New Global Boiler Holding A/S

Lejrevej 7, 9230 Svenstrup J

Company reg. no. 42 06 38 43

Annual report

1 January - 31 December 2021

The annual report was submitted and approved by the general meeting on the 25 May 2022.

Jens Lübeck Johansen
Chairman of the meeting

Contents

Notes to users of the English version of this document:

- To ensure the greatest possible applicability of this document, IAS/IFRS English terminology has been used.
- Please note that decimal points remain unchanged from Danish version of the document. This means that DKK 146.940 corresponds to the English amount of DKK 146,940, and that 23,5 % corresponds to 23.5 %.

Management's statement

Today, the Board of Directors and the Managing Director have approved the annual report of New Global Boiler Holding A/S for the financial year 1 January - 31 December 2021.

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

We consider the chosen accounting policy to be appropriate, and 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 2021, 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 2021.

Further, in our 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.

Svenstrup J, 25 May 2022

Managing Director

Uffe Nyborg Johansen

Board of directors

Jens Lübeck Johansen

Palani Kumar Palaniappan Selvaraj

Dann Hove Andersen

Uffe Nyborg Johansen

Independent auditor's report

To the Shareholders of New Global Boiler Holding A/S

Opinion

We have audited the consolidated financial statements and the parent company financial statements of New Global Boiler Holding A/S for the financial year 1 January to 31 December 2021, which comprise income statement, balance sheet, statement of changes in equity, notes and a summary of significant accounting policies 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 2021, 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 2021 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.

Independent auditor's report

- 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.

- 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.

Aalborg, 25 May 2022

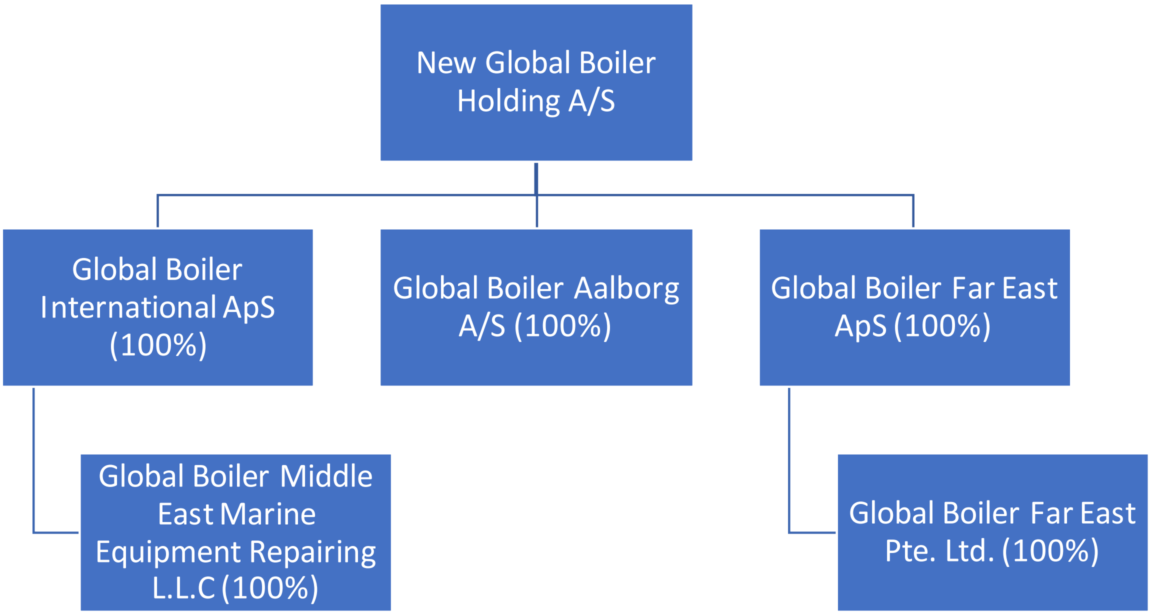
Redmark
Godkendt Revisionspartnerselskab
Company reg. no. 29 44 27 89

Søren Korgaard-Mollerup
State Authorised Public Accountant
mne31477

Company information

The company	New Global Boiler Holding A/S Lejrevej 7 9230 Svenstrup J	
	Company reg. no.	42 06 38 43
	Financial year:	1 January - 31 December
Board of directors	Jens Lübeck Johansen Palani Kumar Palaniappan Selvaraj Dann Hove Andersen Uffe Nyborg Johansen	
Managing Director	Uffe Nyborg Johansen	
Auditors	Redmark Godkendt Revisionspartnerselskab Hasseris Bymidte 6 9000 Aalborg	
Parent company	Global Boiler Holding ApS (under frivillig likvidation)	
Subsidiaries	Global Boiler Aalborg A/S, Aalborg Global Boiler International ApS, Aalborg Global Boiler Far East ApS, Aalborg	

Group overview



Consolidated financial highlights

DKK in thousands.	2021
Income statement:	
Gross profit	41.601
Profit from operating activities	3.330
Net financials	-1.397
Net profit or loss for the year	1.904
Statement of financial position:	
Balance sheet total	78.853
Investments in property, plant and equipment	1.423
Equity	22.015
Cash flows:	
Operating activities	7.925
Investing activities	-25.354
Financing activities	22.143
Total cash flows	4.713
Employees:	
Average number of full-time employees	91
Key figures in %:	
Acid test ratio	129,7
Solvency ratio	27,9
Return on equity	17,3

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:

Acid test ratio $$\frac{\text{Current assets x 100}}{\text{Short term liabilities other than provisions}}$$

Solvency ratio $$\frac{\text{Equity, closing balance x 100}}{\text{Total assets, closing balance}}$$

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

Management´s review

The principal activities of the group

The Group's principal activities are the service & repair of all types of marine boilers, incinerators and Inert Gas Generators and related equipment and accessories on a Worldwide Basis. Those business activities are conducted and performed also by the Group companies in Denmark, Singapore and Dubai. In addition, a large selection of spare parts for the above industries is stocked and sold

Furthermore, the Group perform sales, engineering and manufacturing of new boilers and economizers in own production facilities.

The Group has a modern and efficient workshop that has a long tradition of its class approved boilers and boiler components.

The main activity of New Global Boiler Holding A/S is to own shares in the subsidiaries.

Development in activities and financial matters

The net profit for the year totals 1,9 mil. DKK after tax. EBITDA amounts to 7,9 mil. DKK. Total assets amount to 78 mil. DKK, and equity amounts to 22 mil. DKK resulting in a solvency ratio of 27,9 %.

Covid 19 has had a negative impact on the marine industry and in this light management considers the achieved results for the year satisfactory.

Support of the Danish business, the government has launched some compensations packages for companies affected by national and international shutdowns do to covid 19 restrictions. The Group has applied for compensation from the compensations packages and has received compensation of DKK thousand 334.

Expected developments

Management expects increased business activities for 2022 as the Covid 19 negative impact has eased globally. The Group expects a better financial result for 2022 across all entities.

The ongoing invasion of Ukraine is not expected to have direct impact on the 2022 results. But however the subsequently raise in pricing on all levels could potentially postpone operations on vessels. It is not yet possible to verify the impact as the raising prices has not yet settled.

Know how resources

To meet market demands the New Global Boiler Holding Group has internationalised operations and now operate out of the most relevant global hubs with competence anchored locally at each site. To support continued growth and competitiveness of the Group it is important to attract qualified and skilled personal therefor the Group is strongly invested in staff development and is strongly invested in ensuring the correct personal in every activity.

The objective is to be able to service the customer’s fleets on time and at a competitive rate on a global scale.

The group has invested in automated production equipment in Denmark to supply the group with components.

Environmental issues

The Global Boiler Aalborg Group has a policy to fully comply with laws and regulation concerning environmental matter, health and safety, human rights and anti-money laundering in all entities in the group.

Income statement 1 January - 31 December

All amounts in DKK.

Note		Parent 2021	Group 2021
	Gross profit	**-182.851**	**41.600.676**
2	Staff costs	0	-32.860.162
	Depreciation, amortisation, and impairment	0	-4.566.353
	Other operating expenses	0	-844.219
	Operating profit	**-182.851**	**3.329.942**
	Income from investments in Group entities	2.731.109	0
	Other financial income from Group entities	0	2.399
	Other financial income	0	370.922
	Other financial expenses	-853.520	-1.769.958
	Pre-tax net profit or loss	**1.694.738**	**1.933.305**
	Tax on net profit or loss for the year	209.660	-28.905
3	**Net profit or loss for the year**	**1.904.398**	**1.904.400**

Balance sheet at 31 December

All amounts in DKK.

Note	Assets	Parent 2021	Group 2021
	Non-current assets		
4	Acquired concessions, patents, licenses, trademarks, and similar rights	0	210.786
5	Goodwill	0	24.991.183
	Total intangible assets	0	25.201.969
6	Other fixtures and fittings, tools and equipment	0	7.414.525
	Total property, plant, and equipment	0	7.414.525
7	Investments in subsidiaries	43.473.112	0
	Total investments	43.473.112	0
	Total non-current assets	**43.473.112**	**32.616.494**
	Current assets		
	Raw materials and consumables	0	7.836.493
	Manufactured goods and goods for resale	0	2.775.469
	Total inventories	0	10.611.962
	Trade receivables	0	18.775.051
8	Contract work in progress	0	1.599.250
	Receivables from Group entities	2.500.000	252.018
	Income tax receivables	209.660	0
	Other receivables	0	3.887.024
9	Prepayments	0	471.293
	Total receivables	2.709.660	24.984.636
	Cash and cash equivalents	0	10.639.460
	Total current assets	**2.709.660**	**46.236.058**
	Total assets	**46.182.772**	**78.852.552**

Balance sheet at 31 December

All amounts in DKK.

Note	Equity and liabilities	Parent 2021	Group 2021
	Equity		
	Contributed capital	1.000.000	1.000.000
	Reserve for foreign currency translation	0	111.003
	Retained earnings	21.015.401	20.904.398
	Total equity	**22.015.401**	**22.015.401**
	Provisions		
10	Provisions for deferred tax	0	89.616
11	Other provisions	0	39.957
	Total provisions	**0**	**129.573**
	Long term labilities other than provisions		
	Bank loans	6.672.582	6.672.582
	Lease liabilities	0	2.131.164
	Deposits	0	663.499
	Payables to Group entities	8.183.050	8.183.050
	Other payables	3.415.339	3.415.339
12	Total long term liabilities other than provisions	18.270.971	21.065.634

Balance sheet at 31 December

All amounts in DKK.

Equity and liabilities

Note		Parent 2021	Group 2021
12	Current portion of long term liabilities	3.870.000	4.266.652
	Bank loans	1.996.400	10.742.733
8	Prepayments received from customers for contract work in progress	0	940.457
8	Contract work in progress	0	1.396.244
	Trade payables	30.000	10.024.740
	Payables to Group entities	0	1.642.618
	Income tax payable	0	344.608
	Other payables	0	6.283.892
	Total short term liabilities other than provisions	5.896.400	35.641.944
	Total liabilities other than provisions	**24.167.371**	**56.707.578**
	Total equity and liabilities	**46.182.772**	**78.852.552**

1 Special items

13 Charges and security

14 Contingencies

15 Related parties

Consolidated statement of changes in equity

All amounts in DKK.

	Contributed capital	Share premium	Reserve for foreign currency translation	Retained earnings
Equity 1 2021	0	0	0	0
Cash capital increase	1.000.000	19.000.000	0	0
Retained earnings for the year	0	0	0	1.904.398
Transferred to retained earnings	0	-19.000.000	0	19.000.000
Foreign currency translation adjustments	0	0	111.003	0
	1.000.000	**0**	**111.003**	**20.904.398**

Statement of changes in equity of the parent

All amounts in DKK.

	Contributed capital	Share premium	Reserve for net revaluation according to the equity method	Retained earnings
Equity 1 January 2021	0	0	0	0
Cash capital increase	1.000.000	19.000.000	0	0
Share of profit or loss	0	0	-111.003	2.015.401
Transferred to retained earnings	0	-19.000.000	0	19.000.000
Foreign currency translation adjustments	0	0	111.003	0
	1.000.000	**0**	**0**	**21.015.401**

Statement of cash flows 1 January - 31 December

All amounts in DKK.

Note		Group 2021
	Net profit or loss for the year	1.904.400
16	Adjustments	6.031.852
17	Change in working capital	3.383.050
	Cash flows from operating activities before net financials	11.319.302
	Interest received, etc.	373.219
	Interest paid, etc.	-1.769.958
	Cash flows from ordinary activities	9.922.563
	Income tax paid	-1.998.058
	Cash flows from operating activities	**7.924.505**
	Purchase of property, plant, and equipment	-1.423.308
	Sale of property, plant, and equipment	78.273
18	Acquisition of enterprises and activities	-24.008.666
	Cash flows from investment activities	**-25.353.701**
	Long-term payables incurred	24.168.997
	Repayments of long-term payables	-1.877.190
	Changes in short-term gæld til pengeinstitutter	-149.249
	Cash flows from investment activities	**22.142.558**
	Change in cash and cash equivalents	**4.713.362**
	Cash and cash equivalents at opening balance	5.926.098
	Cash and cash equivalents at end of period	**10.639.460**

Cash and cash equivalents	
Cash and cash equivalents	10.639.460
Cash and cash equivalents at end of period	**10.639.460**

Notes

All amounts in DKK.

1. Special items

Special items include significant income and expenses of a special nature relative to the enterprise's ordinary operating activities.

As mentioned in the management commentary, the net profit or loss for the year is affected by Covid-19 pandemic. The company has received compensation from the danish support settlements for companies that have lost revenue as a result of the covid-19 pandemic.

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

	Group 2021
Income:	
Compensation from covid 19 support settlements	334.336
	334.336
Special items are recognised in the following items in the financial statements:	
Other operating income	334.336
Profit of special items, net	**334.336**

2. Staff costs

	Group 2021
Salaries and wages	30.259.719
Pension costs	2.332.087
Other costs for social security	268.356
	32.860.162
Executive board and board of directors	860.775
Average number of employees	91

Notes

All amounts in DKK.

		Parent 2021
3.	**Proposed appropriation of net profit**	
	Reserves for net revaluation according to the equity method	-111.003
	Transferred to retained earnings	2.015.401
	Total allocations and transfers	**1.904.398**

		Group 31/12 2021
4.	**Acquired concessions, patents, licenses, trademarks, and similar rights**	
	Cost opening balance	264.969
	Additions during the year	193.953
	Cost end of period	**458.922**
	Amortisation and writedown opening balance	-8.832
	Amortisation and depreciation for the year	-239.304
	Amortisation and writedown end of period	**-248.136**
	Carrying amount, end of period	**210.786**

		Group 31/12 2021
5.	**Goodwill**	
	Additions during the year	27.767.982
	Cost end of period	**27.767.982**
	Amortisation and depreciation for the year	-2.776.799
	Amortisation and writedown end of period	**-2.776.799**
	Carrying amount, end of period	**24.991.183**

Notes

All amounts in DKK.

		Group 31/12 2021
6.	**Other fixtures and fittings, tools and equipment**	
	Cost opening balance	12.218.246
	Additions during the year	1.423.309
	Disposals during the year	-76.798
	Cost end of period	**13.564.757**
	Amortisation and writedown opening balance	-4.712.352
	Amortisation and depreciation for the year	-1.477.082
	Reversal of depreciation, amortisation and impairment loss, assets disposed of	39.202
	Amortisation and writedown end of period	**-6.150.232**
	Carrying amount, end of period	**7.414.525**
	Lease assets are recognised at a carrying amount of	2.924.414

Notes

All amounts in DKK.

		Parent 31/12 2021
7.	**Investments in subsidiaries**	
	Additions during the year	43.631.000
	Cost end of period	**43.631.000**
	Translation at the exchange rate at the balance sheet date	111.003
	Net profit or loss for the year before amortisation of goodwill	5.193.756
	Dividend	-3.000.000
	Revaluation end of period	**2.304.759**
	Amortisation of goodwill for the year	-2.462.647
	Depreciation on goodwill end of period	**-2.462.647**
	Carrying amount, end of period	**43.473.112**
	Goodwill is recognised under the item "Additions during the year" with an amount of	24.626.466

Subsidiaries:

	Domicile	Equity interest
Global Boiler Aalborg A/S	Aalborg	100 %
Global Boiler International ApS	Aalborg	100 %
Global Boiler Far East ApS	Aalborg	100 %

		Group 31/12 2021
8.	**Contract work in progress**	
	Selling price of the production for the period	4.032.393
	Payments received on account	-4.769.844
	Contract work in progress, net	**-737.451**
	The following is recognised:	
	Contract work in progress (current assets)	1.599.250
	Contract work in progress (prepayments received on account)	-940.457
	Contract work in progress (short-term lianilities other than provision)	-1.396.244
		-737.451

Notes

All amounts in DKK.

9. Prepayments

Prepayments consits of prepayments on travel, transport and administration expenses.

	Group 31/12 2021
10. Provisions for deferred tax	
Provisions for deferred tax opening balance	382.784
Deferred tax relating to the net profit or loss for the year	-293.168
	89.616

11. Other provisions

Other provisions consists of provision for loss on work in progress.

12. Long term labilities other than provisions

	Total payables 31 Dec 2021	Current portion of long term payables	Long term payables 31 Dec 2021	Outstanding payables after 5 years
Group				
Bank loans	8.542.582	1.870.000	6.672.582	0
Lease liabilities	2.527.816	396.652	2.131.164	0
Deposits	663.499	0	663.499	0
Payables to Group entities	9.683.050	1.500.000	8.183.050	1.823.000
Other payables	3.915.339	500.000	3.415.339	1.216.000
	25.332.286	**4.266.652**	**21.065.634**	**3.039.000**
Parent				
Bank loans	8.542.582	1.870.000	6.672.582	0
Payables to Group entities	9.683.050	1.500.000	8.183.050	1.823.000
Other payables	3.915.339	500.000	3.415.339	1.216.000
	22.140.971	**3.870.000**	**18.270.971**	**3.039.000**

Notes

All amounts in DKK.

13. Charges and security

For bank debts, the Group has provided security in Group entities assets representing a nominal value of thousands DKK 5.000. This security comprises the below assets, stating the book values:

	DKK in thousands
Inventories	8.307
Trade receivables	15.743
Other plants, operating assets, and fixtures and furnitures	577
All intangible fixed assets	211

Fixtures, fittings, tools, and equipment representing a carrying amount of thousands DKK 2.924 at 31 December 2021, cf. note 6, have been financed by means of finance leases. At 31 December 2021, this lease liability totals thousands DKK 2.528.

14. Contingencies

Contingent liabilities

Lease liabilities

The Group has entered into a lease contract that can be terminated to vacating with 6-36 month notice. the total rent costs for the period is thousand DKK 3.725.

Recourse guarantee commitments:

The company has guaranteed the bank loans of the group enterprises. On 31 December 2021, the total bank loans of the group enterprises totalled thousand DKK 3.428.

Joint taxation

With Global Boiler Holding ApS (under frivillig likvidation), company reg. no 33503814 as administration company, the company is subject to the Danish scheme of joint taxation and is proportionally liable for tax claims within the joint taxation scheme.

The company is proportionally liable for any obligations to withhold tax on interest, royalties, and dividends of the jointly taxed companies.

The liabilities amount to a maximum amount corresponding to the share of the company capital, which is owned directly or indirectly by the ultimate parent company.

The jointly taxed enterprises' total known net liability to the Danish tax authorities emerges from the financial statements of the administration company.

Notes

All amounts in DKK.

14. Contingencies (continued)

Joint taxation (continued)

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

15. Related parties

Controlling interest

Global Boiler Holding ApS (under frivillig likvidation), Aalborg	Majority shareholder

Related parties consist of boardmembers in the parentcompany as well as in other Group entities. Furthermore related parties consists of shareholders and their related parties.

Transactions

Transactions with related party has been done on market termes hence they are not disclosed in the annual reapport in accordence with § 98 C (7) in the Danish Financial Act.

	Group 2021
16. Adjustments	
Depreciation, amortisation, and impairment	4.566.353
Other financial income	-373.321
Other financial expenses	1.769.958
Tax on net profit or loss for the year	28.905
Other provisions	39.957
	6.031.852

	Group 2021
17. Change in working capital	
Change in inventories	315.396
Change in receivables	16.335.214
Change in trade payables and other payables	-13.267.560
	3.383.050

Notes

All amounts in DKK.

		Group 2021
18.	**Acquisition of enterprises and activities**	
	Property, plant, and equipment	7.505.895
	Inventories	10.927.358
	Receivables	42.089.152
	Cash on hand and demand deposits	5.926.098
	Bank loans	-10.891.982
	Mortgage loans	-3.233.209
	Provisions for deferred tax	-2.182.509
	Trade payables	-17.244.549
	Other payables	-16.655.570
	Goodwill	27.767.982
	Consideration in the shape of contribution of share capital	-20.000.000
		24.008.666

Accounting policies

The annual report for New Global Boiler Holding A/S has been presented in accordance with the Danish Financial Statements Act regulations concerning reporting class C enterprises (medium sized enterprises).

The annual report is presented in DKK. The annual report comprises the first financial year and hence comparative figures are not available.

Recognition and measurement in general

Income is recognised in the income statement concurrently with its realisation, including the recognition of value adjustments of financial assets and liabilities. Likewise, all costs are recognised in the income statement, including depreciations amortisations, writedowns for impairment, provisions, and reversals due to changes in estimated amounts previously recognised in the income statement.

Assets are recognised in the statement of financial position when it seems probable that future economic benefits will flow to the group and the value of the asset can be reliably measured.

Liabilities are recognised in the statement of financial position when it is seems probable that future economic benefits will flow out of the group and the value of the liability can be reliably measured.

Assets and liabilities are measured at cost at the initial recognition. Hereafter, assets and liabilities are measured as described below for each individual accounting item.

Upon recognition and measurement, allowances are made for such predictable losses and risks which may arise prior to the presentation of the annual report and concern matters that exist on the reporting date.

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. If currency positions are considered to hedge future cash flows, the value adjustments are recognised directly in equity in a fair value reserve.

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.

Fixed assets acquired and paid for in foreign currency are measured at the exchange rate prevailing at the date of the transaction.

Accounting policies

Group enterprises abroad, associates, and equity investments 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. This also applies to differences arising from translation of income statements from average exchange rate to closing rate.
Translation adjustment of balances with group enterprises abroad that are considered part of the total investment in group enterprises are recognised directly in equity in the fair value reserve. Likewise, foreign exchange gains and losses on loans and derived financial instruments for currency hedging independent group enterprises abroad are recognised directly in equity.

When recognising foreign group enterprises which are integral units, the monetary items are translated using the closing rate. Non-monetary items are translated using the exchange rate prevailing at the time of acquisition or at the time of the subsequent revaluation or writedown for impairment of the asset. Income statement items are translated using the exchange rate prevailing at the date of the transaction. However, items in the income statement derived from non-monetary items are translated using historical prices.

The consolidated financial statements

The consolidated income statements comprise the parent company New Global Boiler Holding A/S and those group enterprises of which New Global Boiler Holding A/S 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' market value of net assets and liabilities at the acquisition date.

In the consolidated financial statements, the accounting records of the group enterprises are recognised by 100%. The minority interests' share of the profit for the year and of the equity in the group enterprises, which are not 100% owned, is included in the group's profit and equity, but presented separately.

Purchases and sales of minority interests under continuing control are recognised directly in equity as a transaction between shareholders.

Accounting policies

Investments in associates are measured in the statement of financial position at the proportionate share of the enterprises' equity value i calculated in accordance with the parent company's accounting policies and with proportionate elimination of unrealised intercompany gains and losses. In the income statement, the proportional share of the associates' results is recognised after elimination of the proportional share of intercompany gains and losses.

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

Business combinations

Acquisitions completed by the 1 July 2018 or later (method of consolidation)

Acquisition of group enterprises are dealt with in accordance with the acquisition method, and afterwards the assets and liabilities of the acquired entity are measured at fair value at the date of acquisition. If it is possible to measure the value reliably, acquired contingent liabilities are measured at fair value under the item Equity investments in group enterprises.

The date of acquisition is the date when control of the acquired entity is obtained.

The cost of the acquired entity represents the fair value of the consideration agreed upon, including the considerations that are conditional on future events. Transaction costs directly attributable to the acquisition of group enterprises are recognised in the income statement as incurred.

Positive differences between the cost of the acquired entity and the identified assets and liabilities are recognised in the equity investment as goodwill, which is amortised on a straight-line basis in the income statement over the expected useful life. Amortisation of goodwill is allocated to the functions to which the goodwill relates. If the difference is negative, this is recognised immediately in the income statement.

If the allocation of the purchase price is not final, positive and negative differences from acquired group enterprises may, as a result of changes in recognition and measurement of the identified net assets, be adjusted up to 12 months from the date of acquisition. These adjustments are also reflected in the value of goodwill or negative goodwill, including depreciation already made.

If the cost includes contingent considerations, these are measured at fair value at the date of acquisition. Subsequently, contingent considerations at fair value are measured again. Value adjustments are recognised in the income statement.

In case of step-by-step acquisitions, the value of the hitherto equity holding in the acquired entity is measured again at the fair value at the date of acquisition. The difference between the carrying amount of the hitherto equity investment and the fair value is recognised in the income statement.

Business combinations (the carrying amount method)

In case of intercompany business combinations, the carrying amount method is applied. By this method, the two enterprises are united at carrying amounts, and differences are not identified. Any considerations exceeding the carrying amount in the acquired entity are recognised directly in equity.

The carrying amount method is implemented on the acquisition date, and comparative figures are not modified.

Income statement

Gross profit

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

The enterprise will be applying IAS 11 and IAS 18 as its basis of interpretation for the recognition of 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. Recognition of revenue is 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.

Cost of sales comprises costs concerning purchase of raw materials and consumables less discounts and changes in inventories.

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 recieved subsidies, damages and compensation due to the coronavirus situation.

Other external costs comprise costs for distribution, sales, advertisement, administration, premises, loss on debtors.

Staff costs

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

Depreciation, amortisation, and writedown for impairment

Depreciation, amortisation, and writedown for impairment comprise depreciation on, amortisation of, and writedown for impairment of intangible and tangible assets, respectively.

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, financial expenses from financial leasing, realised and unrealised capital gains and losses relating to securities, debt and transactions in foreign currency, amortisation of financial assets and liabilities.

Results from investments in subsidiaries

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

Licences

Licenses are measured at cost less accrued amortisation. Licenses are amortised over the contract period, however, for a maximum of 10 years.

Goodwill

Acquired goodwill is measured at cost less accumulated amortisation. Given that it is impossible to make a reliable estimate of the useful life, the amortisation period is set at 10 years.

Property, plant, and equipment

Property, plant, and equipment are measured at cost less accrued depreciation and writedown 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 and the residual value of the individual assets:

	Useful life	Residual value
Other fixtures and fittings, tools and equipment	3-5 years	0-20 %

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

The enterprise will be applying IAS 17 as its base of interpretation for recognition of classification and recognition of leases.

At their initial recognition in the statement of financial position, leases concerning property, plant, and equipment where the group holds all essential risks and advantages associated with the proprietary right (finance lease) are measured either at fair value or at the present value of the future lease payments, whichever value is lower. When calculating the present value, the discount rate used is the internal rate of return of the lease or, alternatively, the borrowing rate of the enterprise. Hereafter, assets held under a finance lease are treated in the same way as other similar property, plant, and equipment.

The capitalised residual lease commitment is recognised in the statement of financial position as a liability other than provisions, and the interest part of the lease is recognised in the income statement for the term of the contract.

All other 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 are subject to annual impairment tests in order to disclose any indications of impairment beyond those expressed by amortisation and depreciation respectively.

If indications of impairment are disclosed, impairment tests are carried out for each individual asset or group of assets, respectively. Writedown 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. Impairment relating to goodwill is not reversed.

Investments

Investments in subsidiaries

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

Investments in subsidiaries 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.

Accounting policies

Consolidated goodwill is amortised over its estimated useful life, which is determined on the basis of the management's experience with the individual business areas. Consolidated goodwill is amortised on a straight-line basis over the amortisation period, which represent 10 years. The depreciation period is determined on the basis of an assessment that these are strategically acquired enterpriseswith a strong market position and a long-term earnings profile.

Investments in subsidiaries 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 an 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 subsidiaries transferred to the reserve under equity for net revaluation according to the equity method. Dividends from subsidiaries 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 subsidiaries.

Newly acquired or newly established companies are recognised in the financial statement as of the time of acquisition. Sold or liquidated companies are recognised until the date of disposal.

On the acquisition of enterprises, the acquisition method, the uniting-of-interests method or the book value method is applied, cf. the above description under Business combinations.

Inventories

Inventories are measured at cost according to the FIFO method. In cases when the net realisable value of the inventories is lower than the cost, the latter is written down for impairment to this lower value.

Costs of goods for resale, raw materials, and consumables comprise acquisition costs plus delivery costs.

The net realisable value for inventories is recognised as the market price less costs of completion and selling costs. The net realisable value is determined with due consideration of negotiability, obsolescence, and the development of expected market prices.

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

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 can not 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 and cash equivalents

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

Equity

Share premium

Share premium comprises premium payments made in connection with the issue of shares. Costs incurred for carrying through an issue are deducted from the premium.

The premium reserve can be used for dividend, for issuing bonus shares, and for covering losses.

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.

Reserve for foreign currency translation

The reserve for foreign currency translation arises when translating accounting items in foreign currency.

Accounting policies

The reserve is dissolved once the value adjustments have been applied or reversed.

The reserve is distributable.

Dividend

Dividend expected to be distributed for the year is recognised as a separate item under equity.

Income tax and deferred tax

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 ”Income tax receivable” or “Income tax payable”.

According to the rules of joint taxation, New Global Boiler Holding A/S is proportionally liable to pay the Danish tax authorities the total income tax, including withholding tax on interest, royalties, and dividends, arising from the jointly taxed group of companies.

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.

Provisions

Provisions comprise expected costs of warranty commitments, loss on work in progress, restructuring, etc. Provisions are recognised when the group has a legal or actual commitment resulting from a previously occurred event and when it is probable that the settlement of the liability will result in consumption of the financial resources of the group.

Provisions are measured at net realisable value or at fair value. If the fulfilment of a liability is expected to take place far in the future, the liability is measured at fair value.

Guarantee liabilities comprise liabilities for repairs within the guarantee period of 1-5 years. Provisions for warranty commitments are measured on basis of the obtained experience with guarantee work. Provisions with an expected due date later than 1 year from the reporting date are discounted at a rate reflecting risk and maturity of the liability.

On the acquisition of entities, provisions for restructuring within the acquired entity are included in the acquisition cost, and thereby in the goodwill or the consolidated goodwill, to the extent that they have been recognised in the financial statements of the acquired entity in advance of the acquisition. Provisions for restructuring are included to the extent that they have been decided at the date of acquisition at the latest and that the process have been commenced.

When it is likely that the total costs will exceed the total income of contract work in progress, the total expected loss on the contract work in progress will be recognised as provisions for liabilities. The provision is recognised under production costs.

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.

Also, capitalised residual leasing liabilities associated with financial leasing contracts are recognised in the financial liabilities.

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.

The effect on cash flows derived from the acquisition and sale of enterprises appears separately under cash flows from investment activities. In the statement of cash flows, cash flows derived from acquirees are recognised as of the date of acquisition, and cash flows derived from sold enterprises are recognised until the date of sale.

Accounting policies

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.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits and shortterm financial instruments with a term of less than 3 months, which can easily be converted into cash and cash equivalents and are associated with an insignificant risk of value change.