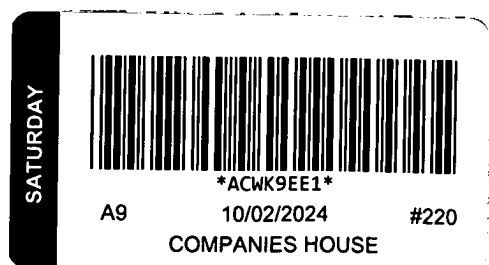


Company registration number SC228521 (Scotland)

VOH SUPPORT VESSELS LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022



VOH SUPPORT VESSELS LIMITED

COMPANY INFORMATION

Directors	S G Thom G P Sheach H A Poon (Resigned 30 Sept 2022)
Secretary	G P Sheach
Company number	SC228521
Registered office	4th Floor Regent Centre Regent Road Aberdeen AB11 5NS
Independent Auditors	PricewaterhouseCoopers LLP The Capitol, 431 Union Street Aberdeen Aberdeenshire AB11 6DA
Bankers	Santander UK Plc 171-173 Union Street Aberdeen AB11 6WT
Solicitors	Burness Paull LLP 1 Union Wynd Aberdeen AB10 1SL

VOH SUPPORT VESSELS LIMITED

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VOH SUPPORT VESSELS LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 DECEMBER 2022

The directors present the strategic report for the year ended 31 December 2022.

Business Review

	2022 £000	2021 £000	Change %
Turnover	13,496	11,987	+13%
Profit / (Loss) for the financial year	640	(182)	+451%
Total equity	(11,205)	(12,451)	-10%
Average number of vessels owned (Number)	5	5	-

The increased turnover and profit are reflective of higher vessel utilisation and reversal of impairments £4m (2021 recognised an impairment reversal of £1.5m) during the year.

Principal risks and uncertainties

A number of risks and uncertainties prevail in the normal course of the company's activities. The board of directors and management team work together to identify these risks and manage any impact they may have on the performance of the company.

Competitive risk

The long-term success of the company is dependent on the ability of its management to secure work for its vessels at profitable rates in a competitive environment. Management aims to secure long-term contract work for all its new-build vessels, to minimise the exposure on its capital investments.

Price Risk

The volatility of the oil price impacts many aspects of the company's activity. A high oil price increases demand for the activities which the company supports and low oil price decreases the demand for the activities which the company supports. Prolonged low oil prices can also discourage supply of tonnage to the market and could have a detrimental effect on rates and revenue. Management monitor supply and demand patterns in line with the profile of vessels in the fleet to manage the market earning possibilities.

Liquidity risk

The Company needs to generate sufficient cashflow from its operating activities in order to meet the repayment obligations of loans. Please refer to Going Concern narrative in the Directors Report.

Interest rate risk

The company has borrowings which have variable rates of interest. Increases in the LIBOR rate would adversely impact the company's interest charge in the profit and loss account and the company's cash flow. The company's management team seeks to mitigate this risk by using interest rate swaps to fix its interest rate costs when these can be purchased at a reasonable cost relative to the likelihood of rates increasing.

Future Developments

In spite of the oil price recovery in 2021, market conditions remain challenging, and the Company works hard to focus on cost control and, where possible, the improvement of vessel day rates. All efforts made in this regard are to ensure the continuation of meeting clients' demands in a safe and efficient manner.

VOH SUPPORT VESSELS LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

Environment

It is the Company's policy that no activity shall be more important than ensuring that practical and effective measures are in place to protect the health and safety of the personnel and marine environment.

The Company recognises the potential impact we could have on the environment while carrying out our day-to-day business and as a responsible company, we will do everything reasonably practical to minimise this impact. The Company has always been active in reducing environmental impact and has made great improvements over the years, including reducing fuel consumption, introducing full recycling of waste and being ISO 14001 accredited.

The commitment of the Company is demonstrated by observance and compliance with all statutory instruments and requirements. The group operates under the international management code for the safe operation of ships and for pollution prevention (ISM code).

On behalf of the board



S G Thom
Director

.....
Aberdeen

05 FEB 2024

VOH SUPPORT VESSELS LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2022

The directors present their annual report and audited financial statements for the year ended 31 December 2022.

Principal activities

The company provides offshore support vessel services to the oil and gas industry, primarily emergency response and rescue vessels (ERRV).

Branches

The company has a branch office in Trinidad & Tobago.

Directors

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

S G Thom

G P Sheach

H A Poon (Resigned 30 Sept 2022)

Results and dividends

The results for the year are set out on page 11.

No ordinary dividends were paid. The directors do not recommend payment of a final dividend.

Independent Auditors

The auditors, PricewaterhouseCoopers LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

VOH SUPPORT VESSELS LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

Statement of directors' responsibilities in respect of the financial statements

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 102, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006.

Directors' confirmations

In the case of each director in office at the date the Directors' Report is approved:

- so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Strategic report

The company has chosen in accordance with Companies Act 2006, s. 414C(11) to set out in the company's strategic report information required by Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008, Sch. 7 to be contained in the directors' report. It has done so in respect of future developments and financial risk management.

VOH SUPPORT VESSELS LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

Going Concern

The Company is part of a corporate group with Vroon Group Holding B.V. (hereafter: "the Group") as ultimate holding Company. The Company is interrelated with the financing of Vroon Group Holding B.V. through group wide guarantees and common financial, legal and commercial interests.

Completion of restructuring process

On 12 June 2023, the Group successfully completed a difficult and protracted restructuring process. Lenders have refinanced debt to the Group by cancelling their existing loans and providing a new loan structure. They have also assumed majority ownership of the Group including all assets and liabilities. In the 2021 Annual Report, the Group disclosed in detail the events in the restructuring process up to December 2022.

Following the foreseen disposal of the Group's OSV fleet and its Offshore management companies in Genoa and Singapore, outstanding debt will be reduced further. The Group will be financed mainly through a syndicated loan facility with a maturity in the third quarter of 2025. This facility is combined with several separate and ringfenced facilities with similar maturity. It intends to continue its remaining businesses ('NewCo') for the Livestock, Product and High-Heat Tanker and Emergency Response and Rescue Vessels (ERRV) in the years to come.

A large part of the Group's Offshore business is foreseen to be divested during the fourth quarter of 2023

The sale of the 37 Offshore Support Vessels which is described in more detail in 'Events after balance sheet date' in the Financial Statements included in the Group's Annual Report will result in a further and significant reduction of debt and a transfer of two of our Offshore management companies thus avoiding wind down costs for these entities. Unfortunately our management Group based in Den Helder will need to be wound down during 2024 after all sold vessels are delivered. In addition, the Group will implement a restructuring of its central support services, to reduce staff and costs in line with a smaller fleet and footprint. The restructuring costs have been agreed as part of the restructuring plan to be funded from proceeds of OSV vessel disposals.

No material uncertainty related to going concern exists

Implementation of the Group restructuring plan, including the foreseen sale of the Group's OSV fleet has reduced going concern risk considerably. The Group is no longer in default of its obligations towards Lenders, indebtedness has reduced and will further reduce with the completion of the OSV sale in 2023. This relatively quick business sale on the agreed terms compares favourably to the alternative of a long, risky and protracted exit process of individual OSV disposals which was agreed as part of the restructuring plan. By avoiding unnecessary restructuring cost and by reducing execution risk it strengthens the financial position of the Group and further supports the longer-term continuity of the remaining business.

The terms of the new syndicated Group loan facility and of the ringfenced loan facilities reflect customary provisions on debt service and covenants where applicable and are described in further detail in 'Events after balance-sheet date' in the Financial Statements. The current trading and financial outlook reflects improved shipping markets compared to previous years, the headroom in the agreed covenant levels support this trading outlook and sufficient opportunity and headroom exists to manage more adverse market conditions.

VOH SUPPORT VESSELS LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

Going concern (continued..)

The restructuring plan now implemented includes provisions for a refinancing of NewCo debt and recapitalization of its ownership structure ahead of the syndicated loan maturity date in 2025. Together, these steps will allow the Group to return to a more normalized financing and ownership structure and secure longer term growth and continuity.

With the financial restructuring finally completed, financing arrangements in place until maturity by 30 September 2025 and the short and medium term trading outlook as described above management believes that the Group should be able to fulfil its financial obligations for at least a year after the completion of these 2022 accounts and can continue as a going concern.

On behalf of the board



S G Thom

Director

Date

05 FEB 2024

Aberdeen

Independent auditors' report to the members of VOH Support Vessels Limited

Report on the audit of the financial statements

Opinion

In our opinion, VOH Support Vessels Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2022 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprise: Statement of financial position as at 31 December 2022; Statement of comprehensive income and statement of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' 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 remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the company's ability to continue as a going concern.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic report and Directors' report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

Strategic report and Directors' report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report and Directors' report for the year ended 31 December 2022 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic report and Directors' report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of directors' responsibilities in respect of the financial statements, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine 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, the directors are 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 unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditors' 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 auditors' 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 (UK) 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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Based on our understanding of the company and industry, we identified that the principal risks of non-compliance with laws and regulations related to Companies Act 2006 and UK tax legislation, and we considered the extent to which non-compliance might have a material effect on the financial statements. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting of inappropriate manual journals to increase turnover and potential management bias in accounting estimates. Audit procedures performed by the engagement team included:

- enquiring of key management personnel of known or suspected instances of fraud or non-compliance with laws and regulations;
- identifying and testing journal entries, in particular any journals entries posted with unusual account combinations impacting turnover;
- reviewing minutes of meetings of the Board of Directors;
- reviewing financial statement disclosures and testing to supporting documentation to assess compliance with provisions of the relevant laws and regulations described as having a direct effect on the financial statements;
- evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management; and
- challenging assumptions and judgements made by management in their significant accounting estimates that involved considering future events that are inherently uncertain

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

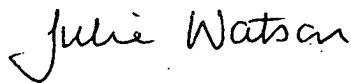
Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not obtained all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of directors' remuneration specified by law are not made; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.



Julie Watson (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Aberdeen
5 February 2024

VOH SUPPORT VESSELS LIMITED

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2022

	Note	2022 £000	2021 £000
Turnover	3	13,496	11,987
Cost of sales		(13,819)	(11,523)
Gross (loss)/profit		(323)	464
Administrative expenses		(496)	(258)
Impairments reversals	9	4,090	1,454
Operating profit	4	3,271	1,660
Interest receivable and similar income	7	-	280
Interest payable and similar expenses	7	(2,464)	(1,653)
Profit before taxation		807	287
Tax on profit	8	(167)	(469)
Profit/(loss) for the financial year		640	(182)
Other comprehensive income /(expense) net of taxation			
Currency translation differences		606	40
Total comprehensive income/ (expense) for the year		1,246	(142)

The income statement has been prepared on the basis that all operations are continuing operations.

VOH SUPPORT VESSELS LIMITED

STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2022

		2022		2021	
	Note	£000	£000	£000	£000
Fixed assets					
Tangible assets	9		20,036		17,066
Current assets					
Stocks	10	342		57	
Debtors	11	1,421		6,636	
Cash at bank and in hand		2,709		929	
		<u>4,472</u>		<u>7,622</u>	
Creditors: amounts falling due within one year	12	<u>(35,713)</u>		<u>(37,139)</u>	
Net current liabilities			(31,241)		(29,517)
Total assets less current liabilities			<u>(11,205)</u>		<u>(12,451)</u>
Capital and reserves					
Called up share capital			10,667		10,667
Profit and loss account - deficit			(21,872)		(23,118)
Total equity			<u>(11,205)</u>		<u>(12,451)</u>

The notes on pages 14 to 28 are integral part of these financial statements.

The financial statements on pages 11 to 28 were authorised for issue by the board of directors on and were signed on its behalf by :

05 FEB 2024

S G Thom

Director

Aberdeen

Company Registration No. SC228521

VOH SUPPORT VESSELS LIMITED

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2022

	Share capital	Profit and loss account - deficit	Total
	£000	£000	£000
Balance at 1 January 2021	10,667	(22,976)	(12,309)
Year ended 31 December 2021:			
Loss for the year	-	(182)	(182)
Other comprehensive income:			
Currency translation differences	-	40	40
Total comprehensive expense for the year	-	(142)	(142)
Balance at 31 December 2021	10,667	(23,118)	(12,451)
Year ended 31 December 2022:			
Profit for the year	-	640	640
Other comprehensive income:			
Currency translation differences	-	606	606
Total comprehensive income for the year	-	1,246	1,246
Balance at 31 December 2022	10,667	(21,872)	(11,205)

VOH SUPPORT VESSELS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

1 Accounting policies

Company information

VOH Support Vessels Limited is a private company limited by shares incorporated in Scotland. The registered office is 4th Floor, Regent Centre, Regent Road, Aberdeen, AB11 5NS.

The company provides offshore support vessel services to the oil and gas industry, primarily emergency response and rescue vessels (ERRV).

1.1 Statement of Compliance

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

Basis of preparation

The financial statements are prepared in pound sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £000.

The financial statements have been prepared on a going concern basis, under the historical cost convention as modified by the recognition of certain financial assets and liabilities measured at fair value. The principal accounting policies adopted are set out below.

These policies have been consistently applied to all the years presented, unless otherwise stated.

Exemptions for qualifying entities under FRS 102

FRS 102 allows a qualifying entity certain disclosure exemptions, subject to certain conditions, which have been complied with, including notification of, and no objection to, the use of exemptions by the Company's shareholders.

The Company has taken advantage of the following exemptions:

(i) from preparing a statement of cash flows, on the basis that it is a qualifying entity and its immediate parent company, Vroon Offshore UK Limited, includes the company's cash flows in its consolidated financial statements.;

(ii) from disclosing the Company key management personnel compensation, as required by FRS 102 paragraph 33.7.

VOH SUPPORT VESSELS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

1 Accounting policies

(Continued)

1.2 Going concern

The Company is part of a corporate group with Vroon Group Holding B.V. (hereafter: "the Group") as ultimate holding Company. The Company is interrelated with the financing of Vroon Group Holding B.V. through group wide guarantees and common financial, legal and commercial interests.

Completion of restructuring process

On 12 June 2023, the Group successfully completed a difficult and protracted restructuring process. Lenders have refinanced debt to the Group by cancelling their existing loans and providing a new loan structure. They have also assumed majority ownership of the Group including all assets and liabilities. In the 2021 Annual Report, the Group disclosed in detail the events in the restructuring process up to December 2022.

Following the foreseen disposal of the Group's OSV fleet and its Offshore management companies in Genoa and Singapore, outstanding debt will be reduced further. The Group will be financed mainly through a syndicated loan facility with a maturity in the third quarter of 2025. This facility is combined with several separate and ringfenced facilities with similar maturity. It intends to continue its remaining businesses ('NewCo') for the Livestock, Product and High-Heat Tanker and Emergency Response and Rescue Vessels (ERRV) in the years to come.

A large part of the Group's Offshore business is foreseen to be divested during the fourth quarter of 2023

The sale of the 37 Offshore Support Vessels which is described in more detail in 'Events after balance sheet date' in the Financial Statements included in the Group's Annual Report will result in a further and significant reduction of debt and a transfer of two of our Offshore management companies thus avoiding wind down costs for these entities. Unfortunately our management Group based in Den Helder will need to be wound down during 2024 after all sold vessels are delivered. In addition, the Group will implement a restructuring of its central support services, to reduce staff and costs in line with a smaller fleet and footprint. The restructuring costs have been agreed as part of the restructuring plan to be funded from proceeds of OSV vessel disposals.

No material uncertainty related to going concern exists

Implementation of the Group restructuring plan, including the foreseen sale of the Group's OSV fleet has reduced going concern risk considerably. The Group is no longer in default of its obligations towards Lenders, indebtedness has reduced and will further reduce with the completion of the OSV sale in 2023. This relatively quick business sale on the agreed terms compares favourably to the alternative of a long, risky and protracted exit process of individual OSV disposals which was agreed as part of the restructuring plan. By avoiding unnecessary restructuring cost and by reducing execution risk it strengthens the financial position of the Group and further supports the longer-term continuity of the remaining business.

The terms of the new syndicated Group loan facility and of the ringfenced loan facilities reflect customary provisions on debt service and covenants where applicable and are described in further detail in 'Events after balance-sheet date' in the Financial Statements. The current trading and financial outlook reflects improved shipping markets compared to previous years, the headroom in the agreed covenant levels support this trading outlook and sufficient opportunity and headroom exists to manage more adverse market conditions.

VOH SUPPORT VESSELS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

1 Accounting policies

(Continued)

1.2 Going concern (continued..)

The restructuring plan now implemented includes provisions for a refinancing of NewCo debt and recapitalization of its ownership structure ahead of the syndicated loan maturity date in 2025. Together, these steps will allow the Group to return to a more normalized financing and ownership structure and secure longer term growth and continuity.

With the financial restructuring finally completed, financing arrangements in place until maturity by 30 September 2025 and the short and medium term trading outlook as described above management believes that the Group should be able to fulfil its financial obligations for at least a year after the completion of these 2022 accounts and can continue as a going concern.

1.3 Revenue

Revenue is recognised to the extent that the company obtains the right to consideration in exchange for its performance. Revenue is measured at the fair value of the consideration received, excluding discounts, rebates, value added tax and other sales taxes or duty.

Rendering of Services:

The company recognises revenue when

- [a] the amount of revenue can be measured reliably;
- [b] it is probable that the economic benefits associated with the transactions will flow to the company;
- [c] the stage of completion of the transaction at the end of reporting period can be measured reliably;
- [d] the cost incurred for the transaction and the costs to complete the transaction can be measured reliably.

VOH SUPPORT VESSELS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

1 Accounting policies

(Continued)

1.4 Tangible assets

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairments losses. Such costs include costs directly attributable to making the asset capable of operating as intended.

Depreciation is provided on all tangible fixed assets, at rates calculated to write off the cost, less estimated residual value based on prices prevailing at the date of acquisition, of each asset evenly over its expected useful life, as follows:

Vessels (incl dry dockings & modifications) Between 2.5 to 25 years (or end of remaining working life)

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to profit or loss.

Major components

Major components are treated as a separate asset where they have significantly different patterns of consumption of economic benefits and are depreciated separately over its useful life. The carrying amount of any replaced component is derecognised.

Repairs, maintenance and minor inspection costs are expensed as incurred.

Derecognition

Tangible assets are derecognised on disposal or when no future economic benefits are expected. On disposal, the difference between the net disposal proceeds and the carrying amount is recognised in profit or loss and included in 'Other operating (losses)/gains'.

Borrowing Cost (capitalised interest)

The company capitalised finance cost directly attributable to the construction of its new build vessels.

1.5 Impairment of fixed assets

At each reporting period end date, the company reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

VOH SUPPORT VESSELS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

1 Accounting policies

(Continued)

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

1.6 Stocks

Stocks comprise the quantities of marine diesel oil (MDO) and lubricants on-board vessels owned by the company. On-board quantities of other stores are not considered material and any such costs are expensed as incurred.

Stocks are valued at the lower of cost and estimated selling price less cost to complete and sell. Cost of acquisition is calculated based on the 'first-in, first-out' principle.

In shipping, it is common practice in fuel exclusive time charter contracts for the MDO stocks at the beginning of a charter to be invoiced to the customer, with the customer picking up all the costs of refuelling during the charter, and for the MDO remaining on-board at the end of the charter to be recharged back to the ship manager. When the company charters vessels on this basis it does not recognise MDO stocks for the duration of the time charter.

At each reporting date, an assessment is made for impairment. Any excess of the carrying amount of stocks over its estimated selling price less costs to complete and sell is recognised as an impairment loss in profit or loss. Reversals of impairment losses are also recognised in profit or loss.

1.7 Cash and cash equivalents

Cash is represented by cash in hand and in the bank.

1.8 Financial instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the company's statement of financial position when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

VOH SUPPORT VESSELS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

1 Accounting policies

(Continued)

Impairment of financial assets

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the company transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

Classification of financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

Basic financial liabilities

Basic financial liabilities, including creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Derecognition of financial liabilities

Financial liabilities are derecognised when the company's contractual obligations expire or are discharged or cancelled.

VOH SUPPORT VESSELS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

1 Accounting policies

(Continued)

1.9 Equity instruments

Equity instruments issued by the company are recorded at the proceeds received. Ordinary shares are classified as equity. Ordinary share capital (Issued & fully paid) comprises 10,667,000 ordinary shares of £1 each (2021: 10,667,000). There is a single class of ordinary shares. There are no restrictions on the distribution of dividends and the repayment of capital.

Dividends and other distributions to the company's shareholders are recognised as a liability in the financial statements in the period in which the dividends and other distributions are approved by the shareholders.

Interim equity dividends are recognised when paid. These amounts are recognised in the statement of changes in equity.

1.10 Derivatives

The company purchases interest rate swaps to manage interest rate volatility.

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments.

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or finance income as appropriate, unless they are included in a hedging arrangement.

A derivative with a positive fair value is recognised as a financial asset, whereas a derivative with a negative fair value is recognised as a financial liability.

1.11 Taxation

Current taxation, including UK corporation tax and foreign tax, is provided for at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date. The company's profits from vessel operations are taxed under the UK Tonnage tax regime.

1.12 Foreign currency

Monetary assets and liabilities denominated in foreign currencies are translated into pounds sterling at rates of exchange ruling at the balance sheet date.

Transactions in foreign currencies are translated into pounds sterling at the rate ruling on the date of the transaction.

The trading results of foreign branches are translated into sterling at the average exchange rates for the year. The assets and liabilities of foreign branches are translated at the exchange rates ruling at the year-end. Exchange adjustments arising from the retranslation are recognised in other comprehensive income.

All other exchange differences are taken to the profit and loss account and are treated as administrative expenses.

VOH SUPPORT VESSELS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

2 Judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

Key sources of estimation uncertainty

The directors' consider the following to be a critical accounting estimate:

Impairment of Vessels

Annually, the company performs a review to assess whether there is an indicator that the carrying value of vessels may be impaired. This review comprises a comparison of the book value of the assets against the company's estimate of the asset's recoverable amount. The recoverable amount is the higher of the asset's value in use or the asset's fair value less costs to sell. If the recoverable amount of the asset is lower than the book value then an impairment charge is recognised in the statement of comprehensive income.

To determine the asset's recoverable value the company considers a range of sources including independent third party market valuations and modelling of discounted future cash flows. Such estimates are subjective in nature and can vary significantly.

3 Turnover

Turnover represents the value of goods and services supplied within the company's ordinary activities stated net of value added tax.

No analysis of turnover by geographical market is given as the directors believe it would be prejudicial to the interest of the company.

4 Profit/(Loss) for the year :

	2022	2021
Profit/ (Loss) for the year is stated after charging / (crediting):	£000	£000
Exchange losses	354	62
Depreciation of tangible assets	1,400	1,303
Reversal of past impairment of tangible assets	(4,090)	(1,454)
	<u> </u>	<u> </u>

VOH SUPPORT VESSELS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

5 Auditors' remuneration

	2022 £000	2021 £000
Fees payable to the company's auditors and associates		
For audit services		
Audit of the financial statements of the company	11	10
	<u> </u>	<u> </u>
For other services		
Taxation compliance services	2	2
	<u> </u>	<u> </u>

Auditors' remuneration has been borne by another group company in the current and preceding year.

6 Employees

The directors are employed by and receive remuneration from other group companies. The directors received total remuneration for the year of £379,000 (2021 - £557,000), all of which was paid by a fellow group company. In the opinion of the directors it is not possible to apportion directors' remuneration to subsidiaries on the basis of level of service and accordingly no allocation has been made.

Company pension contributions to money purchase schemes for directors £13,000 (2021 - £38,000).

Retirement benefits are accruing to two directors under a defined contribution scheme (2021 - two).

The company has no employees. All vessel operating costs, including crew costs recharged by other group companies and third parties, are charged against operating profit.

The emoluments of the highest paid director were as follows:

	2022 £000	2021 £000
Emoluments (excluding pension contribution but including benefit in kind)	176	166
Company pension contributions to money purchase schemes	7	27
	<u> </u>	<u> </u>
	183	193
	<u> </u>	<u> </u>

VOH SUPPORT VESSELS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

7 Interest payable and similar expenses

	2022	2021
	£000	£000
Interest on bank overdrafts and loans	2,295	1,337
Loss on derivative financial instruments	-	201
Interest payable to group undertakings	169	108
Other interest	-	7
	<u>2,464</u>	<u>1,653</u>
Interest receivable and similar income :		
Finance (income) for financial instruments measured at fair value through profit or loss	-	(280)
	<u>2,464</u>	<u>1,373</u>

8 Tax on profit/(loss)

	2022	2021
	£000	£000
Current tax		
UK corporation tax on profit / (losses) for the current year	1	1
Foreign corporation tax	166	468
	<u>167</u>	<u>469</u>
Total current tax	<u>167</u>	<u>469</u>

The actual charge for the year can be reconciled to the expected charge for the year based on the profit or loss and the standard rate of tax as follows:

	2022	2021
	£000	£000
Profit before taxation	<u>807</u>	<u>287</u>
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2021: 19.00%)	153	55
Effect of overseas tax rates	166	468
Tax impact of assessment under tonnage tax (*)	(152)	(54)
	<u>167</u>	<u>469</u>

(*) Tonnage tax is an alternative method of calculating taxable profits which is available for qualifying ships.

Under tonnage tax, taxable profits are calculated based on the net weight of the vessel multiplied by a government specified daily profit rate rather than by the normal accounting method.

VOH SUPPORT VESSELS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

9 Tangible assets

	Vessels £000
Cost	
At 1 January 2022	43,012
Additions	280
At 31 December 2022	43,292
Depreciation and impairment	
At 1 January 2022	25,946
Depreciation charged in the year	1,400
Reversal of past impairment	(4,090)
At 31 December 2022	23,256
Carrying amount	
At 31 December 2022	20,036
At 31 December 2021	17,066

Each year, a review of the carrying value of tangible assets is performed. This review comprises a comparison of the book value of assets, to the company's estimate of the asset's recoverable amount. The recoverable amount is the higher of the fair value of the asset and the net present value of future estimated cash flow from the employment of the asset. If the recoverable amount of an asset is lower than the book value, impairment has occurred and the asset will be revalued. For determining the fair value of vessels, the company makes use of valuations provided by renowned independent sale & purchase brokers. These valuations are subjective by nature and can vary significantly. The net present value is based on an assessment of expected earnings and the estimated level of operating expenses for each asset over its remaining useful life, taking into account risk according to a weighted average cost of capital. The review highlighted the need to book a reversal of impairment of £4,090,000 for the year ended 31 December 2022 (2021 reversal of impairment of £1,454,000).

The cost of fixed assets above includes capitalised finance costs of £183,000 (2021 - £183,000).

10 Stocks

	2022 £000	2021 £000
Consumables	342	57

There is no significant difference between the replacement cost of the inventory and its carrying amount.

VOH SUPPORT VESSELS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

11 Debtors

	2022	2021
	£000	£000
Amounts falling due within one year:		
Trade debtors	1,196	565
Amounts owed by group undertakings	57	6,029
Prepayments and accrued income	168	42
	<u>1,421</u>	<u>6,636</u>

Amounts owed by group undertakings includes amounts due in the normal course of the company's business and attracts no interest.

12 Creditors: amounts falling due within one year

	Notes	2022	2021
		£000	£000
Bank loans	13	25,329	25,329
Trade creditors		159	50
Amounts owed to group undertakings		7,029	10,619
Corporation tax		15	138
Accruals and deferred income		3,181	1,003
		<u>35,713</u>	<u>37,139</u>

Included within bank loan are capitalised arrangement fees of £Nil (2021 £Nil) in respect of the company's external bank loan, which are being amortised over the period of the loan.

Short-term loans of £4.7m (2021 £4.5m) owed to other group undertakings have no fixed repayment schedule and are payable on demand. Interest is payable quarterly at GBP LIBOR.

Other amounts owed to group undertakings in the normal course of the company's business attract no interest.

VOH SUPPORT VESSELS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

13 Loans

	2022 £000	2021 £000
Bank loans	25,329	25,329
Payable within one year	25,329	25,329

As at end of December 2022, the company's bank financing facility, secured by a charge over specific vessels and a share pledge, included borrowings as below:

The bank loan has an interest accrued on a monthly and paid on a quarterly basis @ the GBP LIBOR plus 5%.

As per 31 December 2022, the Group is in non-compliance with a number of financial and Non-financial covenants under the FWA and non-FWA loans. With the payment default since June 2020 and the expiration of the FWA maturity date on 31 March 2021, these covenants are no longer tested and only continue to be reported to Lenders on a quarterly basis.

Treatment of FWA loan interest

In June 2020 the Group defaulted on its payment obligations under the 2018 Framework Agreement and accrued additional default interest (at 2% on default amount) from that date. On 6 December 2021 the Group agreed on a Term Sheet which was finally credit approved by all FWA Lenders by early 2022.

This Term Sheet included a provision to lower the interest (accrued and not paid) from 7% (5% +2% additional default interest) to 2.5% as of 1 September 2021. The Term Sheet was subsequently amended during 2022 and the final Restructuring Plan was agreed in the amended Term Sheet and Restructuring Support Agreement ('RSA') on 9 December 2022 and signed by all Lenders on 31 January 2023. The provision to lower the interest formed part of the final agreed Restructuring Plan which was finally implemented on 12 June 2023.

VOH SUPPORT VESSELS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

14 Events after the reporting date

Restructuring Effective Date (RED)

A final Restructuring Support Agreement with an amended Term Sheet were commercially agreed between Vroon Group and its key Lenders on 9 December 2022, were credit approved on 23 December 2022 and were signed on 31 January 2023 by all FWA Lenders with the exception of one Lender who had indicated it was unable to meet the agreed approval deadline. During the first months of 2023 the final restructuring plan which was negotiated by management, approved by the Supervisory Board and Lenders was implemented through a simultaneous UK Scheme of Arrangement process to align and refinance the debt and a Dutch WHOA process. The restructuring was finally implemented on 12 June 2023. The WHOA process was used among other things to allocate share ownership to Lenders and the former shareholder and the former shareholder was allocated 4.91% of the depository receipts ('DRs') in Vroon Holding BV (through a STAK structure). In return for refinancing the debt, which included waiving part of the accrued interest as described in notes to these financial statements the FWA Lenders were allocated DRs mostly on the basis of reduction of debt (relative to reinstated debt) and partially on the basis of their pro-rated share of total vessel Fair-Market-Values (i.e. 'debt equity swap').

Sale of the Group's Offshore business

On 3 August 2023 the Group signed binding MOAs for the sale of 5 Offshore Support Vessels. These vessels are and will be delivered from late September to November 2023 (one delivery possibly delayed to Q1 2024 depending on charterers consent to novate charter agreement). MOAs for the sale of a further 30 OSVs and the sale of the shares of VOS Srl in Genoa and VOS PTE in Singapore were signed with a buyer on 26 September 2023. MOAs for the sale of 2 SSVs were signed on the same date to another buyer. The required approvals from Lenders and shareholders were obtained prior to this date. Vessel deliveries are underway and expected to complete no later than 30 November 2023 by which date also the sale of the shares of VOS Srl and VOS Pte will expectedly close. The disposal of 37 OSVs is expected to reduce outstanding debt by USD 344m to provide the additional necessary funding for restructuring of the Group following completion of the disposal process.

The waiver on debt repayments was implemented by releasing debt at the level of Vroon Holding BV, except for certain ringfenced facilities where debt was waived at SPV level. These waivers include the accrued interest which will finally no longer be payable. This will result in a significant positive adjustment in equity for 2023 which will be determined in the course of 2023. The NewCo syndicated loan financing, as agreed in the restructuring plan, include minimum liquidity, leverage ratio, interest- cover ratio, Minimum Security Value and absolute EBITDA covenants. The financial covenants have been set based on the 2023 Budget and longer-term MTP outlook and levels and headroom should be sufficient to allow for downward deviation of results within what can reasonably be expected. The other loan facilities, other than one ringfenced loan facility, will not have any covenants and due to its nature the OSV loan facilities also will not have any covenants attached.

No other events occurred after balance-sheet that could result in significant implication for the Company and its subsidiaries.

15 Related party transactions

The company has taken advantages of exemptions available under FRS 102 paragraph 33.1A from disclosing the related party transactions entered between two or more members of a company within the same group (wholly owned subsidiaries within same group).

The remuneration of directors during the year is disclosed in Note 6 'Employees'.

VOH SUPPORT VESSELS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

16 Ultimate controlling party

The company's immediate parent undertaking is Vroon Offshore UK Limited, a company registered in Scotland.

The ultimate holding company is Vroon Holding B.V., a company registered in the Netherlands.

Vroon Holding B.V. is the ultimate controlling party.

The consolidated financial statements of Vroon Offshore UK Limited and Vroon Holding B.V. are available to the public and may be obtained from Vroon Offshore UK Limited, 4th Floor, Regent Centre, Regent Road, Aberdeen, AB11 5NS.