

KEH Naval Architects Holding ApS

Claessensvej 1
3000 Helsingør
Company reg. no. 34 69 08 55

Annual report for 1 January - 31 December 2022

The annual report was submitted and approved by the general meeting on the 28 June 2023.



Hendrik Kornel van Prooijen
Chairman of the meeting

Contents

	<u>Page</u>
Reports	
Management's statement	1
Independent auditor's report	2
Management's review	
Company information	5
Consolidated financial highlights	6
Management's review	8
Consolidated financial statements and financial statements	
1 January - 31 December 2022	
Income statement	9
Balance sheet	10
Consolidated statement of changes in equity	12
Statement of changes in equity of the parent	12
Statement of cash flows	13
Notes	14
Accounting policies	23

Notes:

- To ensure the greatest possible applicability of this document, IAS/IFRS English terminology has been used.
- Please note that decimal points have not been used in the usual English way. This means that for instance DKK 146.940 means the amount of DKK 146,940, and that 23,5 % means 23.5 %.

Management's statement

Today, the Managing Director has approved the annual report of KEH Naval Architects Holding ApS for the financial year 1 January - 31 December 2022.

The annual report has been prepared in accordance with the Danish Financial Statements Act.

I consider the chosen accounting policy to be appropriate, and in my opinion, the consolidated financial statements and the parent company financial statements give a true and fair view of the financial position of the Group and the Parent Company at 31 December 2022, and of the results of the Group and the Company's operations as well as the consolidated cash flows for the financial year 1 January – 31 December 2022.

Further, in my opinion, the Management's review gives a true and fair review of the matters discussed in the Management's review.

We recommend that the annual report be approved at the Annual General Meeting.

Helsingør, 28 June 2023

Managing Director



Hendrik Kornel van Prooijen
CEO

Independent auditor's report

To the Shareholders of KEH Naval Architects Holding ApS

Opinion

We have audited the consolidated financial statements and the parent company financial statements of KEH Naval Architects Holding ApS for the financial year 1 January to 31 December 2022, which comprise a summary of significant accounting policies, income statement, balance sheet, statement of changes in equity and notes for both the Group the Parent Company, as well as consolidated statement of cash flows. The consolidated financial statements and the parent company financial statements are prepared under the Danish Financial Statements Act.

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

Basis for Opinion

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

Management is responsible for the preparation of consolidated financial statements and parent company 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 company financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements and the parent company financial statements, 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 parent company financial statements 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 parent company 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 company financial statements.

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 parent company 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 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 parent company 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 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 parent company 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 Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and contents of the consolidated financial statements and the parent company financial statements, including the disclosures, and whether the consolidated financial statements and the parent company financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

Independent auditor's report

- 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 Management's Review

Management is responsible for Management's Review.

Our opinion on the consolidated financial statements and the parent company financial statements does not cover Management's Review, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements and the parent company financial statements, our responsibility is to read Management's Review and, in doing so, consider whether Management's Review is materially inconsistent with the consolidated financial statements and the parent company financial statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

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

Based on the work we have performed, we conclude that Management's Review is in accordance with the financial statements and has been prepared in accordance with the requirements of the Danish Financial Statement Act. We did not identify any material misstatement of Management's Review.

Brøndby, 28 June 2023

ALBJERG

Statsautoriseret Revisionspartnerselskab
Company reg. no. 35 38 28 79


Lissen Fagerlin Hammer
State Authorised Public Accountant
mne27747

Company information

The company

KEH Naval Architects Holding ApS
Claessensvej 1
3000 Helsingør

Company reg. no. 34 69 08 55
Established: 15 August 2012
Domicile: Helsingør
Financial year: 1 January - 31 December

Managing Director

Hendrik Kornel van Prooijen, CEO

Auditors

ALBJERG
Statsautoriseret Revisionspartnerselskab
Ringager 4C, 2. th.
2605 Brøndby

Bankers

BNP Paribas

Subsidiaries

Knud E. Hansen A/S, Naval Architects, Helsingør, Denmark
Knud E. Hansen Australia PTY Ltd., Perth, Australia
Knud E. Hansen USA, Inc., Ft. Lauderdale, USA
Knud E. Hansen Greece Ltd., Piraeus, Greece
MARINE HVAC DESIGN SL, Cadiz, Spain
Knud E. Hansen (UK) Ltd., London, United Kingdom

Consolidated financial highlights

DKK in thousands.	2022	2021	2020	2019	2018
Income statement:					
Gross profit	39.122	46.878	36.225	58.124	49.733
Earnings before interest, taxes, depreciation and amortisation (EBITDA)	-10.570	2.091	-9.619	5.564	4.063
Profit from operating activities	-11.289	949	-11.098	3.817	2.646
Net financials	-1.506	-484	-665	-622	-714
Profit/loss before tax	-12.796	465	-11.762	3.195	1.932
Profit /loss for the year	-13.028	120	-11.710	1.870	1.332
Statement of financial position:					
Fixed assets	1.027	1.516	1.952	3.032	3.070
Non-fixed assets	51.316	49.396	32.413	41.149	45.297
Total assets	52.342	50.912	34.365	44.181	48.367
Equity	1.430	-8.609	-9.004	-7.883	-10.022
Employees:					
Average number of full-time employees	85	86	88	87	74
Key figures in %:					
Return on equity investment	-29,8	4,1	-2.951,6	-45,7	-26,4
Acid test ratio	322,5	428,7	120,3	80,9	77,6
Solvency ratio	2,7	-16,9	-26,2	-17,8	-20,7
Return on equity	0,0	0,0	0,0	0,0	0,0

Calculations of key figures and ratios do, in all material respects, follow the recommendations of the Danish Association of Finance Analysts, only in a few respects deviating from the recommendations.

The key figures and ratios shown in the statement of financial highlights have been calculated as follows:

Return on equity investment	$\frac{\text{Operating profit or loss (EBIT)} \times 100}{\text{Average invested capital}}$
Invested capital	Operational intangible and tangible assets and net working capital
Acid test ratio	$\frac{\text{Current assets} \times 100}{\text{Short term liabilities other than provisions}}$

Consolidated financial highlights

Solvency ratio

$$\frac{\text{Equity, closing balance} \times 100}{\text{Total assets, closing balance}}$$

Return on equity

$$\frac{\text{Net profit or loss for the year} \times 100}{\text{Average equity}}$$

Management's review

Description of key activities of the group

The group carries on consulting, engineering & design activities within the Marine & Offshore segments.

The parent Company's primary activities are investments in subsidiaries.

Development in activities and financial matters

The gross loss for the parent company for the year totals DKK 51 thousand against DKK -48 thousand last year. Loss from ordinary activities after tax totals DKK -13.028 thousand against DKK 120 thousand last year. Equity is positive DKK 1.430 thousand due to subsidies of DKK 23.000 thousand during the year.

Year 2022 started well for KNUD E. HANSEN A/S, Naval Architects with orders in Offshore Wind and Car Carrier projects where the company in both segments has a leading world-wide position as designer. Furthermore, we had secured projects that created the basis for new large orders.

KNUD E. HANSEN A/S, Naval Architects has grown to approx. 100 employees world-wide with eight offices serving our clients around the clock. Even with the Covid-19 situation we decided to keep the staff and that decision was right due to the good start of year 2022. The war in Ukraine created problems for some of our clients and several project were put on hold, which then created our loss.

Accounting estimates

The group's activities with Engineering and Design implies ongoing accounting estimates with normal uncertainty in the estimates during the project lifetime due to the nature of the projects. The Company and the Group has recognized a deferred tax asset DKK 1.426 thousand, which is expected to be used within the next 3-5 years. The value of the asset is conditioned by future positive earnings. Reference is made to note 13 for more details.

Knowledge resources

The group's success is based on the competences and commitment of our employees. It is essential for us to offer a challenging and stimulating working environment, where investments are made on a continual basis to develop, maintain, and attract the best talents in the business, by offering a flexible, informal, challenging and stimulating career path. Recruiting is international.

Outlook

Based on the projects under negotiation, expectations for 2023 are positive for the group. In May 2023 the company has transferred the shares in KNUD E. HANSEN A/S to the parent company of KEH Naval Architects Holding ApS, being Damen Maritime Ventures Holding B.V.

Events occurring after the end of the financial year

No events have occurred after the balance sheet date which could significantly affect the groups financial position.

Branches abroad

The group has a branch named Knud E. Hansen A/S, Naval Architects Filial Færøerne. The branch is located in Tórshavn on the Faroe Islands.

Income statement 1 January - 31 December

All amounts in DKK.

Note	Group		Parent	
	2022	2021	2022	2021
Gross profit	39.121.705	46.877.969	-50.609	-47.594
2 Staff costs	-49.364.667	-44.642.704	0	0
3 Depreciation, amortisation, and impairment	-719.405	-1.142.231	0	0
Other operating expenses	-326.793	-143.976	0	0
Operating profit	-11.289.160	949.058	-50.609	-47.594
Income from investments in group enterprises	0	0	-12.787.253	308.696
4 Other financial income	0	185.979	0	0
5 Other financial expenses	-1.506.356	-669.674	-189.678	-140.816
Pre-tax net profit or loss	-12.795.516	465.363	-13.027.540	120.286
6 Tax on net profit or loss for the year	-232.024	-345.077	0	0
7 Net profit or loss for the year	-13.027.540	120.286	-13.027.540	120.286

Balance sheet at 31 December

All amounts in DKK.

Assets				
Note	Group		Parent	
	2022	2021	2022	2021
Non-current assets				
8 Completed development projects, including patents and similar rights arising from development projects	130.158	217.375	0	0
9 Development projects in progress and prepayments for intangible assets	224.666	0	0	0
Total intangible assets	354.824	217.375	0	0
10 Other fixtures, fittings, tools and equipment	671.709	1.298.990	0	0
Total property, plant, and equipment	671.709	1.298.990	0	0
11 Investments in group enterprises	0	0	5.470.613	4.191.509
Total investments	0	0	5.470.613	4.191.509
Total non-current assets	1.026.533	1.516.365	5.470.613	4.191.509
Current assets				
Trade receivables	15.469.539	27.647.354	0	0
12 Contract work in progress	12.131.491	3.910.649	0	0
Receivables from participating interest	14.006.566	8.774.363	0	0
13 Deferred tax assets	1.426.036	1.426.036	0	0
14 Income tax receivables	0	6.969	0	0
Other receivables	2.969.215	3.032.528	0	0
15 Prepayments	2.658.960	2.460.186	0	0
Total receivables	48.661.807	47.258.085	0	0
Cash	2.654.154	2.137.706	11.994	248.639
Total current assets	51.315.961	49.395.791	11.994	248.639
Total assets	52.342.494	50.912.156	5.482.607	4.440.148

Balance sheet at 31 December

All amounts in DKK.

Equity and liabilities				
Note	Group		Parent	
	2022	2021	2022	2021
Equity				
16	Contributed capital	80.000	80.000	80.000
	Reserve for foreign currency translation	-13.500	-13.500	-79.851
	Retained earnings	1.363.034	1.363.034	-8.609.426
	Total equity	1.429.534	1.429.534	-8.609.277
Liabilities other than provisions				
17	Payables to group enterprises	35.000.000	4.000.000	13.000.000
	Total long term liabilities other than provisions	35.000.000	4.000.000	13.000.000
12	Contract work in progress	2.398.057	0	0
	Trade payables	4.356.975	0	0
	Payables to group enterprises	150.275	0	0
	Other payables	9.007.653	53.073	49.425
	Total short term liabilities other than provisions	15.912.960	53.073	49.425
	Total liabilities other than provisions	50.912.960	4.053.073	13.049.425
	Total equity and liabilities	52.342.494	5.482.607	4.440.148
1	Special items			
19	Charges and security			
20	Contingencies			
21	Related parties			

Consolidated statement of changes in equity

All amounts in DKK.

	Contributed capital	Reserve for foreign currency translation	Retained earnings	Total
Equity 1 2022	80.000	-79.851	-8.609.426	-8.609.277
Group subsidy	0	0	23.000.000	23.000.000
Profit or loss for the year brought forward	0	0	-13.027.540	-13.027.540
Exchange rate adjustments	0	66.351	0	66.351
	80.000	-13.500	1.363.034	1.429.534

Statement of changes in equity of the parent

All amounts in DKK.

	Contributed capital	Reserve for foreign currency translation	Retained earnings	Total
Equity 1 January 2022	80.000	-79.851	-8.609.426	-8.609.277
Group subsidy	0	0	23.000.000	23.000.000
Profit or loss for the year brought forward	0	0	-13.027.540	-13.027.540
Exchange rate adjustments	0	66.351	0	66.351
	80.000	-13.500	1.363.034	1.429.534

Statement of cash flows 1 January - 31 December

All amounts in DKK.

Note	Group	
	2022	2021
Net profit or loss for the year	-13.027.540	120.286
22 Adjustments	2.784.578	2.114.979
23 Change in working capital	8.112.928	-13.152.303
Cash flows from operating activities before net financials	-2.130.034	-10.917.038
Net financial positions	-1.506.356	-483.695
Cash flows from ordinary activities	-3.636.390	-11.400.733
Income tax paid	-225.055	-48.226
Cash flows from operating activities	-3.861.445	-11.448.959
Purchase of property, plant, and equipment	-556.366	-850.457
Cash flow from investment activities	-556.366	-850.457
Capital contribution	23.000.000	0
Proceeds of debt	-13.000.000	35.000.000
Repayments, borrowings from group enterprises	-5.065.744	-22.853.801
Cash flows from financing activities	4.934.256	12.146.199
Change in cash and cash equivalents	516.445	-153.217
Cash and cash equivalents at 1 January 2022	2.137.706	2.290.923
Cash and cash equivalents at 31 December 2022	2.654.151	2.137.706
Cash and cash equivalents		
Cash	2.654.151	2.137.706
Cash and cash equivalents at 31 December 2022	2.654.151	2.137.706

Notes

All amounts in DKK.

1. Special items

Special items for the year are specified below, indicating where they are recognised in the income statement.

	Group		Parent	
	2022	2021	2022	2021
Income:				
Covid-19 compensation	691.001	6.217.446	0	0
	691.001	6.217.446	0	0
Expenses:				
Reimbursement of Covid-19 compensation	1.017.794	0	0	0
	1.017.794	0	0	0
Special items are recognised in the following items in the financial statements:				
Other operating income	691.001	6.217.446	0	0
Other operating expenses	-1.017.794	0	0	0
Profit of special items, net	-326.793	6.217.446	0	0

2. Staff costs

Salaries and wages	46.355.244	42.053.608	0	0
Pension costs	1.601.127	1.605.685	0	0
Other costs for social security	1.408.296	983.411	0	0
	49.364.667	44.642.704	0	0
Average number of employees	85	86	0	0

3. Depreciation, amortisation, and impairment

Amortisation of concessions, patents and licences	126.867	441.174	0	0
Depreciation on plants, operating assets, fixtures and furniture	592.538	701.057	0	0
	719.405	1.142.231	0	0

Notes

All amounts in DKK.

	Group		Parent	
	2022	2021	2022	2021
4. Other financial income				
Interest, trade debtors	0	185.979	0	0
	0	185.979	0	0
5. Other financial expenses				
Financial costs, group enterprises	781.244	364.076	187.880	134.010
Other financial costs	725.112	305.598	1.798	6.806
	1.506.356	669.674	189.678	140.816
6. Tax on net profit or loss for the year				
Adjustment for the year of deferred tax	0	204.887	0	0
Other taxes	232.024	140.190	0	0
	232.024	345.077	0	0
7. Proposed distribution of net profit				
Transferred to retained earnings			0	120.286
Allocated from retained earnings			-13.027.540	0
Total allocations and transfers			-13.027.540	120.286

Notes

All amounts in DKK.

	Group		Parent	
	31/12 2022	31/12 2021	31/12 2022	31/12 2021
8. Completed development projects, including patents and similar rights arising from development projects				
Cost 1 January 2022	2.337.649	2.382.538	0	0
Additions during the year	39.650	287.211	0	0
Disposals during the year	0	-332.100	0	0
Cost 31 December 2022	2.377.299	2.337.649	0	0
Amortisation and write-down 1 January 2022	-2.120.274	-2.122.809	0	0
Amortisation for the year	-126.867	-280.849	0	0
Reversal of depreciation, amortisation and writedown, assets disposed of	0	283.384	0	0
Amortisation and write-down 31 December 2022	-2.247.141	-2.120.274	0	0
Carrying amount, 31 December 2022	130.158	217.375	0	0
9. Development projects in progress and prepayments for intangible assets				
Additions during the year	224.666	0	0	0
Cost 31 December 2022	224.666	0	0	0
Carrying amount, 31 December 2022	224.666	0	0	0

Notes

All amounts in DKK.

	Group		Parent	
	31/12 2022	31/12 2021	31/12 2022	31/12 2021
10. Other fixtures, fittings, tools and equipment				
Cost 1 January 2022	6.025.657	5.624.507	0	0
Translation by use of the exchange rate valid on balance sheet date 31 December 2022	-121.537	78.476	0	0
Additions during the year	154.095	768.940	0	0
Disposals during the year	-208.028	-446.266	0	0
Cost 31 December 2022	5.850.187	6.025.657	0	0
Depreciation and write-down 1 January 2022	-4.726.667	-4.090.523	0	0
Translation by use of the exchange rate valid on balance sheet date 31 December 2022	31.397	-65.194	0	0
Depreciation for the year	-483.208	-701.054	0	0
Depreciation, amortisation and writedown for the year, assets disposed of	0	130.104	0	0
Depreciation and write-down 31 December 2022	-5.178.478	-4.726.667	0	0
Carrying amount, 31 December 2022	671.709	1.298.990	0	0

Notes

All amounts in DKK.

	Group		Parent	
	31/12 2022	31/12 2021	31/12 2022	31/12 2021
11. Investments in group enterprises				
Acquisition sum, opening balance 1 January 2022	0	0	47.912.752	47.912.752
Cost 31 December 2022	0	0	47.912.752	47.912.752
Revaluations, opening balance 1 January 2022	0	0	-43.721.243	-44.304.602
Translation by use of the exchange rate valid on b	0	0	66.351	274.663
Results for the year before goodwill amortisation	0	0	-12.787.247	308.696
Group subsidy	0	0	14.000.000	0
Revaluation 31 December 2022	0	0	-42.442.139	-43.721.243
Carrying amount, 31 December 2022	0	0	5.470.613	4.191.509

Group enterprises:

	Domicile	Equity interest
Knud E. Hansen A/S, Naval Architects	Helsingør, Denmark	100 %
Knud E. Hansen Australia PTY Ltd.	Perth, Australia	100 %
Knud E. Hansen USA, Inc.	Ft. Lauderdale, USA	100 %
Knud E. Hansen Greece Ltd.	Piraeus, Greece	100 %
MARINE HVAC DESIGN SL	Cadiz, Spain	100 %
Knud E. Hansen (UK) Ltd.	London, United Kingdom	100 %

Notes

All amounts in DKK.

	Group		Parent	
	31/12 2022	31/12 2021	31/12 2022	31/12 2021
12. Contract work in progress				
Sales value of the production of the period	118.706.337	85.805.321	0	0
Progress billings	-108.972.903	-82.636.077	0	0
Contract work in progress, net	9.733.434	3.169.244	0	0
The following is recognised:				
Work in progress for the account of others (Current assets)	12.131.491	3.910.649	0	0
Work in progress for the account of others (Short-term liabilities)	-2.398.057	-741.405	0	0
	9.733.434	3.169.244	0	0
13. Deferred tax assets				
Deferred tax assets 1 January 2022	1.426.036	1.634.268	0	0
Deferred tax of the results for the year	0	-208.232	0	0
	1.426.036	1.426.036	0	0
Group				
The group has a total deferred tax asset at a carrying amount of DKK 10.571 thousand of which DKK 1.426 is recognised, which is expected utilized within a foreseeable future.				
The parent company has a total deferred tax asset at a carrying amount of DKK 248 thousand of which DKK 0 is recognised, which is expected utilized within a foreseeable future.				
14. Income tax receivables				
Income tax receivables 1 January 2022	0	6.969	0	0
	0	6.969	0	0

Notes

All amounts in DKK.

15. Prepayments

Prepayments include accrual of expenses relating to subsequent financial years, including rent, insurance policies, service contracts licenses and subscriptions.

	Group		Parent	
	31/12 2022	31/12 2021	31/12 2022	31/12 2021
16. Contributed capital				
Contributed capital				
1 January 2022	80.000	80.000	80.000	80.000
	80.000	80.000	80.000	80.000

The company's share capital has remained unchanged at DKK 80.000 since the company was established.

17. Payables to group enterprises

Total payables to group enterprises

35.000.000	48.000.000	4.000.000	13.000.000
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18. Other payables

Share of amount due within 1 year

0	0	0	0
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Total other payables

0	0	0	0
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Share of liabilities due after 5 years

0	0	0	0
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Notes

All amounts in DKK.

19. Charges and security

Group

The Group has not provided any security or other collateral in assets at 31 December 2022.

Parent company

All shares in Knud E Hansen, Naval Architects A/S are pledged with first priority in favor of the Finance Parties according to loan agreement with Damen Holding B.V. among others.

20. Contingencies

Contingent liabilities, group

	DKK in thousands
Rent and lease liabilities	23.102
Total contingent liabilities	23.102

Rent and lease liabilities primarily relate to contracts which are non-cancellable until 2022-2031.

Included in the amount above the group company acts as guarantor in regard to the agreement for a lease in London between Knud E. Hansen (UK) Ltd. and the landlord and is therefore liable for rent obligations at a total amount of DKK 44 thousand.

Joint taxation

The company acts as administration company for the group of companies subject to the Danish scheme of joint taxation and is unlimitedly, jointly, and severally liable, along with the other jointly taxed companies, to pay the total corporation tax.

The company is unlimitedly, jointly, and severally liable, along with the other jointly taxed companies, for any obligations to withhold tax on interest, royalties, and dividends.

Any subsequent adjustments of corporate taxes or withholding taxes, etc., may result in changes in the company's liabilities.

Notes

All amounts in DKK.

21. Related parties

Controlling interest

Damen Shipyard Group NV, Curacao, Curacao (ultimate parent)

Participating interest

Transactions

The group has the following related party transactions (in DKK Thousand):

	Group		Parent	
	2022	2021	2022	2021
Revenue	355	902	0	0
Interest	-781	-364	-188	-134
Receivables from group entities	14.007	8.774	0	0
Payables to group entities	150	50	0	0
Long term debt, group entity	35.000	48.000	4.000	13.000

In accordance with section 98C, subsection (3) of the Danish Financial Statement Act, KEH Naval Architects Holding ApS, has not presented the related party transactions with wholly owned subsidiaries.

In receivables to group entities DKK 4.090 Thousand is a cashpool.

Consolidated financial statements

The company is included in the consolidated financial statements of Damen Shipyard Group NV, Curacao, Curacao. The consolidated financial statements are available at the Chamber of commerce in the Netherlands.

22. Adjustments

	Group	
	2022	2021
Depreciation, amortisation, and impairment	1.046.198	1.286.207
Other financial expenses	1.506.356	483.695
Tax on net profit or loss for the year	232.024	345.077
	2.784.578	2.114.979

23. Change in working capital

Change in receivables	3.821.512	-9.196.768
Change in trade payables and other payables	4.291.416	-3.955.535
	8.112.928	-13.152.303

Accounting policies

The annual report for KEH Naval Architects Holding ApS has been presented in accordance with the Danish Financial Statements Act regulations concerning reporting class C enterprises (medium sized enterprises).

The accounting policies are unchanged from last year, and the annual report is presented in DKK.

Foreign currency translation

Transactions in foreign currency are translated by using the exchange rate prevailing at the date of the transaction. Differences in the rate of exchange arising between the rate at the date of transaction and the rate at the date of payment are recognised in the profit and loss account as an item under net financials.

Receivables, payables, and other foreign currency monetary items are translated using the closing rate. The difference between the closing rate and the rate at the time of the occurrence or initial recognition in the latest financial statements of the receivable or payable is recognised in the income statement under financial income and expenses.

Group enterprises abroad, are considered to be independent entities. The income statements are translated at an average exchange rate for the month, and the balance sheet items are translated at the closing rates. Currency translation differences, arising from the translation of the equity of group enterprises abroad at the beginning of the year to the closing rate and from the translation of income statements from average prices to the closing rate, are recognised directly in equity in the fair value reserve in the Consolidated Financial Statement. This also applies to differences arising from translation of income statements from average exchange rate to closing rate.

The consolidated financial statements

The consolidated income statements comprise the parent company KEH Naval Architects Holding ApS and those group enterprises of which KEH Naval Architects Holding ApS directly or indirectly owns more than 50 % of the voting rights or in other ways exercise control.

Consolidation policies

The consolidated financial statements have been prepared as a summary of the parent company's and the group enterprises' financial statements by adding together uniform accounting records calculated in accordance with the group's accounting policies.

Investments in group enterprises are eliminated by the proportionate share of the group enterprises' fair value of net assets and liabilities at the acquisition date.

The group activities in joint operations are recognised in the consolidated financial statements record by record.

Omission of a cash flow statement

With reference to section 86(4) of the Danish Financial Statements Act, no cash flow statement is prepared for the parent company, as its cash flows are reflected in the consolidated cash flow statement.

Accounting policies

Income statement

Gross profit

Gross profit comprises the revenue, changes in inventories of finished goods, and work in progress, own work capitalised, other operating income, and external costs.

The enterprise will be applying IAS 11 as its basis of interpretation for the recognition of revenue.

Revenue

Revenue is recognised in the income statement if delivery and passing of risk to the buyer have taken place before the end of the year and if the income can be determined reliably and inflow is anticipated. Revenue is measured at the fair value of the consideration promised exclusive of VAT and taxes and less any discounts relating directly to sales.

Contract work in progress concerning construction contracts is recognised in the revenue concurrently with the production process. Thus, the revenue corresponds to the selling price of the total yearly production (the production method). The revenue is recognised when the total income and costs of the contract and the stage of completion on the reporting date can be reliably validated and it is deemed probable that the financial benefits will flow to the company.

When the results of a contract cannot be reliably validated, the revenue is recognised solely on a cost basis to the extent that it seems probable that the costs will be recovered.

Licence and royalty income is recognised in accordance with the content of the agreement.

Own work capitalised

Own work capitalised includes staff cost and other internal costs incurred during the financial year and recognised in the cost of proprietary intangible and tangible fixed assets.

Other operating income

Other operating income comprises items of a secondary nature as regards the principal activities of the enterprise, including profit from the disposal of intangible and tangible assets. Furthermore, this item comprises received subsidies, damages, and compensation due to the coronavirus situation.

Other external expenses

Other external expenses comprise expenses incurred for sales, advertising, administration, premises, loss on receivables, and operational leasing costs.

Staff costs

Staff costs include salaries and wages, including holiday allowances, pensions, and other social security costs, etc., for staff members.

Depreciation, amortisation, and write-down for impairment

Depreciation, amortisation, and write-down for impairment comprise depreciation on, amortisation of, and write-down for impairment of intangible and tangible assets, respectively.

Accounting policies

Other operating expenses

Other operating expenses comprise items of secondary nature as regards the principal activities of the enterprise, including losses on the disposal of intangible and tangible assets.

Financial income and expenses

Financial income and expenses are recognised in the income statement with the amounts concerning the financial year. Financial income and expenses comprise interest income and expenses, realised and unrealised capital gains and losses relating to securities, debt and transactions in foreign currency, amortisation of financial assets and liabilities as well as surcharges and reimbursements under the advance tax scheme, etc.

Results from investments in group enterprises

After full elimination of intercompany profit or loss less amortised consolidated goodwill, the equity investment in the individual entities are recognised in the income statement of the parent as a proportional share of the entities' post-tax profit or loss.

Tax on net profit or loss for the year

Tax for the year comprises the current income tax for the year and changes in deferred tax and is recognised in the income statement with the share attributable to the net profit or loss for the year and directly in equity with the share attributable to entries directly in equity.

The parent and the Danish group enterprises are subject to Danish rules on compulsory joint taxation of Danish group enterprises.

The current Danish income tax is allocated among the jointly taxed companies proportional to their respective taxable income (full allocation with reimbursement of tax losses).

Statement of financial position

Intangible assets

Development projects, patents, and licences

Development costs comprise salaries, wages, and amortisation directly attributable to development activities.

Patents and licenses are measured at cost less accrued amortisation. Patents are amortised on a straightline basis over the remaining patent period and licenses are amortised over the contract period, however, for a maximum of 3 years.

Clearly defined and identifiable development projects are recognised as intangible assets provided that they are proven to be technically practicable, that sufficient resources and a potential market or development opportunity exist, and insofar as the intention is to produce, market or utilise the project. It is, however, a condition that the cost can be reliably calculated and that a sufficiently high degree of certainty indicates that future earnings will cover the costs of production, sales, and administration. Other development costs are recognised in the income statement concurrently with their realisation.

Accounting policies

Profit and loss from the sale of development projects, patents, and licenses are measured as the difference between the sales price less sales costs and the carrying amount at the time of sale. Profit or loss are recognised in the income statement as other operating income or other operating expenses, respectively.

Property, plant, and equipment

Property, plant, and equipment are measured at cost less accrued depreciation and write-down for impairment.

The depreciable amount is cost less any expected residual value after the end of the useful life of the asset. The amortisation period and the residual value are determined at the acquisition date and reassessed annually. If the residual value exceeds the carrying amount, the depreciation is discontinued.

If the amortisation period or the residual value is changed, the effect on amortisation will, in future, be recognised as a change in the accounting estimates.

The cost comprises acquisition cost and costs directly associated with the acquisition until the time when the asset is ready for use.

The cost of a total asset is divided into separate components. These components are depreciated separately, the useful lives of each individual components differing, and the individual component representing a material part of the total cost.

Depreciation is done on a straight-line basis according to an assessment of the expected useful life:

	Useful life
Completed development projects	3 years
Acquired intangible assets	3 years
Other fixtures and fittings, tools and equipment	3-5 years

Minor assets with an expected useful life of less than 1 year are recognised as costs in the income statement in the year of acquisition.

Profit or loss derived from the disposal of property, land, and equipment is measured as the difference between the sales price less selling costs and the carrying amount at the date of disposal. Profit or loss is recognised in the income statement as other operating income or other operating expenses.

Leases

Leases are regarded as operating leases. Payments in connection with operating leases and other lease agreements are recognised in the income statement for the term of the contract. The group's total liabilities concerning operating leases and lease agreements are recognised under contingencies, etc.

Impairment loss relating to non-current assets

The carrying amount of both intangible and tangible fixed assets as well as equity investments in group enterprises are subject to annual impairment tests in order to disclose any indications of impairment beyond those expressed by amortisation and depreciation respectively.

Accounting policies

If indications of impairment are disclosed, impairment tests are carried out for each individual asset or group of assets, respectively. Write-down for impairment is done to the recoverable amount if this value is lower than the carrying amount.

The recoverable amount is the higher value of value in use and selling price less expected selling cost. The value in use is calculated as the present value of the expected net cash flows from the use of the asset or the asset group and expected net cash flows from the sale of the asset or the asset group after the end of their useful life.

Previously recognised impairment losses are reversed when conditions for impairment no longer exist.

Investments

Investments in group enterprises

Investments in group enterprises are recognised and measured by applying the equity method. The equity method is used as a method of consolidation.

Investments in group enterprises are recognised in the statement of financial position at the proportionate share of the enterprise's equity value. This value is calculated in accordance with the parent's accounting policies with deductions or additions of unrealised intercompany gains and losses as well as with additions or deductions of the remaining value of positive or negative goodwill calculated in accordance with the acquisition method. Negative goodwill is recognised in the income statement at the time of acquisition of the equity investment. If the negative goodwill relates to contingent liabilities acquired, negative goodwill is not recognised until the contingent liabilities have been settled or lapsed.

Investments in group enterprises with a negative equity value are measured at DKK 0, and any accounts receivable from these enterprises are written down to the extent that the account receivable is uncollectible. To the extent that the parent has a legal or constructive obligation to cover a negative balance that exceeds the account receivable, the remaining amount is recognised under provisions.

To the extent the equity exceeds the cost, the net revaluation of equity investments in group enterprises transferred to the reserve under equity for net revaluation according to the equity method. Dividends from group enterprises expected to be adopted before the approval of this annual report are not subject to a limitation of the revaluation reserve. The reserve is adjusted by other equity movements in group enterprises.

Receivables

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

In order to meet expected losses, impairment takes place at the net realisable value. The company has chosen to use IAS 39 as a basis for interpretation when recognising impairment of financial assets, which means that impairments must be made to offset losses where an objective indication is deemed to have occurred that an account receivable or a portfolio of accounts receivable is impaired. If an objective indication shows that an individual account receivable has been impaired, an impairment takes place at individual level.

Accounting policies

Impairment losses are calculated as the difference between the carrying amount of accounts receivable and the present value of the expected cash flows, including the realisable value of any securities received. The effective interest rate for the individual account receivable or portfolio is used as the discount rate.

Contract work in progress

Contract work in progress is measured at the selling price of the work performed. The selling price is measured on the basis of the stage of completion on the reporting date and the total expected income from the individual work in progress. The stage of completion is calculated as the share of costs incurred in proportion to the estimated total costs of the individual work in progress.

When the selling price of the individual work in progress cannot be determined reliably, the selling price is measured at the costs incurred or at net realisable value, if this is lower.

The individual work in progress is recognised in the statement of financial position under accounts receivables or liabilities. Net assets consist of the sum of the work in progress, where the selling price of the work performed exceeds invoicing on account. Net liabilities consist of the sum of the work in progress, where invoicing on account exceeds the selling price.

Costs in connection with sales work and the procurement of contracts are recognised in the income statement when incurred.

Prepayments

Prepayments recognised under assets comprise incurred costs concerning the following financial year.

Cash

Cash and cash equivalents comprise cash at bank and on hand.

Given the nature of the Groups cash pool arrangement, cash pool are not considered cash, but are recognised under "Receivables from Group enterprises".

Equity

Reserve for net revaluation according to the equity method

The reserve for net revaluation according to the equity method comprises net revaluation of equity investments in subsidiaries, associates and equity interests proportional to cost.

The reserve may be eliminated in the event of losses, realisation of equity investments, or changes in the accounting estimates.

The reserve cannot be recognised by a negative amount.

Accounting policies

Translation reserve

The translation reserve comprises the share of foreign exchange differences arising on translation of financial statements of entities that have a functional currency other than DKK, foreign exchange adjustments of assets and liabilities considered part of the Company's net investments in such entities and foreign exchange adjustments regarding hedging transactions that hedge the Company's net investments in such entities. The reserve is dissolved on the sale of foreign entities or if the conditions for effective hedging no longer exist. When equity investments in subsidiaries and associates in the parent company financial statements are subject to the limitation requirement in the net revaluation reserve according to the equity method, foreign exchange adjustments will be included in this equity reserve instead.

Income tax and deferred tax

As administration company, KEH Naval Architects Holding ApS is liable to the tax authorities for the subsidiaries' corporate income taxes.

Current tax liabilities and current tax receivable are recognised in the statement of financial position as calculated tax on the taxable income for the year, adjusted for tax of previous years' taxable income and for tax paid on account.

The company is jointly taxed with consolidated Danish companies. The current corporate income tax is distributed between the jointly taxed companies in proportion to their taxable income and with full distribution with reimbursement as to tax losses. The jointly taxed companies are comprised by the Danish tax prepayment scheme.

Joint taxation contributions payable and receivable are recognised in the statement of financial position as "Tax receivables from group enterprises" or "Income tax payable to group enterprises"

Deferred tax is measured on the basis of temporary differences in assets and liabilities with a focus on the statement of financial position. Deferred tax is measured at net realisable value.

Deferred tax is measured based on the tax rules and tax rates applying under the legislation prevailing in the respective countries on the reporting date when the deferred tax is expected to be released as current tax. Changes in deferred tax due to changed tax rates are recognised in the income statement, except for items included directly in the equity.

Deferred tax assets, including the tax value of tax losses allowed for carryforward, are recognised at the value at which they are expected to be realisable, either by settlement against tax of future earnings or by set-off in deferred tax liabilities within the same legal tax unit. Any deferred net tax assets are measured at net realisable value.

Liabilities other than provisions

Financial liabilities other than provisions related to borrowings are recognised at the received proceeds less transaction costs incurred. In subsequent periods, the financial liabilities are recognised at amortised cost, corresponding to the capitalised value when using the effective interest rate. The difference between the proceeds and the nominal value is recognised in the income statement during the term of the loan.

Accounting policies

Other liabilities concerning payables to suppliers, group enterprises, and other payables are measured at amortised cost which usually corresponds to the nominal value.

Statement of cash flows

The cash flow statement shows the cash flows for the year, divided in cash flows deriving from operating activities, investment activities and financing activities, respectively, the changes in the liabilities, and cash and cash equivalents at the beginning and the end of the year, respectively.

Cash flows from operating activities

Cash flows from operating activities are calculated as the group's share of the profit adjusted for non-cash operating items, changes in the working capital, and corporate income tax paid. Dividend income from equity investments are recognised under "Interest income and dividend received".

Cash flows from investment activities

Cash flows from investment activities comprise payments in connection with the acquisition and sale of enterprises and activities as well as the acquisition and sale of intangible assets, property, plant, and equipment, and investments, respectively.

Cash flows from financing activities

Cash flows from financing activities include changes in the size or the composition of the group's share capital and costs attached to it, as well as raising loans, repayments of interest-bearing payables and payment of dividend to shareholders.