 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 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.

### 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.

### 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 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 the 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.

## Independent auditor's report

- 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 note 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.

### 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 Statement Act. We did not identify any material misstatement of the Management's review.

Esbjerg, 19 June 2024
EY Godkendt Revisionspartnerselskab
CVR no. 30 70 02 28

Morten Østergaard Koch
State Authorised Public Accountant
mne35420

Mads Klausen
State Authorised Public Accountant
mne46588

# Management's review

## Company details

| | |
|---|---|
| Name | SubC Partner A/S |
| Address, Postal code, City | Sahara 4, 6700 Esbjerg |
| | |
| CVR no. | 28 70 26 12 |
| Established | 15 April 2005 |
| Registered office | Esbjerg |
| Financial year | 1 January - 31 December |
| | |
| Website | www.subcpartner.com |
| E-mail | mail@subcpartner.com |
| | |
| Board of Directors | Rune Værndal, Chairman<br>Peter Sønderlyng<br>Patrick Jacques Joseph Gilly<br>Tonny Klein |
| | |
| Executive Board | Tonny Klein |
| | |
| Auditors | EY Godkendt Revisionspartnerselskab<br>Bavnehøjvej 5, 6700 Esbjerg, Denmark |

# Management's review

## Financial highlights

| DKK'000 | 2023 | 2022 | 2021 | 2020 | 2019 |
|---|---|---|---|---|---|
| **Key figures** | | | | | |
| Gross profit | 143,889 | 87,752 | 40,440 | 45,189 | 58,766 |
| Earnings before interest, taxes, depreciation and amortisation (EBITDA) | 26,618 | 21,637 | -3,443 | 7,031 | 21,134 |
| Operating profit/loss | 17,968 | 14,878 | -8,458 | -436 | 15,593 |
| Net financials | -2,334 | -1,226 | -634 | -454 | -538 |
| Profit for the year | 14,317 | 11,334 | -7,612 | 1,205 | 11,792 |
| Total assets | 124,372 | 88,720 | 51,025 | 44,301 | 33,267 |
| Investments in property, plant and equipment | -5,436 | -5,160 | -3,684 | -12,646 | -3,049 |
| Equity | 26,141 | 15,824 | 4,490 | 12,102 | 10,896 |
| **Financial ratios** | | | | | |
| Equity ratio | 21.0% | 17.8% | 8.8% | 27.3% | 32.8% |
| Return on equity | 68.2% | 111.6% | -91.8% | 10.5% | 127.5% |
| Average number of full-time employees | **151** | **98** | **67** | **61** | **54** |

The financial ratios stated under "Financial highlights" have been calculated as follows:

| | |
|---|---|
| Operating profit/loss | Profit/loss before net financials +/- Other operating income and other operating expenses |
| Equity ratio | $\frac{\text{Equity, year-end x 100}}{\text{Total equity and liabilities, year-end}}$ |
| Return on equity | $\frac{\text{Profit/loss after tax x 100}}{\text{Average equity}}$ |

# Management's review

## Business review

### *Main activities*

SubC Partner A/S (SubC) is engaged in the Danish Energy Sectors. SubC is a full scope Contractor focusing on innovative technological approaches to deliver efficient and sustainable services.

As a full scope contractor SubC Engineer, Manufacture, Repair and Maintain Process Modules, Structures, Process Equipment and supply Complete Turnkey Solutions for the entire energy sector.

SubC Partner A/S has in-house competences that covers the entire value chain from early Engineering through to installations and commissioning.

### *Underwater activities*

Further to being a full scope contractor SubC also operates a highly technological subsea business. Using our proprietary know-how, we develop Subsea Robots and using them to perform Inspections and Operations on structures, pipelines and risers. For tough operations we have developed and operate a Crawling Robot as an innovative, safe, and cost-effective technology platform for operations and inspections in the hazardous splash zone environment.

### *Service and maintenance*

SubC Partner A/S operates a division focusing on offshore operation and maintenance. Based on our strong project minded legacy we have solved maintenance and operation tasks on a daily basis in the Danish offshore industry. Leveraging our knowhow and workforce we solve the technical challenges to help keep Denmark energy independent.

## Financial review

In 2023 SubC saw increase of both revenue and profitability as a result of ground work that has been made in earlier years as well as effects of an increase in the demand for our core services across the segments.

Profit after tax amounted to DKK 14,317 thousand compared to DKK 11,334 thousand last year. EBITDA in 2023 was DK 26,618 thousand, compared with EBITDA DKK 21,637 thousand in 2022.

Management considers the activity and result for 2023 higher than the expectations set in the annual report 2022 and as satisfactory.

### *Development of new concept/products*

SubC continuously reviews existing product lines and optimize the value propositions related to these. SubC is currently developing below solutions.

- ACOMAR:
  SubC is currently finishing the next generation autonomous inspection robot. This research project is jointly developed with the University of Aalborg and other specialists.

  The aim of the project has been to develop a sensing next generation inspection robot that will reduce the cost of underwater inspections.

- SubC Coala Cleaning Robot:
  SubC has brought to the market the Coala Robot that aims to make cleaning of subsea risers a task so simple and cost effective that the equipment is simply sent to and installed on FPSO/platform without the need to involve outside assistance when cleaning. The design is grounded in the original Crawler Robot technology.

  The Coala is now in its first production year and customers are being showcased the possibilities. A test has been successfully carried out on a TotalEnergies asset in 2023.

## Management's review

*Unchanged strategy*

SubC expects unchanged execution of the strategy in 2024. SubC will continue to establish its strong position as a service provider delivering a long value chain from engineering to installation/operation and commissioning - A 360-degree position that continuingly is sought for in the market. The focus will be on offshore oil/gas, renewables, and other energy sectors, including "power-to-x".

### Knowledge resources

The level of knowledge achieved by the Company is based on competence development, supplementary education, retention of staff and an inspiring, developing and challenging working environment, as well as ongoing employment of people with complementary expertise.

The Company continuously develops the level of knowledge so that it becomes a positive part of the Company image and amplifies the market opportunities for the Company.

In addition, the Company owns worldwide Intellectual Property Rights.

### Financial risks and use of financial instruments

*General risks*

The offshore Wind and the Oil and Gas industries are characterized by a cyclical level of activity. Furthermore, the activity level is highly influenced by political discussions and legislation. The activities in the Company are spread across several business areas, reducing dependence of individual segments. It is also essential to the Company to be ahead of the technological development within all business areas.

*Financial risks*

Due to the level of company interest bearing debt, moderate changes in the interest rates will only have minor effect on the company's earnings.

The ongoing operations are exposed to currency exchange risks. The Company invoices in DKK and EUR, whereas a large share of purchasing is in DKK and EUR. Currency risks are mainly hedged by purchasing and invoicing in the same currency.

### Impact on the external environment

The Company’s vision is to provide the most innovative, flexible, and cost-effective solutions in the Energy business. With focus on high level of expertise, a strong innovative approach, and focus on highly technical solutions, the Company contribute to a reduced environmental footprint.

The Company is committed to achieving the best Health, Safety & Environment performance in the industry and promote a culture that continuously improves Health, Safety & Environment performance.

To support the Company’s goals within Health, Safety, Environment and Quality, the Company is working according to a DS/EN ISO 9001:2015 certified Management system and a DS/EN ISO14001:2015 & DS/EN ISO 45001:2018 certified Environment and Occupational Health & Safety system.

The Company has set out ambitious objectives in relation to Health, Safety and Environment. Amongst these are:

- ZERO long-term sick (Work Related)
- ZERO Lost Time Injury – LTI
- ZERO impact to the environment

### Research and development activities

The Company has no research activities. The development activities include new welding procedures and technical solutions within splashzone and subsea activities.

## Management's review

### Events after the balance sheet date

No events materially affecting the Company's financial position have occurred subsequent to the financial year-end.

### Outlook

SubC enters 2024 with a strong organization, a clear strategy and a strong backlog of projects.
Based on that Management expects a higher activity level in 2024 in a range of 20-25 %.
Profit before tax for 2024 are expected to be in a range of DKK 20-25 million.

# Financial statements 1 January - 31 December

## Income statement

| Note | DKK'000 | 2023 | 2022 |
|---|---|---|---|
| | **Gross profit** | 143,889 | 87,752 |
| 3 | Staff costs | -117,271 | -66,115 |
| | Amortisation/depreciation and impairment of intangible assets and property, plant and equipment | -6,051 | -6,374 |
| | **Profit before net financials** | 20,567 | 15,263 |
| | Financial income | 4 | 0 |
| | Financial expenses | -2,338 | -1,226 |
| | **Profit before tax** | 18,233 | 14,037 |
| 4 | Tax for the year | -3,916 | -2,703 |
| | **Profit for the year** | 14,317 | 11,334 |

# Financial statements 1 January - 31 December

## Balance sheet

| Note | DKK'000 | 2023 | 2022 |
|---|---|---|---|
| | **ASSETS** | | |
| | **Fixed assets** | | |
| 6 | **Intangible assets** | | |
| | Completed development projects | 11,833 | 6,955 |
| | Acquired intangible assets | 28 | 56 |
| | | 11,861 | 7,011 |
| 7 | **Property, plant and equipment** | | |
| | Fixtures and fittings, other plant and equipment | 11,217 | 12,064 |
| | Leasehold improvements | 664 | 1,023 |
| | | 11,881 | 13,087 |
| 8 | **Investments** | | |
| | Deposits | 480 | 298 |
| | | 480 | 298 |
| | **Total fixed assets** | 24,222 | 20,396 |
| | **Non-fixed assets** | | |
| | **Inventories** | | |
| | Raw materials and consumables | 7,362 | 6,470 |
| | | 7,362 | 6,470 |
| | **Receivables** | | |
| | Trade receivables | 80,018 | 50,483 |
| 9 | Work in progress for third parties | 6,195 | 6,593 |
| | Receivables from group enterprises | 2,899 | 925 |
| | Other receivables | 2,138 | 2,706 |
| 10 | Prepayments | 1,538 | 1,147 |
| | | 92,788 | 61,854 |
| | **Total non-fixed assets** | 100,150 | 68,324 |
| | **TOTAL ASSETS** | 124,372 | 88,720 |

## Financial statements 1 January - 31 December

### Balance sheet

| Note | DKK'000 | 2023 | 2022 |
|---|---|---|---|
| | **EQUITY AND LIABILITIES** | | |
| | **Equity** | | |
| | Share capital | 500 | 500 |
| | Reserve for development costs | 9,229 | 5,424 |
| | Retained earnings | 11,912 | 5,900 |
| | Dividend proposed for the year | 4,500 | 4,000 |
| | **Total equity** | 26,141 | 15,824 |
| | **Provisions** | | |
| 11 | Deferred tax | 2,702 | 1,709 |
| | **Total provisions** | 2,702 | 1,709 |
| | **Liabilities other than provisions** | | |
| 12 | **Non-current liabilities other than provisions** | | |
| | Bank debt | 0 | 2,800 |
| | Lease liabilities | 2,624 | 460 |
| | Other credit institutions | 5,420 | 5,530 |
| | Other payables | 1,992 | 1,925 |
| | | 10,036 | 10,715 |
| | **Current liabilities other than provisions** | | |
| 12 | Current portion of long-term liabilities | 3,671 | 2,919 |
| | Bank debt | 20,961 | 12,715 |
| 9 | Work in progress for third parties | 19,809 | 10,534 |
| | Trade payables | 16,376 | 19,582 |
| | Joint taxation contribution payable | 2,923 | 0 |
| | Other payables | 15,642 | 11,760 |
| 13 | Deferred income | 6,111 | 2,962 |
| | | 85,493 | 60,472 |
| | **Total liabilities other than provisions** | 95,529 | 71,187 |
| | **TOTAL EQUITY AND LIABILITIES** | 124,372 | 88,720 |

1 Accounting policies
2 Events after the balance sheet date
5 Appropriation of profit
14 Contractual obligations and contingencies, etc.
15 Security and collateral
16 Related parties

# Financial statements 1 January - 31 December

## Statement of changes in equity

| Note | DKK'000 | Share capital | Reserve for development costs | Retained earnings | Dividend proposed for the year | Total |
|---|---|---|---|---|---|---|
| | **Equity at 1 January 2023** | 500 | 5,424 | 5,900 | 4,000 | 15,824 |
| 5 | Transfer, see "Appropriation of profit" | 0 | 3,805 | 6,012 | 4,500 | 14,317 |
| | Dividend distributed | 0 | 0 | 0 | -4,000 | -4,000 |
| | **Equity at 31 December 2023** | 500 | 9,229 | 11,912 | 4,500 | 26,141 |

The share capital comprises 500,000 shares of DKK 1 each. All shares rank equally.

The share capital has remained DKK 500 thousand for the 5 past years.

## Financial statements 1 January - 31 December

### Notes to the financial statements

1 **Accounting policies**

The annual report of SubC Partner A/S for 2023 has been prepared in accordance with the provisions in the Danish Financial Statements Act applying to medium-sized reporting class C entities.

The accounting policies used in the preparation of the financial statements are consistent with those of last year.

#### 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 Company's cash flows are reflected in the consolidated cash flow statement for the higher-ranking parent company TKRV Holding ApS.

#### Basis of recognition and measurement

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

Liabilities are recognised in the balance sheet when an outflow of economic benefits is probable and the value of such liabilities can be reliably measured.

On initial recognition, assets and liabilities are measured at cost. Subsequently, assets and liabilities are measured as described below for each individual item.

In recognising and measuring assets and liabilities, any gains, losses and risks occurring prior to the presentation of the annual report that evidence conditions existing at the balance sheet date are taken into account.

Income is recognised in the income statement as earned. Moreover, costs incurred to generate the year's earnings are recognised, including depreciation, amortisation, impairment losses and provisions as well as reversals as a result of changes in accounting estimates of amounts that were previously recognised in the income statement.

#### Reporting currency

The financial statements are presented in Danish kroner (DKK'000).

#### External business combinations

Recently acquired entities are recognised in the consolidated financial statements from the date of acquisition. Entities sold or otherwise disposed of are recognised up to the date of disposal. Comparative figures are not restated to reflect newly acquired entities. Discontinued operations are presented separately, see below.

The date of acquisition is the date when the group actually obtains control of the acquiree.

The acquisition method is applied to the acquisition of new entities of which the group obtains control. The acquirees' identifiable assets, liabilities and contingent liabilities are measured at fair value at the date of acquisition. Identifiable intangible assets are recognised if they are separable or arise from a contractual right. Deferred tax related to the revaluations is recognised.

Positive differences (goodwill) between, on the one hand, the consideration for the acquiree, the value of non-controlling interests in the acquired entity and the fair value of any previously acquired equity investments and, on the other hand, the fair value of the assets, liabilities and contingent liabilities acquired are recognised as goodwill under "Intangible assets". Goodwill is amortised on a straight-line basis in the income statement based on an individual assessment of the economic life of the asset.

Negative differences (negative goodwill) are recognised in the income statement at the date of acquisition.

# Financial statements 1 January - 31 December

## Notes to the financial statements

### 1 Accounting policies (continued)

Upon acquisition, goodwill is allocated to the cash-generating units, which subsequently form the basis for impairment testing. Goodwill and fair value adjustments in connection with the acquisition of a foreign entity with a functional currency different from the presentation currency used in the consolidated financial statements are accounted for as assets and liabilities belonging to the foreign entity and are, on initial recognition, translated into the foreign entity's functional currency using the exchange rate at the transaction date.

The consideration paid for an entity consists of the fair value of the agreed consideration in the form of assets transferred, liabilities assumed and equity instruments issued. If part of the consideration is contingent on future events or compliance with agreed terms, such part of the consideration is recognised at fair value at the date of acquisition. Subsequent adjustments of contingent considerations are recognised in the income statement.

Expenses incurred to acquire entities are recognised in the income statement in the year in which they are incurred.

Where, at the date of acquisition, the identification or measurement of acquired assets, liabilities or contingent liabilities or the determination of the consideration is associated with uncertainty, initial recognition will take place on the basis of provisional amounts. If it turns out subsequently that the identification or measurement of the consideration transferred, acquired assets, liabilities or contingent liabilities was incorrect on initial recognition, the statement will be adjusted retrospectively, including goodwill, until 12 months after the acquisition, and comparative figures will be restated. Hereafter, any adjustments are recognised as misstatements.

Gains or losses from disposal of group entities which result in loss of control are calculated as the difference between, on the one hand, the fair value of the selling price less selling expenses and, on the other hand, the carrying amount of net assets.

#### Foreign currency translation

On initial recognition, transactions denominated in foreign currencies are translated at the exchange rate at the transaction date. Foreign exchange differences arising between the exchange rates at the transaction date and the date of payment are recognised in the income statement as financial income or financial expenses.

Receivables and payables and other monetary items denominated in foreign currencies are translated at the exchange rate at the balance sheet date. The difference between the exchange rates at the balance sheet date and the date at which the receivable or payable arose or was recognised in the most recent financial statements is recognised in the income statement as financial income or financial expenses.

## Income statement

#### Revenue

The Company has chosen IAS 11/IAS 18 as interpretation for revenue recognition.

Income from the sale of goods for resale and finished goods is recognised in revenue when the most significant rewards and risks have been transferred to the buyer and provided the income can be measured reliably and payment is expected to be received. The date of the transfer of the most significant rewards and risks is based on standardised terms of delivery based on Incoterms® 2020.

Income from construction contracts involving a high degree of customisation is recognised as revenue by reference to the stage of completion. Accordingly, revenue corresponds to the market value of the contract work performed during the year (percentage-of-completion method). This method is used where the total income and expenses and the degree of completion of the contract can be measured reliably.

Revenue is measured at the fair value of the agreed consideration excluding VAT and taxes charged on behalf of third parties. All discounts and rebates granted are recognised in revenue.

# Financial statements 1 January - 31 December

## Notes to the financial statements

### 1 Accounting policies (continued)

#### Gross profit

The items revenue, cost of sales, work performed for own account and capitalised, other operating income and external expenses have been aggregated into one item in the income statement called gross profit in accordance with section 32 of the Danish Financial Statements Act.

#### Other operating income

Other operating income comprise items of a secondary nature relative to the Company's core activities, including gains on the sale of fixed assets, administrative fees and governmental grants.

#### Cost of sales

Cost of sales includes the cost of goods used in generating the year's revenue.

#### Other external expenses

Other external expenses include the year's expenses relating to the Company's core activities, including expenses relating to distribution, sale, advertising, administration, premises, bad debts, payments under operating leases, etc.

#### Staff costs

Staff costs include wages and salaries, including compensated absence and pension to the Company's employees, as well as other social security contributions, etc. The item is net of refunds from public authorities.

#### Amortisation/depreciation

The item comprises amortisation/depreciation of intangible assets and property, plant and equipment.

The cost net of the expected residual value for completed development projects and acquired IP rights is amortised over the expected useful life. Acquired IP rights include patents, rights and licences.

The basis of amortisation/depreciation, which is calculated as cost less any residual value, is amortised/depreciated on a straight line basis over the expected useful life. The expected useful lives of the assets are as follows:

| | |
|---|---|
| Completed development projects | 5-7 years |
| Acquired intangible assets | 5-7 years |
| Fixtures and fittings, other plant and equipment | 2-10 years |
| Leasehold improvements | 5 years |

#### Financial income and expenses

Financial income and expenses are recognised in the income statement at the amounts that relate to the financial reporting period. The items comprise interest income and expenses, e.g. from group entities and associates, declared dividends from other securities and investments, financial expenses relating to finance leases, realised and unrealised capital gains and losses relating to other securities and investments, exchange gains and losses and amortisation of financial assets and liabilities.

# Financial statements 1 January - 31 December

## Notes to the financial statements

1 Accounting policies (continued)

### Tax

Tax for the year includes current tax on the year's expected taxable income and the year's deferred tax adjustments. The portion of the tax for the year that relates to the profit/loss for the year is recognised in the income statement, whereas the portion that relates to transactions taken to equity is recognised in equity.

The entity is jointly taxed with other group entities. The total Danish income tax charge is allocated between profit/loss-making Danish entities in proportion to their taxable income (full absorption).

## Balance sheet

### Intangible assets

Other intangible assets include development projects and other acquired intangible rights, including software licences, distribution rights and development projects.

Other intangible assets are measured at cost less accumulated amortisation and impairment losses.

Development costs comprise expenses, salaries and amortisation directly or indirectly attributable to development activities.

Development projects that are clearly defined and identifiable, where the technical feasibility, sufficient resources and a potential future market or development opportunities are identifiable and where the Company intends to produce, market or use the project, are recognised as intangible assets provided that the cost can be measured reliably and that there is sufficient assurance that future earnings can cover production costs, selling costs and administrative expenses and development costs. Other development costs are recognised in the income statement as incurred.

Development costs that are recognised in the balance sheet are measured at cost less accumulated amortisation and impairment losses.

On completion of a development project, development costs are amortised on a straight-line basis over the estimated useful life. The amortisation period is 5-7 years.

Gains and losses on the sale of intangible assets are recognised in the income statement under "Other operating income" or "Other operating expenses", respectively. Gains and losses are calculated as the difference between the selling price less selling expenses and the carrying amount at the time of sale.

### Property, plant and equipment

Items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses. Cost includes the acquisition price and costs directly related to the acquisition until the time at which the asset is ready for use.

The cost of self constructed assets includes the cost of direct materials and labour, etc. directly used in the production process and a portion of the relating production overheads.

Gains or losses are calculated as the difference between the selling price less selling costs and the carrying amount at the date of disposal. Gains and losses from the disposal of property, plant and equipment are recognised in the income statement as other operating income or other operating expenses.

# Financial statements 1 January - 31 December

## Notes to the financial statements

### 1 Accounting policies (continued)

#### Leases

The Company has chosen IAS 17 as interpretation for classification and recognition of leases.

On initial recognition, leases for assets that transfer substantially all the risks and rewards incident to the ownership to the Company (finance leases) are measured in the balance sheet at the lower of fair value and the present value of the future lease payments. In calculating the net present value, the interest rate implicit in the lease or the incremental borrowing rate is used as the discount factor. Assets held under finance leases are subsequently accounted for in the same way as the Company's other assets.

The capitalised residual lease liability is recognised in the balance sheet as a liability, and the interest element of the lease payment is recognised in the income statement over the term of the lease.

Leases that do not transfer substantially all the risks and rewards incident to the ownership to the Company are classified as operating leases. Payments relating to operating leases and any other rent agreements are recognised in the income statement over the term of the lease. The Company's aggregate liabilities relating to operating leases and other rent agreements are disclosed under "Contingent liabilities".

#### Investments

Deposits are recognised at cost.

#### Impairment of fixed assets

The carrying amount of intangible assets and property, plant and equipment is assessed for impairment on an annual basis.

Impairment tests are conducted on assets or groups of assets when there is evidence of impairment. The carrying amount of impaired assets is reduced to the higher of the net selling price and the value in use (recoverable amount).

The recoverable amount is the higher of the net selling price of an asset and its value in use. The value in use is calculated as the present value of the expected net cash flows from the use of the asset or the group of assets and the expected net cash flows from the disposal of the asset or the group of assets after the end of the useful life.

Previously recognised impairment losses are reversed when the reason for recognition no longer exists.

#### Inventories

Inventories are measured at cost in accordance with the FIFO method. Where the net realisable value is lower than cost, inventories are written down to this lower value. The net realisable value of inventories is calculated as the sales amount less costs of completion and expenses required to effect the sale and is determined taking into account marketability, obsolescence and development in the expected selling price.

The cost of raw materials and consumables comprises the cost of acquisition plus delivery costs.

#### Receivables

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

Receivables are measured at amortised cost.

An impairment loss is recognised 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 recognised on an individual basis.

## Financial statements 1 January - 31 December

### Notes to the financial statements

1 Accounting policies (continued)

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

#### Work in progress for third parties

Contract work in progress for third parties are measured at the market value of the work performed less progress billings. The market value is calculated based on the stage of completion at the balance sheet date and the total expected income from the relevant contract. The stage of completion is calculated based on the expenses incurred relative to the expected total expenses relating to the relevant contract.

Where the outcome of contract work in progress cannot be estimated reliably, the market value is measured at the lower of expenses incurred and the net realisable value.

Where the total expenses relating to the work in progress are expected to exceed the total market value, the expected loss is recognised as a loss-making agreement under "Provisions" and is expensed in the income statement.

The value of work in progress less progress billings is classified as assets when the selling price exceeds progress billings and as liabilities when progress billings exceed the market value.

#### Prepayments

Prepayments recognised under "Assets" comprise prepaid expenses regarding subsequent financial reporting years.

#### Equity

*Reserve for development costs*

The reserve for development costs comprises recognised development costs. The reserve cannot be used to distribute dividend or cover losses. The reserve will be reduced or dissolved if the recognised development costs are amortised or are no longer part of the Company's operations by a transfer directly to the distributable reserves under equity.

*Proposed dividends*

Dividend proposed for the year is recognised as a liability once adopted at the annual general meeting (declaration date). Dividends expected to be distributed for the financial year are presented as a separate item under "Equity".

#### Corporation tax and deferred tax

Current tax payables and receivables are recognised in the balance sheet as the estimated income tax charge for the year, adjusted for prior-year taxes and tax paid on account.

Deferred tax is measured according to the liability method on all temporary differences between the carrying amount and the tax base of assets and liabilities. Where alternative tax rules can be applied to determine the tax base, deferred tax is measured based on Management's intended use of the asset or settlement of the liability, respectively.

Deferred tax is measured according to the tax rules and at the tax rates applicable at the balance sheet date when the deferred tax is expected to crystallise as current tax. Deferred tax assets are recognised at the expected value of their utilisation; either as a set-off against tax on future income or as a set-off against deferred tax liabilities in the same legal tax entity. Changes in deferred tax due to changes in the tax rate are recognised in the income statement.

# Financial statements 1 January - 31 December

## Notes to the financial statements

### 1 Accounting policies (continued)

#### Liabilities

The Company has chosen IAS 39 as interpretation for liabilities.

Financial liabilities are recognised at the date of borrowing at the net proceeds received less transaction costs paid. On subsequent recognition, financial liabilities are measured at amortised cost, corresponding to the capitalised value, using the effective interest rate. Accordingly, the difference between the proceeds and the nominal value is recognised in the income statement over the term of the loan. Financial liabilities also include the capitalised residual lease liability in respect of finance leases.

Other liabilities are measured at net realisable value.

Liabilities that fall due later than a year from balance sheet date are classified as non-current liabilities.

#### Deferred income

Deferred income recognised as a liability comprises payments received concerning income and grants related to subsequent financial years.

# Financial statements 1 January - 31 December

## Notes to the financial statements

### 2 Events after the balance sheet date

No events materially affecting the Company's financial position have occurred subsequent to the financial year-end.

| DKK'000 | 2023 | 2022 |
|---|---|---|
| **3 Staff costs** | | |
| Wages/salaries | 107,890 | 60,885 |
| Pensions | 8,360 | 4,276 |
| Other social security costs | 1,021 | 954 |
| | 117,271 | 66,115 |
| Average number of full-time employees | 151 | 98 |

Total remuneration to the Executive Board and the Board of Directors amount to DKK 2,129 thousand (2022: DKK 1,888 thousand.)

Remuneration of the management is partly based on the entities financial performance.

| DKK'000 | 2023 | 2022 |
|---|---|---|
| **4 Tax for the year** | | |
| Estimated tax charge for the year | 2,923 | 0 |
| Deferred tax adjustments in the year | 993 | 2,703 |
| | 3,916 | 2,703 |

### 5 Appropriation of profit

| | | |
|---|---|---|
| **Recommended appropriation of profit** | | |
| Proposed dividend recognised under equity | 4,500 | 4,000 |
| Reserve for development costs | 3,805 | 3,359 |
| Retained earnings | 6,012 | 3,975 |
| | 14,317 | 11,334 |

### 6 Intangible assets

| DKK'000 | Completed development projects | Acquired intangible assets | Total |
|---|---|---|---|
| Cost at 1 January 2023 | 19,372 | 1,471 | 20,843 |
| Additions | 5,725 | 0 | 5,725 |
| Disposals in the year | -216 | -1,082 | -1,298 |
| Cost at 31 December 2023 | 24,881 | 389 | 25,270 |
| Impairment losses and amortisation at 1 January 2023 | 12,417 | 1,415 | 13,832 |
| Amortisation in the year | 847 | 28 | 875 |
| Reversal of amortisation/depreciation and impairment of disposals | -216 | -1,082 | -1,298 |
| Impairment losses and amortisation at 31 December 2023 | 13,048 | 361 | 13,409 |
| **Carrying amount at 31 December 2023** | 11,833 | 28 | 11,861 |

## Financial statements 1 January - 31 December

### Notes to the financial statements

### 6 Intangible assets (continued)

**Completed development projects**

Completed development projects include different concepts, systems and innovative technology platforms for operations and inspections in the hazardous Splash Zone environment.

All development projects have been completed and launched to market.

Management has not identified any indication of impairment in relation to the carrying amount of the system.

### 7 Property, plant and equipment

| DKK'000 | Fixtures and fittings, other plant and equipment | Leasehold improvements | Total |
|---|---|---|---|
| Cost at 1 January 2023 | 42,930 | 3,809 | 46,739 |
| Additions | 5,436 | 0 | 5,436 |
| Disposals | -2,627 | 0 | -2,627 |
| Cost at 31 December 2023 | 45,739 | 3,809 | 49,548 |
| Impairment losses and depreciation at 1 January 2023 | 30,866 | 2,786 | 33,652 |
| Depreciation | 4,817 | 359 | 5,176 |
| Reversal of accumulated depreciation of assets disposed | -1,161 | 0 | -1,161 |
| Impairment losses and depreciation at 31 December 2023 | 34,522 | 3,145 | 37,667 |
| **Carrying amount at 31 December 2023** | 11,217 | 664 | 11,881 |
| Property, plant and equipment include finance leases with a carrying amount totalling | 3,325 | 0 | 3,325 |

### 8 Investments

| DKK'000 | Deposits |
|---|---|
| Cost at 1 January 2023 | 298 |
| Additions in the year | 201 |
| Disposals in the year | -19 |
| Cost at 31 December 2023 | 480 |
| **Carrying amount at 31 December 2023** | 480 |

# Financial statements 1 January - 31 December

## Notes to the financial statements

| DKK'000 | 2023 | 2022 |
|---|---|---|
| **9 Work in progress for third parties** | | |
| Selling price of work performed | 201,137 | 65,378 |
| Progress billings | -214,751 | -69,319 |
| | -13,614 | -3,941 |
| recognised as follows: | | |
| Work in progress for third parties (assets) | 6,195 | 6,593 |
| Work in progress for third parties (liabilities) | -19,809 | -10,534 |
| | -13,614 | -3,941 |

**10 Prepayments**

Prepayments include accrual of expenses relating to subsequent financial years, including insurance, plocies, rent, staffhealthcare and subscriptions.

**11 Deferred tax**

| | 2023 | 2022 |
|---|---|---|
| Deferred tax at 1 January | 1,709 | -1,530 |
| Deferred tax on profit/loss for the year | 2,337 | 2,703 |
| Adjustment due to use of tax credit conversion | 0 | 536 |
| Other deferred tax | -1,344 | 0 |
| **Deferred tax at 31 December** | **2,702** | **1,709** |

Defered tax comprises timing differences on intangible assets, property, plant and equipment and contract work in progress.

**12 Non-current liabilities other than provisions**

| DKK'000 | Total debt at 31/12 2023 | Short-term portion | Long-term portion | Outstanding debt after 5 years |
|---|---|---|---|---|
| Bank debt | 2,100 | 2,100 | 0 | 0 |
| Lease liabilities | 3,315 | 691 | 2,624 | 0 |
| Other credit institutions | 6,300 | 880 | 5,420 | 0 |
| Other payables | 1,992 | 0 | 1,992 | 1,992 |
| | 13,707 | 3,671 | 10,036 | 1,992 |

Other payables comprises long-term holiday pay obligations.

**13 Deferred income**

Deferred income consists of payments received from customers and grants related to subsequent financial years.

# Financial statements 1 January - 31 December

## Notes to the financial statements

### 14 Contractual obligations and contingencies, etc.

#### Contingent liabilities

The Company is jointly taxed with the ultimate parent company. The companies included in the joint taxation have joint and several unlimited liability for Danish corporation taxes and withholding taxes on dividends, interest and royalties.

#### Other financial obligations

The Company has entered into rent agreements and operational leases with a combined payment obligations of DKK 2,761 thousand of wich DKK 2,662 thousand falls due in 2024. The remaining term of the contracts is up to 28 months.

### 15 Security and collateral

The Company has provided a company charge of DKK 39,000 thousand as collateral for bank loans, etc. of DKK 23,061 thousand. The company charge comprises unsecured claims, inventories, property, plant and equipment and intangible assets with a carrying amount of DKK 117,316 thousand at 31 December 2023.

### 16 Related parties

SubC Partner A/S' related parties comprise the following:

#### Parties exercising control

| Related party | Domicile | Basis for control |
|---|---|---|
| Offshore Capital Partners ApS | Sahara 4, 6700 Esbjerg | Shareholding |

#### Information about consolidated financial statements

| Parent | Domicile | Requisitioning of the parent company's consolidated financial statements |
|---|---|---|
| TKRV Holding ApS | Sahara 4, 6700 Esbjerg | The Danish Business Authority |

#### Related party transactions

SubC Partner A/S was engaged in the below related party transactions:

| DKK'000 | 2023 | 2022 |
|---|---|---|
| Sale of goods and services | 9,274 | 0 |
| Rent of premises | 360 | 0 |
| Administration fees | 690 | 0 |
| Sale of IP rights | 1,000 | 0 |
| | | |
| Receivables from group enterprises | 2,899 | 925 |

*"By my signature I confirm all dates and content in this document."*

**Patrick Jacques Joseph Gilly**
**Board of Directors**
On behalf of: SubC Partner A/S
*Serial number: 1f5b4198-fb46-4a0f-a8fe-0ced13517e46*
*IP: 109.210.xxx.xxx*
*2024-06-19 18:41:50 UTC*

**Peter Sønderlyng**
**Board of Directors**
On behalf of: SubC Partner A/S
*Serial number: 537e407e-3da3-4730-a93f-f598c797997d*
*IP: 85.191.xxx.xxx*
*2024-06-19 19:09:29 UTC*

**Tonny Klein**
**CEO / Board of Directors**
On behalf of: SubC Partner A/S
*Serial number: 7dccecd6-7835-4c71-863c-f4ce2bff742d*
*IP: 185.37.xxx.xxx*
*2024-06-20 10:00:44 UTC*

**Rune Værndal**
**Board of Directors**
On behalf of: SubC Partner A/S
*Serial number: 4557720c-00fc-4b16-b37b-adc466ed979c*
*IP: 185.37.xxx.xxx*
*2024-06-20 10:11:59 UTC*

**Mads Olesen Klausen**
**EY Godkendt Revisionspartnerselskab CVR: 30700228**
**State Authorised Public Accountant**
On behalf of: EY Godkendt Revisionspartnerselskab
*Serial number: 869bb928-a8d8-42f1-bba8-87f219b5aa76*
*IP: 165.225.xxx.xxx*
*2024-06-20 10:35:07 UTC*

**Morten Østergaard Koch**
**EY Godkendt Revisionspartnerselskab CVR: 30700228**
**State Authorised Public Accountant**
On behalf of: EY Godkendt Revisionspartnerselskab
*Serial number: 0c0d65e5-9b5a-4661-b898-a6ac2f3dea25*
*IP: 37.96.xxx.xxx*
*2024-06-20 10:55:23 UTC*