Valtor Offshore A/S

Oddesundvej 5, 6715 Esbjerg N

CVR no. 73 27 98 28

Annual report 2023

Approved at the Company's annual general meeting on 20 March 2024

Chair of the meeting:

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Jørn Gråbæk

Contents

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 Valtor Offshore 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, 20 March 2024
Executive Board:

Jørn Graabæk
Chief Executive Officer

Board of Directors:

Jens Stig Brammer Chairman	Roy Anders Nygren	Jørn Graabæk
Michael Brinch Sørensen	Sven Fredrik Skarp	Cornelia Eva Birgitta Lindqvist

Independent auditor's report

To the shareholder of Valtor Offshore A/S

Opinion

We have audited the financial statements of Valtor Offshore 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.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.

Independent auditor's report

- 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.

Copenhagen, 20 March 2024
EY Godkendt Revisionspartnerselskab
CVR no. 30 70 02 28

Kim Thomsen
State Authorised Public Accountant
mne26736

Management's review

Company details

Name	Valtor Offshore A/S
Address, Postal code, City	Oddesundvej 5, 6715 Esbjerg N
CVR no.	73 27 98 28
Established	15 July 1983
Registered office	Esbjerg
Financial year	1 January - 31 December
Board of Directors	Jens Stig Brammer, Chairman Roy Anders Nygren Jørn Graabæk Michael Brinch Sørensen Sven Fredrik Skarp Cornelia Eva Birgitta Lindqvist
Executive Board	Jørn Graabæk, Chief Executive Officer
Auditors	EY Godkendt Revisionspartnerselskab Dirch Passers Allé 36, P.O. Box 250, 2000 Frederiksberg, Denmark

Management's review

Business review

The company's main activities include consulting, sales, production, service and maintenance of valves, actuators and X-overs for the oil and gas industry.

Financial review

The income statement for 2023 shows a profit of DKK 2,112,271 against a loss of DKK 99,681 last year, and the balance sheet at 31 December 2023 shows equity of DKK 7,244,440.

As in 2022, we are still waiting for the Tyra field redevelopment from Total E&P, but we had some better orders from Ineos and especially from Kalundborg Refinery giving us a better year.

Furthermore, our service department did better, both on service jobs, as well as on X-over and Total well service.

Events after the balance sheet date

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

Financial statements 1 January - 31 December

Income statement

Note	DKK	2023	2022
	Gross profit	12,020,156	8,424,448
2	Staff costs	-9,107,897	-8,400,533
	Depreciation of and property, plant and equipment	-79,530	-79,605
	Profit/loss before net financials	2,832,729	-55,690
	Financial income	1,596	23,705
3	Financial expenses	-120,918	-92,866
	Profit/loss before tax	2,713,407	-124,851
4	Tax for the year	-601,136	25,170
	Profit/loss for the year	2,112,271	-99,681

	Recommended appropriation of profit/loss		
	Retained earnings/accumulated loss	2,112,271	-99,681
		2,112,271	-99,681

Financial statements 1 January - 31 December

Balance sheet

Note	DKK	2023	2022
	ASSETS		
	Fixed assets		
5	**Property, plant and equipment**		
	Fixtures and fittings, other plant and equipment	686,611	116,717
		686,611	116,717
6	**Investments**		
	Deposits	750,000	804,700
		750,000	804,700
	Total fixed assets	1,436,611	921,417
	Non-fixed assets		
	Inventories		
	Finished goods and goods for resale	5,854,830	4,039,941
	Prepayments for goods	713,602	790,692
		6,568,432	4,830,633
	Receivables		
	Trade receivables	13,052,796	4,868,122
7	Receivables from group entities	3,464,847	1,922,443
	Deferred tax assets	0	26,445
	Joint taxation contribution receivable	0	40,025
	Other receivables	0	17,236
	Prepayments	323,110	244,204
		16,840,753	7,118,475
	Cash	12,581	7,664
	Total non-fixed assets	23,421,766	11,956,772
	TOTAL ASSETS	24,858,377	12,878,189

Financial statements 1 January - 31 December

Balance sheet

Note	DKK	2023	2022
	EQUITY AND LIABILITIES		
	Equity		
	Share capital	2,000,000	2,000,000
	Retained earnings	5,244,440	3,132,169
	Total equity	7,244,440	5,132,169
	Provisions		
	Deferred tax	8,099	0
	Total provisions	8,099	0
	Liabilities other than provisions		
	Current liabilities other than provisions		
	Trade payables	12,538,464	3,780,647
	Payables to group entities	276,641	369,146
	Joint taxation contribution payable	524,806	0
	Other payables	4,265,927	3,596,227
		17,605,838	7,746,020
	Total liabilities other than provisions	17,605,838	7,746,020
	TOTAL EQUITY AND LIABILITIES	24,858,377	12,878,189

1 Accounting policies
8 Contractual obligations and contingencies, etc.
9 Security and collateral
10 Related parties

Financial statements 1 January - 31 December

Statement of changes in equity

DKK	Share capital	Retained earnings	Total
Equity at 1 January 2022	2,000,000	3,231,850	5,231,850
Transfer through appropriation of loss	0	-99,681	-99,681
Equity at 1 January 2023	2,000,000	3,132,169	5,132,169
Transfer through appropriation of profit	0	2,112,271	2,112,271
Equity at 31 December 2023	2,000,000	5,244,440	7,244,440

Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies

The annual report of Valtor Offshore A/S for 2023 has been prepared in accordance with the provisions in the Danish Financial Statements Act applying to reporting class B entities and elective choice of certain provisions applying to reporting class C entities.

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

Reporting currency

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

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 contract work is recognised as revenue at the time of delivery and the transfer of the risk to the buyer.

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.

Gross profit

The items revenue, cost of sales, 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 and govermental grants.

Raw materials and consumables

Raw materials and consumables include expenses relating to raw materials and consumables used in generating the year's revenue.

Financial statements 1 January - 31 December

Notes to the financial statements

1 **Accounting policies (continued)**

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.

Depreciation

The item comprises depreciation of property, plant and equipment.

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

Fixtures and fittings, other plant and equipment	3-5 years

Financial income and expenses

Financial income and expenses are recognised in the income statements at the amounts that concern the financial year. Net financials include interest income and expenses as well as allowances and surcharges under the advance-payment-of-tax scheme, etc.

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

Jointly taxed entities entitled to a tax refund are reimbursed by the management company based on the rates applicable to interest allowances, and jointly taxed entities which have paid too little tax pay a surcharge according to the rates applicable to interest surcharges to the management company.

Balance sheet

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.

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

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".

Impairment of fixed assets

The carrying amount of 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.

The cost of finished goods and work in progress comprises the cost of raw materials, consumables, direct labour and direct production overheads.

Goods for resale are measured at cost, which comprises the cost of acquisition plus delivery costs as well as other expenses directly attributable to the acquisition.

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.

Receivables in respect of which there is no objective evidence of individual impairment are tested for objective evidence of impairment on a portfolio basis. The portfolios are primarily based on the debtors' domicile and credit ratings in line with the Company's risk management policy. The objective evidence applied to portfolios is determined based on historical loss experience.

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.

Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

Prepayments

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

Cash

Given the nature of the Group's cash pool arrangement, cash pool balances are not considered cash, but are recognised under "Receivables from group entities".

Income taxes

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.

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.

2	**Staff costs**		
	Wages/salaries	7,645,314	7,128,659
	Pensions	930,809	1,020,378
	Other social security costs	181,711	177,649
	Other staff costs	350,063	73,847
		9,107,897	8,400,533
	Average number of full-time employees	14	13

3	**Financial expenses**		
	Interest expenses, group entities	41,101	50,205
	Other financial expenses	79,817	42,661
		120,918	92,866

Financial statements 1 January - 31 December

Notes to the financial statements

DKK	2023	2022
4 Tax for the year		
Estimated tax charge for the year	566,592	-40,025
Deferred tax adjustments in the year	34,544	14,855
	601,136	-25,170

5 Property, plant and equipment

DKK	Fixtures and fittings, other plant and equipment
Cost at 1 January 2023	3,329,310
Additions	649,424
Disposals	-443,108
Cost at 31 December 2023	3,535,626
Impairment losses and depreciation at 1 January 2023	3,212,593
Depreciation	79,530
Reversal of accumulated depreciation and impairment of assets disposed	-443,108
Impairment losses and depreciation at 31 December 2023	2,849,015
Carrying amount at 31 December 2023	686,611

6 Investments

DKK	Deposits
Cost at 1 January 2023	804,700
Disposals	-54,700
Cost at 31 December 2023	750,000
Carrying amount at 31 December 2023	750,000

7 Receivables from group entities

The Group has concluded an agreement regarding a cash pool scheme with Nordea Bank, according to which Ernströmgruppen AB is the account holder and Valtor Offshore A/S is the sub-account holder together with the Group's other group entities. Under the terms agreed for the cash pool scheme, Nordea Bank is entitled to settle withdrawals and balances with each other whereby only the net balance of the total cash pool accounts makes up the Groups balance with Nordea Bank.

Valtor Offshore A/S' account in the cash pool scheme, which is recognised as a receivable from group entities, made up an account balance of DKK 3,087 thousand at 31 December 2023 (at 31 December 2022: an account balance of DKK 1,409 thousand).

Financial statements 1 January - 31 December

Notes to the financial statements

8 Contractual obligations and contingencies, etc.

The Company is jointly taxed with Armatec A/S, which acts as management company, and is jointly and severally liable with other jointly taxed group entities for payment of income taxes as well as withholding taxes on interest, royalties and dividends.

Other financial obligations

Other rent and lease liabilities:

DKK	2023	2022
Rent and lease liabilities	2,464,989	2,784,015

All rent and lease liabilities are due within the next 5 years.

9 Security and collateral

The Company has not provided any security or other collateral in assets at 31 December 2023.

10 Related parties

Information about consolidated financial statements

Parent	Domicile	Requisitioning of the parent company's consolidated financial statements
Armatec & Co AB	Sverige	Ernströmsgruppen.com Östra Hamngatan 19, SE-411 10 Gothenburg

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Jørn Graabæk
Direktion
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IP: 37.128.xxx.xxx
2024-03-21 08:56:22 UTC

Jørn Graabæk
Bestyrelse
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2024-03-21 08:57:16 UTC

Michael Brinch Sørensen
Bestyrelse
På vegne af: Valtor Offshore AS
Serienummer: b2888aa9-6338-4119-ad25-0b1d5ecbbfee
IP: 176.20.xxx.xxx
2024-03-21 08:59:43 UTC

Sven Fredrik Skarp
Bestyrelse
På vegne af: Valtor Offshore AS
Serienummer: 19710608xxxx
IP: 79.136.xxx.xxx
2024-03-21 09:01:38 UTC

Jens Stig Brammer
Bestyrelse
På vegne af: Valtor Offshore AS
Serienummer: c207254f-4aa2-49e4-97ab-65db2beae975
IP: 195.215.xxx.xxx
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Cornelia Eva Birgitta Lindqvist
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Kim Thomsen
EY Godkendt Revisionspartnerselskab CVR: 30700228
Statsautoriseret revisor
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Jørn Graabæk
Dirigent
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