Grening Holding ApS

Sletten 21
6800 Varde
CVR No. 31933153

Annual report 2022

The Annual General Meeting adopted the annual report on 20.04.2023

Niels Grening Langerhuus
Chairman of the General Meeting

Contents

Entity details

Entity

Grening Holding ApS
Sletten 21
6800 Varde

Business Registration No.: 31933153
Registered office: Varde
Financial year: 01.01.2022 - 31.12.2022

Board of Directors

Niels Kristensen, chairman
Jan Bruun Jørgensen
Niels Grening Langerhuus

Executive Board

Niels Grening Langerhuus, CEO

Auditors

Deloitte Statsautoriseret Revisionspartnerselskab
Dokken 8
6700 Esbjerg

Statement by Management on the annual report

The Board of Directors and the Executive Board have today considered and approved the annual report of Grening Holding ApS for the financial year 01.01.2022 - 31.12.2022.

The annual report is presented in accordance with the Danish Financial Statements Act.

In our opinion, the consolidated financial statements and the parent financial statements give a true and fair view of the Group's and the Parent's financial position at 31.12.2022 and of the results of their operations and the consolidated cash flows for the financial year 01.01.2022 - 31.12.2022.

We believe that the management commentary contains a fair review of the affairs and conditions referred to therein.

We recommend the annual report for adoption at the Annual General Meeting.

Esbjerg, 20.04.2023

Executive Board

Niels Grening Langerhuus
CEO

Board of Directors

Niels Kristensen
chairman

Jan Bruun Jørgensen

Niels Grening Langerhuus

Independent auditor's report

To the shareholders of Grening Holding ApS

Opinion

We have audited the consolidated financial statements and the parent financial statements of Grening Holding ApS for the financial year 01.01.2022 - 31.12.2022, which comprise the income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies, for the Group as well as the Parent, and the consolidated cash flow statement. The consolidated financial statements and the parent financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the consolidated financial statements and the parent financial statements give a true and fair view of the Group's and the Parent's financial position at 31.12.2022 and of the results of their operations and the consolidated cash flows for the financial year 01.01.2022 - 31.12.2022 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and 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 parent financial statements" section of this auditor's report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (IESBA Code) and the additional ethical requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Management's responsibilities for the consolidated financial statements and the parent financial statements

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

In preparing the consolidated financial statements and the parent financial statements, Management is responsible for assessing the Group's and the Entity's ability to continue as a going concern, for disclosing, as applicable, matters related to going concern, and for using the going concern basis of accounting in preparing the consolidated financial statements and the parent financial statements unless Management either intends to liquidate the Entity 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 financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements and the parent financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements applicable in

Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements and parent financial statements.

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

- Identify and assess the risks of material misstatement of the consolidated financial statements and the parent financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Entity'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 parent financial statements, and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Entity'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 parent financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and the Entity to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements and the parent financial statements, including the disclosures in the notes, and whether the consolidated financial statements and the parent financial statements 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.

Statement on the management commentary

Management is responsible for the management commentary.

Our opinion on the consolidated financial statements and the parent financial statements does not cover the 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 parent financial statements, our responsibility is to read the management commentary and, in doing so, consider whether the management commentary is materially inconsistent with the consolidated financial statements and the parent financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether the management commentary provides the information required under the Danish Financial Statements Act.

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

Esbjerg, 20.04.2023

Deloitte
Statsautoriseret Revisionspartnerselskab
CVR No. 33963556

Henrik Harbo Andersen
State Authorised Public Accountant
Identification No (MNE) mne19699

Management commentary

Financial highlights

	2022 DKK'000	2021 DKK'000	2020 DKK'000	2019 DKK'000	2018 DKK'000
Key figures					
Gross profit/loss	85,156	49,856	46,516	41,679	25,916
Operating profit/loss	18,321	8,874	9,401	(2,904)	1,073
Net financials	(2,939)	(1,496)	(1,346)	(1,406)	(1)
Profit/loss for the year	11,165	5,090	5,692	(3,972)	852
Profit for the year excl. minority interests	9,371	4,388	5,183	(4,574)	536
Balance sheet total	218,378	136,623	158,489	187,356	150,902
Investments in property, plant and equipment	26,989	7,381	3,063	3,435	3,067
Equity	90,786	73,583	70,425	65,899	71,029
Equity excl. minority interests	77,562	70,191	67,565	63,382	68,956
Average invested capital incl. goodwill	177,201	145,981	166,984	160,554	133,177
Net interest-bearing debt	98,465	30,559	56,795	93,830	49,155
Ratios					
Return on invested capital incl. goodwill (%)	6.30	3.49	3.41	(2.47)	0.64
Financial gearing	1.08	0.42	0.81	1.42	0.69
Return on equity (%)	12.68	6.37	7.92	(6.91)	0.77
Equity ratio (%)	35.52	51.38	42.63	33.83	45.70

The financial year 2018 represents only 8 months activity.

Financial highlights are defined and calculated in accordance with the current version of "Recommendations & Ratios" issued by the CFA Society Denmark.

Return on invested capital incl. goodwill (%):

$$\frac{\text{Profit/loss for the year} * 100}{\text{Average invested capital incl. goodwill}}$$

Financial gearing :

$$\frac{\text{Net interest-bearing debt}}{\text{Equity}}$$

Return on equity (%):
Profit/loss for the year excl. minority interests * 100
Average equity excl. minority interests

Equity ratio (%):
Equity excl. minority interests * 100
Balance sheet total

Primary activities

The group develops and constructs individual solutions, furthermore sale/service and rental of equipment for the industry of energy and industrial segments.

The primary activity of the entity consists of owning shares in subsidiaries for the group.

Development in activities and finances

In 2022 the group realized a profit of t.DKK 11,165 against t.DKK 5,090 in 2021. The result is considered satisfactory by management.

The equity of the group amounts to t.DKK 90,786 at 31th of December 2022.

When calculating inventories on 31.12.2021 in HYTOR Tools Solutions A/S the company incorrectly included rental assets for 3,856 t.DKK, which were also included in other fixtures and fittings, tools and equipment. The error has been corrected as a material error via equity at the beginning of the year, and the comparative figures for 2021 have been adjusted.

Profit/loss for the year in relation to expected developments

The profit of 11,165 t.DKK in 2022 is in accordance with the managements expectations.

Outlook

The executive board expects the group to achieve a better result in 2023, than the result for 2022.

Group relations

With effect from 28 th of April 2022, the Group has acquired the companies TS Tech A/S and EA Automatic A/S, which means that the results from these companies are included in the Group's income statement for approximately 8 months in 2022.

Consolidated income statement for 2022

	Notes	2022 DKK'000	2021 DKK'000
Gross profit/loss		**85,156**	**49,856**
Staff costs	1	(54,038)	(30,937)
Depreciation, amortisation and impairment losses	2	(12,365)	(9,800)
Other operating expenses		(432)	(245)
Operating profit/loss		**18,321**	**8,874**
Other financial income		370	38
Other financial expenses	3	(3,309)	(1,534)
Profit/loss before tax		**15,382**	**7,378**
Tax on profit/loss for the year	4	(4,217)	(2,288)
Profit/loss for the year	5	**11,165**	**5,090**

Consolidated balance sheet at 31.12.2022

Assets

	Notes	2022 DKK'000	2021 DKK'000
Acquired intangible assets		515	751
Goodwill		32,528	5,105
Intangible assets	6	**33,043**	**5,856**
Land and buildings		46,317	42,975
Investment property		8,516	8,516
Other fixtures and fittings, tools and equipment		24,349	11,787
Leasehold improvements		619	0
Property, plant and equipment	7	**79,801**	**63,278**
Other receivables		357	444
Financial assets	8	**357**	**444**
Fixed assets		**113,201**	**69,578**
Raw materials and consumables		2,993	0
Work in progress		368	1,254
Manufactured goods and goods for resale		28,749	36,467
Assets held for sale		1,075	0
Inventories		**33,185**	**37,721**
Trade receivables		55,085	19,285
Contract work in progress	9	12,087	8,992
Other receivables		678	177
Prepayments	10	3,029	617
Receivables		**70,879**	**29,071**
Cash		**1,113**	**253**
Current assets		**105,177**	**67,045**
Assets		**218,378**	**136,623**

Equity and liabilities

	Notes	2022 DKK'000	2021 DKK'000
Contributed capital		125	125
Reserve for net revaluation according to equity method		9,871	2,973
Retained earnings		64,566	65,093
Proposed dividend for the financial year		3,000	2,000
Equity belonging to Parent's shareholders		**77,562**	**70,191**
Equity belonging to minority interests		**13,224**	**3,392**
Equity		**90,786**	**73,583**
Deferred tax	11	2,884	1,851
Other provisions	12	790	1,754
Provisions		**3,674**	**3,605**
Mortgage debt		26,641	15,645
Bank loans		3,500	5,000
Other payables		4,493	1,705
Non-current liabilities other than provisions	13	**34,634**	**22,350**
Current portion of non-current liabilities other than provisions	13	3,252	2,835
Bank loans		50,193	8,816
Prepayments received from customers		1,250	0
Contract work in progress	9	4,083	0
Trade payables		15,455	8,803
Payables to associates		40	0
Tax payable		2,395	724
Other payables	14	12,616	15,907
Current liabilities other than provisions		**89,284**	**37,085**
Liabilities other than provisions		**123,918**	**59,435**
Equity and liabilities		**218,378**	**136,623**
Unrecognised rental and lease commitments	16		
Contingent liabilities	17		
Assets charged and collateral	18		
Transactions with related parties	19		
Subsidiaries	20		

Consolidated statement of changes in equity for 2022

	Contributed capital DKK'000	Reserve for net revaluation according to equity method DKK'000	Retained earnings DKK'000	Proposed dividend for the financial year DKK'000	Equity belonging to Parent's shareholders DKK'000
Equity beginning of year	125	2,973	68,100	2,000	73,198
Adjustment of material errors	0	0	(3,007)	0	(3,007)
Adjusted equity, beginning of year	**125**	**2,973**	**65,093**	**2,000**	70,191
Effect of mergers and business combinations	0	0	0	0	0
Ordinary dividend paid	0	0	0	(2,000)	(2,000)
Profit/loss for the year	0	6,898	(527)	3,000	9,371
Equity end of year	**125**	**9,871**	**64,566**	**3,000**	**77,562**

	Equity belonging to minority interests DKK'000	Total DKK'000
Equity beginning of year	3,392	76,590
Adjustment of material errors	0	(3,007)
Adjusted equity, beginning of year	3,392	**73,583**
Effect of mergers and business combinations	8,210	8,210
Ordinary dividend paid	(172)	(2,172)
Profit/loss for the year	1,794	11,165
Equity end of year	**13,224**	**90,786**

Consolidated cash flow statement for 2022

	Notes	2022 DKK'000	2021 DKK'000
Operating profit/loss		18,321	8,874
Amortisation, depreciation and impairment losses		12,365	9,798
Other provisions		(964)	(297)
Working capital changes	15	(12,684)	15,536
Cash flow from ordinary operating activities		**17,038**	**33,911**
Financial income received		370	38
Financial expenses paid		(3,309)	(1,537)
Taxes refunded/(paid)		(1,979)	(2,281)
Cash flows from operating activities		**12,120**	**30,131**
Acquisition etc. of intangible assets		(262)	(725)
Acquisition etc. of property, plant and equipment		(26,937)	(7,381)
Sale of property, plant and equipment		462	464
Acquisition of enterprises		(32,500)	0
Minority interests at aquisition of enterprises		8,210	0
Other cash flows from investing activities		87	(108)
Cash flows from investing activities		**(50,940)**	**(7,750)**
Free cash flows generated from operations and investments before financing		**(38,820)**	**22,381**
Loans raised		12,865	0
Repayments of loans etc.		(1,295)	(2,797)
Dividend paid		(2,172)	(1,170)
Change in short-term debt to banks		30,282	(23,173)
Cash flows from financing activities		**39,680**	**(27,140)**
Increase/decrease in cash and cash equivalents		**860**	**(4,759)**
Cash and cash equivalents beginning of year		253	5,012
Cash and cash equivalents end of year		**1,113**	**253**

Cash and cash equivalents at year-end are composed of:

Cash	1,113	253
Cash and cash equivalents end of year	**1,113**	**253**

Notes to consolidated financial statements

1 Staff costs

	2022 DKK'000	2021 DKK'000
Wages and salaries	46,617	26,878
Pension costs	6,558	3,626
Other social security costs	863	433
	54,038	**30,937**

Average number of full-time employees	**105**	**57**

	Remuneration of manage-ment 2022 DKK'000	Remuneration of manage-ment 2021 DKK'000
Total amount for management categories	2,388	2,042
	2,388	**2,042**

2 Depreciation, amortisation and impairment losses

	2022 DKK'000	2021 DKK'000
Amortisation of intangible assets	3,155	3,859
Depreciation on property, plant and equipment	9,373	5,992
Profit/loss from sale of intangible assets and property, plant and equipment	(163)	(51)
	12,365	**9,800**

3 Other financial expenses

	2022 DKK'000	2021 DKK'000
Financial expenses from group enterprises	0	409
Other interest expenses	3,141	768
Exchange rate adjustments	11	254
Other financial expenses	157	103
	3,309	**1,534**

4 Tax on profit/loss for the year

	2022 DKK'000	2021 DKK'000
Current tax	3,120	1,022
Change in deferred tax	1,033	1,262
Adjustment concerning previous years	64	4
	4,217	**2,288**

5 Proposed distribution of profit/loss

	2022 DKK'000	2021 DKK'000
Ordinary dividend for the financial year	3,000	2,000
Retained earnings	6,371	2,388
Minority interests' share of profit/loss	1,794	702
	11,165	**5,090**

6 Intangible assets

	Acquired intangible assets DKK'000	Goodwill DKK'000
Cost beginning of year	4,492	29,561
Addition through business combinations etc	45	30,080
Additions	262	0
Cost end of year	**4,799**	**59,641**
Amortisation and impairment losses beginning of year	(3,741)	(24,456)
Addition through business combinations etc	(45)	0
Amortisation for the year	(498)	(2,657)
Amortisation and impairment losses end of year	**(4,284)**	**(27,113)**
Carrying amount end of year	**515**	**32,528**

7 Property, plant and equipment

	Land and buildings DKK'000	Investment property DKK'000	Other fixtures and fittings, tools and equipment DKK'000	Leasehold improvements DKK'000
Cost beginning of year	46,740	8,000	38,531	0
Addition through business combinations etc	0	0	1,127	0
Additions	3,969	0	21,226	667
Disposals	0	0	(341)	0
Cost end of year	**50,709**	**8,000**	**60,543**	**667**
Revaluations beginning of year	0	516	0	0
Revaluations end of year	**0**	**516**	**0**	**0**
Depreciation and impairment losses beginning of year	(3,765)	0	(26,744)	0
Addition through business combinations etc	0	0	(794)	0
Depreciation for the year	(627)	0	(8,698)	(48)
Reversal regarding disposals	0	0	42	0
Depreciation and impairment losses end of year	**(4,392)**	**0**	**(36,194)**	**(48)**
Carrying amount end of year	**46,317**	**8,516**	**24,349**	**619**

The investment property comprises a industrial building located in Esbjerg. The investment property is measured at fair value, in accordance with accounting policies. The fair value is determined by applying the return-based model using expected cash flow from the property. The return-rate used in the model is 7,75% in 2022. For further information please see description in accounting policies. A increase in the return-rate by 0,25% would reduce the fair value by t.DKK 266.

8 Financial assets

	Other receivables DKK'000
Cost beginning of year	444
Disposals	(87)
Cost end of year	**357**
Carrying amount end of year	**357**

9 Contract work in progress

	2022 DKK'000	2021 DKK'000
Contract work in progress	17,015	12,012
Progress billings	(9,011)	(3,020)
Transferred to liabilities other than provisions	4,083	0
	12,087	**8,992**

10 Prepayments

Prepayments contains insurance etc. paid in advance.

11 Deferred tax

	2022 DKK'000	2021 DKK'000
Intangible assets	455	400
Property, plant and equipment	2,815	3,000
Receivables	21	849
Provisions	(70)	(121)
Liabilities other than provisions	505	110
Other deductible temporary differences	(842)	(2,387)
Deferred tax	**2,884**	**1,851**

Changes during the year	2022 DKK'000	2021 DKK'000
Beginning of year	1,851	1,438
Recognised in the income statement	1,033	413
End of year	**2,884**	**1,851**

12 Other provisions

Other provisions comprise anticipated costs of non-recourse guarantee commitments etc.

13 Non-current liabilities other than provisions

	Due within 12 months 2022 DKK'000	Due within 12 months 2021 DKK'000	Due after more than 12 months 2022 DKK'000	Outstanding after 5 years 2022 DKK'000
Mortgage debt	1,752	1,335	26,641	20,048
Bank loans	1,500	1,500	3,500	0
Other payables	0	0	4,493	0
	3,252	**2,835**	**34,634**	**20,048**

14 Other payables

	2022 DKK'000	2021 DKK'000
VAT and duties	2,392	1,839
Wages and salaries, personal income taxes, social security costs, etc. payable	4,544	2,488
Holiday pay obligation	1,124	1,159
Other costs payable	4,556	10,421
	12,616	**15,907**

Other cost payable for 2021 includes VAT-loans related to COVID-19 in total 8,004 t.DKK.

15 Changes in working capital

	2022 DKK'000	2021 DKK'000
Increase/decrease in inventories	9,004	1,164
Increase/decrease in receivables	(18,299)	12,821
Increase/decrease in trade payables etc.	(3,389)	1,551
	(12,684)	**15,536**

16 Unrecognised rental and lease commitments

	2022 DKK'000	2021 DKK'000
Total liabilities under rental or lease agreements until maturity	**8,687**	**1,251**

17 Contingent liabilities

The groups bank has provided performance guarantees of t.DKK 2,855 to clients in connection with implementation of a project.

18 Assets charged and collateral

Mortgage debt is secured by way of mortgage on properties.

The carrying amount of mortgaged properties amounts to t.DKK 52.388.

Bank loans are secured by way of a deposited mortgage deed registered to the mortgagor on plant of t.DKK 1.950 nominal.

The carrying amount of mortgaged properties is t.DKK 43.872.

Bank debt is secured by way of mortgage of t.DKK 14,000 nominal (floating charge) registered goodwill, other fixtures and fittings, tools and equipment, inventories, trade receivables etc.

The carrying amount of mortgaged assets amounts to t.DKK 94.086.

19 Non-arm’s length related party transactions

Only non-arm's length related party transactions are disclosed in the annual report. No such transactions were conducted during the financial year.

20 Subsidiaries

	Registered in	Corporate form	Ownership %
HYTOR Group A/S	Esbjerg	A/S	100.00
Ejendomsselskabet 3 M ApS	Esbjerg	ApS	55.00
HYTOR Oil & Gas Solutions A/S	Esbjerg	A/S	100.00
HYTOR Tools Solutions A/S	Esbjerg	A/S	100.00
HYTOR Tools Solutions GmbH	Hamburg	GmbH	100.00
HYTOR Tools Solutions Ltd	Essex	Ltd	100.00
HYTOR Fluid Solutions A/S	Esbjerg	A/S	100.00
TS Tech Group A/S	Esbjerg	A/S	51.00
TS Tech A/S	Esbjerg	A/S	51.00
EA Automatic A/S	Esbjerg	A/S	35.70

Parent income statement for 2022

	Notes	2022 DKK'000	2021 DKK'000
Gross profit/loss		**550**	**524**
Staff costs	1	(1,000)	(500)
Operating profit/loss		**(450)**	**24**
Income from investments in group enterprises		9,051	3,677
Other financial income	2	952	948
Other financial expenses	3	(11)	(56)
Profit/loss before tax		**9,542**	**4,593**
Tax on profit/loss for the year	4	(171)	(205)
Profit/loss for the year	5	**9,371**	**4,388**

Parent balance sheet at 31.12.2022

Assets

	Notes	2022 DKK'000	2021 DKK'000
Investments in group enterprises		48,988	40,147
Other receivables		357	444
Financial assets	6	**49,345**	**40,591**
Fixed assets		**49,345**	**40,591**
Assets held for sale		1,075	0
Inventories		**1,075**	**0**
Receivables from group enterprises		29,439	30,370
Other receivables		87	55
Tax receivable		3,194	2,300
Prepayments	7	89	0
Receivables		**32,809**	**32,725**
Current assets		**33,884**	**32,725**
Assets		**83,229**	**73,316**

Equity and liabilities

	Notes	2022 DKK'000	2021 DKK'000
Contributed capital		125	125
Reserve for net revaluation according to equity method		22,136	13,088
Retained earnings		52,300	54,977
Proposed dividend for the financial year		3,000	2,000
Equity		**77,561**	**70,190**
Bank loans		2,238	21
Payables to group enterprises		0	752
Tax payable		2,395	1,570
Other payables		1,035	783
Current liabilities other than provisions		**5,668**	**3,126**
Liabilities other than provisions		**5,668**	**3,126**
Equity and liabilities		**83,229**	**73,316**
Contingent liabilities	8		
Transactions with related parties	9		

Parent statement of changes in equity for 2022

	Contributed capital DKK'000	Reserve for net revaluation according to the equity method DKK'000	Retained earnings DKK'000	Proposed dividend for the year DKK'000	Total DKK'000
Equity beginning of year	125	16,095	54,977	2,000	73,197
Adjustment of material errors	0	(3,007)	0	0	(3,007)
Adjusted equity, beginning of year	**125**	**13,088**	**54,977**	**2,000**	**70,190**
Ordinary dividend paid	0	0	0	(2,000)	(2,000)
Profit/loss for the year	0	9,048	(2,677)	3,000	9,371
Equity end of year	**125**	**22,136**	**52,300**	**3,000**	**77,561**

Notes to parent financial statements

1 Staff costs

	2022 DKK'000	2021 DKK'000
Pension costs	1,000	500
	1,000	**500**

Average number of full-time employees	**1**	**1**

2 Other financial income

	2022 DKK'000	2021 DKK'000
Financial income from group enterprises	925	925
Other interest income	27	23
	952	**948**

3 Other financial expenses

	2022 DKK'000	2021 DKK'000
Financial expenses from group enterprises	0	51
Other interest expenses	11	5
	11	**56**

4 Tax on profit/loss for the year

	2022 DKK'000	2021 DKK'000
Current tax	107	201
Adjustment concerning previous years	64	4
	171	**205**

5 Proposed distribution of profit and loss

	2022 DKK'000	2021 DKK'000
Ordinary dividend for the financial year	3,000	2,000
Retained earnings	6,371	2,388
	9,371	**4,388**

6 Financial assets

	Investments in group enterprises DKK'000	Other receivables DKK'000
Cost beginning of year	26,852	444
Disposals	0	(87)
Cost end of year	**26,852**	**357**
Revaluations beginning of year	13,295	0
Amortisation of goodwill	(438)	0
Share of profit/loss for the year	9,489	0
Dividend	(210)	0
Revaluations end of year	**22,136**	**0**
Carrying amount end of year	**48,988**	**357**

A specification of investments in subsidiaries is evident from the notes to the consolidated financial statements.

7 Prepayments

Prepayments for expenses related to 2023 are included in prepayments.

8 Contingent liabilities

The parent company has guaranteed the bank debt in HYTOR Group A/S and Ejendomsselskabet 3 M ApS. The bank debt at 31st December 2022 amounts to 23,826 t.DKK

The Entity serves as the administration company in a Danish joint taxation arrangement. According to the joint taxation provisions of the Danish Corporation Tax Act, the Entity is therefore liable for income taxes etc. for the jointly taxed entities, and also for obligations, if any, relating to the withholding of tax on interest, royalties and dividends for these entities.

9 Non-arm's length related party transactions

Only non-arm's length related party transactions are disclosed in the annual report. No such transactions were conducted during the financial year.

Accounting policies

Reporting class

This annual report has been prepared in accordance with the provisions of the Danish Financial Statements Act governing reporting class C enterprises (medium).

The accounting policies applied to these consolidated financial statements and parent financial statements are consistent with those applied last year.

Material errors in previous years

When calculating inventories on 31.12.2021 in HYTOR Tools Solutions A/S the company incorrectly included rental assets for 3,856 t.DKK, which were also included in other fixtures and fittings, tools and equipment. The error has been corrected as a material error via equity at the beginning of the year, and the comparative figures for 2021 have been adjusted. The effect of the correction is a reduction in total assets by 3,007 t.DKK and a reduction in equity by 3,007 t.DKK. The effect of the correction on the income statement for 2021 is a reduction of profit after tax by 2,244 t.DKK.

Recognition and measurement

Assets are recognised in the balance sheet when it is probable as a result of a prior event that future economic benefits will flow to the Entity, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when the Entity has a legal or constructive obligation as a result of a prior event, and it is probable that future economic benefits will flow out of the Entity, and the value of the liability can be measured reliably.

On initial recognition, assets and liabilities are measured at cost. Measurement subsequent to initial recognition is effected as described below for each financial statement item.

Anticipated risks and losses that arise before the time of presentation of the annual report and that confirm or invalidate affairs and conditions existing at the balance sheet date are considered at recognition and measurement.

Income is recognised in the income statement when earned, whereas costs are recognised by the amounts attributable to this financial year.

Consolidated financial statements

The consolidated financial statements comprise the Parent and the group enterprises (subsidiaries) that are controlled by the Parent. Control is achieved by the Parent, either directly or indirectly, holding more than 50% of the voting rights or in any other way possibly or actually exercising controlling influence.

Basis of consolidation

The consolidated financial statements are prepared on the basis of the financial statements of the Parent and its subsidiaries. The consolidated financial statements are prepared by combining uniform items. On consolidation, intra-group income and expenses, intra-group accounts and dividends as well as profits and losses on transactions between the consolidated enterprises are eliminated. The financial statements used for consolidation have been prepared applying the Group’s accounting policies.

Subsidiaries' financial statement items are recognised in full in the consolidated financial statements. Minority interests' pro rata shares of the profit/loss and the net assets are disclosed as separate items in Management's proposal for the distribution of net profit/loss and equity, respectively.

Investments in subsidiaries are offset at the pro rata share of such subsidiaries' net assets at the takeover date, with net assets having been calculated at fair value.

Business combinations

Newly acquired or newly established enterprises are recognised in the financial statements from the time of acquiring or establishing such enterprises. Divested or wound-up enterprises are recognised in the income statement up to the time of their divestment or winding-up.

The purchase method is applied at the acquisition of new enterprises, under which identifiable assets and liabilities of these enterprises are measured at fair value at the acquisition date. Provisions for costs of restructuring of the enterprise acquired are only made in so far as such restructuring was decided by the enterprise acquired prior to acquisition. Allowance is made for the tax effect of restatements.

Positive differences in amount (goodwill) between cost of the acquired share and fair value of the assets and liabilities taken over are recognised in intangible assets, and they are amortised systematically over the income statement based on an individual assessment of their useful lives. If the useful life cannot be estimated reliably, it is fixed at 10 years. Useful life is reassessed annually.

Foreign currency translation

On initial recognition, foreign currency transactions are translated applying the exchange rate at the transaction date. Receivables, payables and other monetary items denominated in foreign currencies that have not been settled at the balance sheet date are translated using the exchange rate at the balance sheet date. Exchange differences that arise between the rate at the transaction date and the rate in effect at the payment date, or the rate at the balance sheet date, are recognised in the income statement as financial income or financial expenses. Property, plant and equipment, intangible assets, inventories and other non-monetary assets that have been purchased in foreign currencies are translated using historical rates.

Income statement

Gross profit or loss

Gross profit or loss comprises revenue, changes in inventories of finished goods and work in progress, own work capitalised, other operating income, costs of raw materials and consumables and external expenses.

Revenue

Revenue from the sale of manufactured goods and goods for resale is recognised in the income statement when delivery is made and risk has passed to the buyer. Revenue from the sale of services is recognised in the income statement when delivery is made to the buyer. Revenue is recognised net of VAT, duties and sales discounts and is measured at fair value of the consideration fixed.

Contract work in progress is included in revenue based on the stage of completion so that revenue corresponds to the selling price of the work performed in the financial year (the percentage-of-completion method).

Other operating income

Other operating income comprises income of a secondary nature as viewed in relation to the Entity's primary activities.

Cost of sales
Cost of sales comprises goods consumed in the financial year measured at cost, adjusted for ordinary inventory writedowns.

Other external expenses
Other external expenses include expenses relating to the Entity's ordinary activities, including expenses for premises, stationery and office supplies, marketing costs, etc. This item also includes writedowns of receivables recognised in current assets.

Staff costs
Staff costs comprise wages and salaries, and social security contributions, pension contributions, etc. for entity staff.

Depreciation, amortisation and impairment losses
Depreciation, amortisation and impairment losses relating to property, plant and equipment and intangible assets comprise depreciation, amortisation and impairment losses for the financial year, and gains and losses from the sale of intangible assets and property, plant and equipment.

Other operating expenses
Other operating expenses comprise expenses of a secondary nature as viewed in relation to the Entity's primary activities.

Income from investments in group enterprises
Income from investments in group enterprises comprises the pro rata share of the individual enterprises' profit/loss after full elimination of intra-group profits or losses.

Other financial income
Other financial income comprises dividends etc. received on other investments, interest income, including interest income on receivables from group enterprises, net capital or exchange gains on securities, payables and transactions in foreign currencies, and tax relief under the Danish Tax Prepayment Scheme etc.

Other financial expenses
Other financial expenses comprise interest expenses, including interest expenses on payables to group enterprises, net capital or exchange losses on securities, payables and transactions in foreign currencies, and tax surcharge under the Danish Tax Prepayment Scheme etc.

Tax on profit/loss for the year
Tax for the year, which consists of current tax for the year and changes in deferred tax, is recognised in the income statement by the portion attributable to the profit for the year and recognised directly in equity by the portion attributable to entries directly in equity.

The Parent is jointly taxed with all of its Danish group enterprises. The current Danish income tax is allocated among the jointly taxed entities proportionally to their taxable income (full allocation with a refund concerning tax losses).

Balance sheet

Goodwill

Goodwill is the positive difference between cost and fair value of assets and liabilities arising from acquisitions. Goodwill is amortised straight-line over its estimated useful life, which is fixed based on the experience gained by Management for each business area. The amortisation periods used are 10-20 years.

Goodwill is written down to the lower of recoverable amount and carrying amount.

Intellectual property rights etc.

Intellectual property rights etc. comprise acquired intellectual property rights.

Intellectual property rights acquired are measured at cost less accumulated amortisation. Straight-line depreciation is made on the basis of estimated useful lives of the assets. The estimated useful lives of software are 3-7 years.

Intellectual property rights etc. are written down to the lower of recoverable amount and carrying amount.

Property, plant and equipment

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

Cost comprises the acquisition price, costs directly attributable to the acquisition and preparation costs of the asset until the time when it is ready to be put into operation. For self-constructed assets, cost comprises direct and #indirect costs of materials, components, subsuppliers and labour costs. For assets held under finance leases, cost is the lower of the asset's fair value and present value of future lease payments.

Interest expenses on loans for the financing of the manufacture of property, plant and equipment are included in cost if they relate to the manufacturing period. All other finance costs are recognised in the income statement.

The basis of depreciation is cost less estimated residual value after the end of useful life. Straight-line depreciation is made on the basis of the following estimated useful lives of the assets:

	Useful life
Buildings	30-50 years
Other fixtures and fittings, tools and equipment	2-7 years
Rental equipment	2-7 years

Estimated useful lives and residual values are reassessed annually.

Items of property, plant and equipment are written down to the lower of recoverable amount and carrying amount.

Investment property
On initial recognition, investment properties are measured at cost consisting of the acquisition price of the properties plus directly related acquisition costs.

Subsequent to initial recognition, investment properties are measured at fair value which is equivalent to the amount at which the individual property may be sold to an independent buyer at the balance sheet date.

Fair value is determined by applying the yield-based model as the calculated value in use of expected cash flows from each property. The calculation is based on budgeted net earnings for the next year that has been adjusted to normal earnings, and using a required yield rate that reflects current market yield rates for similar properties. The value is adjusted for factors not reflected in normal earnings, for example, actual vacancy rate, major refurbishments etc.

The financial year's adjustments of the properties' fair value are recognised in the income statement.

Investments in group enterprises
Investments in group enterprises are recognised and measured in the parent financial statements according to the equity method. This means that investments are measured at the pro rata share of the enterprises' equity value plus unamortised goodwill and plus or minus unrealised intra-group profits or losses.

Group enterprises with negative equity value are measured at DKK 0. Any receivables from these enterprises are written down to net realisable value based on a specific assessment. If the Parent has a legal or constructive obligation to cover the liabilities of the relevant enterprise, and it is probable that such obligation will involve a loss, a provision is recognised that is measured at present value of the costs necessary to settle the obligations at the balance sheet date.

Upon distribution of profit or loss, net revaluation of investments in group enterprises is transferred to reserve for net revaluation according to the equity method in equity.

Goodwill is calculated as the difference between cost of the investments and fair value of the pro rata share of assets and liabilities acquired. Goodwill is amortized straight-line over its estimated useful life, which is usually 10-20 years.

Investments in group enterprises are written down to the lower of recoverable amount and carrying amount.

Receivables
Receivables are measured at amortised cost, usually equalling nominal value, less writedowns for bad and doubtful debts.

Inventories
Inventories are measured at the lower of cost using the FIFO method and net realisable value.

Cost consists of purchase price plus delivery costs. Cost of manufactured goods and work in progress consists of costs of raw materials, consumables, direct labour costs and indirect production costs.

Indirect production costs comprise indirect materials and labour costs, costs of maintenance of, depreciation on and impairment losses relating to machinery, factory buildings and equipment used in the manufacturing process, and costs of factory administration and management. Finance costs are not included in cost.

The net realisable value of inventories is calculated as the estimated selling price less completion costs and costs incurred to execute sale.

Assets held for sale
Assets held for sale are assets that are no longer in use and have been put up for sale. The assets are measured at the lower of carrying amount at the date of reclassification and net realisable value, and no amortisation or depreciation is made.

Contract work in progress
Contract work in progress is measured at the selling price of the work carried out at the balance sheet date.

The selling price is measured based on the stage of completion and the total estimated income from the individual contracts in progress. Usually, the stage of completion is determined as the ratio of actual to total budgeted consumption of resources.

If the selling price of a contract in progress cannot be made up reliably, it is measured at the lower of costs incurred and net realisable value.

Each contract in progress is recognised in the balance sheet in receivables or liabilities other than provisions, depending on whether the net value, calculated as the selling price less prepayments received, is positive or negative.

Costs of sales work and of securing contracts, and finance costs are recognised in the income statement as incurred.

Tax payable or receivable
Current tax payable or receivable is recognised in the balance sheet, stated as tax computed on this year's taxable income, adjusted for prepaid tax.

Prepayments
Prepayments comprise incurred costs relating to subsequent financial years. Prepayments are measured at cost.

Cash
Cash comprises cash in hand and bank deposits.

Dividend
Dividend is recognised as a liability at the time of adoption at the general meeting. Proposed dividend for

the financial year is disclosed as a separate item in equity. Extraordinary dividend adopted in the financial year is recognised directly in equity when distributed and disclosed as a separate item in Management's proposal for distribution of profit/loss.

Minority interests
On initial recognition, minority interests are measured at the minority interests' share of the acquiree's net assets measured at fair value. No goodwill related to the minority interests' equity interests in the acquiree is recognised.

Deferred tax
Deferred tax is recognised on all temporary differences between the carrying amount and the tax-based value of assets and liabilities, for which the tax-based value is calculated based on the planned use of each asset.

Deferred tax assets, including the tax base of tax loss carryforwards, are recognised in the balance sheet at their estimated realisable value, either as a set-off against deferred tax liabilities or as net tax assets.

Other provisions
Other provisions comprise anticipated costs of non-recourse guarantee commitments etc.

Other provisions are recognised and measured as the best estimate of the expenses required to settle the liabilities at the balance sheet date. Provisions that are estimated to mature more than one year after the balance sheet date are measured at their discounted value.

Non-recourse guarantee commitments comprise commitments to remedy defects and deficiencies within the guarantee period.

Once it is probable that total costs will exceed total income from a contract in progress, provision is made for the total loss estimated to result from the relevant contract.

Mortgage debt
At the time of borrowing, mortgage debt to mortgage credit institutions is measured at cost which corresponds to the proceeds received less transaction costs incurred. Mortgage debt is subsequently measured at amortised cost. This means that the difference between the proceeds at the time of borrowing and the nominal repayable amount of the loan is recognised in the income statement as a financial expense over the term of the loan applying the effective interest method.

Operating leases
Lease payments on operating leases are recognised on a straight-line basis in the income statement over the term of the lease.

Other financial liabilities
Other financial liabilities are measured at amortised cost, which usually corresponds to nominal value.

Prepayments received from customers
Prepayments received from customers comprise amounts received from customers prior to delivery of the goods agreed or completion of the service agreed.

Cash flow statement

The cash flow statement shows cash flows from operating, investing and financing activities, and cash and cash equivalents at the beginning and the end of the financial year.

Cash flows from operating activities are presented using the indirect method and calculated as the operating profit/loss adjusted for non-cash operating items, working capital changes and taxes paid.

Cash flows from investing activities comprise payments in connection with acquisition and divestment of enterprises, activities and fixed asset investments, and purchase, development, improvement and sale,

etc. of intangible assets and property, plant and equipment, including acquisition of assets held under finance leases.

Cash flows from financing activities comprise changes in the size or composition of the contributed capital and related costs, and the raising of loans, inception of finance leases, repayments of interest-bearing debt, purchase of treasury shares and payment of dividend.

Cash and cash equivalents comprise cash less short-term bank loans.