

Årsredovisning
för
Callenberg Group AB
556676-2836

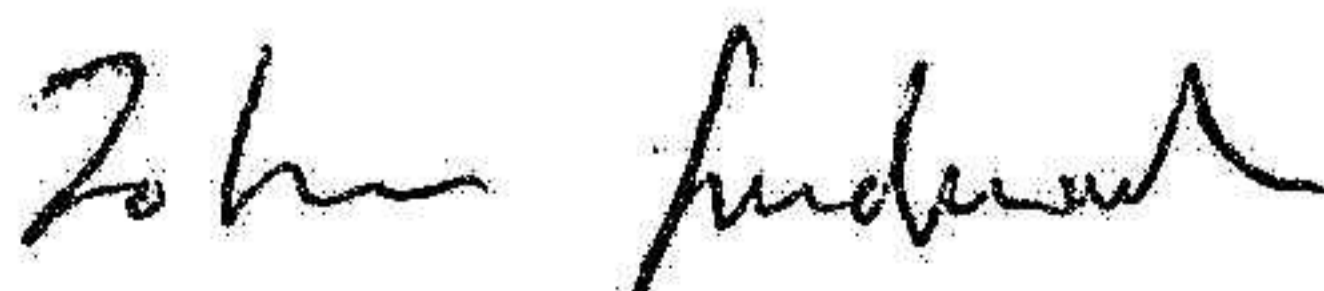
Räkenskapsåret
2023

Fastställelseintyg

Undertecknad styrelseledamot i Callenberg Group AB intygar att resultaträkningen och balansräkningen i årsredovisningen har fastställts på årsstämma den 22 april 2024. Årsstämman beslutade att godkänna styrelsens förslag till resultatdisposition.

Jag intygar också att innehållet i årsredovisningen och revisionsberättelsen stämmer överens med originalen.

Göteborg den 23 april 2024



Johan Sundmark

Styrelsen för Callenberg Group AB avger följande årsredovisning för räkenskapsåret 2023.

Årsredovisningen är upprättad i svenska kronor, SEK. Om inte annat särskilt anges, redovisas alla belopp i tusentals kronor (Tkr). Uppgifter inom parentes avser föregående år.

Förvaltningsberättelse

Information om verksamheten

Callenberg Group AB är moderbolag i en koncern som är en av de ledande internationella aktörerna inom el, automation och ventilationslösningar till offshore och marin industri. Bolaget skall äga och förvalta fast och lös egendom genom hel- eller delägda bolag, samt bedriva därmed förenlig verksamhet.

Bolaget har sitt säte i Göteborg.

Allmänt om verksamheten

Callenberg Group AB är moderbolag i en koncern. Bolaget äger och förvaltar aktier och andelar i Svenska och utländska bolag och är beläget i Göteborg (se not 16).

Med stöd av ÅRL 7:2 i Svenska och utländska bolag och EG-kommissionens beslut 2008-12-12 upprättas ingen koncernredovisning i den svenska koncernen. Koncernredovisning upprättas av det överordnade moderbolaget Trident Maritime Systems, LLC, USA (employer identification number 37-1714323). Koncernredovisning finns tillgänglig på adress 2011 Crystal Drive, Suite 1102, Arlington, VA 22202, USA.

Flerårsöversikt (Tkr)	2023	2022	2021	2020
Nettoomsättning	27 702	23 351	17 795	22 172
Resultat efter finansiella poster	63 121	9 005	-73 881	-211 355
Soliditet (%)	73,0	52,8	48,5	36,8

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Förändringar i eget kapital

Förslag till vinstdisposition

Styrelsen föreslår att till förfogande stående vinstmedel (kronor):

balanserad vinst	226 760 049
årets vinst	62 833 349
	289 593 398

disponeras så att	
i ny räkning överföres	289 593 398

Företagets resultat och ställning i övrigt framgår av efterföljande resultat- och balansräkning med noter.

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Resultaträkning

Tkr

	Not	2023-01-01 -2023-12-31	2022-01-01 -2022-12-31
Rörelsens intäkter	1, 2		
Nettoomsättning	3	27 701	23 352
Bruttoresultat		27 701	23 352
Rörelsens kostnader			
Administrationsomkostnader	4, 5	-31 249	-28 666
Övriga rörelsekostnader		-847	-292
		-32 096	-28 958
Rörelseresultat		-4 395	-5 606
Resultat från finansiella poster			
Resultat från andelar i koncernföretag	6	72 864	0
Övriga ränteintäkter och liknande resultatposter	8, 9	12 469	30 209
Räntekostnader och liknande resultatposter	7	-19 817	-15 598
		65 516	14 611
Resultat efter finansiella poster		61 121	9 005
Erhållet koncernbidrag	10	2 000	0
Resultat före skatt		63 121	9 005
Skatt på årets resultat		-288	-10
Årets resultat		62 833	8 995

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Balansräkning

Tkr

Not 2023-12-31 2022-12-31

TILLGÅNGAR

Anläggningstillgångar

Immateriella anläggningstillgångar

Koncessioner, patent, licenser, varumärken samt liknande rättigheter

11 0 0

Materiella anläggningstillgångar

Inventarier, verktyg och installationer

12 0 0

Finansiella anläggningstillgångar

Andelar i koncernföretag

13 153 969 153 969

Summa anläggningstillgångar

153 969 153 969

Omsättningstillgångar

Kortfristiga fordringar

Fordringar hos koncernföretag

3, 14 240 457 239 346

Övriga fordringar

1 729 875

Förutbetalda kostnader och upplupna intäkter

15 2 334 3 541

244 520 243 762

Kassa och bank

16 7 771 44 188

Summa omsättningstillgångar

252 291 287 950

SUMMA TILLGÅNGAR

406 260 441 919

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Balansräkning

Tkr

Not

2023-12-31

2022-12-31

EGET KAPITAL OCH SKULDER

Eget kapital

Bundet eget kapital

Aktiekapital

1 100

1 100

Uppskrivningsfond

5 660

5 660

6 760

6 760

Fritt eget kapital

Fri överkursfond

621 910

621 910

Balanserad vinst eller förlust

-395 150

-404 145

Årets resultat

62 833

8 995

289 593

226 760

Summa eget kapital

296 353

233 520

Kortfristiga skulder

Leverantörsskulder

960

2 482

Skulder till koncernföretag

18

108 567

204 317

Aktuella skatteskulder

100

197

Upplupna kostnader och förutbetalda intäkter

17

280

1 403

Summa kortfristiga skulder

109 907

208 399

SUMMA EGET KAPITAL OCH SKULDER

406 260

441 919

←

Rapport över förändringar i eget kapital

Tkr

	Aktie- kapital	Bundna reserver	Fritt eget kapital	Årets resultat	Summa eget kapital
Ingående eget kapital 2022-01-01	1 100	5 660	217 765	8 995	233 520
Resultatdisposition enligt beslut årsstämma			8 995	-8 995	0
Summa totalresultat			8 995	-8 995	0
Årets resultat 2023-12-31				62 833	62 833
Utgående eget kapital 2023-12-31	1 100	5 660	226 760	62 833	296 353

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Noter

Tkr

Not 1 Redovisnings-och värderingsprinciper (belopp i tkr om inget annat anges)

Callenberg Group ABs årsredovisning har upprättats enligt årsredovisningslagen och Bokföringsnämndens allmänna råd BFNAR 2012:1 Års och koncernredovisning (K3). Redovisningsprinciperna är oförändrade i jämförelse med föregående år.

Utländska valutor

Monetära tillgångs- och skuldposter i utländsk valuta värderas till balansdagens kurs. Transaktioner i utländsk valuta omräknas enligt transaktionsdagens avistakurs. För att minska risken vid fluktuationer i valutakurser förvärvar bolaget valutaderivat anpassade till förväntade framtida valutaflöden. Dessa framtida avtalade kurser reflekteras inte i värderingen av tillgångar eller skulder. Säkringsinstrumenten omvärderas i balansräkningen, dvs säkringsredovisning tillämpas inte.

Intäkter

Varor

Försäljning av varor redovisas när väsentliga risker och fördelar övergår från säljare till köpare i enlighet med försäljningsvillkoren. Försäljningen redovisas efter avdrag för moms och rabatter.

Inkomstskatter

Aktuella skatter värderas utifrån de skattesatser och skatteregler som gäller på balansdagen. Fordringar och skulder nettoredovisas endast när det finns en legal rätt till kvittning. Aktuell skatt, redovisas i resultaträkningen om inte skatten än hänförlig till en händelse eller transaktion som redovisas direkt i eget kapital. Skatteeffekter av poster som redovisas direkt mot eget kapital, redovisas mot eget kapital. På grund av sambandet mellan redovisning och beskattning särredovisas inte den uppskjutna skatteskulden som är hänförlig till obeskattade reserver.

Immateriella tillgångar

Immateriella anläggningstillgångar redovisas till anskaffningsvärde minskat med ackumulerade avskrivningar och nedskrivningar.

Avskrivningar görs linjärt över den bedömda nyttjandetiden.

Tillgångarna skrivs av på 4-8 år.

Materiella anläggningstillgångar

Materiella anläggningstillgångar redovisas till anskaffningsvärde minskat med avskrivningar. I anskaffningsvärdet ingår utgifter som direkt kan hänföras till förvärvet av tillgången.

När en komponent i en anläggningstillgång byts ut, utrangeras eventuell kvarvarande del av den gamla komponenten och den nya komponentens anskaffningsvärde aktiveras.

Tillkommande utgifter som avser tillgångar som inte delas upp i komponenter läggs till anskaffningsvärdet om de beräknas ge företaget framtida ekonomiska fördelar, till den del tillgångens prestanda ökar i förhållande till tillgångens värde vid anskaffningstidpunkten.

Utgifter för löpande reparation och underhåll redovisas som kostnader.

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Materiella anläggningstillgångar skrivs av systematiskt över tillgångens bedömda nyttjandeperiod. När tillgångarnas avskrivningsbara belopp fastställs, beaktas i förekommande fall tillgångens restvärde. Bolagets mark har obegränsad nyttjandeperiod och skrivs inte av. Linjär avskrivningsmetod används för övriga typer av materiella tillgångar.

Inga låneutgifter aktiveras.

Nedskrivningar av icke-finansiella tillgångar

När det finns en indikation på att en tillgångs värde minskat, görs en prövning av nedskrivningsbehov. Har tillgången ett återvinningsvärde som är lägre än det redovisade värdet, skrivs den ner till återvinningsvärdet. Vid bedömning av nedskrivningsbehov grupperas tillgångarna på de lägsta nivåer där det finns separata identifierbara kassaflöden (kassagenererande enheter). För tillgångar, andra än goodwill, som tidigare skrivits ner görs per varje balansdag en prövning av om återföring bör göras. I resultaträkningen redovisas nedskrivningar och återföringar av nedskrivningar i den funktion där tillgången nyttjas.

Leasingavtal

Samtliga leasingavtal där företaget är leasingtagare redovisas som operationell leasing (hyresavtal), oavsett om avtalen är finansiella eller operationella. Leasingavgiften redovisas som en kostnad linjärt över leasingperioden.

Uthyrning av kontorslokaler klassificeras som operationell leasing. Leasingintäkterna redovisas linjärt under leasingperioden.

Finansiella instrument

Finansiella instrument som redovisas i balansräkningen inkluderar värdepapper, kundfordringar och övriga fordringar samt leverantörsskulder. Instrumenten redovisas i balansräkningen när bolaget blir part i instrumentets avtalsmässiga villkor.

Finansiella tillgångar tas bort från balansräkningen när rätten att erhålla kassaflöden från instrumentet har löpt ut eller överförs och koncernen har överfört i stort sett alla risker och förmåner som är förknippade med äganderätten.

Finansiella skulder tas bort från balansräkningen när förpliktelserna har reglerats eller på annat sätt upphört.

Kundfordringar och övriga fordringar

Fordringar redovisas som omsättningstillgångar med undantag för poster med förfallodag mer än 12 månader efter balansdagen, vilka klassificeras som anläggningstillgångar. Fordringar tas upp till det belopp som förväntas bli inbetalt efter avdrag för individuellt bedömda osäkra fordringar.

Andra långfristiga värdepappersinnehav

Posten består huvudsakligen av aktier. Innehaven innehas på lång sikt. Tillgångar ingående i posten och redovisas inledningsvis till anskaffningsvärde. I efterföljande redovisning redovisas aktierna till anskaffningsvärde med bedömning av om nedskrivningsbehov föreligger.

Leverantörsskulder

Leverantörsskulder redovisas initialt till anskaffningsvärde efter avdrag för transaktionskostnader. Skiljer sig det redovisade beloppet från det belopp som ska återbetalas vid förfallotidpunkten periodiseras

mellanskillnaden som räntekostnad över lånets löptid med hjälp av instrumentets effektivränta. Härigenom överensstämmer vid förfallotidpunkten det redovisade beloppet och det belopp som ska återbetalas.

Derivatinstrument

Valutaterminskontrakt används för att skydda koncernen mot förändringar i valutakurser genom att kontrakten fastställer den kurs till vilken en tillgång eller skuld i utländsk valuta kommer att realiseras. Dessa beskrivs under stycket Utländska valutor. Valutaterminskontrakten omvärderas till det lägsta av anskaffningsvärdet och verkligt värde löpande vid varje bokslutstillfälle. Värdeförändringen redovisas i resultaträkningen i posten Räntekostnader och liknande resultatposter.

Kvittning av finansiell fordran och finansiell skuld

En finansiell tillgång och en finansiell skuld kvittas och redovisas med ett nettobelopp i balansräkningen endast då legal kvittningsrätt föreligger samt då en reglering med ett nettobelopp avses ske eller då en samtida avyttring av tillgången och reglering av skulden avses ske.

Nedskrivningsprövning av finansiella anläggningstillgångar

Vid varje balansdag bedömer bolaget om det finns någon indikation på nedskrivningsbehov i någon utav de finansiella anläggningstillgångarna. Nedskrivning sker om värdenedgången bedöms vara bestående. Nedskrivning redovisas i resultaträkningsposten Resultat från övriga värdepapper och fordringar som är anläggningstillgångar. Nedskrivningsbehovet prövas individuellt för aktier och andelar och övriga enskilda finansiella anläggningstillgångar som är väsentliga. Exempel på indikationer på nedskrivningsbehov är negativa ekonomiska omständigheter eller ogynnsamma förändringar av branschvillkor i företag vars aktier bolaget investerat i.

Aktier och andelar i dotterföretag

Aktier och andelar i dotterföretag redovisas till anskaffningsvärde efter avdrag för eventuella nedskrivningar. I anskaffningsvärdet ingår köpeskillingen som erlagts för aktierna. Eventuella kapitaltillskott och koncernbidrag läggs till anskaffningsvärdet när de uppkommer. Utdelning från dotterföretag redovisas som intäkt.

Obeskattade reserver

Obeskattade reserver redovisas med bruttobelopp i balansräkningen, inklusive den uppskjutna skatteskuld som är hänförlig till reserverna.

Bokslutsdispositioner

Förändringar av obeskattade reserver redovisas som bokslutsdispositioner i resultaträkningen. Koncernbidrag redovisas som bokslutsdispositioner.

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Ersättningar till anställda

Kortfristiga ersättningar: Kortfristiga ersättningar i bolaget utgörs av lön, sociala avgifter, betald semester, betald sjukfrånvaro, sjukvård och bonus. Kortfristiga ersättningar redovisas som en kostnad och en skuld då det finns en legal eller informell förpliktelse att betala ut en ersättning.

Ersättningar efter avslutad anställning: I bolaget förekommer [såväl avgiftsbestämda som förmånsbestämda] pensionsplaner. I avgiftsbestämda planer betalar företaget fastställda avgifter till ett annat företag och har inte någon legal eller informell förpliktelse att betala något ytterligare även om det andra företaget inte kan uppfylla sitt åtagande. Bolagets resultat belastas för kostnader i takt med att de anställdas tjänster utförts.

Bolaget redovisar förmånsbestämda pensionsplaner i enlighet med K3s förenklingsregler. I bolaget förekommer bl. a. förmånsbestämda planer som innebär att pensionspremier betalas och dessa planer redovisas som avgiftsbestämda planer.

Övriga långfristiga ersättningar: I bolaget förekommer långfristiga ersättningar till anställda som varit anställda i koncernen en lång tid samt långfristiga ersättningar vid arbetsförmåga. Övriga långfristiga ersättningar redovisas som en skuld bland övriga avsättningar och värderas till nuvärdet av förpliktelsen på balansdagen. De långfristiga ersättningarna avser främst anställdas rätt till jubileumsgåva efter 30 års tjänstgöring.

Ersättningar vid uppsägning: Ersättningar vid uppsägning utgår då bolaget beslutar att avsluta en anställning före den normala tidpunkten för anställningens upphörande eller då en anställd accepterar ett erbjudande om frivillig avgång i utbyte mot sådan ersättning. Om ersättningen inte ger företaget någon framtida ekonomisk fördel redovisas en skuld och en kostnad när företaget har en legal eller informell förpliktelse att lämna sådan ersättning. Ersättningen värderas till den bästa uppskattningen av den ersättning som skulle krävas för att reglera förpliktelsen på balansdagen.

Rapportering för verksamhetsgrenar och geografiska marknader

Föremålet för bolagets verksamhet är att bedriva konsultation, konstruktion, service, programmering av elektriska styrsystem, tillverkning och installation av elektriska anläggningar samt verkstadsproduktion inom el-tekniska området på land och marina enheter. Bolaget skall äga och förvalta fast och lös egendom genom hel- eller delägda bolag, samt bedriva därmed förenlig verksamhet.

Nyckeltalsdefinitioner

Soliditet

Eget kapital och obeskattade reserver (med avdrag för uppskjuten skatt) i förhållande till balansomslutningen.

Not 2 Uppskattningar och bedömningar

Callenberg Group AB gör uppskattningar och bedömningar om framtiden som påverkar de i bokslutet redovisade resultat- och balansposterna. Dessa bedömningar baseras på historiska erfarenheter och de olika antaganden som ledningen och styrelsen anser vara rimliga under rådande omständigheter. I de fall då det ej är möjligt att fastställa det redovisade värdet på tillgångar och skulder genom andra källor, ligger sådana uppskattningar och antaganden till grund för värderingen. Om andra antaganden görs eller andra omständigheter är för handen, kan faktiskt utfall skilja sig från dessa bedömningar.

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Prövning av nedskrivningsbehov för materiella anläggningstillgångar

Callenberg Group AB har betydande värden redovisade i balansräkningen avseende finansiella anläggningstillgångar i form av aktier i dotterföretag. Bokförda värden testas för nedskrivningsbehov i enlighet med de redovisningsprinciper som beskrivs i Not 1, Redovisningsprinciper. Återvinningsvärden för tillgångarna har fastställts genom beräkning av nyttjandevärden. För dessa beräkningar måste vissa uppskattningar göras avseende framtida kassaflöden och antaganden om avkastningskrav vid val av diskonteringsränta. Uppskattningarna som bolaget har använt baserar sig på fastställda prognoser om framtida volymer och marknadsmässiga avkastningskrav. Vid bedömning av dotterföretagens framtida kassaflöden har fastställda prognoser använts samt att vald diskonteringsränta korrelerar med marknadsmässigt avkastningskrav.

Not 3 Transaktioner med närstående

Uppgifter om moderföretaget

Moderföretag i den största koncern där Callenberg Group AB är dotterföretag och koncernredovisning upprättas är Trident Maritime Systems, LLC, USA

Transaktioner med närstående som genomförts på andra än marknadsmässiga villkor

Samtliga transaktioner med närstående genomförs i enlighet med koncernens internprissättningspolicy (Transfer pricing policy).

Inköp och försäljning mellan koncernföretag

Nedan anges andelen av årets inköp och försäljning avseende koncernföretag.

	2023	2022
Inköp tkr (%)	75	70
Försäljning tkr (%)	100	100

Inköp av varor och tjänster från närstående

Inköp av varor

Koncernföretag	0	0
Summa	0	0

Inköp av tjänster

Koncernföretag	24 103	17 465
Summa	24 103	17 465

Lån till koncernföretag

Lån till koncernföretag lämnas på affärsmässiga villkor. Ränteintäkter avseende lånen uppgick till 7.428 tkr.

Övrigt

I separata noter finns upplysningar om

- löner mm till styrelse och VD
- ställda säkerheter för koncernföretag
- ansvarsförbindelser för koncernföretag



Not 4 Avskrivningar

	2023	2022
Avskrivningar av immateriella anläggningstillgångar	0	3 741
	0	3 741

Not 5 Ersättning till revisorerna

	2023	2022
BDO Sweden AB	268	268
	268	268

Not 6 Resultat från andelar i koncernföretag

	2023	2022
Erhållna utdelningar	72 864	0
Nedskrivning värde aktier i dotterbolag	0	0
Resultat vid avyttringar	0	0
	72 864	0

Not 7 Räntekostnader och liknande resultatposter

	2023	2022
Räntekostnader från koncernföretag	-6 495	-1 129
Kursdifferenser	-13 322	-14 469
	-19 817	-15 598

Not 8 Derivatinstrument

Verkliga värden på derivatinstrument uppgick på balansdagen till följande:

	2023	2022
Valutaterminskontrakt - verkligt värde	-361	0
Valutaterminskontrakt - redovisat värde	-361	0

Valutaterminerna ingår i koncernens cashpool och fördelas ut på respektive dotterbolag som därmed bär vinster och förluster för sina terminer.

Not 9 Övriga ränteintäkter och liknande resultatposter

	2023	2022
Ränteintäkter koncernföretag	9 297	7 475
Ränteintäkter	1 177	0
Kursdifferenser	1 995	22 734
	12 469	30 209

Not 10 Bokslutsdispositioner

	2023	2022
Mottagna koncernbidrag	2 000	0
Förändring av överavskrivningar	0	0
	2 000	0

Not 11 Koncessioner, patent, licenser, varumärken samt liknande rättigheter

	2023-12-31	2022-12-31
Ingående anskaffningsvärden	31 160	31 160
Utgående ackumulerade anskaffningsvärden	31 160	31 160
Ingående avskrivningar	-31 160	-27 419
Årets avskrivningar		-3 741
Utgående ackumulerade avskrivningar	-31 160	-31 160
Utgående redovisat värde	0	0

Not 12 Inventarier, verktyg och installationer

	2023-12-31	2022-12-31
Ingående anskaffningsvärden	59	59
Utgående ackumulerade anskaffningsvärden	59	59
Ingående avskrivningar	-59	-59
Utgående ackumulerade avskrivningar	-59	-59
Utgående redovisat värde	0	0

✓

Not 13 Andelar i koncernföretag

Bolagsnamn	Org nr	Säte
Callenberg Inc	59-2434183	Miami, USA
Callenberg A/S	10112451	Odense, Danmark
Trident BMC AB	556619-8015	Göteborg, Sweden
Callenberg AS	986 015 248	Oslo, Norge
IES Callenberg Ltd	86113	Aberdeen UK
Callenberg Tech China Co Ltd	310141400026952	Shanghai China
Callenberg B.V	63356171	Rotterdam, Nederländerna

	Kapitalan del %	Rösträttsand el %	Bokfört värde 23-12-31	Bokfört värde 22-12-31
Callenberg Inc	100	100	0	0
Callenberg A/S	100	100	0	0
Trident BMC AB	100	100	69 441	69 441
Callenberg AS	100	100	0	0
Intergrated Engineering Services Ltd	100	100	84 070	84 070
Callenberg Tehnology China Co Ltd	100	100	0	0
Callenberg B.V	100	100	458	458
		700	153 969	153 969

Not 14 Fordringar hos koncernföretag

	2023-12-31	2022-12-31
Trident Callenberg Holdco Norway AS	219 858	221 386
Callenberg A/S	18 216	17 857
Trident Maritime Systems, LLC, Canada.	89	11
Callenberg Technology China Co Ltd	127	91
Trident BMC AS	167	
	238 457	239 346

Not 15 Förutbetalda kostnader och upplupna intäkter

	2023-12-31	2022-12-31
IT-kostnader	113	1 703
Övriga poster	2 220	1 838
	2 334	3 541

2024050312018

Not 16 Kassa och bank

	2023-12-31	2022-12-31
Likvida medel		
Banktillgodohavanden	5 468	43 003
Spärrade bankmedel	2 304	1 185
	7 771	44 188

Not 17 Upplupna kostnader och förutbetalda intäkter

	2023-12-31	2022-12-31
Övriga poster	280	1 403
	280	1 403

Not 18 Skulder koncernföretag

	2023-12-31	2022-12-31
US Joiner LLC	39 804	41 480
Callenberg B.V	23 400	16 986
Callenberg AS	24	4 985
Trident BMC AB	29 701	102 719
Trident Maritime Systems Inc.	430	448
IES Callenberg Ltd	15 208	37 698
	108 567	204 317

✍

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Not 19 Ställda säkerheter

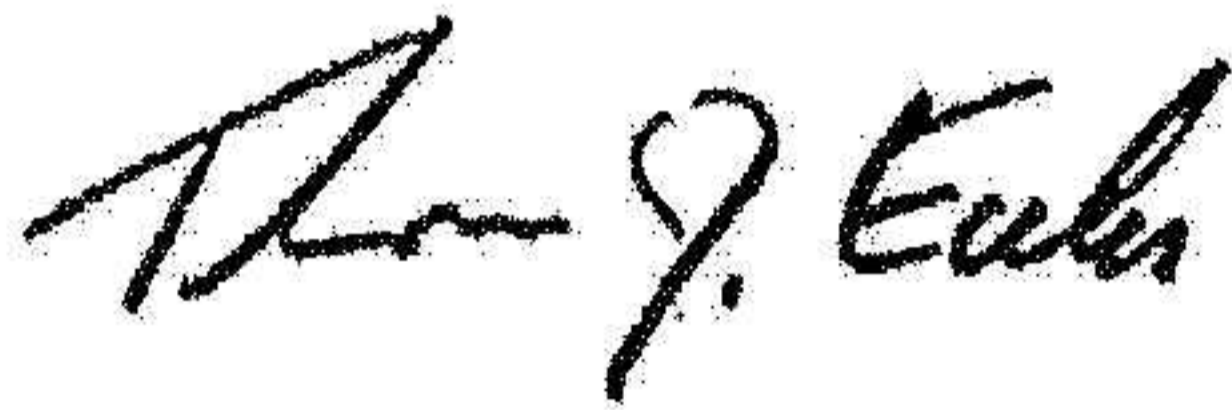
	2023-12-31	2022-12-31
Företagsinteckning	25 000	25 000
Spärrade bankmedel	2 207	0
	27 207	25 000

Not 20 Eventualförpliktelser

	2023-12-31	2022-12-31
Eventualförpliktelser	0	0
	0	0

Resultat- och balansräkningen kommer att föreläggas årsstämman.

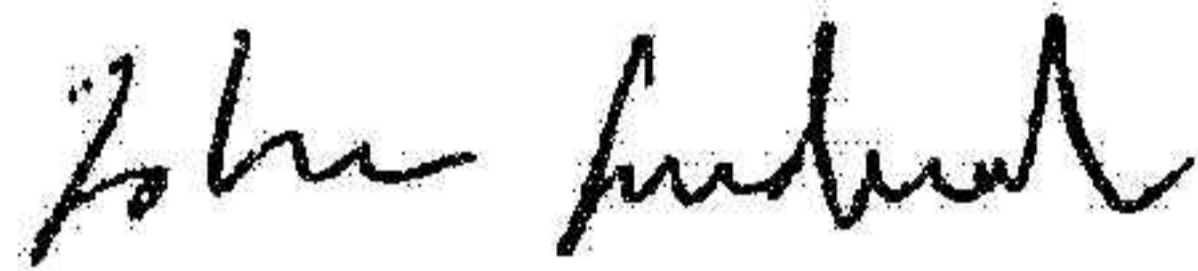
Göteborg 2024-04-10



Thomas Eccles
Ordförande



Joseph Mullen



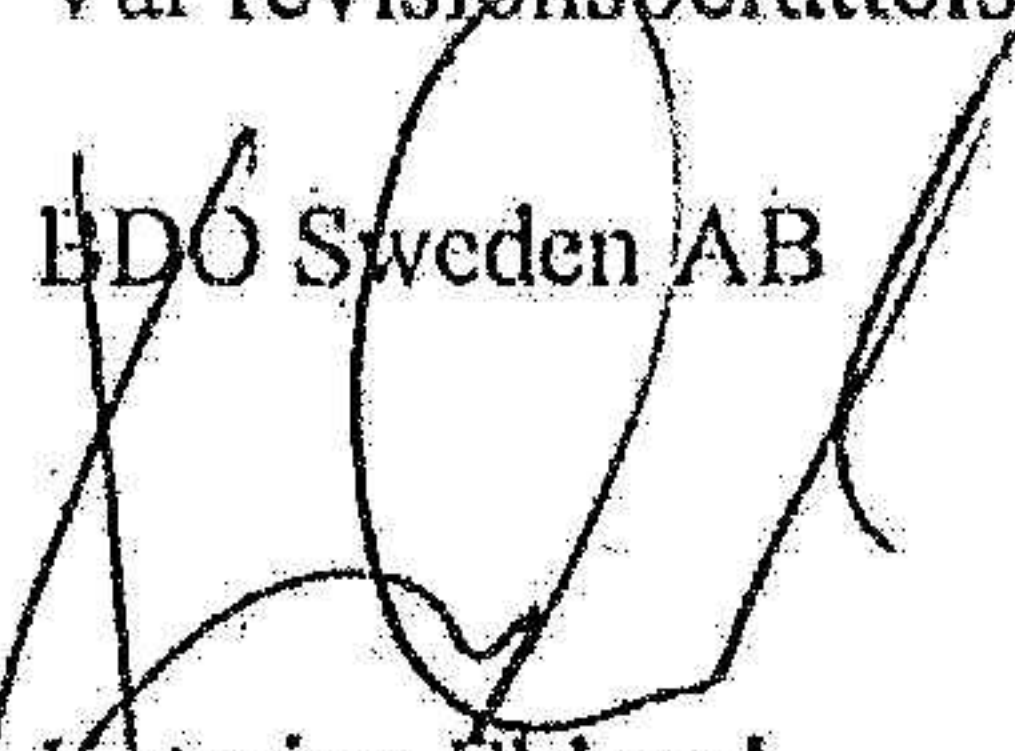
Johan Sundmark



Ronnie Petersson


Vår revisionsberättelse har lämnats 22/4 2024

BDO Sweden AB



Katarina Eklund
Auktoriserad revisor

vidimeras:



Marona Sandberg
073 40 20 135



Revisionsberättelse

Till bolagsstämman i Callenberg Group AB, org.nr 556676-2836

Rapport om årsredovisningen

Uttalanden

Vi har utfört en revision av årsredovisningen för Callenberg Group AB för år 2023.

Enligt vår uppfattning har årsredovisningen upprättats i enlighet med årsredovisningslagen och ger en i alla väsentliga avseenden rättvisande bild av Callenberg Group ABs finansiella ställning per den 31 december 2023 och av dess finansiella resultat för året enligt årsredovisningslagen. Förvaltningsberättelsen är förenlig med årsredovisningens övriga delar.

Vi tillstyrker därför att bolagsstämman fastställer resultaträkningen och balansräkningen.

Grund för uttalanden

Vi har utfört revisionen enligt International Standards on Auditing (ISA) och god revisionsred i Sverige. Vårt ansvar enligt dessa standarder beskrivs närmare i avsnittet *Revisorns ansvar*. Vi är oberoende i förhållande till Callenberg Group AB enligt god revisorsred i Sverige och har i övrigt fullgjort vårt yrkesetiska ansvar enligt dessa krav.

Vi anser att de revisionsbevis vi har inhämtat är tillräckliga och ändamålsenliga som grund för våra uttalanden.

Styrelsens ansvar

Det är styrelsen som har ansvaret för att årsredovisningen upprättas och att den ger en rättvisande bild enligt årsredovisningslagen. Styrelsen ansvarar även för den interna kontroll som den bedömer är nödvändig för att upprätta en årsredovisning som inte innehåller några väsentliga felaktigheter, vare sig dessa beror på oegentligheter eller misstag. Vid upprättandet av årsredovisningen ansvarar styrelsen för bedömningen av bolagets förmåga att fortsätta verksamheten. Den upplyser, när så är tillämpligt, om förhållanden som kan påverka förmågan att fortsätta verksamheten och att använda antagandet om fortsatt drift. Antagandet om fortsatt drift tillämpas dock inte om styrelsen avser att likvidera bolaget, upphöra med verksamheten eller inte har något realistiskt alternativ till att göra något av detta.

Revisorns ansvar

Våra mål är att uppnå en rimlig grad av säkerhet om huruvida årsredovisningen som helhet inte innehåller några väsentliga felaktigheter, vare sig dessa beror på oegentligheter eller misstag, och att lämna en revisionsberättelse som innehåller våra uttalanden. Rimlig säkerhet är en hög grad av säkerhet, men är ingen garanti för att en revision som utförs enligt ISA och god revisionssed i Sverige alltid kommer att upptäcka en väsentlig felaktighet om en sådan finns. Felaktigheter kan uppstå på grund av oegentligheter eller misstag och anses vara väsentliga om de enskilt eller tillsammans rimligen kan förväntas påverka de ekonomiska beslut som användare fattar med grund i årsredovisningen.

Som del av en revision enligt ISA använder vi professionellt omdöme och har en professionellt skeptisk inställning under hela revisionen. Dessutom:

- identifierar och bedömer vi riskerna för väsentliga felaktigheter i årsredovisningen, vare sig dessa beror på oegentligheter eller misstag, utformar och utför granskningsåtgärder bland annat utifrån dessa risker och inhämtar revisionsbevis som är tillräckliga och ändamålsenliga för att utgöra en grund för våra uttalanden. Risken för att inte upptäcka en väsentlig felaktighet till följd av oegentligheter är högre än för en väsentlig felaktighet som beror på misstag, eftersom oegentligheter kan innefatta agerande i maskopi, förfalskning, avsiktliga utelämnanden, felaktig information eller åsidosättande av intern kontroll.
- skaffar vi oss en förståelse av den del av bolagets interna kontroll som har betydelse för vår revision för att utforma granskningsåtgärder som är lämpliga med hänsyn till omständigheterna, men inte för att uttala oss om effektiviteten i den interna kontrollen.
- utvärderar vi lämpligheten i de redovisningsprinciper som används och rimligheten i styrelsens uppskattningar i redovisningen och tillhörande upplysningar.
- drar vi en slutsats om lämpligheten i att styrelsen använder antagandet om fortsatt drift vid upprättandet av årsredovisningen. Vi drar också en slutsats, med grund i de inhämtade revisionsbevisen, om huruvida det finns någon väsentlig osäkerhetsfaktor som avser sådana händelser eller förhållanden som kan leda till betydande tvivel om bolagets förmåga att fortsätta verksamheten. Om vi drar slutsatsen att det finns en väsentlig osäkerhetsfaktor, måste vi i revisionsberättelsen fästa uppmärksamheten på upplysningarna i årsredovisningen om den väsentliga osäkerhetsfaktorn eller, om sådana upplysningar är otillräckliga, modifiera uttalandet om årsredovisningen. Våra slutsatser baseras på de revisionsbevis som inhämtas fram till datumet för revisionsberättelsen. Dock kan framtida händelser eller förhållanden göra att ett bolag inte längre kan fortsätta verksamheten.
- utvärderar vi den övergripande presentationen, strukturen och innehållet i årsredovisningen, däribland upplysningarna, och om årsredovisningen återger de underliggande transaktionerna och händelserna på ett sätt som ger en rättvisande bild.

Vi måste informera styrelsen om bland annat revisionens planerade omfattning och inriktning samt tidpunkten för den. Vi måste också informera om betydelsefulla iakttagelser under revisionen, däribland de eventuella betydande brister i den interna kontrollen som vi identifierat.

Rapport om andra krav enligt lagar och andra författningar

Uttalanden

Utöver vår revision av årsredovisningen har vi även utfört en revision av styrelsens förvaltning för Callenberg Group AB för år 2023 samt av förslaget till dispositioner beträffande bolagets vinst eller förlust.

Vi tillstyrker att bolagsstämman disponerar vinsten enligt förslaget i förvaltningsberättelsen och beviljar styrelsens ledamöter ansvarsfrihet för räkenskapsåret.

Grund för uttalanden

Vi har utfört revisionen enligt god revisionsred i Sverige. Vårt ansvar enligt denna beskrivs närmare i avsnittet *Revisorns ansvar*. Vi är oberoende i förhållande till Callenberg Group AB enligt god revisorsred i Sverige och har i övrigt fullgjort vårt yrkesetiska ansvar enligt dessa krav.

Vi anser att de revisionsbevis vi har inhämtat är tillräckliga och ändamålsenliga som grund för våra uttalanden.

Styrelsens ansvar

Det är styrelsen som har ansvaret för förslaget till dispositioner beträffande bolagets vinst eller förlust. Vid förslag till utdelning innefattar detta bland annat en bedömning av om utdelningen är försvarlig med hänsyn till de krav som bolagets verksamhetsart, omfattning och risker ställer på storleken av bolagets egna kapital, konsolideringsbehov, likviditet och ställning i övrigt.

Styrelsen ansvarar för bolagets organisation och förvaltningen av bolagets angelägenheter. Detta innefattar bland annat att fortlöpa bedöma bolagets ekonomiska situation och att tillse att bolagets organisation är utformad så att bokföringen, medelsförvaltningen och bolagets ekonomiska angelägenheter i övrigt kontrolleras på ett betryggande sätt.

Revisorns ansvar

Vårt mål beträffande revisionen av förvaltningen, och därmed vårt uttalande om ansvarsfrihet, är att inhämta revisionsbevis för att med en rimlig grad av säkerhet kunna bedöma om någon styrelseledamot i något väsentligt avseende:

- företagit någon åtgärd eller gjort sig skyldig till någon försummelse som kan föranleda ersättningsskyldighet mot bolaget, eller
- på något annat sätt handlat i strid med aktiebolagslagen, årsredovisningslagen eller bolagsordningen.

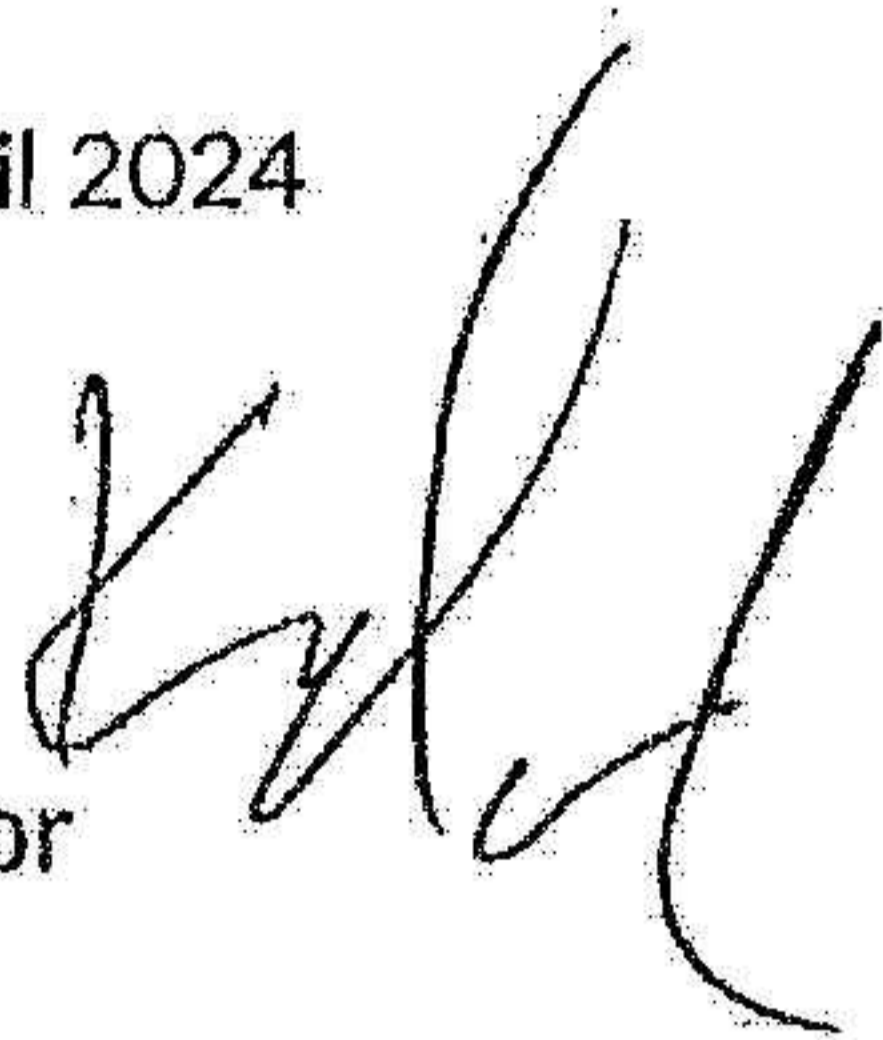
Vårt mål beträffande revisionen av förslaget till dispositioner av bolagets vinst eller förlust, och därmed vårt uttalande om detta, är att med rimlig grad av säkerhet bedöma om förslaget är förenligt med aktiebolagslagen.

Rimlig säkerhet är en hög grad av säkerhet, men ingen garanti för att en revision som utförs enligt god revisionsred i Sverige alltid kommer att upptäcka åtgärder eller försummelser som kan föranleda ersättningsskyldighet mot bolaget, eller att ett förslag till dispositioner av bolagets vinst eller förlust inte är förenligt med aktiebolagslagen.


Som en del av en revision enligt god revisionsred i Sverige använder vi professionellt omdöme och har en professionellt skeptisk inställning under hela revisionen. Granskningen av förvaltningen och förslaget till dispositioner av bolagets vinst eller förlust grundar sig främst på revisionen av räkenskaperna. Vilka tillkommande granskningsåtgärder som utförs baseras på vår professionella bedömning med utgångspunkt i risk och väsentlighet. Det innebär att vi fokuserar granskningen på sådana åtgärder, områden och förhållanden som är väsentliga för verksamheten och där avsteg och överträdelser skulle ha särskild betydelse för bolagets situation. Vi går igenom och prövar fattade beslut, beslutsunderlag, vidtagna åtgärder och andra förhållanden som är relevanta för vårt uttalande om ansvarsfrihet. Som underlag för vårt uttalande om styrelsens förslag till dispositioner beträffande bolagets vinst eller förlust har vi granskat om förslaget är förenligt med aktiebolagslagen.

Göteborg den 22 april 2024

BDO Sweden AB
Katarina Eklund
Auktoriserad revisor



Vidimeras:


Marina Sanelberg
0734020135

2024050312027

**TMS Group Holdings, LLC and
Subsidiaries**

Consolidated Financial Statements

December 31, 2023 and 2022



TMS Group Holdings, LLC and Subsidiaries

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Independent Auditor's Report

Board of Directors
TMS Group Holding, LLC and Subsidiaries

Opinion

We have audited the consolidated financial statements of TMS Group Holding, LLC and its subsidiaries (the Company), which comprise the consolidated balance sheets as of December 31, 2023 and 2022, and the related consolidated statements of operations and comprehensive loss, changes in member's deficit, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2023 and 2022, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Company and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern within one year after the date that the consolidated financial statements are available to be issued.



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Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. 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. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.
- 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. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for a reasonable period of time.


We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Emphasis of Matter – Adoption of ASC 326

As discussed in Note 2 to the consolidated financial statements, the Company has changed its method for the accounting of contract receivables and contract assets allowances for credit losses for the year ended December 31, 2023, due to the adoption of ASU 2016-13, Financial Instruments – Credit Losses (Topic 326). Our opinion is not modified with respect to this matter.

BDO USA, P.C.

Pittsburgh, Pennsylvania
April 30, 2024

Vidimeras:

Marina Sandberg
0734020135

TMS Group Holdings, LLC and Subsidiaries

Consolidated Balance Sheets

December 31,	2023	2022
Assets		
Cash	\$ 46,169,064	\$ 31,525,626
Receivables, net of allowance for credit loss	99,902,854	142,703,439
Inventories	47,905,767	31,169,272
Contract assets	215,897,125	207,281,595
Current income taxes refundable	9,737,608	1,307,967
Prepaid expenses	22,344,585	13,317,473
Total Current Assets	441,957,003	427,305,372
Property and equipment	51,890,312	38,772,209
Operating lease right-of-use assets	54,204,263	50,823,920
Other long-term assets	23,378,562	5,476,329
Deferred income tax assets	16,877,800	20,033,644
Intangible assets	36,529,347	42,110,006
Goodwill	58,122,280	51,891,660
Total Assets	\$ 682,959,567	\$ 636,413,140
Liabilities and Member's Deficit		
Current portion of long-term debt	\$ 3,739,899	\$ 3,589,899
Revolving line of credit	37,500,000	15,000,000
Accounts payable	127,138,733	149,853,354
Accrued expenses	24,005,004	30,378,699
Current maturities of operating lease obligations	9,376,104	8,231,795
Current maturities of finance lease obligations	689,542	524,203
Contract liabilities	131,874,650	127,812,820
Total Current Liabilities	334,323,932	335,390,770
Noncurrent deferred tax liabilities	8,137,213	8,292,612
Other long-term liabilities	8,097,165	-
Operating lease obligations, net of current maturities	46,220,426	42,994,983
Finance lease obligations, net of current maturities	1,228,989	1,608,462
Long-term debt, net	369,157,922	357,260,694
Total Liabilities	767,165,647	745,547,521
Member's Deficit		
Accumulated other comprehensive income	285,480	821,611
Member's deficit	(84,491,560)	(109,955,992)
Total Member's Deficit	(84,206,080)	(109,134,381)
Total Liabilities and Member's Deficit	\$ 682,959,567	\$ 636,413,140

See accompanying notes to the consolidated financial statements.

TMS Group Holdings, LLC and Subsidiaries

Consolidated Statements of Operations and Comprehensive Income

<i>For the Years Ended December 31,</i>	2023	2022
Net Revenue	\$ 668,748,463	\$ 733,821,906
Cost of Revenues	556,589,382	606,910,298
Amortization of Intangible Assets	5,580,659	7,285,023
Gross Profit	106,578,422	119,626,585
Selling, General and Administrative Expenses	98,618,292	106,176,703
Amortization of Goodwill	10,495,071	12,862,537
Operating Income (Loss)	(2,534,941)	587,345
Other Income (Expense)		
Interest income	560,990	143,995
Interest expense	(44,772,047)	(29,784,471)
Miscellaneous income (expense)	1,181,705	(4,530,088)
Total Other Expense - net	(43,029,352)	(34,170,564)
Loss Before Income Tax Expense	(45,564,293)	(33,583,219)
Provision (Benefit) for Income Taxes	(2,056,361)	1,751,309
Net Loss	(43,507,932)	(35,334,528)
Other Comprehensive Loss - net of tax		
Foreign currency translation loss	(536,131)	(80,143)
Comprehensive Loss	\$ (44,044,063)	\$ (35,414,671)

See accompanying notes to the consolidated financial statements.

TMS Group Holdings, LLC and Subsidiaries

Consolidated Statements of Changes in Member's Deficit

<i>For the Years Ended December 31, 2023 and 2022</i>	Accumulated Other Comprehensive Income	Member's Deficit	Total
Member's Deficit at December 31, 2021	\$ 901,754	\$ (77,705,381)	\$ (76,803,627)
Net loss	-	(35,334,528)	(35,334,528)
Foreign currency translation loss arising during the year	(80,143)	-	(80,143)
Unit-based compensation	-	3,083,917	3,083,917
Member's Deficit at December 31, 2022	821,611	(109,955,992)	(109,134,381)
Net loss	-	(43,507,932)	(43,507,932)
Member's contributions	-	68,198,381	68,198,381
Foreign currency translation loss arising during the year	(536,131)	-	(536,131)
Unit-based compensation	-	773,983	773,983
Member's Deficit at December 31, 2023	\$ 285,480	\$ (84,491,560)	\$ (84,206,080)

See accompanying notes to the consolidated financial statements.

TMS Group Holdings, LLC and Subsidiaries

Consolidated Statements of Cash Flows

<i>For the Years Ended December 31,</i>	2023	2022
Cash Used by Operating Activities		
Net loss	\$ (43,507,932)	\$ (35,334,528)
Adjustments to reconcile net loss to net cash used by operating activities		
Depreciation and amortization	22,937,800	28,339,298
Amortization of debt issuance cost	1,984,680	1,897,511
Gain on disposition of business	-	(448,863)
Loss on disposal of property and equipment	406,682	137,045
Unit-based compensation	773,983	3,083,917
Deferred income taxes	3,015,190	(8,544,162)
Amortization of right of use assets	5,197,676	10,195,825
Changes in operating assets and liabilities, net of acquisitions		
Receivables - net	51,518,353	(54,930,686)
Inventories - net	(1,824,598)	5,426,983
Contract assets	(562,400)	(22,965,031)
Prepaid expenses	(8,046,054)	2,309,307
Other assets	(3,128,571)	(4,393,247)
Accounts payable	(28,994,711)	34,655,291
Accrued expenses	(6,706,084)	1,284,233
Operating lease obligations	(4,397,144)	(9,615,888)
Contract liabilities	(9,861,361)	13,898,199
Income tax receivable/payable	(8,136,947)	(1,948,213)
Net Cash Used by Operating Activities	(29,331,438)	(36,953,009)
Cash (Used) Provided by Investing Activities		
Acquisitions of property and equipment	(7,990,369)	(5,113,067)
Proceeds from sale of property and equipment	165,193	109,498
Proceeds from disposition of business	-	7,793,459
Acquisition of businesses	(38,870,859)	-
Net Cash (Used) Provided by Investing Activities	(46,696,035)	2,789,890

See accompanying notes to the consolidated financial statements.

TMS Group Holdings, LLC and Subsidiaries
Consolidated Statements of Cash Flows (Continued)

<i>For the Years Ended December 31,</i>	2023	2022
Cash (Used) Provided by Financing Activities		
Proceeds from issuance of long-term debt	15,000,000	68,700,000
Payments on long-term debt	(3,590,795)	(49,723,119)
Debt issuance cost	(1,346,657)	(1,359,227)
Proceeds from revolving credit facility	22,500,000	31,000,000
Payments on revolving credit facility	-	(24,487,940)
Repayment of seller's note	-	(2,000,000)
Contingent consideration	(325,000)	-
Member's contributions	68,198,381	-
Loan to members	(7,000,000)	-
Payments on finance lease obligations	(521,512)	(228,439)
Net Cash Provided by Financing Activities	92,914,417	21,901,275
Effects of Exchange Rate Changes on Cash	(2,243,506)	2,228,791
Net Increase (Decrease) in Cash	14,643,438	(10,033,053)
Cash - beginning of year	31,525,626	41,558,679
Cash - end of year	\$ 46,169,064	\$ 31,525,626

Supplemental Disclosures of Cash Flow Information

Cash paid during the year for interest	\$ 38,808,574	\$ 27,648,621
Cash paid during the year for income taxes	\$ 3,695,310	\$ 6,622,847

Supplemental Disclosures of Non-Cash Investing and Financing Activities

Cash paid for amounts included in the measurement of finance lease liabilities:

Operating cash flows from finance leases	\$ 135,502	\$ 47,495
Right-of-use assets obtained in exchange for new finance lease liabilities	\$ 308,702	\$ 1,772,372

Cash paid for amounts included in the measurement of operating lease liabilities:

Operating cash flows from operating leases	\$ 9,985,800	\$ 961,588
Right-of-use assets obtained in exchange for new operating lease liabilities	\$ 11,325,520	\$ 9,494,093

Adoption of the new standard resulted in the recording of a right-of-use asset and an operating lease liability of:

Operating lease right-of-use assets	\$ -	\$ 51,703,223
Operating lease liabilities	\$ -	\$ 51,525,340

See accompanying notes to the consolidated financial statements.

TMS Group Holdings, LLC and Subsidiaries

Notes to the Consolidated Financial Statements

1. Description of Business

Trident Maritime Systems Holdings, LLC (Trident) was formed in Delaware on October 10, 2014, and is wholly owned by TMS Group Holdings, LLC (the Direct Parent). Trident provides an array of services including interior marine vessel design, testing and installation services for both Navy and commercial applications, manufacture of metal furniture, electrical and automation shipboard systems and repair services, and the supply of HVAC, fire suppression, steering, and cargo handling systems. Pursuant to the acquisitions described in Note 3 - Acquisitions and Dispositions, Trident provides marine (including Department of Defense) energy, industrial and commercial contract manufacturing, manufacturing and distribution of equipment used in the mining and aggregates industries, naval visual landing systems, wind and speed sensor systems, expeditionary airfield lighting, aircraft and ground vehicle lights, and night vision test equipment. The following companies listed in the table below are all wholly owned subsidiaries of Trident, collectively "the Company":

Company	Immediate Parent	State or Country
Trident Maritime Systems Holdings, LLC	TMS Group Holdings, LLC	Delaware
Lake Shore Systems Holdings, LLC	TMS Group Holdings, LLC	Delaware
Trident Maritime Systems, LLC	Trident Maritime Systems Holdings, LLC	Delaware
Trident Maritime Systems, Inc.	Trident Maritime Systems, LLC	Delaware
US Joiner Holding Co.	Trident Maritime Systems, LLC	Delaware
US Joiner LLC	US Joiner Holding Co.	Virginia
Turnbull LLC	US Joiner Holding Co.	Virginia
Hampton Machine Shop, Inc.	Trident Maritime Systems, Inc.	Virginia
Joiner Holding International S.a.r.l.	US Joiner Holding Co. Joiner Holding International S.a.r.l.	Luxembourg
Trident Maritime Systems S.r.l.	International S.a.r.l.	Italy
FM S.r.l.	Trident Maritime Systems S.r.l.	Italy
IMECO Holding Co.	Trident Maritime Systems, LLC	Delaware
IMECO Inc.	IMECO Holding Co.	Michigan
Joiner International Poland Sp. Z.o.o.	Baltec Holdings International S.a.r.l.	Poland
RAACI Holding Co.	Trident Maritime Systems, LLC	Delaware
Robichaux Automation and Control, Inc.	RAACI Holding Co.	Louisiana
Trident Naval Systems of Canada, Inc.	US Joiner Holding Co.	British Columbia

TMS Group Holdings, LLC and Subsidiaries

Notes to the Consolidated Financial Statements (Continued)

1. Description of Business (Continued)

Company	Immediate Parent	State or Country
Trident BMC Holding Company	Trident Maritime Systems, LLC	Delaware
Trident BMC LLC	Baltec Holding Co.	Delaware/Florida
Baltec Holdings International S.a.r.l.	Baltec Holding Co.	Luxembourg
Trident BMC Sp. Z.o.o.	Baltec Holding Co.	Poland
Trident-Callenberg Holdco UK Limited	Trident Maritime Systems, LLC	United Kingdom
Trident-Callenberg Holdco Norway AS	Trident-Callenberg Holdco UK Limited	Norway
Callenberg Group AB	Trident-Callenberg Holdco Norway AS	Sweden
Callenberg AS	Callenberg Group AB	Norway
Callenberg BV	Callenberg Group AB	Netherlands
Callenberg Inc	Callenberg Group AB	USA
Trident BMC AB	Callenberg Group AB	Sweden
Branch Office Italy	Trident BMC AB	Italy
Callenberg A/S	Callenberg Group AB	Denmark
IES Callenberg LTD	Callenberg Group AB	United Kingdom
Trident Maritime Systems Australia Pty LTD	Trident Maritime Systems, LLC	Australia
Trident-Callenberg Holdco US Inc.	Trident Maritime Systems, LLC	Delaware
Baltec Marine Shanghai Co., LTD.	Baltec Marine LLC	China
Trident AS	Callenberg AS	Norway
Lake Shore Systems, Inc.	Lake Shore Systems Holdings, LLC	Wisconsin
AGI Holdings LLC	TMS Group Holdings, LLC	United Kingdom
AGI US Acquisition Inc.	AGI Holdings LLC	Connecticut
Hoffman Engineering LLC	AGI US Acquisition Inc.	Connecticut
AGI UK Acquisition Ltd.	AGI Holdings LLC	United Kingdom
Aeronautical & GI Holdings Limited	AGI UK Acquisition Ltd.	United Kingdom
Aeronautical & General Instruments Limited	Aeronautical & GI Holdings Limited	United Kingdom
Aircraft Appliances and Equipment Limited	AGI UK Acquisition Ltd.	Ontario
Aish Technologies Limited	AGI UK Acquisition Ltd.	United Kingdom
Trident Maritime Systems - CAC, LLC	Lake Shore Systems Holdings, LLC	Delaware
Trident Maritime Systems - Custom Alloy, LLC	Trident Maritime Systems - CAC, LLC	Delaware

TMS Group Holdings, LLC and Subsidiaries

Notes to the Consolidated Financial Statements (Continued)

1. Description of Business (Continued)

The percentages of revenues for the operating lines of business were as follows for the years ended December 31, 2023 and 2022:

	2023	2022
Marine outfitting and insulation	32%	30%
Electromechanical and distributed systems	31%	27%
Marine energy, industrial, and commercial manufacturing	19%	20%
Cruise repair and maintenance	13%	9%
Power, propulsion and control	5%	12%
Mining and aggregates industries	0%	2%
	100%	100%

The Company's foreign operations accounted for approximately 29% and 23% of the Company's revenue in 2023 and 2022, respectively. Total assets of these foreign operations accounted for approximately 39% and 36% of the Company's total assets at December 31, 2023 and 2022, respectively.

2. Summary of Significant Accounting Policies

Principles of Consolidation

The consolidated financial statements include TMS Group Holdings, LLC and the accounts of its wholly owned subsidiaries. All significant intercompany accounts and transactions have been eliminated.

Use of Estimates

The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the dates of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting periods. Actual results may differ materially from those estimates.

TMS Group Holdings, LLC and Subsidiaries

Notes to the Consolidated Financial Statements (Continued)

2. Summary of Significant Accounting Policies (Continued)

Revenue and Cost Recognition

The majority of the Company's revenue is derived from long-term contracts that can span several years. A performance obligation is a promise in a contract to transfer a distinct good or service to a customer and is the unit of account in ASC 606, Revenue from Contracts with Customers. A contract's transaction price is allocated to each distinct performance obligation and recognized as revenue when, or as, the performance obligation is satisfied. The majority of the Company's contracts have a single performance obligation using the best estimate of stand-alone selling price of each distinct good or service in the contract. The primary method used to estimate stand-alone selling price is expected cost plus a margin approach, under which the Company forecasts the expected costs of satisfying a performance obligation and then adds an appropriate margin for that distinct good or service. Substantially all of the Company's revenue is recognized over time using the cost-to-cost input method because management considers this to be the best available measure of transfer of control. Contract costs include labor and material. Selling, general and administrative costs and overhead costs are charged to expense as incurred and, therefore, are not included in the calculation of the estimated costs to complete. Point in time sales are initiated by purchase orders from customers and generally contain one performance obligation. Revenue is recognized when title is transferred and the customer is obligated to pay, which generally occurs upon shipment, in accordance with the applicable shipping terms. Payment terms for over time and point in time sales generally range from 30 to 60 days.

The disaggregation of the Company's revenue based on the timing of recognition is as follows:

	2023	2022
Revenue Recognition Method		
Over time	\$ 608,199,850	\$ 656,650,966
Point in time	60,548,613	77,170,940
Total Revenue	\$ 668,748,463	\$ 733,821,906

Contract Estimates

Accounting for long-term contracts involves the use of various techniques to estimate total contract revenue and cost. For long-term contracts, the Company estimates the profit on a contract as the difference between the total estimated revenue and expected costs to complete a contract and recognizes that profit over the life of the contract.

Contract estimates are based on various assumptions to project the outcome of future events that often span several years. These assumptions include labor productivity and availability; the complexity of the work to be performed; the cost and availability of materials, the performance of subcontractors; and the availability and timing of funding from the customer.

TMS Group Holdings, LLC and Subsidiaries

Notes to the Consolidated Financial Statements (Continued)

2. Summary of Significant Accounting Policies (Continued)

Revenue and Cost Recognition (Continued)

Variable Consideration

The nature of the Company's contracts gives rise to variable consideration, which can include change orders or contract modifications, retention, liquidated damages, and claims. The Company adjusts its contract estimates for these variable considerations when the Company believes there is an enforceable right to the variable consideration, the amount can be estimated reliably, and its realization is probable. In evaluating these criteria, the Company considers the contractual/legal basis, the cause of any additional costs incurred, the reasonableness of those costs and the objective evidence available to support the variable consideration. These estimates are based on historical award experience, anticipated performance and the Company's best judgment at the time.

As a significant change in one or more of these estimates could affect the profitability of the contracts, the Company reviews and updates contract-related estimates regularly. The Company recognizes adjustments in estimated profit on contracts under the cumulative catch-up method. Under this method, the impact of the adjustment on profit recorded to date is recognized in the period the adjustment is identified. Revenue and profit in future periods of contract performance is recognized using the adjusted estimate. If at any time the estimate of contract profitability indicates an anticipated loss on the contract, the Company recognizes the total loss in the period it is identified and is included in contract liabilities on the Company's consolidated balance sheets.

Contract Balances

Contract assets primarily consist of revenue recognized in excess of amounts paid or payable (contract receivables to the Company on uncompleted contracts). Contract assets are reported at net realizable value. Contract liabilities generally consist of payments received or receivable (contract receivables) in excess of revenue recognized on uncompleted contracts, customer advances and deposits, and general provisions for losses, if any. The timing of revenue recognition, billings and cash collections result in billed accounts receivable, underbillings, and overbillings. Contract amounts become billable according to contract terms, which consider the progress on the contracts as well as achievement of certain milestones and completion of specific units of work.

Cash

The Company maintains cash at financial institutions which may at times exceed federally insured amounts. The Company has not experienced any losses due to cash balances exceeding these limits and does not believe it is exposed to any significant credit risk as a result.

TMS Group Holdings, LLC and Subsidiaries

Notes to the Consolidated Financial Statements (Continued)

2. Summary of Significant Accounting Policies (Continued)

Receivables

The Company regularly extends credit to customers for purchases made in the normal course of business based upon management's assessment of their creditworthiness. All trade accounts receivable are reported at net realizable value on the accompanying consolidated balance sheets, adjusted for any write-offs and net of allowances for credit losses. Beginning January 1, 2023, management assesses and records an allowance for credit losses on financial assets within the scope of ASU 2016-13 using the current expected credit losses (CECL) model. The valuation allowance in prior periods was provided for those accounts for which collection is doubtful principally based on delinquency and how recently and how frequently payments have been received and the financial position of the customer.

The Company selected a loss-rate method to apply the CECL model, based on the relationship between historical write-offs of receivables and the underlying sales by major customer. Utilizing this model, a historical loss-rate is applied against the amortized cost of applicable assets at the time the asset is established. The loss rate reflects the Company's current estimate of the risk of loss (even when that risk is remote) over the expected remaining contractual life of the assets. In circumstances where we become aware of a specific customer's inability to meet its financial obligations, a specific reserve is recorded against amounts due to reflect the amount reasonably expected to be collected. The Company's policy is to deduct write-offs from the allowance for credit losses account in the period in which the financial assets are deemed uncollectible.

Debt Issuance Costs

Deferred financing costs are capitalized and amortized over the terms of the respective debt agreements using the straight-line method, which approximates the effective interest method. Trident and Lake Shore Systems, Inc. (Lake Shore and together with Trident, each a "Borrower" and collectively the "Borrowers") entered into a Credit Agreement with certain lenders that participated in the old Credit Agreement and their balances in the Credit Agreement were deemed modified. The Company continues to defer, over the term of the Credit Agreement, the net debt issuance costs of \$3,728,448, related to the old Credit Agreement for Trident. Third-party fees of \$6,088,321 related to the Credit Agreement were capitalized and are being amortized over the respective term of the Credit Agreement. Pursuant to an amendment of the Credit Agreement in 2022, additional third-party fees of \$1,359,227 related to the acquisition of AGI were also capitalized and are being amortized over the remaining term of the amended agreement. In October 2023, the Company amended its Credit Agreement and subsequently capitalized \$1,346,657 related to third-party fees that will be amortized over the remaining term of the amended agreement. Amortization costs in 2023 and 2022 totaled \$1,984,680 and \$1,897,511, respectively.

TMS Group Holdings, LLC and Subsidiaries

Notes to the Consolidated Financial Statements (Continued)

2. Summary of Significant Accounting Policies (Continued)

Inventories

Inventories are stated at the lower of cost or net realizable value. Cost is determined on a first-in, first-out (FIFO) basis and includes material, labor and overhead. The Company manufactures customer-specific products under purchase orders. Further, the Company generally ships upon completion of an order and does not maintain finished goods. As a result of the short production cycle, most of the inventory value is concentrated in raw materials and work in process. The allowance for obsolete and slow-moving inventory and lower of cost or net realizable value considerations was \$2,989,796 and \$1,699,193 at December 31, 2023 and 2022, respectively.

Fulfillment Costs

The Company capitalizes costs incurred to fulfill its contracts that i) related directly to the contract or anticipated contracts, ii) are expected to generate or enhance the Company's resources that will be used to satisfy the performance obligation under the contract, and iii) are expected to be recovered through revenue generated from the contract. Capitalized fulfillment costs are amortized to cost of revenues as the Company satisfies the related performance obligations under the contract with approximate lives ranging from 2 to 7 years. These costs, which are included in prepaid expenses and other long-term assets on the consolidated balance sheets, generally represent upfront costs incurred to design and produce electromechanical and distributed system solutions.

The Company assesses the capitalized fulfillment costs for impairment at the end of each reporting period. The Company will recognize an impairment loss to the extent the carrying amount of the capitalized costs exceeds the recoverable amount. Recoverability is assessed by considering the capitalized fulfillment costs in relation to the forecasted profitability of the related performance obligation.

As of December 31, 2023, capitalized costs to fulfill contracts were \$7,869,246 and there were \$4,217,331 of capitalized costs to fulfill as of December 31, 2022. Amortization of fulfillment costs was \$702,888 and \$578,284 in the years ended December 31, 2023 and 2022, respectively. There was no impairment of fulfillment costs in the year ended December 31, 2023, and there was a \$1,241,790 impairment in the year ended December 31, 2022.

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TMS Group Holdings, LLC and Subsidiaries

Notes to the Consolidated Financial Statements (Continued)

2. Summary of Significant Accounting Policies (Continued)

Property and Equipment

Property and equipment are stated at cost. Routine repairs and maintenance are charged against income as incurred, while those expenditures that significantly improve or extend the useful lives of existing assets are capitalized. Depreciation and amortization are provided using the straight-line method with a salvage value, if applicable, based on the estimated useful lives of the related assets which range from 3 to 39 years as follows:

Building and improvements	39 years
Machinery and equipment	7 years
Tooling	7 years
Furniture and fixtures	7 years
Computer software	5 years
Vehicles	3-5 years
Computer equipment	3-5 years

When items of property or equipment are sold or retired, the related cost and accumulated depreciation or amortization is removed from the account and any gain or loss is included in results from operations.

Management reviews property, plant and equipment for impairment-based indicators which may indicate that the carrying amount of these assets may not be recoverable. The Company determined there were no indicators present to require a review for impairment as of December 31, 2023 and 2022.

Leases

The Company determines if a contract is a lease or contains a lease at the inception of the arrangement. Leases are classified as either finance leases or operating leases. Right-of-use (ROU) assets and lease liabilities are recognized on the consolidated balance sheet at the lease commencement date based on the present value of the lease payments over the term of the lease. ROU assets also include any initial direct costs incurred, lease payments made, and exclude any lease incentive payments. The Company calculates the present value using the interest rate implicit in the lease arrangement or, if not known, the risk-free rate. Lease terms may include options to extend or terminate the lease when it is reasonably certain that such options will be exercised. Operating and financing leases that are for a period less than 12 months, inclusive of options to extend that are reasonably certain to be exercised, are classified as short term and are not recognized on the consolidated balance sheet. Lease expense for these short-term leases is recognized on a straight-line basis over the lease term.

TMS Group Holdings, LLC and Subsidiaries

Notes to the Consolidated Financial Statements (Continued)

2. Summary of Significant Accounting Policies (Continued)

Leases (continued)

Operating lease ROU assets are recorded as a noncurrent asset on the consolidated balance sheet. The corresponding liabilities are recorded as current maturities of operating lease obligations and operating lease obligations, net of current maturities, as applicable, on the consolidated balance sheet. ROU assets under finance leases are included in property and equipment and the corresponding liabilities are recorded as current maturities of finance lease obligations and finance lease obligations, net of current maturities, as applicable. Operating lease costs are recognized on a straight-line basis over the lease term within either costs of revenue or operating expenses based on the use of the related ROU asset. Assets under finance leases are amortized on a straight-line basis over the shorter of the estimated useful life of the assets or the lease term and included in depreciation and amortization expense. Interest on finance lease liabilities is recognized as interest expense. Variable lease payments that do not depend on an index or a rate are excluded from the measurement of the lease liability and are expensed as incurred. Variable lease payments may include separate payments for property taxes, insurance, and maintenance services.

Intangible Assets

Intangible assets consist of contract backlog, customer relationships, trade name, noncompete agreements, engineering libraries, and developed technology as a result of acquisitions made in prior years. These intangible assets were recorded at fair value at the date of acquisition and are stated net of accumulated amortization as of December 31, 2023 and 2022. There were no impairment charges in the years ended December 31, 2023 and 2022.

The Company applies the provisions of ASC Topic 350, *Intangibles, Goodwill, and Other*, which requires the amortization of long-lived intangible assets to reflect the pattern in which the economic benefits of the intangible assets are expected to be realized. The intangible assets are amortized over their remaining estimated useful lives which range from one to nineteen years (Note 8).

Goodwill

Goodwill represents the excess of the cost of acquired businesses over the fair value of their identifiable net assets. The Company elected to amortize goodwill in accordance with Accounting Standards Update (ASU) No. 2014-2, *Accounting for Goodwill*, and tests for impairment in accordance with ASC Topic 350, *Intangibles, Goodwill, and Other*. Impairment is the condition that exists when the carrying amount of goodwill exceeds its implied fair value. The Company tests goodwill for impairment at the reporting unit level whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. There were no triggering events or impairment charges during the years ended December 31, 2023 and 2022.

Fair Value Measurements

The Company follows generally accepted accounting principles for fair value measurements relating to financial and non-financial assets and liabilities in the consolidated financial statements. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly fashion between market participants at the measurement date. As such, fair value is a market-based measurement that should be determined based on assumptions that market participants would use in pricing an asset and liability.

TMS Group Holdings, LLC and Subsidiaries

Notes to the Consolidated Financial Statements (Continued)

2. Summary of Significant Accounting Policies (Continued)

Fair Value Measurements (continued)

The three levels of inputs that may be used are as follows:

Level 1 - Quoted prices in active markets for identical assets or liabilities;

Level 2 - Inputs, other than the quoted prices in active markets, that are observable either directly or indirectly; and

Level 3 - Unobservable inputs that reflect the reporting entity's own assumptions.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used are required to maximize the use of observable inputs and minimize the use of unobservable inputs.

The Company does not have any financial assets or liabilities that are measured at a fair value level on December 31, 2023 or 2022. The carrying amount of financial instruments such as accounts receivables, accounts payable, and accrued liabilities approximates fair value due to their short maturity. The carrying value of debt approximates fair value due to market-determined variable interest rates.

Unit-based Compensation

The Company recognizes unit-based compensation expense in accordance with ASC 718 - *Compensation - Stock Compensation* for all unit-based payments for those shares expected to vest. Unit-based compensation expense is recognized for all unit-based payments over the estimated term of the vesting or service period.

Income Taxes

Income taxes are accounted for under the asset and liability method. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to both differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases, as well as operating loss and tax credit carryforwards. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date of the change. Valuation allowances are established when necessary to reduce deferred tax assets to the amount expected to be realized.

TMS Group Holdings, LLC and Subsidiaries

Notes to the Consolidated Financial Statements (Continued)

2. Summary of Significant Accounting Policies (Continued)

Income Taxes (continued)

The Company applies provisions related to the accounting for uncertain income tax positions included in ASC Subtopic 740-10, *Income Taxes - Overall*. These provisions require the Company to recognize the effect of income tax positions only if those positions are more likely than not of being sustained. Recognized income tax positions are measured at the largest amount that is greater than 50% of likely being realized. Changes in recognition or measurement are reflected in the period in which the change in judgment occurs. The Company records interest and penalties, if any, related to unrecognized tax benefits, as a component of income tax (benefit) expense, in the consolidated statements of operations and comprehensive loss.

Warranty

The Company warrants its products against defect for a period of twelve months. Estimates of future costs to satisfy warranty obligations are primarily based on historical trends and, if these costs are significantly different from historical trends, estimates of future failure rates and future costs of repair including materials consumed in the repair, labor and overhead amounts necessary to perform the repair will be provided for and expensed accordingly. The Company has not experienced significant warranty claims for the years ended December 31, 2023 and 2022. The Company has recorded a provision for future warranty claims in the amount of \$836,187 and \$358,597 at December 31, 2023 and 2022, respectively.

Shipping and Handling Costs

Shipping and handling costs incurred by the Company are expensed as incurred. These costs are included in cost of revenues on the accompanying consolidated statements of operations and comprehensive loss.

Foreign Currency Translation

The financial statements of most foreign subsidiaries are measured using the foreign currency as the functional currency. Assets and liabilities denominated in foreign currency have been translated into U.S. Dollars using the exchange rates in effect at the consolidated balance sheet date. Equity accounts are translated at historical rates, except for the change in retained earnings during the year, which is the result of the income statement translation process. Revenue and expense accounts are translated using the average exchange rate during the period. The cumulative translation adjustments associated with the net assets of foreign subsidiaries are recorded in accumulated other comprehensive loss in the accompanying consolidated statements of operations and comprehensive loss.

TMS Group Holdings, LLC and Subsidiaries

Notes to the Consolidated Financial Statements (Continued)

2. Summary of Significant Accounting Policies (Continued)

New Pronouncements

In June 2016, the FASB issued ASU No. 2016-13, Financial Instruments - Credit Losses (Topic 326). This ASU, as amended, requires entities to use a forward-looking approach based on expected losses rather than incurred losses to estimate credit losses on certain types of financial instruments, including trade receivables and contract assets. The ASU was effective for private companies for annual periods beginning after December 15, 2022, with early adoption permitted. On January 1, 2023, the Company adopted the new guidance using the modified retrospective transition method. The adoption of the new guidance did not have a material impact on the Company's consolidated financial statements as credit losses have not been, and are not expected to be, significant based on historical collection trends, the financial condition of our major partners and external market factors.

3. Acquisitions and Dispositions

Custom Alloy Corporation (CAC)

On June 16, 2023, the Company acquired assets of Custom Alloy Corporation (CAC) for \$38,870,859 in cash consideration. CAC is a leading, vertically integrated provider of highly specialized alloyed forgings, fittings, and pipe to defense and industrial end users. Trident was the prevailing bidder in a Section 363 bankruptcy auction for the acquired assets and assumed certain contracts, leases, and other liabilities.

The primary reason for the acquisition was to further expand upon Trident's presence on key U.S. Navy nuclear vessel programs, a critical element of the Company's growth strategy. CAC's offerings allow Trident to more holistically partner with shipbuilding customers to efficiently deliver the solutions required by them and the U.S. Navy.

TMS Group Holdings, LLC and Subsidiaries

Notes to the Consolidated Financial Statements (Continued)

3. Acquisitions and Dispositions (continued)

The following table summarizes the allocation of the purchase consideration and the estimated fair value of the assets acquired and liabilities assumed in the acquisition of CAC by Trident:

Accounts receivable	\$ 7,103,004
Inventory	14,102,021
Contract assets	5,792,471
Prepaid expenses	877,442
Property and equipment	12,300,050
Operating lease right-of-use assets	8,229,037
Other long-term assets	8,097,165
Goodwill	16,725,691
Total assets acquired	<u>\$ 73,226,881</u>
Accounts payable and accrued expenses	4,722,951
Operating lease obligations	8,414,378
Contract liabilities	13,121,528
Other long-term liabilities	8,097,165
Total liabilities assumed	<u>\$ 34,356,022</u>
Net assets acquired	<u>\$ 38,870,859</u>

Aeronautical & General Instruments Holdings, LLC (AGI) and Subsidiaries

On April 29, 2022, Trident and AGI were reorganized to fall under the same legal entity, TMS Group Holdings, LLC, accounted for under ASC 805, *Business Combinations*, with Trident as the acquirer. AGI is a leading global provider of proprietary situational awareness and LED lighting systems for naval vessels, military and commercial aircraft and military ground vehicles. The Company's core product lines include naval visual landing systems, wind and speed sensor systems for naval and aviation applications, expeditionary airfield lighting, aircraft and ground vehicle lights, and night vision test equipment.

For financial reporting purposes, the acquisition of AGI and Subsidiaries, which was controlled by J.F. Lehman & Company, Inc. (JFL), represented a transaction between entities under common control and resulted in a change in reporting entity, requiring retrospective combination of entities for all periods presented, as if the combination had been in effect since the inception of common control, in accordance with ASC 805, *Business Combinations*.

TMS Group Holdings, LLC and Subsidiaries

Notes to the Consolidated Financial Statements (Continued)

3. Acquisitions and Dispositions (Continued)

Dispositions during 2023 and 2022

On September 1, 2023, the Company completed the sale of specified operating assets and liabilities at US Joiner LLC's Lemon Grove, California facility. As a result of the sale, the Company entered into an agreement to sublease the facility to the buyer.

On June 1, 2022, the Company completed the sale of Cannon Mining, a division of Lake Shore Systems, Inc. As a result of the sale, the Company recognized a pre-tax gain of approximately \$448,863 included in selling, general and administrative expenses in the consolidated statements of operations and comprehensive loss.

4. Receivables

Receivables are as follows as of December 31:

	2023	2022
Trade	\$ 97,693,615	\$ 139,308,307
Other	2,653,038	3,545,259
Allowance for credit loss	(443,799)	(150,127)
	\$ 99,902,854	\$ 142,703,439

5. Inventories

Inventories are comprised of the following as of December 31:

	2023	2022
Raw materials and aftermarket parts, net	\$ 25,818,525	\$ 17,472,095
Work-in-process, net	15,621,635	9,967,528
Finished goods, net	6,465,607	3,729,649
	\$ 47,905,767	\$ 31,169,272

6. Contract Accounting Matters

Costs, estimated earnings, and billings on uncompleted contracts are as follows as of December 31:

	2023	2022
Costs incurred on uncompleted contracts	\$2,401,550,995	\$ 2,108,124,066
Estimated earnings	835,200,116	786,624,714
Less: Billings to date	3,236,751,111	2,894,748,780
	3,152,728,636	2,815,280,005
	\$ 84,022,475	\$ 79,468,775

TMS Group Holdings, LLC and Subsidiaries

Notes to the Consolidated Financial Statements (Continued)

6. Contract Accounting Matters (continued)

The amounts above are included in contract assets and contract liabilities as follows:

	2023	2022
Contract assets		
Revenue recognized in excess of amounts paid or payable (contract receivables to the Company on uncompleted contracts)	\$ 215,897,125	\$ 207,281,595
Contract liabilities		
Payments received or receivables (contract receivables) in excess of revenue recognized on uncompleted contracts	(131,874,650)	(127,812,820)
	\$ 84,022,475	\$ 79,468,775

Contract assets include \$0 and \$39,000,000 on unapproved changes orders and claims for additional overhead costs incurred due to customer schedule delays at December 31, 2023 and 2022, respectively. All the change orders or claims are subject to negotiation or litigation. In the opinion of management, all unapproved change orders and claims are realizable as estimated and have sound legal basis.

7. Property and Equipment

Property and equipment consist of the following as of December 31:

	2023	2022
Land	\$ 2,783,413	\$ 2,783,413
Buildings and improvements	24,667,208	24,606,841
Machinery and equipment	41,985,501	27,793,275
Computer equipment	3,906,055	4,090,573
Computer software	3,823,547	3,817,069
Furniture and fixtures	5,526,894	5,162,345
Vehicles	2,156,512	2,321,215
Construction in progress	4,787,448	1,147,505
	89,636,578	71,722,236
Less: Accumulated depreciation	(37,746,266)	(32,950,027)
	\$ 51,890,312	\$ 38,772,209

Depreciation expense for the years ended December 31, 2023 and 2022 was \$6,862,070 and \$8,191,738, respectively.

TMS Group Holdings, LLC and Subsidiaries

Notes to the Consolidated Financial Statements (Continued)

8. Intangible Assets

Intangible assets consist of the following as of:

	December 31, 2023		
	Gross	Accumulated Amortization	Net
Amortizable intangible assets			
Contract backlog	\$ 8,058,849	\$ (8,058,849)	-
Customer relationships	42,134,199	(27,298,386)	14,835,813
Trade name	14,403,126	(4,436,814)	9,966,312
Non-compete agreements	1,143,000	(1,143,000)	-
Engineering libraries	3,900,000	(552,500)	3,347,500
Developed technology	21,113,345	(12,733,623)	8,379,722
Total Amortizable Intangible Assets	\$ 90,752,519	\$ (54,223,172)	\$ 36,529,347

Intangible assets consist of the following as of:

	December 31, 2022		
	Gross	Accumulated Amortization	Net
Amortizable intangible assets			
Contract backlog	\$ 8,058,849	\$ (7,758,648)	\$ 300,201
Customer relationships	42,134,199	(24,316,126)	17,818,073
Trade name	14,403,126	(3,751,587)	10,651,539
Non-compete agreements	1,143,000	(1,137,546)	5,454
Engineering libraries	3,900,000	(357,500)	3,542,500
Developed technology	21,113,345	(11,321,106)	9,792,239
Total Amortizable Intangible Assets	\$ 90,752,519	\$ (48,642,513)	\$ 42,110,006

Amortization expense on intangible assets was \$5,580,659 and \$7,285,023, respectively, for the years ended December 31, 2023 and 2022. Amortization of intangible assets for years subsequent to December 31, 2023 is as follows:

2024	\$ 4,972,247
2025	4,972,247
2026	4,972,247
2027	4,908,298
2028	3,386,599
Thereafter	13,317,709
	\$ 36,529,347

TMS Group Holdings, LLC and Subsidiaries

Notes to the Consolidated Financial Statements (Continued)

9. Goodwill

The changes in the carrying amounts of goodwill are as follows for the years ended December 31, 2023 and 2022:

	Gross Cost	Accumulated Amortization	Accumulated Impairment	Net Goodwill
Balances at December 31, 2021	\$ 142,922,824	\$(70,091,661)	\$(8,076,966)	\$ 64,754,197
Decrease in goodwill related to amortization	-	(12,862,537)	-	(12,862,537)
Balances at December 31, 2022	\$ 142,922,824	\$(82,954,198)	\$(8,076,966)	\$ 51,891,660
Increase in goodwill related to acquisitions	16,725,691	-	-	16,725,691
Decrease in goodwill related to amortization	-	(10,495,071)	-	(10,495,071)
Balances at December 31, 2023	\$ 159,648,515	\$(93,449,269)	\$(8,076,966)	\$ 58,122,280

Amortization expense on goodwill was \$10,495,071 and \$12,862,537, respectively, for the years ended December 31, 2023 and 2022. Amortization of goodwill for years subsequent to December 31, 2023 is as follows:

2024	\$ 11,020,818
2025	8,033,595
2026	8,462,682
2027	6,953,251
2028	6,413,277
Thereafter	17,238,657
	<u>\$ 58,122,280</u>

TMS Group Holdings, LLC and Subsidiaries

Notes to the Consolidated Financial Statements (Continued)

10. Other Long-term Assets

Other long-term assets consist of the following as of December 31:

	2023	2022
Loan receivable - JFL	\$ 7,000,000	\$ -
Supplier development fund	8,097,165	-
Equity investments	793,365	793,365
Pension assets	1,140,393	378,953
Fulfillment costs	5,847,118	4,217,331
Other	500,521	86,680
	\$ 23,378,562	\$ 5,476,329

11. Accrued Expenses

Accrued expenses consist of the following as of December 31:

	2023	2022
Accrued payroll and benefits	\$ 12,480,199	\$ 21,560,869
Seller's note and contingent consideration	-	325,000
Warranty claims and guarantees	708,536	1,111,087
Accrued professional fees	1,621,365	1,584,876
Taxes other than income	4,576,632	2,821,898
Customer deposits	2,456,670	53,737
Other	2,161,602	2,921,232
	\$ 24,005,004	\$ 30,378,699

12. Long-term Debt

Long-term debt consists of the following as of December 31:

	2023	2022
Term Loan	\$ 380,248,745	\$ 368,839,541
Less: Debt issuance cost	(7,350,924)	(7,988,948)
Less: Current maturities	(3,739,899)	(3,589,899)
Long-term Debt	\$ 369,157,922	\$ 357,260,694
Revolving line of credit	\$ 37,500,000	\$ 15,000,000

TMS Group Holdings, LLC and Subsidiaries

Notes to the Consolidated Financial Statements (Continued)

12. Long-term Debt (Continued)

On February 26, 2021, Trident and Lake Shore, each a “Borrower” and collectively the “Borrowers”, entered into a credit agreement with Barings Finance LLC (Barings) as the administrative agent. The credit agreement included an initial term loan in the amount of \$305,000,000, the proceeds of which were used to refinance the existing indebtedness of Trident and Lake Shore.

On April 29, 2022, the Company amended the Credit Agreement with Barings to include additional borrowings in the form of an incremental term loan in the amount of \$68,700,000 and an increase to the existing revolving line of credit from \$32,500,000 to \$37,500,000. The proceeds were used to refinance the existing indebtedness of Trident and Lake Shore and fund certain fees, expenses, and other transaction costs associated with the Company’s 2022 acquisition of AGI Holdings, LLC, including the repayment of AGI’s existing Indebtedness to BNP Paribas as the administrative agent. BNP Paribas is not a lender under the amended credit agreement.

On October 19, 2023, the Company amended the Credit Agreement with Barings which waived any existing Financial Condition Covenants Events of Default and adjusted the financial covenants for the fiscal quarters ended September 30, 2023 and December 31, 2023 while funding an incremental term loan of \$15,000,000 guaranteed by JFL until certain leverage levels are met and amended language on dispositions and application of mandatory prepayments. In exchange, JFL injected \$26,500,000 of a member’s contribution to the Company. In addition, a new liquidity covenant is in place that provides for a liquidity certification and 13-week cash flow forecast to be delivered within 5 business days of month end. The Credit Agreement includes a restrictive financial covenant regarding the net leverage ratio of the Company and an excess cash flow payment determined based on current year results. This amendment and incremental term loan were a direct result of the cyber-attack on the Company in 2023 that significantly impacted the Company’s business and working capital.

Under the Credit Agreement, the term debt and revolving credit facility mature on February 26, 2027, and are collateralized by substantially all assets of the Borrowers. The interest rate on both the revolving line of credit and term loan is calculated on the SOFR Rate as defined in the Credit Agreement plus applicable margin for such type of loan. The effective interest rate as of December 31, 2023, was approximately 11.0%. The Company has quarterly principal payments of \$934,975, which is reduced on a proportional basis if any excess cash flow payments have been made, with the remainder due on the maturity date. As of December 31, 2023, the Company is compliant with all of its financial covenants.

Aggregate maturities of debt for years subsequent to December 31, 2023 are as follows:

2024	\$ 3,739,899
2025	3,739,899
2026	3,739,899
2027	369,029,048
	<hr/>
	\$ 380,248,745

TMS Group Holdings, LLC and Subsidiaries

Notes to the Consolidated Financial Statements (Continued)

13. Income Taxes

The components of the income tax expense (benefit) as of December 31, 2023 and 2022 are as follows:

	2023	2022
Current tax expense (benefit)		
U.S. federal	\$ (5,246,394)	\$ 3,389,175
State and local	(480,998)	831,992
Foreign	671,297	6,324,404
Total current tax expense (benefit)	(5,056,095)	10,545,571
Deferred tax expense (benefit)		
U.S. federal	2,011,745	(5,618,729)
State and local	679,379	(643,760)
Foreign	308,610	(2,531,773)
Total deferred tax expense (benefit)	2,999,734	(8,794,262)
Provision (benefit) for income taxes	\$ (2,056,361)	\$ 1,751,309

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TMS Group Holdings, LLC and Subsidiaries

Notes to the Consolidated Financial Statements (Continued)

13. Income Taxes (Continued)

The components of the Company's deferred tax assets and liabilities as of December 31, 2023 and 2022 are as follows:

	2023	2022
Deferred tax assets		
Accounts receivable	\$ 30,187	\$ 30,075
Inventory	581,057	668,174
Accrued liabilities	1,743,844	6,155,628
Goodwill	2,321,577	2,620,680
Amortization	4,279,075	5,292,337
Research and development expense 174	1,413,131	5,934,555
Net operating losses	11,844,100	4,102,830
Lease liability	12,755,573	12,340,453
Disallowed interest expense	12,683,596	5,740,113
Capital loss	-	620,204
R&D credit	2,025,920	-
Project reserves	322,939	114,940
Other	2,459,499	1,554,339
	52,460,498	45,174,328
Less: Valuation allowances	(17,469,991)	(9,828,131)
Total deferred tax assets	34,990,507	35,346,197
Deferred tax liabilities		
Depreciation	(5,594,764)	(3,591,093)
ROU asset	(12,403,695)	(12,161,411)
Amortization	(7,846,957)	(7,620,658)
Prepaid expenses	(185,840)	-
Research and development expense 174	(133,600)	-
Other	(85,064)	(232,003)
	(26,249,920)	(23,605,165)
Net Deferred Tax Assets	\$ 8,740,587	\$ 11,741,032

TMS Group Holdings, LLC and Subsidiaries

Notes to the Consolidated Financial Statements (Continued)

13. Income Taxes (Continued)

The amounts above are included on the consolidated balance sheet as follows:

	2023	2022
Deferred income tax assets	\$ 16,877,800	\$ 20,033,644
Noncurrent deferred tax liabilities	(8,137,213)	(8,292,612)
Net deferred tax assets	\$ 8,740,587	11,741,032

The Company's effective tax rate differs from the U.S. statutory federal income tax rate due to U.S. state income taxes, permanent differences between financial and income tax reporting primarily relating to nondeductible expenses, and the establishment and maintenance of valuation allowances for certain jurisdictions in which the Company files income tax returns.

The Company regularly evaluates the need for valuation allowances related to deferred tax assets for which future realization is uncertain. In assessing the realizability of deferred tax assets, management considers whether it is more-likely-than-not some portion, or all, of the deferred tax assets will not be realized. Management considers all available evidence, both positive and negative, in determining whether a valuation allowance is required. Such evidence includes the scheduled reversal of deferred tax liabilities, projected future taxable income, taxable income in prior carryback years and tax planning strategies in making this assessment, and judgment is required in considering the relative weight of negative and positive evidence for each jurisdiction.

As of each reporting date, management considers new evidence, both positive and negative, that could affect its view of the future realization of deferred tax assets. A valuation allowance remains on certain U.S. deferred tax assets the Company believes are not currently realizable including deferred tax assets related to business interest expense limitation, capital loss carryforward and certain net operating loss carryforwards. At December 31, 2023 and 2022, a valuation allowance of \$17,469,991 and \$9,828,131, respectively, was recorded.

The Company has U.S. federal, U.S. state, and foreign net operating loss carryforwards of \$30.7M, \$67.9M and \$7.9M at December 31, 2023. The net operating loss carryforwards will begin to expire in 2030 for U.S. Federal losses, 2028 for US state losses, and 2035 for foreign losses. The statute of limitations remains open for U.S. federal income tax examinations for the 2019 - 2021 tax years, U.S. state income tax examinations for the 2018 - 2021 tax years, and foreign examinations for various tax years depending upon the jurisdiction.

The Company follows the provisions of ASC 740-10, Accounting for Uncertainty in Income Taxes - an interpretation of FASB Statement No. 109 ("ASC 740-10"). As of December 31, 2023 and 2022, the Company has no gross unrecognized tax benefits or associated accrued interest or penalties.

As of December 31, 2023, the Company's intent and ability is to indefinitely reinvest the foreign earnings of the foreign subsidiaries of US Joiner Holding Company and Baltec Holding Company. The Company intends to repatriate (and not indefinitely reinvest) future earnings from the subsidiaries of Trident Callenberg Holdco US, Inc. As of December 31, 2023, undistributed earnings for these entities have an immaterial tax consequence if the earnings are repatriated and, therefore, no related deferred tax liabilities have been recognized in the consolidated financial statements.

TMS Group Holdings, LLC and Subsidiaries

Notes to the Consolidated Financial Statements (Continued)

14. Leases

Operating Leases

The Company leases office space, warehouse space, equipment and vehicles under noncancelable operating lease agreements with terms expiring at various dates through 2034. The depreciable lives of assets and leasehold improvements are limited by the expected lease term unless there is a transfer of title or purchase option reasonably certain of exercise.

Future minimum lease payments due under operating lease obligations are as follows:

2024	\$	9,920,744
2025		8,671,071
2026		6,972,631
2027		6,151,167
2028		4,600,680
Thereafter		21,727,420
Total lease payments		\$ 58,043,713
Less: Imputed interest		(2,447,183)
Present value of operating lease liabilities		\$ 55,596,530
Less: Current portion of operating lease liabilities		(9,376,104)
Noncurrent Portion of Operating Lease Liabilities		\$ 46,220,426

The components of operating lease expense consisted of the following:

December 31,	2023	2022
Operating lease costs ^[1]	\$ 10,457,751	\$ 9,350,942
Variable lease costs	1,208,694	1,054,086
Short-term lease costs	78,000	299,181
Total Operating lease cost	\$ 11,744,445	\$ 10,704,209

[1] Includes sublease income of \$1,009,523 and \$644,707 for 2023 and 2022, respectively.

TMS Group Holdings, LLC and Subsidiaries

Notes to the Consolidated Financial Statements (Continued)

14. Leases (Continued)

Supplemental information related to operating leases are as follows:

December 31,	2023	2022
Weighted-average remaining lease term (in years)	7.40	7.80
Weighted-average discount rate	2.6%	2.0%

Finance Leases

The Company leases certain equipment under various finance lease agreements with terms expiring at various dates through 2028.

Future minimum lease payments due under finance lease obligations are as follows:

2024	\$	689,542
2025		612,071
2026		530,254
2027		312,564
2028		12,821
Total lease payments	\$	2,157,252
Less: Imputed interest		(238,721)
Present value of finance lease liabilities	\$	1,918,531
Less: Current portion of finance lease liabilities		(689,542)
Noncurrent Portion of Finance Lease Liabilities	\$	1,228,989

Assets held under finance leases are included in property and equipment and consisted of the following:

December 31,	2023		2022
Property rights under finance leases	\$	2,932,745	\$ 2,613,043
Less: accumulated depreciation		(583,371)	(281,011)
Equipment Under Finance Leases - Net	\$	2,349,374	\$ 2,332,032

Depreciation expense for finance leases was \$302,360 and \$176,474 for the years ended December 31, 2023 and 2022, respectively.

TMS Group Holdings, LLC and Subsidiaries

Notes to the Consolidated Financial Statements (Continued)

14. Leases (Continued)

Supplemental information related to finance leases is as follows:

December 31,	2023	2022
Weighted-average remaining lease term (in years)	2.90	4.20
Weighted-average discount rate	6.8%	7.0%

15. Unit-based Compensation

Unit-based compensation cost is measured at the grant date, based on the fair value of the award, and is recognized as expense over the requisite period. The compensation expense charged against operations was \$773,983 and \$3,083,917 for the years ended December 31, 2023 and 2022, respectively. As of December 31, 2023 and 2022, there was \$5,545 and \$779,528 of total unrecognized compensation expense related to non-vested restricted units granted under the plan, respectively. This cost is expected to be recognized over a weighted-average period of less than one year.

The board awarded 0 units in 2023 and 122.744 units in 2022. The fair value of each award is estimated on the date of grant using the Black-Scholes option pricing model. Expected volatilities are based on the historical volatility of publicly traded companies within the Company's business sector. The risk-free interest rate is based on the U.S. Treasury yield curve in effect at the time of grant for the expected term of the service.

	2023	2022
Expected term (years)	4.0	4.0
Risk-free interest rate	2.14%	2.14%
Expected volatility rate	60.5%	60.5%
Company's expected dividend yield	0.00%	0.00%
Expected forfeiture rate	0.00%	0.00%

16. Employee Benefit Plans

Trident sponsors a 401(k) defined contribution retirement plan covering substantially all of its employees. The plan provides that eligible employees may contribute between 2% and 100% of their eligible earnings to the plan up to the maximum annual limit established by the Internal Revenue Service. Trident matches 50% of employee contributions up to 6% of compensation. Matching contributions were \$1,582,906 and \$1,361,129 for the years ended December 31, 2023 and 2022, respectively. The plan also provides for a discretionary profit-sharing contribution; there was no profit-sharing contribution for the years ended December 31, 2023 and 2022.

Lake Shore sponsors a 401(k) defined contribution retirement plan covering all qualified employees of Lake Shore after reaching 18 years of age and completing 250 hours of service during the first three months of employment. Lake Shore may make both matching contributions and discretionary contributions to participating employees. Lake Shore recognized expenses of \$442,885 for the year ended December 31, 2023 and \$588,336 for the year ended December 31, 2022 in connection with contributions made to the 401(k) plan.

TMS Group Holdings, LLC and Subsidiaries

Notes to the Consolidated Financial Statements (Continued)

16. Employee Benefit Plans (continued)

AGI and subsidiaries sponsor several defined contribution retirement plans covering all qualified employees. AGI recognized expenses of \$813,868 for the year ended December 31, 2023 and \$774,838 for the year ended December 31, 2022 in connection with contributions made to the defined contribution retirement plans.

AGI's Canadian subsidiary also sponsors a defined benefit pension plan for certain employees. The plan includes 22 active members and 10 deferred vested members. The plan was fully funded as of December 31, 2023 and 2022.

17. Concentrations

Approximately 42% and 55% of revenues for the years ended December 31, 2023 and 2022 were attributable to three customers. Approximately 30% and 51% of net receivables at December 31, 2023 and 2022 were attributable to two and one customer, respectively.

18. Related Party Transactions

The Company has a management services agreement with JFL. Under terms of the agreement, they are to provide certain management, strategic, organizational, business, technical, and financial advisory services to the Company. In consideration of these services, the Company pays a quarterly fee of \$762,500 plus related expenses. Total fees and expenses incurred during 2023 and 2022 were \$3,329,385 and \$3,366,664, respectively, and are included in selling, general and administrative expenses in the accompanying consolidated statements of operations and comprehensive loss. There were \$1,724,500 of unpaid management fees at December 31, 2023.


On January 2, 2023, Trident loaned JFL \$7,000,000 included in other long-term assets in the accompanying consolidated balance sheet. The loan accrues interest at 3.85% and is due on each anniversary or paid in full on the ninth anniversary of the date of the note.

19. Commitments and Contingencies

The Company is subject to claims arising out of the Company's normal operations. In the opinion of management, the ultimate outcome of such issues will not have a material adverse effect on financial position or results of operations.

20. Subsequent Events

Management evaluated subsequent events and transactions for potential recognition or disclosure in the consolidated financial statements through April 30, 2024, the day the consolidated financial statements were approved and authorized for issue.

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