

VMS Group A/S

Nordhavnsvej 1, 9900 Frederikshavn
CVR-nr. 27 21 56 29

Annual Report 2024

1 January - 31 December

The Annual Report has been presented and adopted at the
Company's Annual General Meeting on 31 March 2025

Morten Rokkedal Vestergaard

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Company Details

Company	VMS Group A/S Nordhavnsvej 1 9900 Frederikshavn CVR No.: 27 21 56 29 Established: 1 January 2003 Municipality: Frederikshavn Financial Year: 1 January - 31 December
Board of Directors	Morten Rokkedal Vestergaard, chairman Henrik Sørensen Karsten Madsen
Executive Board	Kim Bengtsen Kristian Kaasing Larsen
Auditor	BDO Statsautoriseret revisionsaktieselskab Rimmens Alle 89 9900 Frederikshavn
Bank	Sydbank Østre Havnepromenade 26, st. 9000 Aalborg
Law Firm	Hjulmandkaptajn Havnepladsen 7 9900 Frederikshavn

Management's Statement

Today the Board of Directors and Executive Board have discussed and approved the Annual Report of VMS Group A/S for the financial year 1 January - 31 December 2024.

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

In our opinion the Financial Statements give a true and fair view of the Company's assets, liabilities and financial position at 31 December 2024 and of the results of the Company's operations for the financial year 1 January - 31 December 2024.

The Management Commentary includes in our opinion a fair presentation of the matters dealt with in the Commentary.

We recommend the Annual Report be approved at the Annual General Meeting.

Frederikshavn, 31 March 2025

Executive Board

Kim Bengtsen

Kristian Kaasing Larsen

Board of Directors

Morten Rokkedal Vestergaard
Chairman

Henrik Sørensen

Karsten Madsen

Independent Auditor's Report

To the Shareholder of VMS Group A/S

Opinion

We have audited the Financial Statements of VMS Group A/S for the financial year 1 January - 31 December 2024, which comprise income statement, Balance Sheet, statement of changes in equity, notes and a summary of significant 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 assets, liabilities and financial position of the Company at 31 December 2024 and of the results of the Company's operations for the financial year 1 January - 31 December 2024 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 are independent of the Company in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), together with the ethical requirements that are relevant to our audit of the financial statements in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

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.
- Plan and perform the audit of the Financial Statements to obtain sufficient appropriate audit evidence regarding the consolidated financial information of the entities or business units as a basis for forming an opinion on the Financial Statements. We are responsible for the direction, supervision and review of the audit work performed. We remain solely responsible for our audit opinion..

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.

Independent Auditor's Report

Statement on Management Commentary

Management is responsible for Management Commentary.

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

In connection with our audit of the Financial Statements, our responsibility is to read Management Commentary and, in doing so, consider whether Management Commentary 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 Commentary provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we conclude that Management Commentary is in accordance with the Financial Statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement of Management Commentary.

Frederikshavn, 31 March 2025

BDO Statsautoriseret revisionsaktieselskab
CVR no. 20 22 26 70

Tommy Andersen
State Authorised Public Accountant
MNE no. mne24638

Louise Troelstrup Lund
State Authorised Public Accountant
MNE no. mne34109

Financial Highlights

	2024 DKK '000	2023 DKK '000	2022 DKK '000	2021 DKK '000	2020 DKK '000
Income statement					
Net revenue	625.074	537.814	356.402	284.650	263.694
Operating profit/loss before depreciation and amortisation (EBITDA)	30.967	41.730	23.444	4.179	3.759
Operating profit/loss of main activities	26.780	38.564	20.621	1.220	723
Financial income and expenses, net	-1.398	-2.675	-586	302	-566
Profit/loss for the year	29.457	32.438	19.580	2.536	-2.403
Balance sheet					
Total assets	309.195	257.364	247.113	164.670	140.819
Equity	103.479	83.895	60.726	42.359	40.515
Investment in property, plant and equipment	-13.943	-5.086	-3.646	-1.762	-1.483
Average number of full-time employees	243	193	172	153	149
Key ratios					
Return on invested capital	25,2	43,2	8,3	0,7	0,5
Equity ratio	33,5	32,6	24,6	25,7	28,8
Return on equity	31,4	44,9	38,0	6,1	-5,9

The ratios stated in the list of key figures and ratios have been calculated as follows:

Invested capital:	$\text{NWC} + \text{intangible and tangible assets (ex goodwill)} - \text{provisions} - \text{other operating liabilities, non-current}$
Return on invested capital:	$\frac{\text{Operating Profit/loss adjusted for goodwill amortisation} \times 100}{\text{Average invested capital}}$
Equity ratio:	$\frac{\text{Equity, at year-end} \times 100}{\text{Total assets, at year-end}}$
Return on equity:	$\frac{\text{Profit/loss after tax} \times 100}{\text{Average equity}}$

Management Commentary

Principal activities

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

Development in activities and financial and economic position

The net profit for the year amounts to DKK 29 million. Revenue for the year amounts to DKK 625 million. In total the obtained results and the development in the year is considered very satisfactory by the management.

The subsidiaries in Brazil and Namibia have continued their positive development and combined they have contributed with a net profit of DKK 9.7 million. Both companies have increased workforce during the year and have gained a stronger foothold in the local market.

The subsidiaries in USA have been starting up in 2024. Activity will commence in 2025.

The market for servicing of diesel engines in the maritime industry has developed positively during 2024 primarily within Offshore/Drilling units. VMS Group A/S was positioned very well for the increase in the market, and order intake has been very satisfactory.

The HSEQ department has continued its development in 2024, with extra focus on ISO certification and CSRD.

Profit/loss for the year compared to the expected development

The net profit is realized in line with budgets and plans. Even if significant sums, DKK 5,7 million, have been spent completing the move to the new headquarters. In 2023 VMS Group A/S had a net profit of DKK 32 million, and the plans for 2024 showed a net profit of DKK 30 million. The net profit for 2024 of DKK 29 million is very satisfactory.

The revenue is realized at DKK 625 million which is higher than expected for 2024 at DKK 550-600 million. In general, the Company has had higher activity than expected.

Significant events after the end of the financial year

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

Financial risk

Market risks

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

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

Foreign exchange risks

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

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

Only recognised banks are used for hedging currency exposure in USD for which reason the counterparty risk is low.

Management Commentary

Financial risk (continued)

Interest rate risks

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

Credit risks

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

Future expectations

The Company expects the activity level during 2025 will slightly increase, and revenue is forecasted in the range of DKK 600-650 million.

The Company expect that the Company's profitability in 2025 will increase from this year, and the Company estimates net profit in the range of DKK 40-45 million.

Corporate social responsibility (CSR) report

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

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

The Company has in the year calculated and set up a base line using the climate compass. This is shown in the Company's sustainability report 2024 along with figures showing an overview of the Company's CO2e emissions. The Company Sustainability report 2024 can be required at kfk@vms.dk.

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

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

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

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

Business model:

Please refer to description of key activities on page 9. The Company conduct its service jobs with a permanent and flexible staff. The Company and the staff have high quality standards, know-how and supply an on-time delivery. To support this statement, the Company have several longtime customer relationships.

Environment and climate:

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

- SDG3 Good health and wellbeing.
- SDG9 Industry, innovation and infrastructure.
- SDG12 Responsible consumption and production.

Management Commentary

Corporate social responsibility (CSR) report (continued)

In 2024 the Company has continuously achieved good results within the environmental targets. Focus on waste materials reused from workshop have been a strong priority for management and is showing positive trends.

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

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

The Company is currently also implementing ISO 14001 (environmental management system) and ISO 45001 (Occupational health and safety). Both certificates are obtained early 2025.

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

The Company will in the coming years increase focus within environment and climate, reduce emissions. The Company carries their objectives into effect by implementing management systems and control systems as follow-up on the work process. The Company evaluates these currently.

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

Business Ethics and Compliance:

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

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

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

Anti-corruption:

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

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

The risk of corruption and bribery is considered to be very low due to the Company's controls and the management attention. There have been no indicators of or information about that this should be the case in 2024. This is not expected to occur in the coming year either.

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

Management Commentary

Corporate social responsibility (CSR) report (continued)

Human rights and working conditions:

The policy of Human rights within VMS Group A/S is formalized in the code of conduct, which all employees are requested to comply with as mentioned above. There has not been registered any single cases in 2024, in respect of not living up to human rights. Thus, there is no evidence of discrimination or of acting contrary to the Company's policy. There is expected to be no discrimination or breach of the Company's policy for the coming year.

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

The following principles apply:

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

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

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

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

A well-being test was conducted in the year 2024, and the outcome was very positive and showing good improvement.

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

Report of data ethics

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

Income Statement 1 January - 31 December

	Note	2024 DKK '000	2023 DKK '000
Net revenue	1	625.074	537.814
Other operating income		2.726	2.619
Expenses for raw materials and consumables		-386.224	-327.006
Other external expenses	2	-45.951	-35.935
Gross profit/loss		195.625	177.492
Staff costs	3	-164.658	-135.323
Depreciation, amortisation and impairment losses for tangible and intangible assets		-4.187	-3.166
Other operating expenses		0	-439
Operating profit		26.780	38.564
Income from investments in subsidiaries and associates		9.742	4.446
Other financial income	4	986	796
Other financial expenses	5	-2.384	-3.471
Profit before tax		35.124	40.335
Tax on profit/loss for the year	6	-5.667	-7.897
Profit for the year	7	29.457	32.438

Balance Sheet at 31 December

Assets

	Note	2024 DKK '000	2023 DKK '000
Acquired concessions, patents, licences, trademarks and similar rights		253	698
Goodwill		748	1.122
Intangible assets	8	1.001	1.820
Production plant and machinery		15.194	11.477
Other plant, fixtures and equipment		364	544
Leasehold improvements		2.744	1.066
Tangible fixed assets in progress and prepayments for tangible fixed assets		0	500
Property, plant and equipment	9	18.302	13.587
Investments in subsidiaries		20.487	9.350
Rent deposit and other receivables		79	41
Financial non-current assets	10	20.566	9.391
Non-current assets		39.869	24.798
Expenses for raw materials and consumables		58.712	56.530
Prepayments		2.048	22.334
Inventories		60.760	78.864
Trade receivables		82.818	63.518
Contract work in progress	11	88.088	64.361
Receivables from group enterprises		19.742	11.823
Derivative financial instruments		0	300
Other receivables		12.786	9.585
Prepayments	12	1.359	1.500
Receivables		204.793	151.087
Cash and cash equivalents		3.773	2.615
Current assets		269.326	232.566
Assets		309.195	257.364

Balance Sheet at 31 December

Equity and liabilities

	Note	2024 DKK '000	2023 DKK '000
Share Capital	13	500	500
Reserve for net revaluation under the equity method		10.882	779
Fair value reserve for hedge accounting		0	234
Retained earnings		92.097	72.382
Proposed dividend		0	10.000
Equity		103.479	83.895
Provision for deferred tax	14	5.381	4.472
Provisions		5.381	4.472
Lease liabilities		4.533	0
Other non-current liabilities		10.069	10.150
Non-current liabilities	15	14.602	10.150
Bank debt		20.823	12.028
Lease liabilities		644	0
Contract work in progress	11	6.913	30.170
Prepayments from customers		11.773	2.835
Trade payables		47.656	37.736
Debt to Group companies		12.226	4.192
Corporation tax payable		13.043	8.101
Other liabilities		57.056	44.098
Deferred income	16	15.599	19.687
Current liabilities		185.733	158.847
Liabilities		200.335	168.997
Equity and liabilities		309.195	257.364
Contingencies etc.	17		
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Equity

DKK '000	Share Capital	Reserve for net revaluation under the equity method	Fair value reserve for hedge accounting	Retained earnings	Proposed dividend	Total
Equity at 1 January 2024	500	779	234	72.382	10.000	83.895
Proposed profit allocation, see note 7		9.742		19.715		29.457
Transactions with owners						
Dividend paid					-10.000	-10.000
Other legal bindings						
Foreign exchange adjustments		361				361
Change fair value reserves						
Realised in the year			-300			-300
Tax on changes in equity			66			66
Equity at 31 December 2024	500	10.882	0	92.097	0	103.479

Notes

2024
DKK '000

2023
DKK '000

1 | Net revenue

Segment details (geography)

Denmark	135.142	204.696
Europe	238.931	142.617
Other	251.001	190.501
	625.074	537.814

Segment details (activities)

Offshore/Drilling units	305.155	266.511
Passenger/Ro-Ro Cargo	67.131	125.665
Other segments	252.788	145.638
	625.074	537.814

2 | Fee to statutory auditor

Total fee

BDO	259	0
PWC	0	267
	259	267

Specification of fee

Statutory audit	188	210
Assurance engagements	47	47
Tax consultancy	13	5
Other services	11	5
	259	267

3 | Staff costs

Average number of full time employees

	243	193
Wages and salaries	137.000	113.353
Pensions	19.371	15.373
Social security costs	2.589	2.072
Other staff costs	5.698	4.525
	164.658	135.323

Remuneration of Executive Board

Remuneration of Board of Directors

	5.863	4.303
	220	220
	6.083	4.523

Notes

	2024 DKK '000	2023 DKK '000
4 Other financial income		
Interest income from group enterprises	722	794
Other interest income	264	2
	986	796

5 Other financial expenses		
Other interest expenses	2.384	3.471
	2.384	3.471

6 Tax on profit/loss for the year		
Calculated tax on taxable income of the year	4.692	8.101
Adjustment of deferred tax	975	-204
	5.667	7.897

7 Proposed distribution of profit		
Proposed dividend for the year	0	10.000
Allocation to reserve for net revaluation under the equity method	9.742	1.301
Retained earnings	19.715	21.137
	29.457	32.438

8 Intangible assets		
	Acquired concessions, patents, licences, trademarks and similar rights	Goodwill
DKK '000		
Cost at 1 January 2024	3.746	7.416
Disposals	-1.190	0
Cost at 31 December 2024	2.556	7.416
Amortisation at 1 January 2024	3.049	6.294
Reversal of amortisation of assets disposed of	-1.190	0
Amortisation for the year	444	374
Amortisation at 31 December 2024	2.303	6.668
Carrying amount at 31 December 2024	253	748

Notes

9 | Property, plant and equipment

DKK '000	Production plant and machinery	Other plant, fixtures and equipment
Cost at 1 January 2024	30.635	1.994
Additions	11.704	47
Disposals	-5.358	-302
Cost at 31 December 2024	36.981	1.739
Depreciation and impairment losses at 1 January 2024	19.157	1.451
Reversal of depreciation of assets disposed of	0	-302
Depreciation for the year	2.630	226
Depreciation and impairment losses at 31 December 2024	21.787	1.375
Carrying amount at 31 December 2024	15.194	364
Finance lease assets	4.659	242
DKK '000	Leasehold improvements	Tangible fixed assets in progress and prepayments for tangible fixed assets
Cost at 1 January 2024	9.480	500
Transferred	0	-500
Additions	2.192	0
Disposals	-379	0
Cost at 31 December 2024	11.293	0
Depreciation and impairment losses at 1 January 2024	8.415	0
Reversal of depreciation of assets disposed of	-379	
Depreciation for the year	513	
Depreciation and impairment losses at 31 December 2024	8.549	0
Carrying amount at 31 December 2024	2.744	0

Notes

10 | Financial non-current assets

DKK '000	Investments in subsidiaries	Rent deposit and other receivables
Cost at 1 January 2024	8.571	41
Additions	1.034	38
Cost at 31 December 2024	9.605	79
Revaluation at 1 January 2024	780	0
Exchange adjustment	361	0
Profit/loss for the year	9.741	0
Revaluation at 31 December 2024	10.882	0
Carrying amount at 31 December 2024	20.487	79

Investments in subsidiaries

Name and domicil	Ownership
Louisiana Marine Services L.L.C., Kenner, LA, USA	99 %
Vestergaard Marine Service Do Brasil LTDA, Rio de Janeiro, Brazil	100 %
Vestergaard Marine Service Namibia (Pty) Ltd., Walvis Bay, Namibia	100 %
VMS Louisiana, LLC, New Orleans, LA, USA	100 %
Gulf States Marine Services, LLC, Kenner, LA, USA	100 %

	2024 DKK '000	2023 DKK '000
11 Contract work in progress		
Sales value of completed work	129.393	86.122
Progress invoicing/advances received	-48.218	-51.931
Contract work in progress, net	81.175	34.191
Recognised as follows		
Contract work in progress (asset)	88.088	64.361
Contract work in progress (liability)	-6.913	-30.170
	81.175	34.191

12 | Prepayments

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

Notes

	2024 DKK '000	2023 DKK '000
13 Share Capital		
Allocation of share capital:		
A-aktier, 500 unit in the denomination of 1.000 DKK	500	500
	500	500

14 | Provision for deferred tax

The provision for deferred tax is related to differences between the carrying amount and tax value of securities, receivables, intangible and tangible fixed assets, including recognised finance lease contracts.

Deferred tax, beginning of year	4.472	4.323
Deferred tax of the year, income statement	975	-204
Deferred tax of the year, equity	-66	353
Provision for deferred tax 31 December 2024	5.381	4.472

15 | Long-term liabilities

DKK '000	31/12 2024 total liabilities	Repayment next year	Debt outstanding after 5 years	31/12 2023 total liabilities
Lease liabilities	5.177	644	1.596	0
Other non-current liabilities	10.257	188	9.331	10.150
	15.434	832	10.927	10.150

16 | Deferred income

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

Notes

17 | Contingencies etc.

Contingent liabilities

The following assets have been placed as security with bankers: Company charge of a nominal amount of DKK 50,0 m secured on unsecured claims from sales and services, raw material inventories, fixtures, fittings & equipment and goodwill, which have carrying amount at the balance sheet date of DKK ('000) 152.

Rental liabilities

The company has concluded rental agreements under operating leases with an annual rent of DKK ('000) 1,203 and termination notice of 59 month.

The company has concluded rental agreements under financial leases with an annual rent of DKK ('000) 840 and termination notice of 76 month.

The company has concluded rental agreements with an annual rent of DKK ('000) 5,061 and termination notice of 21 month.

Joint liabilities

The company has issued a joint and several guarantee to the subsidiary VMS Ejendomme ApS.

The Group companies are jointly and severally liable for tax on the jointly taxed income etc of the Group. The total amount of corporation tax payable is disclosed in the Annual Report of MRV Holding ApS, which is the management company of the joint taxation purposes.

Moreover, the group companies are jointly and severally liable for Danish withholding taxes by way of dividend tax, tax on royalty payments and tax on unearned income. Any subsequent adjustments of corporation taxes and withholding taxes may increase the Company's liability.

The Company has entered into an agreement concerning payment guarantee of DKK ('000) 769.

The Company has entered into a guarantee agreement for VMS Ejendomme ApS with credit institution of DKK ('000) 17,729.

The Company has entered into an agreement concerning general performance guaranties with bankers of DKK ('000) 23,758.

18 | Related parties

The Company's related parties include:

Controlling interest

The parent company, Vestergaard Marine Service Holding ApS, and the ultimate parent company, MRV Holding ApS, have the controlling interest along with the ultimate owner, Morten Rokkedal Vestergaard, Sæby.

Transactions with related parties

The Company did not carry out any material transactions that were not concluded on market conditions. According to section 98c, subsection 7 of the Danish Financial Statements Act information is given only on transactions that were not performed on common market conditions.

19 | Consolidated Financial Statements

The company is included in the consolidated financial statements of the parent ultimate parent company MRV Holding ApS, Solsbækvej 241, 9300 Sæby, CVR-no. 45 14 74 95.

Accounting Policies

The Annual Report of VMS Group A/S for 2024 has been presented in accordance with the provisions of the Danish large-size Financial Statements Act for enterprises in reporting class C .

The Annual Report is prepared consistently with the accounting principles applied last year.

Consolidated Financial Statements

Consolidated Financial Statements have not been prepared because the group fulfils the exemption provisions of section 112 of the Danish Financial Statements Act on sub-groups. The Company is included in the consolidated Financial Statements of MRV Holding ApS, Solsbækvej 241, 9300 Sæby, CVR No. 45 14 74 95.

Income Statement

Net revenue

Net revenue from the sale of merchandise and finished goods is recognised in the Income Statement if supply and risk transfer to purchaser has taken place before the end of the year and if the income can be measured reliably and is expected to be received.

Where products with a high degree of individual adjustment are delivered, recognition in net revenue is made as and when the production progresses, the net revenue being equal to the sales value of the work performed for the year (the production method). This method is applied when the total income and expenses regarding the contract and the degree of completion at the Balance Sheet date can be reliably assessed, and it is likely that the financial benefits will flow to the Company.

When the result of contract work cannot be assessed reliably, revenue is only recognised corresponding to the related costs and only to the extent that it is likely that they will be recovered.

Sale of services is generally recognised on the basis of a measurable degree of completion, using straight-line recognition of services delivered over time in a regular pattern. Where the degree of completion is not measurable or the sales value or the total costs of completion are uncertain, revenue is recognised by the amount that the enterprise as a maximum believes to have a right to claim and is expected to be received for services delivered at the Balance Sheet date.

Net revenue is recognised exclusive of VAT and less duties and discounts related to the sale.

Cost of sales

Cost of sales comprise costs incurred to achieve the net revenue for the year, including direct and indirect costs of raw materials and consumables.

Other operating income

Other operating income includes items of a secondary nature in relation to the enterprises' principal activities, including profit from sale of intangible and tangible assets, operating loss and conflict compensations, as well as salary refunds. Compensations are recognised when the income is estimated to be realisable.

Other external expenses

Other external expenses include other production, sales, delivery and administrative costs, including costs of energy, marketing, premises, loss on bad debts, operating lease expenses, etc

Payments related to operating lease expenses and other lease agreements are recognised in the Income Statement over the contract period. The Company's total liability concerning operating and other lease agreements are stated under contingencies, etc.

Accounting Policies

Staff costs

Staff costs comprise wages and salaries, including holiday pay and pensions, and other costs of social security etc., for the Company's employees.

Other operating expenses

Other operating expenses include items of a secondary nature in relation to the Group's and the Company's activities. Losses from sale of intangible and tangible fixed assets are also included.

Income from investments in subsidiaries and associates

The Income Statement of the Parent Company recognises the proportional share of the results of subsidiaries determined according to the Parent Company's accounting policies and after full elimination of intercompany profits/losses and deduction of amortisation of goodwill. resulting from purchase price allocation at the date of acquisition, is recognised in the Parent Company's Income Statement.

Profits from sale are recognized, if the economic rights related to the sold subsidiaries are transferred. However, not before the profit is realised or regarded as realisable. Moreover, realised losses besides impairments are recognised when they are demonstrated.

Financial income and expenses

Financial income and expenses include interest income and expenses, financial expenses of finance leases, realised and unrealised gains and losses arising from securities, debt and transactions in foreign currencies, as well as charges and allowances under the tax-on-account scheme, etc. Financial income and expenses are recognised by the amounts that relate to the financial year. Interest income and expenses are calculated on amortised cost prices.

Tax

The tax for the year, which consists of the current tax for the year and changes in deferred tax, is recognised in the Income Statement by the share that may be attributed to the profit for the year, and is recognised directly in equity by the share that may be attributed to entries directly to equity.

Balance Sheet

Intangible fixed assets

Acquired goodwill is measured at cost less accumulated amortisation. Goodwill is amortised on a straight-line basis over the expected useful life which is estimated to 5 years. The period of amortisation is determined based on an assessment of the acquired Company's position in the market and earnings profile, and the industry-specific conditions.

Patents and licences are measured at the lower of cost less accumulated amortisation and the recoverable amount. Patents are amortised over the remaining patent period and licences are amortised over the period of the agreement, however, no more than 8 years.

The accounting item is measured at the lower of the capitalised costs less accumulated amortisation and recoverable amount.

Intangible fixed assets are generally written down to the recoverable amount if this is lower than the carrying amount.

Profit or loss from sale of intangible fixed assets is calculated at the difference between the sales price and the carrying amount at the time of the sale. Profit and loss are recognised in the Income Statement under other operating income or other operating expenses.

Accounting Policies

Tangible fixed assets

Land and buildings, production plant and machinery, other plant, fixtures and equipment are measured at cost less accumulated depreciation and impairment losses.

The depreciation base is cost less estimated residual value after end of useful life.

The cost includes the acquisition price and costs incurred directly in connection with the acquisition until the time when the asset is ready to be used.

Straight-line depreciation is provided on the basis of an assessment of the expected useful lives of the assets and their residual value:

	Useful life	Residual value
Production plant and machinery	5-10 years	0 %
Other plant, fixtures and equipment	3-5 years	0 %
Leasehold improvements	10 years	0 %

Profit or loss on sale of tangible fixed assets is stated as the difference between the sales price less selling costs and the carrying amount at the date of sale. Profit or loss is recognised in the Income Statement as other operating income or other operating expenses.

Profit or loss from sale of tangible fixed assets is stated as the difference between the sales price less costs of sale and the carrying amount at the date of sale. Profits or losses are recognised in the Income Statement.

Lease contracts

Lease contracts relating to tangible fixed assets for which the Company bears all material risks and benefits attached to the ownership (finance lease, see IAS 17) are recognised as assets in the Balance Sheet. The assets are at the initial recognition measured at the lower of cost stated at fair value and the and present value of the future lease payments. The internal interest rate of the lease contract, or alternatively the Company's loan interest, is used as discounting factor when calculating the present value. Finance lease assets are hereafter treated as the Group's and the Company's other similar tangible fixed assets.

The capitalised residual lease liability is recognised in the Balance Sheet as a liability and the interest portion of the lease payment is recognised in the Income Statement over the contract period.

All other lease contracts are considered to be operating leases. Payments related to operating leases and other rental agreements are recognised in the Income Statement over the contract period. The Company's total liability relating to operating leases and rental agreements is disclosed as contingencies etc.

Financial non-current assets

Investments in subsidiaries are measured in the Parent Company Balance Sheet under the equity method, which is regarded as a method of measuring/consolidation.

Investments in subsidiaries are measured in the Balance Sheet at the proportional share of the enterprises' carrying Equity value, calculated in accordance with the Parent Company's accounting policies with deduction or addition of unrealised intercompany profits or losses, and with addition of remaining additional values and goodwill calculated according to the acquisition method. Negative goodwill is recognised in the Income Statement upon acquisition of the Equity interest. Where the negative goodwill is related to takeover of contingent liabilities, the negative goodwill is not recognised before the contingent liabilities are settled or cancelled.

Accounting Policies

Acquired enterprises are subject to the acquisition method, reassessing all identified assets and liabilities to fair value at the acquisition date, which is the time for obtaining control. The purchase consideration consists of the fair value of the agreed consideration in the form of transferred assets and liabilities. If a part of the purchase consideration is contingent on future events or compliance with agreed terms, this part of the purchase consideration is recognised at fair value at the date of acquisition. Subsequent regulations of the contingent purchase consideration are recognised in the Income Statement.

The fair value is calculated based on acquisitions made in an active market, alternatively calculated using generally accepted valuation models. A discounted cash flow model is used to calculate the fair value of investment properties based on a discounted cash flow of future earnings. Operating equipment is recognised at fair value based on an assessor's opinion, based on an overall assessment of the production equipment. The acquisition date is the date on which the Company gains actual control over the acquired entity.

Land and buildings, plants and machines, as well as other fixtures, fittings, tools and equipment are measured at cost with deduction of accumulated depreciations. Land is not depreciated. Investment properties are measured at fair value corresponding to the open market value of the property, where changes to the fair value are recognised in the Income Statement. Inventories are measured at cost according to the FIFO principle with deductions of any depreciations at a lower net realisation value. Receivables and payables are measured at amortised cost.

Received dividend is deducted in the carrying amount of the equity investment.

Net revaluation of investments in subsidiaries is transferred under equity to reserve for net revaluation under the equity value method to the extent that the carrying amount exceeds the acquisition value.

Profit and loss at disposal of investments in subsidiaries are determined as the difference between the net selling price and the carrying amount of the disposed investment at the time of sale, including non-depreciated excess values and goodwill. Profit and loss are recognised in the Income Statement under income from investments.

Investments in subsidiaries with negative equity value are measured at DKK 0. Any receivables with these companies are written off, to the extent that the receivable is uncollectible from a specifically assessed indication of impairment. To the extent that the Parent Company has a legal or actual obligation to cover a negative balance which exceeds the receivable, the remainder is recognised under provisions for liabilities.

Impairment of fixed assets

The carrying amount of intangible fixed and tangible assets together with fixed assets, which are not measured at fair value, are assessed annually for indications of impairment other than that reflected by amortisation and depreciation.

In the event of impairment indications, an impairment test is made for each asset or group of assets, respectively. If the recoverable amount is lower than the carrying amount, the asset is written down to the recoverable amount.

The recoverable amount is calculated at the higher of the capital value and the sales value less expected costs of a sale. The capital value is determined as the Company's share in the current value of the net cash flows which the subsidiary is expected to generate through its activities and from sale of assets after the end of their useful lives. A discount rate is used which reflects the risk-free market rate and the owners' minimum return on interest requirements for similar assets. The growth rate in the terminal period is determined in accordance with the standards within the industry.

Accounting Policies

Inventories

Inventories are measured at cost using the FIFO-principle. If the net realisable amount is lower than cost, the inventories are written down to the lower amount.

The cost of merchandise as well as raw materials and consumables is calculated at acquisition price with addition of transportation and similar costs.

The net realisable value of inventories is stated at the expected sales price less direct completion costs and costs incurred to execute the sale and is determined with due regard to marketability, obsolescence and development in expected sales price of the inventories.

Receivables

Receivables are measured at amortised cost which usually corresponds to nominal value. The value is written down to meet expected losses.

Write-off is performed to provide for losses when an objective indication has been assessed to have incurred that a receivable or a portfolio of receivables are impaired. If there is an objective indication that an individual receivable is impaired, the write-off is performed at individual level.

Receivables for which there are no objective indication of impairment at individual level are assessed at portfolio level for objective indication of impairment. The portfolios are primarily based on the debtors' registered office and credit rating in accordance with the Company's policy for credit risk management. The objective indicators, which are applied for portfolios, are determined based on the historical loss experiences.

Write-off is determined as the difference between the carrying amount of receivables and the present value of the expected cash flows, including realisable value of any received collaterals. The effective interest rate is used as discount rate for the single receivable or portfolio.

Contract work in progress

Work in progress on contract is measured at the sales value of the work performed. The sales value is measured on the basis of the degree of completion on the Balance Sheet date and the total anticipated revenue related to the specific piece of work in progress. The stage of completion is determined based on an assessment of the work performed, usually calculated as the relation between the costs incurred and the total expected costs for the contract in question.

Accruals, assets

Accruals recognised as assets include costs incurred relating to the subsequent financial year.

Tax payable and deferred tax

Current tax liabilities and receivable current tax are recognised in the Balance Sheet as the calculated tax on the taxable income for the year, adjusted for tax on the taxable income for previous years and taxes paid on account.

The Company is subject to joint taxation with Danish Group companies. The current corporation tax is distributed among the joint taxable companies in proportion to their taxable income and with full allocation and refund related to tax losses. The joint taxable companies are included in the tax-on-account scheme. Joint taxation contributions receivable and payable are recognised in the Balance Sheet under current assets and liabilities, respectively.

Deferred tax is measured on the temporary differences between the carrying amount and the tax value of assets and liabilities.

Accounting Policies

Deferred tax assets, including the tax value of tax loss carryforwards, are measured at the amount at which the asset is expected to be used within a reasonable number of years, either by setoff against tax on future earnings or by setoff against deferred tax liabilities within the same legal tax entity.

Deferred tax is measured on the basis of the tax rules and tax rates that under the legislation in force on the Balance Sheet date will be applicable when the deferred tax is expected to crystallise as current tax. Any changes in the deferred tax resulting from changes in tax rates, are recognised in the income statement, except from items recognised directly in equity.

Liabilities

Financial liabilities are recognised at the time of borrowing by the amount of proceeds received less transaction costs. In subsequent periods, the financial liabilities are measured at amortised cost equal to the capitalised value when using the effective interest, the difference between the proceeds and the nominal value being recognised in the Income Statement over the loan period.

The amortised cost of current liabilities corresponds usually to the nominal value.

The capitalised remaining lease liability on finance lease contracts is also recognised as financial liabilities.

Accruals, liabilities

Accruals recognised as liabilities include payments received regarding income in subsequent years.

Cash Flow Statement

With reference to Section 86(4) of the Danish Financial Statements Act, the Company has not prepared a cash flow statement. A cash flow statement has been prepared for the Group.