

Danish Marine Service ApS

Karetmagervej 1, 9490 Pandrup

Company reg. no. 31 57 82 56

Annual report

1 January - 31 December 2023

The annual report was submitted and approved by the general meeting on the 26 April 2024.

Matthias Tietjen
Chairman of the meeting

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Notes:

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

Management's statement

Today, the Managing Director has approved the annual report of Danish Marine Service ApS for the financial year 1 January - 31 December 2023.

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

I consider the chosen accounting policy to be appropriate, and in my 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 my opinion, the Management's review gives a true and fair review of the matters discussed in the Management's review.

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

Pandrup, 26 April 2024

Managing Director

Matthias Tietjen
Director

Independent auditor's report

To the Shareholders of Danish Marine Service ApS

Opinion

We have audited the financial statements of Danish Marine Service ApS for the financial year 1 January - 31 December 2023, which comprise income statement, balance sheet, notes and a summary of significant accounting policies, for the Company. The financial statements are prepared under 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 conclusion

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.

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 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.

Independent auditor's report

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgment and maintain professional skepticism 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.

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.

Independent auditor's report

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, we conclude that 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 Management's Review.

Aalborg, 26 April 2024

Redmark

Godkendt Revisionspartnerselskab
Company reg. no. 29 44 27 89

Marian Fruergaard

State Authorised Public Accountant
mne24699

Michael Vestergaard Jensen

State Authorised Public Accountant
mne50619

Company information

The company

Danish Marine Service ApS
Karetmagervej 1
9490 Pandrup

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Web site www.sbs-international.com

Company reg. no. 31 57 82 56

Established: 1 June 2008

Domicile: Pandrup

Financial year: 1 January - 31 December

Managing Director

Matthias Tietjen, Director

Auditors

Redmark
Godkendt Revisionspartnerselskab
Hasseris Bymidte 6
9000 Aalborg

Subsidiaries

SBS International ApS, Pandrup
Scandinavian Boiler Service A/S, Pandrup
Scandinavian Boiler Service Inc., USA
Scandinavian Boiler Service (Asia) Pte. Ltd., Singapore
SBS Gulf FZE, UAE
Scandinavian Boiler Service LLC, UAE
Scandinavian Boiler Service India Pte. Ltd., India
SBS Europe D.o.o., Croatia

Management's review

The principal activities of the company

The company is holding for companies with activities within sales, service and repair within the maritime business sector.

Development in activities and financial matters

Year 2023 is a post-covid era, which poses different extend of challenges across the globe. Global economy is slowly recovers from the COVID measures and the recovery is bumpy. The extended Russia-Ukraine war, the 2023 Israel-Hamas war and the economy policies imposed by various countries to tackle high inflation added uncertainties to the future global economy outlook.

Battled with various challenges, SBS group reports a lower performance as compared to year 2022. Gross profit for the year is DKK 22.708.000 against DKK 29.615.000 last year. And the results after tax of the year is a loss DKK 706.866 against profit DKK 1.805.000 last year.

The significant change on the group result in year 2023 is contributed by the change of the industry's competitive landscape and customer's purchasing power. The competitions among our competitors have intensified in post-COVID era. Besides, influenced by the uncertainty of global economy, customers impose more stringent cost control measures and are more conservatives on spending

The development

In 2022, Repair team in Guangzhou was dissolved and merged Nantong Service team with Saacke's operation in China. The management continues to review/monitor the outcome of the restructuring until we achieved optimal performance.

In the end of 2023, the transfer of Spare Part team and Repair team in Denmark were started. Both Spare Part team and Repair team were transferred to different Saacke's entities in Croatia. With this restructuring, the management believes that the group can benefits from the savings on common resources and would be able to streamline the operations by simplifying the business structure.

In 2023 Danish Marine Service ApS increased there ownership of SBS International ApS from 57% to 100%. As a part of the transaction the equity have been increased with 15.501.000 DKK and the equity is now reestablished.

We believe by restructuring or grouping people together in new ways, allowing them to work more effectively, more efficiently, collaborate and communicate on better ways of solving problems can result in completely new ways of working or new business opportunities.

Hence, the management is optimists on after sales service business in marine.

Income statement 1 January - 31 December

All amounts in DKK.

<u>Note</u>	<u>2023</u>	<u>2022</u>
Gross profit	-227.231	-75.781
Income from investments in subsidiaries	1.164.286	1.608.264
1 Other financial expenses	<u>-1.614.028</u>	<u>-1.502.002</u>
Pre-tax net profit or loss	-676.973	30.481
Tax on ordinary results	<u>0</u>	<u>0</u>
Net profit or loss for the year	<u>-676.973</u>	<u>30.481</u>
 Proposed distribution of net profit:		
Transferred to retained earnings	0	30.481
Allocated from retained earnings	<u>-676.973</u>	<u>0</u>
Total allocations and transfers	<u>-676.973</u>	<u>30.481</u>

Balance sheet at 31 December

All amounts in DKK.

Assets		<u>2023</u>	<u>2022</u>
<u>Note</u>			
Non-current assets			
2	Investments in group enterprises	<u>41.802.480</u>	<u>24.364.588</u>
	Total investments	<u>41.802.480</u>	<u>24.364.588</u>
	Total non-current assets	<u>41.802.480</u>	<u>24.364.588</u>
Current assets			
	Cash and cash equivalents	<u>1.000</u>	<u>0</u>
	Total current assets	<u>1.000</u>	<u>0</u>
	Total assets	<u>41.803.480</u>	<u>24.364.588</u>

Balance sheet at 31 December

All amounts in DKK.

Equity and liabilities		<u>2023</u>	<u>2022</u>
<u>Note</u>			
Equity			
3	Contributed capital	127.000	125.000
4	Reserve for foreign currency translation	1.077.678	1.600.924
5	Retained earnings	9.319.412	-5.493.967
	Total equity	<u>10.524.090</u>	<u>-3.768.043</u>
Liabilities other than provisions			
6	Payables to subsidiaries	21.045.028	18.497.564
	Total long term liabilities other than provisions	<u>21.045.028</u>	<u>18.497.564</u>
	Trade creditors	20.000	20.000
	Payables to subsidiaries	10.214.362	9.615.067
	Total short term liabilities other than provisions	<u>10.234.362</u>	<u>9.635.067</u>
	Total liabilities other than provisions	<u>31.279.390</u>	<u>28.132.631</u>
	Total equity and liabilities	<u>41.803.480</u>	<u>24.364.588</u>
7	Charges and security		
8	Contingencies		
9	Related parties		

Notes

All amounts in DKK.

	2023	2022
1. Other financial expenses		
Financial costs, group enterprises	1.564.420	1.497.082
Other financial costs	49.608	4.920
	1.614.028	1.502.002
2. Investments in group enterprises		
Acquisition sum, opening balance 1 January 2023	17.193.106	17.193.106
Additions during the year	16.805.500	0
Cost 31 December 2023	33.998.606	17.193.106
Revaluations, opening balance 1 January 2023	13.760.388	10.383.200
Results for the year before goodwill amortisation	1.598.672	2.042.650
Currency alignment	-523.246	1.334.538
Acquisition of minority	-8.648	0
Revaluations 31 December 2023	14.827.166	13.760.388
Amortisation of goodwill, opening balance 1 January 2023	-6.588.906	-6.154.520
Amortisation of goodwill for the year	-434.386	-434.386
Depreciation on goodwill 31 December 2023	-7.023.292	-6.588.906
Carrying amount, 31 December 2023	41.802.480	24.364.588
The item includes goodwill with an amount of	1.664.427	2.098.813
Group enterprises:		
	Domicile	Equity interest
SBS International ApS	Pandrup	100 %
Scandinavian Boiler Service A/S	Pandrup	100 %
Scandinavian Boiler Service Inc.	USA	100 %
Scandinavian Boiler Service (Asia) Pte. Ltd.	Singapore	100 %
SBS Gulf FZE	UAE	100 %
Scandinavian Boiler Service LLC	UAE	71 %
Scandinavian Boiler Service India Pte. Ltd.	India	94 %
SBS Europe D.o.o,	Croatia	100 %

Notes

All amounts in DKK.

	<u>31/12 2023</u>	<u>31/12 2022</u>
3. Contributed capital		
Contributed capital 1 January 2023	125.000	125.000
Capital increase	<u>2.000</u>	<u>0</u>
	<u>127.000</u>	<u>125.000</u>
4. Reserve for foreign currency translation		
Reserve for foreign currency translation 1 January 2023	1.600.924	266.386
Foreign currency translation adjustments	<u>-523.246</u>	<u>1.334.538</u>
	<u>1.077.678</u>	<u>1.600.924</u>
5. Retained earnings		
Retained earnings 1 January 2023	-5.493.967	-5.524.448
Profit or loss for the year brought forward	-676.973	30.481
Acquired Minority	-8.648	0
Capital increase	<u>15.499.000</u>	<u>0</u>
	<u>9.319.412</u>	<u>-5.493.967</u>
6. Payables to subsidiaries		
Total payables to subsidiaries	21.045.028	18.497.564
Share of amount due within 1 year	<u>0</u>	<u>0</u>
Total payables to subsidiaries	<u>21.045.028</u>	<u>18.497.564</u>
Share of liabilities due after 5 years	<u>0</u>	<u>0</u>
7. Charges and security		
There is not any charges and securities.		

Notes

All amounts in DKK.

8. Contingencies

Contingent liabilities

Joint taxation

The company acts as administration company for the group of companies subject to the Danish scheme of joint taxation and is unlimitedly, jointly, and severally liable, along with the other jointly taxed companies, to pay the total corporation tax.

The company is unlimitedly, jointly, and severally liable, along with the other jointly taxed companies, for any obligations to withhold tax on interest, royalties, and dividends.

The liability relating to obligations in connection with withholding tax on dividends, interest, and royalties represents an estimated maximum of DKK 0.

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

9. Related parties

Controlling interest

Saacke GmbH, Südweststrasse 13, Bremen, Germany

Majority shareholder

Accounting policies

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

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

Recognition and measurement in general

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

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

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

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

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

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

Income statement

Gross loss

Gross loss comprises the external costs.

Other external expenses comprise expenses incurred for professional fee, audit fee, and administration costs.

Accounting policies

Financial income and expenses

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

Results from investments in subsidiaries

After full elimination of intercompany profit or loss less amortised consolidated goodwill, the investment in the individual entities are recognised in the income statement as a proportional share of the entities' post-tax profit or loss.

Tax on net profit or loss for the year

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

The company is subject to Danish rules on compulsory joint taxation of Danish group enterprises. The company acts as an administration company in relation to the joint taxation. This means that the total Danish tax payable by the Danish consolidated companies is paid to the tax authorities by the company.

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

Statement of financial position

Investments

Investments in subsidiaries

Investments in subsidiaries are recognised and measured by applying the equity method. The equity method is used as a method of consolidation.

Investments in subsidiaries are recognised in the statement of financial position at the proportionate share of the enterprise's equity value. This value is calculated in accordance with the parent's accounting policies with deductions or additions of unrealised intercompany gains and losses as well as with additions or deductions of the remaining value of positive or negative goodwill calculated in accordance with the acquisition method. Negative goodwill is recognised in the income statement at the time of acquisition of the equity investment. If the negative goodwill relates to contingent liabilities acquired, negative goodwill is not recognised until the contingent liabilities have been settled or lapsed.

Accounting policies

Consolidated goodwill is amortised over its estimated useful life, which is determined on the basis of the management's experience with the individual business areas. Consolidated goodwill is amortised on a straight-line basis over the amortisation period, which represent 5-20 years. The depreciation period is determined on the basis of an assessment that these are strategically acquired enterprises with a strong market position and a long-term earnings profile.

In relation to material assets and liabilities recognised in subsidiaries but are not represented in the parent, the following accounting policies have been applied.

Property, plant, and equipment:

- Property is measured at cost plus revaluations and less accrued depreciation and writedown for impairment. Land is not subject to depreciation.
- Other property, plant, and equipment are measured at cost with the addition of depreciation and less accrued depreciation and impairment.

Inventories:

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

Receivables:

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

Investments in subsidiaries with a negative equity value are measured at DKK 0, and any accounts receivable from these enterprises are written down to the extent that the account receivable is uncollectible. To the extent that the parent has a legal or constructive obligation to cover an negative balance that exceeds the account receivable, the remaining amount is recognised under provisions.

To the extent the equity exceeds the cost, the net revaluation of equity investments in subsidiaries transferred to the reserve under equity for net revaluation according to the equity method. Dividends from subsidiaries expected to be adopted before the approval of this annual report are not subject to a limitation of the revaluation reserve. The reserve is adjusted by other equity movements in subsidiaries.

Newly acquired or newly established companies are recognised in the financial statement as of the time of acquisition. Sold or liquidated companies are recognised until the date of disposal.

On the acquisition of enterprises, the acquisition method, the uniting-of-interests method or the book value method is applied, cf. the above description under Business combinations.

Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand.

Accounting policies

Equity

Reserve for foreign currency translation

The reserve for foreign currency translation arises when translating accounting items in foreign currency.

The reserve is dissolved once the value adjustments have been applied or reversed.

The reserve is distributable.

Income tax and deferred tax

As administration company, Danish Marine Service ApS is liable to the tax authorities for the subsidiaries' corporate income taxes.

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

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

Joint taxation contributions payable and receivable are recognised in the statement of financial position as "Tax receivables from group enterprises" or "Income tax payable to group enterprises"

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

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

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

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

Accounting policies

Liabilities other than provisions

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