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CVR no. 20 22 26 70

**HKJ GROUP A/S**  
**MURERVEJ 4-6, 6710 ESBJERG V**  
**ANNUAL REPORT**  
**1 JANUARY - 31 DECEMBER 2022**

**The Annual Report has been presented and  
adopted at the Company's Annual General  
Meeting on 4 July 2023**

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**Roy Kjellerup**

**CVR NO. 27 96 75 74**

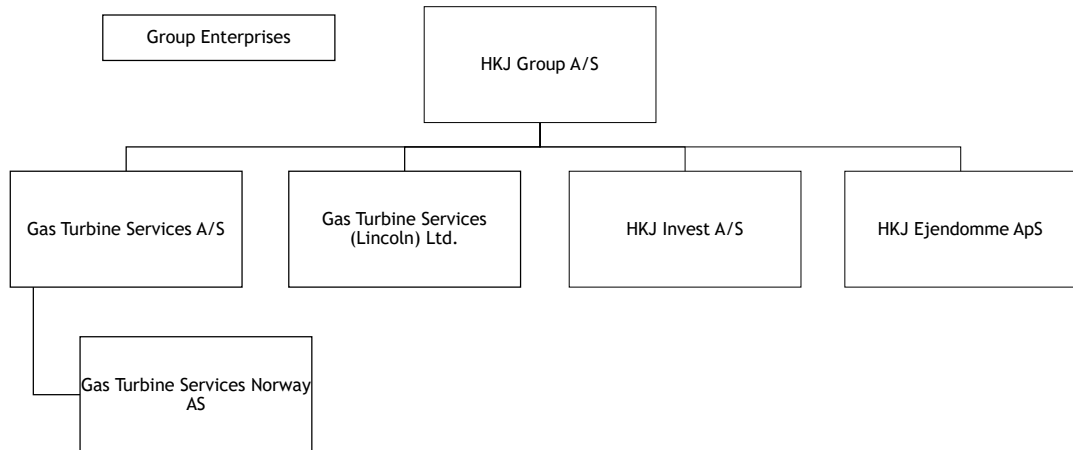
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**COMPANY DETAILS**

<b>Company</b>	HKJ Group A/S Murervej 4-6 6710 Esbjerg V
	CVR No.: 27 96 75 74 Established: 1 July 2006 Municipality: Esbjerg Financial Year: 1 January - 31 December
<b>Board of Directors</b>	Klaus Kisum Kjær, chairman Roy Kjellerup Robert John Dye Lawrence Jamieson Howie
<b>Executive Board</b>	Roy Kjellerup
<b>Auditor</b>	BDO Statsautoriseret revisionsaktieselskab John Tranums Vej 23, 1. sal 6705 Esbjerg Ø

## GROUP STRUCTURE



Amount of ownership interest, see note 8.

## MANAGEMENT'S STATEMENT

*Today the Board of Directors and Executive Board have discussed and approved the Annual Report of HKJ Group A/S for the financial year 1 January - 31 December 2022.*

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

*In our opinion the Consolidated Financial Statements and the Annual Financial Statements of the Company give a true and fair view of Group's and the Company's assets, liabilities and financial position at 31 December 2022 and of the results of Group's and the Company's operations and cash flows for the financial year 1 January - 31 December 2022.*

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

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

Esbjerg, 4 July 2023

Executive Board

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Roy Kjellerup

Board of Directors

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Klaus Kisum Kjær  
Chairman

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Roy Kjellerup

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Robert John Dye

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Lawrence Jamieson Howie

## INDEPENDENT AUDITOR'S REPORT

*To the Shareholders of HKJ Group A/S*

### **Opinion**

*We have audited the Consolidated Financial Statements and the Annual Financial Statements of the Company of HKJ Group A/S for the financial year 1 January - 31 December 2022, which comprise income statement, Balance Sheet, statement of changes in equity, notes and a summary of significant accounting policies for both the Group and the Parent Company, as well as consolidated statement of cash flows for the Group. The Consolidated Financial Statements and the Annual Financial Statements of the Company are prepared in accordance with the Danish Financial Statements Act.*

*In our opinion, the Consolidated Financial Statements and the Annual Financial Statements of the Company give a true and fair view of the assets, liabilities and financial position of the Group or the Company at 31 December 2022 and of the results of the Group and the Parent Company's operations as well as the consolidated cash flows of the Group for the financial year 1 January - 31 December 2022 in accordance with the Danish Financial Statements Act.*

### **Basis for Opinion**

*We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's Responsibilities for the Audit of the Consolidated Financial Statements and the Annual Financial Statements of the Company" section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), together with the ethical requirements that are relevant to our audit of the financial statements in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.*

### **Management's Responsibilities for the Consolidated Financial Statements and the Annual Financial Statements of the Company**

*Management is responsible for the preparation of Consolidated Financial Statements and the Annual Financial Statements of the Company that give a true and fair view in accordance with the Danish Financial Statements Act and for such Internal control as Management determines is necessary to enable the preparation of Consolidated Financial Statements and the Annual Financial Statements of the Company that are free from material misstatement, whether due to fraud or error.*

*In preparing the Consolidated Financial Statements and the Annual Financial Statements of the Company, Management is responsible for assessing the Group's and the Parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting in preparing the Consolidated Financial Statements and the Annual Financial Statements of the Company unless Management either intends to liquidate the Group or the Company or to cease operations, or has no realistic alternative but to do so.*

### **Auditor's Responsibilities for the Audit of the Consolidated Financial Statements and the Parent Company Financial Statements**

*Our objectives are to obtain reasonable assurance about whether the Consolidated Financial Statements and the Annual Financial Statements of the Company as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Consolidated Financial Statements and the Annual Financial Statements of the Company.*

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

## INDEPENDENT AUDITOR'S REPORT

- *Identify and assess the risks of material misstatement of the Consolidated Financial Statements and the Annual Financial Statements of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.*
- *Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Parent Company's internal control.*
- *Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.*
- *Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the Consolidated Financial Statements and the Annual Financial Statements of the Company and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Parent Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Consolidated Financial Statements and the Annual Financial Statements of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and the Parent Company to cease to continue as a going concern.*
- *Evaluate the overall presentation, structure and contents of the Consolidated Financial Statements and the Annual Financial Statements of the Company, including the disclosures, and whether the Consolidated Financial Statements and the Annual Financial Statements of the Company represent the underlying transactions and events in a manner that gives a true and fair view.*
- *Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the Consolidated Financial Statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.*

*We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.*

## INDEPENDENT AUDITOR'S REPORT

### **Statement on Management Commentary**

*Management is responsible for Management Commentary.*

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

*In connection with our audit of the Consolidated Financial Statements and the Annual Financial Statements of the Company, our responsibility is to read Management Commentary and, in doing so, consider whether Management Commentary is materially inconsistent with the Consolidated Financial Statements and the Annual Financial Statements of the Company or our knowledge obtained during the audit, or otherwise appears to be materially misstated.*

*Moreover, it is our responsibility to consider whether Management Commentary provides the information required under the Danish Financial Statements Act.*

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

Esbjerg, 4 July 2023

BDO Statsautoriseret revisionsaktieselskab  
CVR no. 20 22 26 70

Anders Noe  
State Authorised Public Accountant  
MNE no. mne41367



**FINANCIAL HIGHLIGHTS OF THE GROUP**

	2022	2021	2020	2019	2018
	DKK '000	DKK '000	DKK '000	DKK '000	DKK '000
<b>Income statement</b>					
Gross profit/loss.....	59,595	32,298	29,017	34,546	37,360
Operating profit/loss of main activities...	26,767	7,796	5,052	10,902	13,942
Financial income and expenses, net.....	-3,812	-3,630	186	-4,123	-3,701
Profit/loss for the year before tax.....	22,932	4,166	5,234	9,072	10,554
Profit/loss for the year.....	18,430	3,235	3,757	7,876	8,157
<b>Balance sheet</b>					
Total assets.....	261,187	229,572	223,327	180,578	174,643
Equity.....	96,178	77,248	73,503	69,793	62,005
<b>Cash flows</b>					
Investment in property, plant and equipment.....	-5,238	-15,760	-20,737	-12,290	-1,408
<b>Key ratios</b>					
Equity ratio.....	36.8	33.6	32.9	38.6	35.5
Return on equity.....	21.3	4.3	5.2	12.0	14.1

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

*Equity ratio:* 
$$\frac{\text{Equity (ex. minorities), at year end} \times 100}{\text{Total equity and liabilities, at year end}}$$

*Return on equity:* 
$$\frac{\text{Profit/loss after tax} \times 100}{\text{Average equity}}$$

## MANAGEMENT COMMENTARY

### **Principal activities**

*The parent Company's objective is to serve as a management company for the Group companies.*

*The company's activities provides focused maintenance support products and services for Gas Turbines and their associated auxiliary equipment for offshore and onshore installations, in both the CHP and Oil & Gas Industry.*

### **Recognition and measurement**

*The company's and the Group's business strategy is to react rapidly and with precision to provide flexible and tailored maintenance solutions. To support this strategy the Company maintains Strategic Parts stockholding at a significant volume / value, in addition to numerous fully overhauled tested Core engines and strategic components available for immediate delivery.*

*Stock levels are monitored and maintained to satisfy LTSA commitments, while ensuring sufficient additional stock to support the requirements of customers who prefer transactional / call-off maintenance support.*

*Stock value depreciation is calculated based on historical purchase prices and measured against management's market value estimates. This depreciation method is unchanged from previous years.*

### **Development in activities and financial and economic position**

*No changes were made to the company's areas of activity during the financial year.*

### **Profit/loss for the year compared to the expected development**

*Profit for the year is 18,430 T.DKK. against 3,235 T.DKK. last year.*

### **Significant events after the end of the financial year**

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

### **Financial risk**

*Purchases and Sales are limited to a few foreign currencies. Currency risk is minimized, where possible, by specific purchases and onward sales being transacted in the same currency.*

### **Intellectual capital resources**

*The core business involves providing high-quality specialized services. This element places additional demands on the intellectual capital resources concerning development and provision of the services.*

### **Staff**

*In order to continuously provide high-quality services, it is important that the Company is able to recruit and retain staff with specific technical knowledge. The Company's objective is for the entities to always have the highest level of technical knowledge, with a view to ensuring a high capacity for flexibility.*

### **Future expectations**

*The management anticipates profit for 2023 at the same level as 2022.*

### **QHSE Performance**

*The Company aim is to exceed our customer's expectations by continually improving on performance and quality, while ensuring our operations are executed at all times in compliance with our internal QHSE procedures and relevant legal and regulatory requirements.*

## INCOME STATEMENT 1 JANUARY - 31 DECEMBER

	Note	Group		Parent Company	
		2022 DKK '000	2021 DKK '000	2022 DKK '000	2021 DKK '000
<b>GROSS PROFIT</b> .....		<b>59,595</b>	<b>32,298</b>	<b>2,111</b>	<b>2,558</b>
Staff costs.....	1	-31,586	-23,306	-2,684	-2,446
Depreciation, amortisation and impairment losses.....		-1,242	-1,196	-125	-145
<b>OPERATING PROFIT</b> .....		<b>26,767</b>	<b>7,796</b>	<b>-698</b>	<b>-33</b>
Income from investments in subsidiaries and associates.....	2	-23	0	17,724	5,156
Other financial income.....	3	1,829	1,187	1,705	286
Other financial expenses.....	4	-5,641	-4,817	-807	-2,706
<b>PROFIT BEFORE TAX</b> .....		<b>22,932</b>	<b>4,166</b>	<b>17,924</b>	<b>2,703</b>
Tax on profit/loss for the year.....	5	-4,502	-931	506	532
<b>PROFIT FOR THE YEAR</b> .....	6	<b>18,430</b>	<b>3,235</b>	<b>18,430</b>	<b>3,235</b>

## BALANCE SHEET AT 31 DECEMBER

ASSETS	Note	Group		Parent Company	
		2022 DKK '000	2021 DKK '000	2022 DKK '000	2021 DKK '000
Land and buildings.....		34,715	34,219	0	0
Other plant, machinery tools and equipment.....		2,044	1,148	511	206
Tangible fixed assets in progress and prepayment.....		50,858	47,957	0	0
<b>Property, plant and equipment...</b>	<b>7</b>	<b>87,617</b>	<b>83,324</b>	<b>511</b>	<b>206</b>
Equity investments in group enterprises.....		0	0	113,063	94,816
Equity investments in associated enterprises.....		0	0	0	0
Rent deposit and other receivables.....		200	200	200	200
<b>Financial non-current assets.....</b>	<b>8</b>	<b>200</b>	<b>200</b>	<b>113,263</b>	<b>95,016</b>
<b>NON-CURRENT ASSETS.....</b>		<b>87,817</b>	<b>83,524</b>	<b>113,774</b>	<b>95,222</b>
Finished goods and goods for resale.....		81,289	88,280	0	0
Work in progress.....		62,415	39,561	0	0
<b>Inventories.....</b>		<b>143,704</b>	<b>127,841</b>	<b>0</b>	<b>0</b>
Trade receivables.....		26,220	13,972	0	0
Contract work in progress.....		223	754	0	0
Receivables from group enterprises.....		0	0	38,699	30,475
Receivables from associated enterprises.....		0	178	0	23
Deferred tax assets.....	9	0	0	17	33
Other receivables.....		1,289	1,369	46	69
Joint tax contribution receivable..		0	0	5,820	963
Prepayments and accrued income..	10	361	445	157	162
<b>Receivables.....</b>		<b>28,093</b>	<b>16,718</b>	<b>44,739</b>	<b>31,725</b>
<b>Cash and cash equivalents.....</b>		<b>1,573</b>	<b>1,489</b>	<b>0</b>	<b>0</b>
<b>CURRENT ASSETS.....</b>		<b>173,370</b>	<b>146,048</b>	<b>44,739</b>	<b>31,725</b>
<b>ASSETS.....</b>		<b>261,187</b>	<b>229,572</b>	<b>158,513</b>	<b>126,947</b>

## BALANCE SHEET AT 31 DECEMBER

EQUITY AND LIABILITIES	Note	Group		Parent Company	
		2022 DKK '000	2021 DKK '000	2022 DKK '000	2021 DKK '000
Share capital.....	11	5,000	5,000	5,000	5,000
Reserve for net revaluation according to equity value method.....		0	0	72,970	54,746
Retained earnings.....		91,178	72,248	18,208	17,502
<b>EQUITY.....</b>		<b>96,178</b>	<b>77,248</b>	<b>96,178</b>	<b>77,248</b>
Provision for deferred tax.....	12	881	1,536	0	0
Other provisions for liabilities.....		2,500	0	0	0
<b>PROVISIONS.....</b>		<b>3,381</b>	<b>1,536</b>	<b>0</b>	<b>0</b>
Mortgage debt.....		22,005	12,708	0	0
Other bank debt.....		11,461	25,170	0	0
Payables to group enterprises.....		18,344	19,874	18,344	19,874
Derived financial instruments.....	13	0	1,139	0	0
Other liabilities.....		7,700	7,864	6,854	7,035
<b>Non-current liabilities.....</b>	<b>14</b>	<b>59,510</b>	<b>66,755</b>	<b>25,198</b>	<b>26,909</b>
Bond loans.....		1,115	723	0	0
Mortgage debt.....		1,200	2,495	0	0
Bank debt.....		66,151	64,657	34	578
Prepayments received concerning work in progress.....		4,028	326	0	0
Prepayments received from customers.....		15,577	3,488	0	0
Trade payables.....		8,947	5,743	872	330
Debt to group enterprises.....		0	0	33,376	18,860
Corporation tax.....		1,353	30	1,531	209
Joint tax contribution payable.....		0	0	147	91
Derived financial instruments.....	13	0	220	0	0
Other liabilities.....		3,711	6,313	1,177	2,722
Accruals and deferred income.....	15	36	38	0	0
<b>Current liabilities.....</b>		<b>102,118</b>	<b>84,033</b>	<b>37,137</b>	<b>22,790</b>
<b>LIABILITIES.....</b>		<b>161,628</b>	<b>150,788</b>	<b>62,335</b>	<b>49,699</b>
<b>EQUITY AND LIABILITIES.....</b>		<b>261,187</b>	<b>229,572</b>	<b>158,513</b>	<b>126,947</b>
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## EQUITY

	Group			
	Share capital	Reserve for net revaluati- on according to equity va- lue method	Retained earnings	Total
Equity at 1 January 2022.....	5,000	0	72,248	77,248
Proposed profit allocation, note 6.....			18,430	18,430
<b>Other legal bindings</b>				
Foreign exchange adjustments.....			-196	-196
Tax on equity movements.....			-196	-196
Fairvalue adjustments.....			892	892
<b>Equity at 31 December 2022.....</b>	<b>5,000</b>	<b>0</b>	<b>91,178</b>	<b>96,178</b>

	Parent Company			
	Share capital	Reserve for net revaluati- on according to equity va- lue method	Retained earnings	Total
Equity at 1 January 2022.....	5,000	54,746	17,502	77,248
Proposed profit allocation, note 6.....		17,747	683	18,430
<b>Other legal bindings</b>				
Foreign exchange adjustments.....		-195		-195
Other adjustments to equity value.....		695		695
<b>Transfers</b>				
Allowed equalization.....		-23	23	0
<b>Equity at 31 December 2022.....</b>	<b>5,000</b>	<b>72,970</b>	<b>18,208</b>	<b>96,178</b>

**CASH FLOW STATEMENT 1 JANUARY - 31 DECEMBER**

	<b>Group</b>	
	<b>2022</b> DKK '000	<b>2021</b> DKK '000
Profit/loss for the year.....	18,430	3,235
Depreciation and amortisation, reversed.....	1,242	1,196
Reversed realization gains.....	-50	0
Profit/loss from subsidiaries.....	23	0
Tax on profit/loss, reversed.....	4,502	931
Corporation tax paid.....	-3,640	-1,498
Change in inventories.....	-15,863	-1,232
Change in receivables (ex tax).....	-11,377	-801
Change in other provisions.....	2,500	0
Change in current liabilities (ex bank, tax, instalments payable and overdraft facility).....	16,177	-3,500
<b>CASH FLOWS FROM OPERATING ACTIVITY.....</b>	<b>11,944</b>	<b>-1,669</b>
Purchase of property, plant and equipment.....	-5,238	-15,760
Sale of property, plant and equipment.....	30	0
<b>CASH FLOWS FROM INVESTING ACTIVITY.....</b>	<b>-5,208</b>	<b>-15,760</b>
Instalments on loans.....	-8,148	-231
Changes in bank debt.....	1,496	7,116
<b>CASH FLOWS FROM FINANCING ACTIVITY.....</b>	<b>-6,652</b>	<b>6,885</b>
<b>CHANGE IN CASH AND CASH EQUIVALENTS.....</b>	<b>84</b>	<b>-10,544</b>
Cash and cash equivalents at 1. januar.....	1,489	12,033
<b>CASH AND CASH EQUIVALENTS AT 31. DECEMBER.....</b>	<b>1,573</b>	<b>1,489</b>
Cash and cash equivalents at 31 December comprise:		
Cash and cash equivalents.....	1,573	1,489
<b>CASH AND CASH EQUIVALENTS.....</b>	<b>1,573</b>	<b>1,489</b>

## NOTES

Note

	<u>Group</u>		<u>Parent Company</u>		
	2022 DKK '000	2021 DKK '000	2022 DKK '000	2021 DKK '000	
<b>Staff costs</b>					<b>1</b>
Average number of employees	47	38	4	4	
Wages and salaries.....	29,638	21,707	2,425	2,197	
Pensions.....	1,208	1,098	230	216	
Social security costs.....	225	189	29	31	
Other staff costs.....	515	312	0	2	
	<b>31,586</b>	<b>23,306</b>	<b>2,684</b>	<b>2,446</b>	

Information on management remuneration has been omitted in accordance with the exemption provision in section 98b of the Danish Financial Statements Act. 3 No. 2.

	<u>Group</u>		<u>Parent Company</u>		
	2022 DKK '000	2021 DKK '000	2022 DKK '000	2021 DKK '000	
<b>Income from investments in subsidiaries and associates</b>					<b>2</b>
Income from investments in subsidiaries.....	-23	0	17,724	5,156	
	<b>-23</b>	<b>0</b>	<b>17,724</b>	<b>5,156</b>	
<b>Other financial income</b>					<b>3</b>
Group enterprises.....	0	0	248	286	
Other interest income.....	1,829	1,187	1,457	0	
	<b>1,829</b>	<b>1,187</b>	<b>1,705</b>	<b>286</b>	
<b>Other financial expenses</b>					<b>4</b>
Group enterprises.....	773	788	773	787	
Other interest expenses.....	4,868	4,029	34	1,919	
	<b>5,641</b>	<b>4,817</b>	<b>807</b>	<b>2,706</b>	
<b>Tax on profit/loss for the year</b>					<b>5</b>
Calculated tax on taxable income of the year.....	5,708	374	28	-528	
Adjustment of tax in previous years.....	-550	0	-550	0	
Adjustment of deferred tax.....	-656	557	16	-4	
	<b>4,502</b>	<b>931</b>	<b>-506</b>	<b>-532</b>	



## NOTES

	Group		Parent Company		Note
	2022 DKK '000	2021 DKK '000	2022 DKK '000	2021 DKK '000	
<b>Proposed distribution of profit</b>					<b>6</b>
Allocation to reserve for net revaluation according to equity value method.....	0	0	17,747	5,156	
Retained earnings.....	18,430	3,235	683	-1,921	
	<b>18,430</b>	<b>3,235</b>	<b>18,430</b>	<b>3,235</b>	
 <b>Property, plant and equipment</b>					<b>7</b>
	Group				
	Land and buildings	Other plant, machinery tools and equipment	Tangible fixed assets in progress and prepayment		
Cost at 1 January 2022.....	41,255	10,737	47,957		
Additions.....	1,188	1,149	2,901		
Disposals.....	0	-236	0		
<b>Cost at 31 December 2022.....</b>	<b>42,443</b>	<b>11,650</b>	<b>50,858</b>		
Depreciation and impairment losses at 1 January 2022.....	7,036	9,312			
Reversal of depreciation of assets disposed of..	0	-256			
Depreciation for the year.....	692	550			
<b>Depreciation and impairment losses at 31 December 2022.....</b>	<b>7,728</b>	<b>9,606</b>			
<b>Carrying amount at 31 December 2022.....</b>	<b>34,715</b>	<b>2,044</b>	<b>50,858</b>		
			Parent Company		
			Other plant, machinery tools and equipment		
Cost at 1 January 2022.....			2,132		
Additions.....			430		
<b>Cost at 31 December 2022.....</b>			<b>2,562</b>		
Depreciation and impairment losses at 1 January 2022.....			1,926		
Depreciation for the year.....			125		
<b>Depreciation and impairment losses at 31 December 2022.....</b>			<b>2,051</b>		
<b>Carrying amount at 31 December 2022.....</b>			<b>511</b>		

## NOTES

Note

## Financial non-current assets

8

	Group		
	Equity investments in group enterprises	Equity investments in associated enterprises	Rent deposit and other receivables
Cost at 1 January 2022.....	0	4	200
Disposals.....	0	-4	0
<b>Cost at 31 December 2022.....</b>	<b>0</b>	<b>0</b>	<b>200</b>
Impairment losses and amortisation of goodwill at 1 January 2022.....	0	4	0
Change of policy.....	0	-4	0
<b>Impairment losses and amortisation of goodwill at 31 December 2022.....</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Carrying amount at 31 December 2022.....</b>	<b>0</b>	<b>0</b>	<b>200</b>

	Parent Company	
	Equity investments in group enterprises	Rent deposit and other receivables
Cost at 1 January 2022.....	41,868	200
<b>Cost at 31 December 2022.....</b>	<b>41,868</b>	<b>200</b>
Revaluation at 1 January 2022.....	52,948	0
Exchange adjustment.....	-195	0
Profit/loss for the year.....	17,747	0
Other adjustments.....	695	0
<b>Revaluation at 31 December 2022.....</b>	<b>71,195</b>	<b>0</b>
<b>Carrying amount at 31 December 2022.....</b>	<b>113,063</b>	<b>200</b>

## Investments in subsidiaries (DKK '000)

Name and domicil	Equity	Profit/loss for the year	Ownership
Gas Turbine Services A/S, Esbjerg.....	103,957,193	17,271,742	100 %
HKJ Invest A/S, Esbjerg.....	1,301,533	-22,640	100 %
HKJ Ejendomme ApS, Esbjerg.....	4,234,232	-60,944	100 %
Gas Turbine Services (Lincoln) Ltd., United Kingdom.....	3,569,542	558,635	100 %
Gas Turbine Services Norway AS, Norway.....	450,158	6,743	100 %

## NOTES

	Note
<b>Fixed asset investments (continued)</b>	<b>8</b>
<b>Investments in associates</b>	

Name and domicil	Ownership
GTS ICE Limited, United Kingdom (closed in 2022).....	0 %

<b>Deferred tax assets</b>	<b>9</b>
Provision for deferred tax comprises deferred tax on contract work in progress, inventory and intangible and tangible fixed assets.	

	Group		Parent Company	
	2022 DKK '000	2021 DKK '000	2022 DKK '000	2021 DKK '000
Deferred tax, beginning of year.....	0	0	33	29
Deferred tax of the year, income statement.....	0	0	-16	4
<b>Deferred tax assets 31 December 2022.....</b>	<b>0</b>	<b>0</b>	<b>17</b>	<b>33</b>

The Company's deferred tax assets are recognised in the Balance Sheet at 17 T.DKK. The tax asset is recognised on the basis of the expectations for tax profits for the next year, and the tax losses are then expected to be fully utilised. The assessments are based on the Company's budget for the next year. The budget have been prepared according to the Company's usual budget procedure.

<b>Prepayments and accrued income</b>	<b>10</b>
Prepayments and accrued income comprise prepaid costs, primarily insurances and membership fees, relating to the next financial year.	

	2022 DKK '000	2021 DKK '000	
<b>Share capital</b>			<b>11</b>
Allocation of share capital:			
A-shares, 1 unit in the denomination of 5,000,000 DKK.....	5,000	5,000	
	<b>5,000</b>	<b>5,000</b>	

## NOTES

Note

**Provision for deferred tax**

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

	<b>Group</b>		<b>Parent Company</b>	
	<b>2022</b> DKK '000	<b>2021</b> DKK '000	<b>2022</b> DKK '000	<b>2021</b> DKK '000
Deferred tax, beginning of year.....	1,536	979	0	0
Deferred tax of the year, income statement.....	-655	557	0	0
<b>Provision for deferred tax 31 December 2022.....</b>	<b>881</b>	<b>1,536</b>	<b>0</b>	<b>0</b>

**Derivative financial instruments**

13

In the current financial year, the company has paid off the interest rate swap that was entered into accounting assurance of the future cash flows on the long-term priority debt.

**Long-term liabilities**

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	<b>Group</b>			
	<b>31/12 2022</b> total liabilities	<b>Repayment</b> next year	<b>Debt</b> outstanding after 5 years	<b>31/12 2021</b> total liabilities
Mortgage debt.....	23,120	1,115	18,108	13,431
Other bank debt.....	12,661	1,200	6,402	27,665
Payables to group enterprises.....	18,344	0	18,344	19,874
Derived financial instruments.....	0	0	0	1,359
Other liabilities.....	7,700	0	7,700	7,864
	<b>61,825</b>	<b>2,315</b>	<b>50,554</b>	<b>70,193</b>

	<b>Parent Company</b>			
	<b>31/12 2022</b> total liabilities	<b>Repayment</b> next year	<b>Debt</b> outstanding after 5 years	<b>31/12 2021</b> total liabilities
Payables to group enterprises.....	18,344	0	18,344	19,874
Other liabilities.....	6,854	0	7,035	7,035
	<b>25,198</b>	<b>0</b>	<b>25,379</b>	<b>26,909</b>

**Accruals and deferred income**

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Accruals and deferred income consists prepaid income which relates to the financial year 2022.

**NOTES****Note****Contingencies etc.****16****Contingent liabilities**

The Group's bank have issued payment guarantee to third party for a total amount of 225,400 GBP.

Mortgage debt is secured upon the properties. The carrying amount of mortgaged properties is 34,715 T.DKK. To secure bank loans, a mortgage deed registered to the mortgagor for 5,250 T.DKK. has been deposited for properties.

The Group has entered into lease obligations and finance leases. The total contingent liabilities relating to these are 2,869 T.DKK.

The Group has provided unlimited security for associated companies debts to banks. The Groups bank loans are total 66,151 T.DKK.

**Joint liabilities**

The Danish companies of the group is jointly and severally liable for tax on the group's jointly taxed income and for certain possible withholding taxes such as dividend tax and royalty tax, and for the joint registration of VAT.

Tax payable of the group's jointly taxed income amounts to DKK ('000) 1,531 at the balance sheet date.

**Charges and securities****17**

As collateral for bank debt of 63,168 T.DKK., the company has pledged a nominal value of 55,000 T.DKK. The company mortgage comprises the following assets, whose carrying amount at the balance sheet date is:

Other plant, fixtures and equipment	889 T.DKK
Inventories	143,339 T.DKK
Trade receivables	23,359 T.DKK
Contract work in progress	223 T.DKK

**Related parties****18**

The Company's related parties include:

**Controlling interest**

European Support Services (UK) Ltd., United Kingdom, is the principal shareholder.

**Transactions with related parties**

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

**NOTES****Note****Information on recognition and measurement****19**

The company's and the Group's business strategy is to be able to offer fast and flexible deliveries, which is why the company has built up a strategic inventory that is of considerable value.

Significant write-downs have been made in relation to the company's historical purchase prices based on management's estimates. The write-down methods used are unchanged from previous years.

## ACCOUNTING POLICIES

*The Annual Report of HKJ Group A/S for 2022 has been presented in accordance with the provisions of the Danish Financial Statements Act for enterprises in reporting class C, medium-size enterprises.*

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

### **Consolidated Financial Statements**

*The consolidated financial statements include the parent company HKJ Group A/S and its subsidiaries in which HKJ Group A/S directly or indirectly holds more than 50% of the voting rights or in any other way has a controlling influence. Enterprises in which the group holds between 20% and 50% of the voting rights and exercises significant, but not controlling influence, are considered associates, see the group structure.*

*The consolidated financial statements consolidate the financial statements of the parent company and the subsidiaries by combining uniform accounts items. Intercompany income and expenses, shareholdings, internal balances and dividend, and realised and unrealised gains and losses arising from transactions between the consolidated enterprises are fully eliminated in the consolidation.*

*New acquired or established enterprises are recognised in the consolidated financial statements from the time of acquisition. Sold or wound up enterprises are recognised in the consolidated income statement up to the time of disposal. Comparative figures are not adjusted for new acquired, sold or wound up enterprises.*

*The date of acquisition is the date at which the Group gains actual control over the acquired business.*

*Acquired enterprises are recognised in the consolidated financial statements under the acquisition method, reassessing all identified assets and liabilities to fair value at the acquisition date. The fair value is calculated based on acquisitions made in an active market, alternatively calculated using generally accepted valuation methods. Deferred tax on the acquired reassessments is recognised with the exception of goodwill.*

*Transaction costs, incurred in connection with acquisition of businesses, are recognised in the income statement in the year when costs are incurred.*

*Investments in subsidiary enterprises are set off by the proportional share of the subsidiaries' market value of net assets and liabilities at the acquisition date.*

*Investments in associates are measured in the balance sheet at the proportional share of the value of the enterprises, calculated under the accounting policies of the parent company and eliminating proportionally any unrealised intercompany gains and losses. The proportional share of the results of the associates is recognised in the income statement after elimination of the proportional share of internal gains and losses.*

## ACCOUNTING POLICIES

### INCOME STATEMENT

#### **Net revenue**

Net revenue from sale of merchandise and finished goods is recognised in the income statement if supply and risk transfer to purchaser has taken place before the end of the year and if the income can be measured reliably and is expected to be received. Net revenue is recognised exclusive of VAT, duties and less discounts related to the sale.

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

Revenue is summarized with costs in accordance with section 32 of the Danishe Statements Act.

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

#### **Other operating income**

Other operating income includes items of a secondary nature in relation to the Group's and the Company's activities, including profit from sale of intangible and tangible fixed assets. In addition, profit from sale of intangible and tangible fixed assets as well as business interruption and conflict compensations are included. Compensations are recognised when the income is deemed to be realisable.

#### **Cost of sales**

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

#### **Other external expenses**

Other external expenses include cost of sales, advertising, administration, buildings, bad debts, operating lease expenses, etc.

#### **Staff costs**

Staff costs comprise wages and salaries, including holiday pay and pensions and other costs for social security etc. for the company's employees. Repayments from public authorities are deducted from staff costs.

#### **Income from investments in subsidiaries and associates**

The income statement of the parent company recognises the proportional share of the results of each subsidiary after full elimination of intercompany profits/losses and deduction of amortisation of goodwill.

In connection with transfers, potential profits are recognised when the economic rights related to the sold equity interests are transferred, however, at the earliest when the profit has been realised or is regarded as realisable. Moreover, realised losses other than impairments are included where identified.

#### **Financial income and expenses**

Financial income and expenses include interest income and expenses, financial expenses of finance leases, realised and unrealised gains and losses arising from investments in financial assets, debt and transactions in foreign currencies, amortisation of financial assets and liabilities as well as charges and allowances under the tax-on-account scheme etc. Financial income and expenses are recognised in the income statement by the amounts that relate to the financial year.



**ACCOUNTING POLICIES**

**Tax**

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

**BALANCE SHEET**

**Tangible fixed assets**

Land and buildings, production plant and machinery, other plant, fixtures and equipment are measured at cost less accumulated depreciation and impairment losses. Land is not depreciated.

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

The cost includes the acquisition price and costs incurred directly in connection with the acquisition until the time when the asset is ready to be used. As regards self-manufactured assets, the cost price includes cost of materials, components, subcontractors, direct payroll and indirect production costs.

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

	Useful life	Residual value
Buildings.....	50 years	0-10 %
Other plant, fixtures and equipment.....	3-15 years	0 %
Leasehold improvements.....	3-5 years	0 %

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

**Financial non-current assets**

Investments in subsidiaries are measured in the company's balance sheet under the equity method.

Investments in subsidiaries are measured in the balance sheet at the proportional share of the enterprises' carrying equity value, calculated in accordance with the parent company's accounting policies with deduction or addition of unrealised intercompany profits or losses and with addition or deduction of the residual value of positive or negative goodwill

**Impairment of fixed assets**

The carrying amount of tangible assets together with fixed assets, which are not measured at fair value, are valued on an annual basis for indications of impairment other than that reflected by amortisation and depreciation.

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

The recoverable amount is calculated at the higher of net selling price and capital value. The capital value is determined as the fair value of the expected net cash flows from the use of the asset or group of assets and the expected net cash flows from sale of the asset or group of assets after the end of its useful life.

## ACCOUNTING POLICIES

### **Inventories**

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

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

*The cost of finished goods and work in progress includes cost of raw materials, consumables, direct payroll cost and indirect production cost. Indirect production costs include indirect materials and payroll and maintenance and depreciation of the machines, factory buildings and equipment used in the production process, cost of factory administration and management and capitalised development costs relating to the products.*

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

### **Receivables**

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

### **Contract work in progress**

*Work in progress on contract is measured at the sales value of the work performed. The sales value is measured on the basis of the degree of completion on the balance sheet date and the total anticipated revenue related to the specific piece of work in progress.*

*The specific piece of work in progress is recognised in the Balance Sheet as receivables or payables, depending on the net value of the selling price less progress invoicing and progress payments.*

*Costs relating to sales work and obtaining of contracts are recognised in the Income Statement as and when they are incurred.*

### **Accruals, assets**

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

### **Other provisions for liabilities**

*Other provisions for liabilities include the expected cost of warranty commitments, loss on work in progress, restructuring etc. and deferred tax.*

## ACCOUNTING POLICIES

### **Tax payable and deferred tax**

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

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

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

*Deferred tax assets, including the tax value of tax loss carry-forwards, are measured at the expected realisable value of the asset, either by set-off against tax on future earnings or by set-off against deferred tax liabilities within the same legal tax entity.*

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

### **Liabilities**

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

*Amortised cost for short-term liabilities usually corresponds to the nominal value.*

### **Accruals, liabilities**

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

### **Derivative financial instruments**

*Derivative financial instruments are initially recognised in the Balance Sheet at cost and subsequently measured at fair value. Positive and negative fair values of derivative financial instruments are recognised under receivables and payables, respectively.*

*Change in fair value of derivative financial instruments classified as and complying with the criteria for hedging of the fair value of a recognised asset or a recognised liability is recognised in the Income Statement together with possible changes in the fair value of the hedged asset or the hedged liability.*

*Change in fair value of derivative financial instruments classified as and complying with the criteria for hedging of future cash flows is recognised under receivables or payables and under equity. If the future transaction results in recognition of assets or liabilities, all amounts recognised under equity are transferred from equity and recognised under the initial cost of the asset or liability, respectively. If the future transaction results in income or expenses amounts recognised under equity are transferred to the Income Statement for the period where the Income Statement was affected by the hedged amount.*

*As regards possible derivative financial instruments, which do not comply with the criteria for classification as hedging instruments, any changes in fair value are recognised on a current basis in the Income Statement.*

## ACCOUNTING POLICIES

### ***Foreign currency translation***

*Transactions in foreign currencies are translated at the rate of exchange on the transaction date. Exchange differences arising between the rate on the transaction date and the rate on the payment date are recognised in the income statement as a financial income or expense.*

*Receivables, payables and other monetary items in foreign currencies that are not settled on the balance sheet date are translated at the exchange rate on the balance sheet date. The difference between the exchange rate on the balance sheet date and the exchange rate at the time of occurrence of the receivables or payables is recognised in the income statement as financial income or expenses.*

*Fixed assets acquired in foreign currencies are translated at the rate of exchange on the transaction date.*

## ACCOUNTING POLICIES

### CASH FLOW STATEMENT

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

*The cash flow statement shows the company's cash flows for the year for operating activities, investing activities and financing activities in the year, the change in cash and cash equivalents of the year and cash and cash equivalents at beginning and end of the year.*

*Cash flows from operating activities:*

*Cash flows from operating activities are computed as the results for the year adjusted for non-cash operating items, changes in net working capital and corporation tax paid.*

*Cash flows from investing activities:*

*Cash flows from investing activities include payments in connection with purchase and sale of intangible and tangible fixed asset and fixed asset investments.*

*Cash flows from financing activities:*

*Cash flows from financing activities include changes in the size or composition of share capital and related costs, and borrowings and repayment of interest-bearing debt and payment of dividend to shareholders.*

*Cash and cash equivalents:*

*Cash and cash equivalents include bank overdraft and cash in hand.*