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HKJ GROUP A/S
MURERVEJ 4-6, 6710 ESBJERG V
ANNUAL REPORT
1 JANUARY - 31 DECEMBER 2023

**The Annual Report has been presented and
adopted at the Company's Annual General
Meeting on 22 April 2024**

Roy Kjellerup

CVR NO. 27 96 75 74

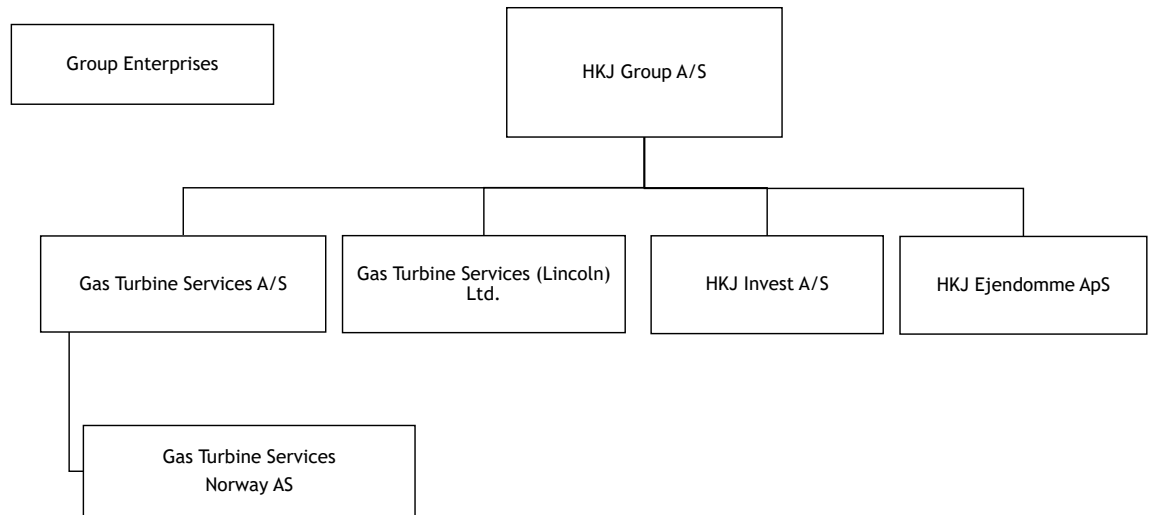
CONTENTS

	Page
Company Details	
Company Details.....	3
Group Structure.....	4
Statement and Report	
Management's Statement.....	5
Independent Auditor's Report.....	6-8
Management Commentary	
Financial Highlights of the Group.....	9
Management Commentary.....	10-11
Consolidated and Parent Company Financial Statements 1 January - 31 December	
Income Statement.....	12
Balance Sheet.....	13-14
Equity.....	15
Cash Flow Statement.....	16
Notes.....	17-23
Accounting Policies.....	24-29

COMPANY DETAILS

Company	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
Board of Directors	Klaus Kisum Kjær, chairman Roy Kjellerup Robert John Dye Lawrence Jamieson Howie
Executive Board	Roy Kjellerup
Auditor	BDO Statsautoriseret revisionsaktieselskab Dokken 8 6700 Esbjerg

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 2023.

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 2023 and of the results of Group's and the Company's operations and cash flows for the financial year 1 January - 31 December 2023.

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, 22 April 2024

Executive Board

Roy Kjellerup

Board of Directors

Klaus Kisum Kjær
Chairman

Roy Kjellerup

Robert John Dye

Lawrence Jamieson Howie

INDEPENDENT AUDITOR'S REPORT

To the Shareholder 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 2023, 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 2023 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 2023 in accordance with the Danish Financial Statements Act.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's Responsibilities for the Audit of the 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.

INDEPENDENT AUDITOR'S REPORT

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:

- 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, 22 April 2024

BDO Statsautoriseret revisionsaktieselskab
CVR no. 20 22 26 70

Anders Noe
State Authorised Public Accountant
MNE no. mne41367

FINANCIAL HIGHLIGHTS OF THE GROUP

	2023	2022	2021	2020	2019
	DKK '000	DKK '000	DKK '000	DKK '000	DKK '000
Income statement					
Gross profit/loss.....	72,677	59,080	32,298	29,017	34,546
Operating profit/loss of main activities...	33,845	26,767	7,796	5,052	10,902
Financial income and expenses, net.....	-8,727	-3,812	-3,630	186	-4,123
Profit/loss for the year before tax.....	25,118	22,932	4,166	5,234	9,072
Profit/loss for the year.....	19,493	18,430	3,235	3,757	7,876
Balance sheet					
Total assets.....	292,426	261,187	229,572	223,327	180,578
Equity.....	115,725	96,178	77,248	73,503	69,793
Cash flows					
Investment in property, plant and equipment.....	-22,775	-5,238	-15,760	-20,737	-12,290
Key ratios					
Equity ratio.....	39.6	36.8	33.6	32.9	38.6
Return on equity.....	18.4	21.3	4.3	5.2	12.0

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

Profit for the year is 19,493 T.DKK. against 18,430 T.DKK. last year.

Profit/loss for the year compared to the expected development

The management expected a result for 2023 at the level of 2022. The result for 2023 ended up being 1,063 T.DKK better than expected.

Significant events after the end of the financial year

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

Financial risk

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.

Environmental situation

The Company aims to protect and improve the environment through efficient management to minimize waste and pollution, with a specific focus on maintaining the efficiency and extending the life of gas turbines worldwide, including the reuse/repair of internal major capital parts when carrying out gas turbine overhauls.

The Company also provide customers with recommendations to improve/reduce their impact on the environment by introducing them to the latest product improvements and upgrades to increase operational efficiency and lower fuel consumption, reducing their carbon footprint.

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.

MANAGEMENT COMMENTARY

Future expectations

The management anticipates profit for 2024 between 19 - 23 mio. DKK.

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	
		2023 DKK '000	2022 DKK '000	2023 DKK '000	2022 DKK '000
GROSS PROFIT		72,677	59,080	2,234	2,111
Staff costs.....	1	-34,863	-31,071	-3,430	-2,684
Depreciation, amortisation and impairment losses.....		-3,969	-1,242	-147	-125
OPERATING PROFIT		33,845	26,767	-1,343	-698
Income from investments in subsidiaries and associates.....	2	0	-23	21,836	17,724
Other financial income.....	3	38	1,829	1,194	1,705
Other financial expenses.....	4	-8,765	-5,641	-2,834	-807
PROFIT BEFORE TAX		25,118	22,932	18,853	17,924
Tax on profit/loss for the year.....	5	-5,625	-4,502	640	506
PROFIT FOR THE YEAR	6	19,493	18,430	19,493	18,430

BALANCE SHEET AT 31 DECEMBER

ASSETS	Note	Group		Parent Company	
		2023 DKK '000	2022 DKK '000	2023 DKK '000	2022 DKK '000
Land and buildings.....		70,591	34,715	0	0
Other plant, machinery tools and equipment.....		35,898	2,044	364	511
Tangible fixed assets in progress and prepayment.....		0	50,858	0	0
Property, plant and equipment...	7	106,489	87,617	364	511
Equity investments in group enterprises.....		0	0	134,953	113,063
Rent deposit and other receivables.....		200	200	200	200
Financial non-current assets.....	8	200	200	135,153	113,263
NON-CURRENT ASSETS.....		106,689	87,817	135,517	113,774
Finished goods and goods for resale.....		93,464	81,289	0	0
Work in progress.....		51,713	62,415	0	0
Inventories.....		145,177	143,704	0	0
Trade receivables.....		31,705	26,220	0	0
Contract work in progress.....	9	1,264	223	0	0
Receivables from group enterprises.....		1,350	0	40,837	38,699
Deferred tax assets.....	10	102	0	12	17
Other receivables.....		103	1,289	91	46
Joint tax contribution receivable..		0	0	7,122	5,820
Prepayments and accrued income..	11	333	361	171	157
Receivables.....		34,857	28,093	48,233	44,739
Cash and cash equivalents.....		5,703	1,573	0	0
CURRENT ASSETS.....		185,737	173,370	48,233	44,739
ASSETS.....		292,426	261,187	183,750	158,513

BALANCE SHEET AT 31 DECEMBER

EQUITY AND LIABILITIES	Note	Group		Parent Company	
		2023 DKK '000	2022 DKK '000	2023 DKK '000	2022 DKK '000
Share Capital.....	12	5,000	5,000	5,000	5,000
Reserve for net revaluation according to equity value method.....		0	0	94,860	72,970
Retained earnings.....		110,725	91,178	15,865	18,208
EQUITY.....		115,725	96,178	115,725	96,178
Provision for deferred tax.....	13	0	881	0	0
Other provisions for liabilities.....		0	2,500	0	0
PROVISIONS.....		0	3,381	0	0
Mortgage debt.....		23,258	22,005	0	0
Other bank debt.....		11,051	11,461	0	0
Payables to group enterprises.....		7,233	18,344	7,233	18,344
Other liabilities.....		4,131	7,971	3,317	7,125
Non-current liabilities.....	14	45,673	59,781	10,550	25,469
Bond loans.....		713	1,115	0	0
Bank debt.....		88,158	66,151	435	34
Mortgage debt.....		410	1,200	0	0
Prepayments received concerning work in progress.....		17,225	4,028	0	0
Prepayments received from customers.....		6,054	15,577	0	0
Trade payables.....		12,778	8,947	511	872
Debt to group enterprises.....		0	0	52,943	33,376
Corporation tax.....		1,586	1,353	1,586	1,531
Joint tax contribution payable.....		0	0	948	147
Other liabilities.....		4,068	3,440	1,052	906
Accruals and deferred income.....	15	36	36	0	0
Current liabilities.....		131,028	101,847	57,475	36,866
LIABILITIES.....		176,701	161,628	68,025	62,335
EQUITY AND LIABILITIES.....		292,426	261,187	183,750	158,513
Contingencies etc.	16				
Charges and securities	17				
Related parties	18				
Information on recognition and measurement	19				

EQUITY

	Group		
	Share capital	Retained earnings	Total
Equity at 1 January 2023.....	5,000	91,178	96,178
Proposed profit allocation, note 6.....		19,493	19,493
Other legal bindings			
Foreign exchange adjustments.....		54	54
Equity at 31 December 2023.....	5,000	110,725	115,725

	Parent Company			
	Share capital	Reserve for net revaluation according to equity value method	Retained earnings	Total
Equity at 1 January 2023.....	5,000	72,970	18,208	96,178
Proposed profit allocation, note 6.....		21,836	-2,343	19,493
Other legal bindings				
Foreign exchange adjustments.....		54		54
Equity at 31 December 2023.....	5,000	94,860	15,865	115,725

CASH FLOW STATEMENT 1 JANUARY - 31 DECEMBER

	Group	
	2023 DKK '000	2022 DKK '000
Profit/loss for the year.....	19,493	18,430
Depreciation and amortisation, reversed.....	3,969	1,242
Reversed realization gains.....	-44	-50
Profit/loss from subsidiaries.....	0	23
Tax on profit/loss, reversed.....	5,625	4,502
Corporation tax paid.....	-6,387	-3,640
Change in inventories.....	-1,466	-15,863
Change in receivables (ex tax).....	-6,659	-11,377
Change in other provisions.....	-2,500	2,500
Change in current liabilities (ex bank, tax, instalments payable and overdraft facility).....	8,030	16,177
CASH FLOWS FROM OPERATING ACTIVITY.....	20,061	11,944
Purchase of property, plant and equipment.....	-22,775	-5,238
Sale of property, plant and equipment.....	44	30
CASH FLOWS FROM INVESTING ACTIVITY.....	-22,731	-5,208
Instalments on loans.....	-15,207	-8,148
Changes in bank debt.....	22,007	1,496
CASH FLOWS FROM FINANCING ACTIVITY.....	6,800	-6,652
CHANGE IN CASH AND CASH EQUIVALENTS.....	4,130	84
Cash and cash equivalents at 1. januar.....	1,573	1,489
CASH AND CASH EQUIVALENTS AT 31. DECEMBER.....	5,703	1,573
Cash and cash equivalents at 31 December comprise:		
Cash and cash equivalents.....	5,703	1,573
CASH AND CASH EQUIVALENTS.....	5,703	1,573

NOTES

Note

	<u>Group</u>		<u>Parent Company</u>		
	2023 DKK '000	2022 DKK '000	2023 DKK '000	2022 DKK '000	
Staff costs					1
Average number of full time employees	50	47	4	4	
Wages and salaries.....	33,229	29,638	3,144	2,425	
Pensions.....	1,383	1,208	256	230	
Social security costs.....	251	225	30	29	
	34,863	31,071	3,430	2,684	

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>		
	2023 DKK '000	2022 DKK '000	2023 DKK '000	2022 DKK '000	
Income from investments in subsidiaries and associates					2
Income from investments in subsidiaries.....	0	-23	21,836	17,724	
	0	-23	21,836	17,724	
Other financial income					3
Group enterprises.....	0	0	1,194	248	
Other interest income.....	38	1,829	0	1,457	
	38	1,829	1,194	1,705	
Other financial expenses					4
Group enterprises.....	533	773	1,861	773	
Other interest expenses.....	8,232	4,868	973	34	
	8,765	5,641	2,834	807	
Tax on profit/loss for the year					5
Calculated tax on taxable income of the year.....	6,677	5,708	-644	28	
Adjustment of tax in previous years..	-69	-550	0	-550	
Adjustment of deferred tax.....	-983	-656	4	16	
	5,625	4,502	-640	-506	

NOTES

	Group		Parent Company		Note
	2023 DKK '000	2022 DKK '000	2023 DKK '000	2022 DKK '000	
Proposed distribution of profit					6
Allocation to reserve for net revaluation according to equity value method.....	0	0	21,836	17,747	
Retained earnings.....	19,493	18,430	-2,343	683	
	19,493	18,430	19,493	18,430	

Property, plant and equipment

	Group			Parent Company
	Land and buildings	Other plant, machinery tools and equipment	Tangible fixed assets in progress and prepayment	
Cost at 1 January 2023.....	42,443	11,650	50,859	
Transferred.....	0	0	-50,859	
Additions.....	37,138	36,496	0	
Disposals.....	0	-683	0	
Cost at 31 December 2023.....	79,581	47,463	0	
Depreciation and impairment losses at 1 January 2023.....	7,728	9,541		
Reversal of depreciation of assets disposed of..	0	-683		
Depreciation for the year.....	1,262	2,707		
Depreciation and impairment losses at 31 December 2023.....	8,990	11,565		
Carrying amount at 31 December 2023.....	70,591	35,898	0	
			Other plant, machinery tools and equipment	
Cost at 1 January 2023.....			2,562	
Disposals.....			-607	
Cost at 31 December 2023.....			1,955	
Depreciation and impairment losses at 1 January 2023.....			2,051	
Reversal of depreciation of assets disposed of.....			-607	
Depreciation for the year.....			147	
Depreciation and impairment losses at 31 December 2023.....			1,591	
Carrying amount at 31 December 2023.....			364	

NOTES

	<u>Group</u>		Note
	Rent deposit and other receivables		
Financial non-current assets			8
Cost at 1 January 2023.....		200	
Cost at 31 December 2023.....		200	
Carrying amount at 31 December 2023.....		200	
	<u>Parent Company</u>		
	Equity	Rent deposit and	
	investments in	other receivables	
	group enterprises		
Cost at 1 January 2023.....	41,868	200	
Cost at 31 December 2023.....	41,868	200	
Revaluation at 1 January 2023.....	71,195	0	
Exchange adjustment.....	54	0	
Profit/loss for the year.....	21,836	0	
Revaluation at 31 December 2023.....	93,085	0	
Carrying amount at 31 December 2023.....	134,953	200	
Investments in subsidiaries (DKK '000)			
Name and domicil	Equity	Profit/loss for the year	Ownership
Gas Turbine Services A/S, Esbjerg.....	122,902	19,395	100 %
HKJ Invest A/S, Esbjerg.....	1,395	94	100 %
HKJ Ejendomme ApS, Esbjerg.....	4,453	219	100 %
Gas Turbine Services (Lincoln) Ltd., United Kingdom.....	5,777	2,125	100 %
Gas Turbine Services Norway AS, Norway.....	426	4	100 %

NOTES

	Group		Parent Company		Note
	2023 DKK '000	2022 DKK '000	2023 DKK '000	2022 DKK '000	
Contract work in progress					9
Sales value of completed work.....	1,264	223	0	0	
Contract work in progress, net.....	1,264	223	0	0	
Recognised as follows					
Contract work in progress (asset).....	1,264	223	0	0	
	1,264	223	0	0	

Deferred tax assets

Provision for deferred tax comprises deferred tax on contract work in progress, inventory and intangible and tangible fixed assets.

10

	Group		Parent Company	
	2023 DKK '000	2022 DKK '000	2023 DKK '000	2022 DKK '000
Deferred tax assets, beginning of year.....	-881	0	17	33
Deferred tax of the year, income statement.....	983	0	-5	-16
Deferred tax assets 31 December 2023.....	102	0	12	17

The company's deferred tax asset is recognized in the balance sheet with DKK 102 thousand. The tax asset is recognized on the basis of the expectations for the coming year. The deferred tax asset consist of shifts in relation to the accounting and tax values of work in progress and buildings.

Prepayments and accrued income

Prepayments and accrued income comprise prepaid costs, primarily insurances and membership fees, relating to the next financial year.

11

	2023 DKK '000	2022 DKK '000
Share Capital		
Allocation of share capital:		
A-shares, 1 unit in the denomination of 5,000,000 DKK.....	5,000	5,000
	5,000	5,000

12

NOTES

Note

Provision for deferred tax

13

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.

	Group		Parent Company	
	2023 DKK '000	2022 DKK '000	2023 DKK '000	2022 DKK '000
Deferred tax, beginning of year.....	881	1,536	0	0
Deferred tax of the year, income statement.....	-983	-655	0	0
Repost to assets.....	102	0	0	0
Provision for deferred tax 31 December 2023.....	0	881	0	0

The company's deferred tax asset is recognized in the balance sheet with DKK 102 thousand. The tax asset is recognized on the basis of the expectations for the coming year. The deferred tax asset consist of shifts in relation to the accounting and tax values of work in progress and buildings.

Long-term liabilities

14

	Group			
	31/12 2023 total liabilities	Repayment next year	Debt outstanding after 5 years	31/12 2022 total liabilities
Mortgage debt.....	23,971	713	18,110	23,120
Other bank debt.....	11,461	410	5,416	12,661
Payables to group enterprises.....	7,233	0	7,233	18,344
Other liabilities.....	4,233	102	4,069	7,971
	46,898	1,225	34,828	62,096
	Parent Company			
	31/12 2023 total liabilities	Repayment next year	Debt outstanding after 5 years	31/12 2022 total liabilities
Payables to group enterprises.....	7,233	0	7,233	18,344
Other liabilities.....	3,357	40	3,077	7,125
	10,590	40	10,310	25,469

Accruals and deferred income

15

Accruals and deferred income consists prepaid income which relates to the financial year 2023.

NOTES

Note

Contingencies etc.

16

Contingent liabilities

The Group's bank have issued performance guarantees to third party for a total amount of 575,400 GBP.

Mortgage debt is secured upon the properties, nom. 28,368 T.DKK. To secure bank loans, a mortgage deed registered to the mortgagor for 26,450 T.DKK. has been deposited for properties. The carrying amount of mortgaged properties is 70,591 T.DKK.

The Group has entered into lease obligations and finance leases. The total contingent liabilities relating to these are 1,233 T.DKK.

The Group has provided unlimited security for associated companies debts to banks. The Groups bank loans are total 88,158 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) 1,586 at the balance sheet date.

Charges and securities

17

As collateral for bank debt of 84,508 T.DKK., the company has pledged a nominal value of 75,000 T.DKK. The company mortgage comprises the following assets, whose carrying amount at the balance sheet date is:

Other plant, fixtures and equipment	17,797 T.DKK
Inventories	144,717 T.DKK
Trade receivables	29,328 T.DKK
Contract work in progress	1,264 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 2023 has been presented in accordance with the provisions of the Danish Financial Statements Act for enterprises in reporting class C.

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

Consolidated Financial Statements

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 Danish Statements Act.

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

Cost of sales

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

Other operating income

Other operating income includes items of a secondary nature in relation to the 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.

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

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

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

Subsidiaries with a negative carrying equity value are measured to DKK 0 and any amounts due from these enterprises are written down by the company's share of the negative equity to the extent that it is deemed to be irrecoverable. If the carrying negative equity value exceeds receivables, the residual amount is recognised under provision for liabilities to the extent that the company's has a legal or actual liability to cover the subsidiaries deficit.

ACCOUNTING POLICIES

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.

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.

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

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

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

Contract work in progress

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

The 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.

ACCOUNTING POLICIES

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.

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.

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.