P-G&O 2021 A/S

C/O Polaris Management A/S, Malmøgade 3, DK-2100
Copenhagen Ø

Annual Report for
1 July 2022 - 31 December 2022

CVR No. 42 45 72 48

The Annual Report was
presented and adopted
at the Annual General
Meeting of the
company
on 29/6 2023

Thomas Kastrup
Chairman of the
general meeting

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Management's statement

The Executive Board and Board of Directors have today considered and adopted the Consolidated Financial Statements and Parent Company Financial Statements of P-G&O 2021 A/S for the financial year 1 July - 31 December 2022.

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

In our opinion the Financial Statements and the Consolidated Financial Statements give a true and fair view of the financial position at 31 December 2022 of the Company and the Group and of the results of the Company and Group operations and of consolidated cash flows for 2022.

In our opinion, Management's Review includes a true and fair account of the matters addressed in the Review.

We recommend that the Consolidated Financial Statements and Parent Company Financial Statements be adopted at the Annual General Meeting.

Copenhagen, 28 June 2023

Executive Board

Henrik Bonnerup
CEO

Board of Directors

Niels-Christian Worning Chairman	Jan Johan Kühl	Henrik Bonnerup

Independent Auditor's report

To the shareholder of P-G&O 2021 A/S

Opinion

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's and the Parent Company's operations and of consolidated cash flows for the financial year 1 July - 31 December 2022 in accordance with the Danish Financial Statements Act.

We have audited the Consolidated Financial Statements and the Parent Company Financial Statements of P-G&O 2021 A/S for the financial year 1 July - 31 December 2022, which comprise income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies, for both the Group and the Parent Company, as well as consolidated statement of cash flows ("the Financial Statements").

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 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.

Statement on Management's Review

Management is responsible for Management's Review.

Our opinion on the 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 Financial Statements, our responsibility is to read Management's Review and, in doing so, consider whether Management's Review is materially inconsistent with the 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, in our view, Management's Review is in accordance with the Consolidated Financial Statements and the Parent Company Financial Statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement in Management's Review.

Management's responsibilities for the 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 financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the 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 Financial Statements unless Management either intends to liquidate the Group or the Parent Company or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the 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 Financial Statements.

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

- Identify and assess the risks of material misstatement of the 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 Parent Company´s internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.

- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the 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 Parent Company´s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the 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 Parent Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and contents of the Financial Statements, including the disclosures, and whether the 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.

Independent Auditor's report

Hellerup, 28 June 2023

PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
CVR No 33 77 12 31

Michael Groth Hansen	Frederik Geer Harvest
State Authorised Public Accountant	State Authorised Public Accountant
mne33228	mne45859

Company information

The Company	P-G&O 2021 A/S C/O Polaris Management A/S Malmøgade 3 DK-2100 Copenhagen Ø CVR No: 42 45 72 48 Financial period: 1 July - 31 December Incorporated: 31 May 2021 Municipality of reg. office: Copenhagen
Board of Directors	Niels-Christian Worning, chairman Jan Johan Kühl Henrik Bonnerup
Executive Board	Henrik Bonnerup
Auditors	PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab Strandvejen 44 2900 Hellerup

Group Chart

Company	Residence	Ownership
P-G&O 2021 A/S	**Copenhagen**	
G&O Holding 2021 A/S	Allerød	49.18 %
G&O MidCo ApS	Allerød	100 %
G&O BidCo A/S	Allerød	100 %
Gertsen & Olufsen A/S	Allerød	100 %
Pres-Vac Engineering A/S	Allerød	100 %
Atlas Incinerators ApS	Vordingborg	100 %
Heco International A/S	Hedensted	100 %
Heco China A/S	Hedensted	100 %
Heco Mechanical Seals Technology (Suzhou) Co. Ltd.	Suzhou, China	100 %
Hans Jensen Lubricators A/S	Hadsund	100 %
Hans Jensen Lubricators Singapore Pte. Ltd	Singapore	100 %

The Group Chart is per 31 December 2022.

Financial Highlights

Seen over a 2-year period, the development of the Group is described by the following financial highlights:

	Group	
	2022	2021/22
	TDKK 6 months	TDKK 13 months
Key figures		
Profit/loss		
Gross profit/loss	62,284	59,842
Profit/loss before financial income and expenses	-20,271	-19,001
Profit/loss of financial income and expenses	-10,554	-2,088
Net profit/loss	-26,581	-22,353
Balance sheet		
Balance sheet total	853,923	651,078
Investment in property, plant and equipment	534	2,463
Equity	345,692	312,257
Cash flows		
Cash flows from:		
- operating activities	6,757	-4,946
- investing activities	-188,748	-304,701
- financing activities	89,613	395,335
Change in cash and cash equivalents for the year	-92,378	85,688
Number of employees	223	145
Ratios		
Return on assets	-2.4%	-2.9%
Solvency ratio	40.5%	48.0%
Return on equity	-8.1%	-14.3%

Management's review

Key activities

The Company's key activities comprises equity holdings in group enterprises. The Group's key activities comprises of production and sale of products to the maritime sector.

The Group has acquired Hans Jensen Lubricators A/S as of 1st of July 2022 to further strengthen the groups market position.

Development in the year

The Group's loss for the year amounts to TDKK 26,581 which Management considers unacceptable. During the year, the Group has experienced lower earnings growth than expected partly caused by increased transaction- and extraordinary costs (approx. TDKK 9,000).

Particular risks

Business risks

The Group's most important business risk is linked to its ability to be strongly positioned on the markets in which the Group sells its products.

Currency risks

The Group does most of its trade abroad, and a significant part of its revenue is invoiced in foreign currencies. The Group evaluates on a current basis the need for use of financial instruments to hedge net positions and future transactions.

Liquidity

Management assesses that the Group has the necessary funds available to meet the continued development of its activities.

Use of financial instruments

G&O Maritime Group's Loans are primarily denominated in DKK. G&O Maritime Group does not apply financial instruments for the purpose of speculating. Excess liquidity is deposited in money market account or the like. Therefore, G&O Maritime Group is not exposed to material financial risks. G&O Maritime Group is among other things using steel as raw material in its products, thus G&O Maritime Group is exposed to the development in steel prices.

Knowledge resources

Compared to the Group's operating risk, it is important to maintain a market leadership. This is done by attraction and continuous training and education of intellectual capital resources in accordance with market requirements as well as focused sale and marketing.

Environmental performance

The Group is eco-conscious and works on a current basis to improve the environmental impact of both its own operating activities as well as its customers. After end of 2022, the G&O Maritime Group has published its first sustainability report. The report, which covers 2022, is available on the company homepage.

Targets and expectations for the year ahead

For 2023 Management expects to realize positive EBITDA in the range of TDKK 75,000 - 85,000. This equals to an annual expected growth of 10+% from 2022 to 2023.

Management's review

Research and development

It is important to the Group to remain a market-leading manufacturer. This is done by current product development taking the market requirements into consideration.

Subsequent events

No events have occurred after the balance sheet date to this date, which would influence the evaluation of this Annual Report.

Reporting guidelines of Active Owners

The G&O Maritime Group is partly owned by private equity and follows certain reporting guidelines issued by the Danish Venture Capital and Private Equity Association. You may find the guidelines here: www.aktiveejere.dk

Income statement 1 July - 31 December

	Note	Group		Parent company	
		2022	2021/22	2022	2021/22
		TDKK 6 months	TDKK 13 months	TDKK 6 months	TDKK 13 months
Gross profit		**62,284**	**59,842**	**-48**	**-82**
Staff expenses	1	-50,324	-52,839	0	0
Earnings Before Interest Taxes Depreciation and Amortization		**11,960**	**7,003**	**-48**	**-82**
Amortisation, depreciation and impairment losses of intangible assets and property, plant and equipment	2	-32,231	-26,004	0	0
Profit/loss before financial income and expenses		**-20,271**	**-19,001**	**-48**	**-82**
Financial income		3,052	4,358	0	0
Financial expenses		-13,606	-6,446	-8	-4
Profit/loss before tax		**-30,825**	**-21,089**	**-56**	**-86**
Tax on profit/loss for the year	3	4,244	-1,264	12	19
Net profit/loss for the year	4	**-26,581**	**-22,353**	**-44**	**-67**

Balance sheet 31 December

Assets

	Note	Group 2022	Group 2021/22	Parent company 2022	Parent company 2021/22
		TDKK	TDKK	TDKK	TDKK
Completed development projects		7,649	8,805	0	0
Acquired patents		49,046	54,021	0	0
Acquired licenses		3,265	1,878	0	0
Acquired trademarks		30,832	16,257	0	0
Acquired other similar rights		221,422	105,495	0	0
Goodwill		239,270	164,794	0	0
Development projects in progress		7,855	5,188	0	0
Intangible assets	5	**559,339**	**356,438**	**0**	**0**
Land and buildings		33,858	26,498	0	0
Plant and machinery		16,385	10,230	0	0
Other fixtures and fittings, tools and equipment		2,714	2,382	0	0
Leasehold improvements		581	588	0	0
Property, plant and equipment	6	**53,538**	**39,698**	**0**	**0**
Investments in subsidiaries	7	0	0	173,087	165,217
Fixed asset investments		**0**	**0**	**173,087**	**165,217**
Fixed assets		**612,877**	**396,136**	**173,087**	**165,217**
Inventories	8	**140,276**	**99,692**	**0**	**0**
Trade receivables		77,020	64,444	0	0
Contract work in progress		2,060	0	0	0
Other receivables		897	1,032	0	0
Deferred tax asset	11	0	0	14	14
Corporation tax receivable from group enterprises		0	0	17	2,806
Prepayments	9	4,469	4,086	0	0
Receivables		**84,446**	**69,562**	**31**	**2,820**
Cash at bank and in hand		**16,324**	**85,688**	**848**	**856**
Current assets		**241,046**	**254,942**	**879**	**3,676**
Assets		**853,923**	**651,078**	**173,966**	**168,893**

Balance sheet 31 December

Liabilities and equity

	Note	Group 2022	Group 2021/22	Parent company 2022	Parent company 2021/22
		TDKK	TDKK	TDKK	TDKK
Share capital	10	18,303	17,516	18,303	17,516
Reserve for exchange rate conversion		8	0	0	0
Retained earnings		152,073	157,448	155,533	148,494
Equity attributable to shareholders of the Parent Company		**170,384**	**174,964**	**173,836**	**166,010**
Minority interests		175,308	137,293	0	0
Equity		**345,692**	**312,257**	**173,836**	**166,010**
Provision for deferred tax	11	62,200	32,972	0	0
Other provisions	12	8,835	3,026	0	0
Provisions		**71,035**	**35,998**	**0**	**0**
Credit institutions		230,699	175,055	0	0
Other payables		62,792	55,222	0	0
Long-term debt	13	**293,491**	**230,277**	**0**	**0**
Credit institutions	13	74,236	20,745	0	0
Trade payables		44,282	41,952	130	82
Corporation tax		4,908	418	0	0
Payables to group enterprises relating to corporation tax		0	0	0	2,801
Other payables	13	16,811	4,297	0	0
Deferred income	14	3,468	5,134	0	0
Short-term debt		**143,705**	**72,546**	**130**	**2,883**
Debt		**437,196**	**302,823**	**130**	**2,883**
Liabilities and equity		**853,923**	**651,078**	**173,966**	**168,893**

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Statement of changes in equity

Group

	Share capital	Share premium account	Reserve for exchange rate conversion	Retained earnings	Equity excl. minority interests	Minority interests	Total
	TDKK	TDKK	TDKK	TDKK	TDKK	TDKK	TDKK
Equity at 1 July	17,516	0	0	131,853	149,369	162,888	312,257
Net effect of correction of material misstatements	0	0	0	25,595	25,595	-25,595	0
Adjusted equity at 1 July	17,516	0	0	157,448	174,964	137,293	312,257
Exchange adjustments	0	0	8	0	8	8	16
Capital increase	787	7,083	0	0	7,870	0	7,870
Minority interest	0	0	0	637	637	51,493	52,130
Net profit/loss for the year	0	0	0	-13,095	-13,095	-13,486	-26,581
Transfer from share premium account	0	-7,083	0	7,083	0	0	0
Equity at 31 December	**18,303**	**0**	**8**	**152,073**	**170,384**	**175,308**	**345,692**

Parent company

	Share capital	Share premium account	Reserve for hedging transactions	Retained earnings	Equity excl. minority interests	Minority interests	Total
	TDKK	TDKK	TDKK	TDKK	TDKK	TDKK	TDKK
Equity at 1 July	17,516	0	0	148,494	166,010	0	166,010
Capital increase	787	7,083	0	0	7,870	0	7,870
Net profit/loss for the year	0	0	0	-44	-44	0	-44
Transfer from share premium account	0	-7,083	0	7,083	0	0	0
Equity at 31 December	**18,303**	**0**	**0**	**155,533**	**173,836**	**0**	**173,836**

Cash flow statement 1 July - 31 December

	Note	Group 2022	Group 2021/22
		TDKK	TDKK
Result of the year		-26,581	-22,353
Adjustments	15	38,557	29,356
Change in working capital	16	6,356	-5,745
Cash flow from operations before financial items		**18,332**	**1,258**
Financial income		3,052	4,358
Financial expenses		-13,606	-6,446
Cash flows from ordinary activities		**7,778**	**-830**
Corporation tax paid		-1,021	-4,116
Cash flows from operating activities		**6,757**	**-4,946**
Purchase of intangible assets		-6,314	-6,990
Purchase of property, plant and equipment		-534	-2,463
Business acquisition		-181,900	-295,248
Cash flows from investing activities		**-188,748**	**-304,701**
Repayment of loans from credit institutions		-20,387	-40,728
Raising of loans from credit institutions		100,000	189,449
Raising of other long-term debt		0	50,035
Cash capital increase		10,000	196,579
Cash flows from financing activities		**89,613**	**395,335**
Change in cash and cash equivalents		**-92,378**	**85,688**
Cash and cash equivalents at 1 July		85,688	0
Cash and cash equivalents at 31 December		**-6,690**	**85,688**
Cash and cash equivalents are specified as follows:			
Cash at bank and in hand		16,324	85,688
Overdraft facility		-23,014	0
Cash and cash equivalents at 31 December		**-6,690**	**85,688**

Notes to the Financial Statements

	Group		Parent company	
	2022	2021/22	2022	2021/22
	TDKK	TDKK	TDKK	TDKK
1. Staff Expenses				
Wages and salaries	61,657	65,249	0	0
Pensions	3,489	3,758	0	0
Other social security expenses	1,654	874	0	0
Other staff expenses	2,058	1,416	0	0
	68,858	**71,297**	**0**	**0**
Transfer to production wages	-18,534	-18,458	0	0
	50,324	**52,839**	**0**	**0**

The Board of Directors and Executive Board have not received renumeration during 2022.

Average number of employees	**223**	**145**	**1**	**1**

	Group		Parent company	
	2022	2021/22	2022	2021/22
	TDKK	TDKK	TDKK	TDKK
2. Amortisation, depreciation and impairment losses of intangible assets and property, plant and equipment				
Amortisation of intangible assets	29,179	21,766	0	0
Depreciation of property, plant and equipment	3,052	4,238	0	0
	32,231	**26,004**	**0**	**0**

Notes to the Financial Statements

3. Income tax expense

	Group		Parent company	
	2022	2021/22	2022	2021/22
	TDKK	TDKK	TDKK	TDKK
Current tax for the year	908	0	-12	-5
Deferred tax for the year	-5,152	901	0	-14
Adjustment of tax concerning previous years	0	363	0	0
	-4,244	**1,264**	**-12**	**-19**

4. Profit allocation

	Group		Parent company	
	2022	2021/22	2022	2021/22
	TDKK	TDKK	TDKK	TDKK
Minority interests' share of net profit/loss of subsidiaries	-13,486	-5,645	0	0
Retained earnings	-13,095	-16,708	-44	-67
	-26,581	**-22,353**	**-44**	**-67**

5. Intangible fixed assets

Group

	Completed development projects	Acquired patents	Acquired licenses	Acquired trademarks	Acquired other similar rights	Goodwill	Development projects in progress
	TDKK	TDKK	TDKK	TDKK	TDKK	TDKK	TDKK
Cost at 1 July	31,006	55,467	10,780	17,575	114,732	171,215	5,188
Net effect from merger and acquisition	0	0	1,878	16,267	128,508	80,776	0
Additions for the year	0	0	1,861	0	3	0	4,450
Transfers for the year	1,783	0	0	0	0	0	-1,783
Cost at 31 December	32,789	55,467	14,519	33,842	243,243	251,991	7,855
Impairment losses and amortisation at 1 July	22,201	1,446	8,902	1,318	9,237	6,421	0
Net effect from merger and acquisition	0	0	1,663	0	0	0	0
Amortisation for the year	2,939	4,975	689	1,692	12,584	6,300	0
Impairment losses and amortisation at 31 December	25,140	6,421	11,254	3,010	21,821	12,721	0
Carrying amount at 31 December	**7,649**	**49,046**	**3,265**	**30,832**	**221,422**	**239,270**	**7,855**

Notes to the Financial Statements

In the following a description of the Group's most significant development projects.

BIO reactor:
The capitalized development cost relate to the continued development of a Low cost bioreactor. During the green transition our customer demands our high quality product, and at the same time a product where cost
is of the essential. Gertsen and Olufsen BIO reactors are among the cleanest non-chemical product on the marked, and we will continue to strive to keep that marked position.

Valves:
The capitalized development cost relates to simplification of our valve offering, to minimize material and labour cost, including a significant reduction in Leadtime towards customers. All new design needs approvals, due to the nature of safety equipment.

Compensator:
The capitalized development cost relates continued development of our compensators. The development goes in direction of interface towards ship crew, where simplify use and operation status is important. Data collection and further digitalization will continue to ensure Gertsen and Olufsen compensators and marked leading.

Incinerators:
The capitalized development cost relates to continuing the expansion of our newest product family in Atlas Incinerator. The size, efficiency and technology will ensure to keep Atlas Incinerators will be the leading brand in the marked.

Notes to the Financial Statements

6. Property, plant and equipment

Group

	Land and buildings	Plant and machinery	Other fixtures and fittings, tools and equipment	Leasehold improvements
	TDKK	TDKK	TDKK	TDKK
Cost at 1 July	59,053	71,113	8,468	1,354
Net effect from merger and acquisition	20,694	36,305	3,594	0
Additions for the year	184	0	271	79
Cost at 31 December	79,931	107,418	12,333	1,433
Impairment losses and depreciation at 1 July	32,555	60,883	6,086	766
Net effect from merger and acquisition	12,616	28,765	2,854	0
Depreciation for the year	902	1,385	679	86
Impairment losses and depreciation at 31 December	46,073	91,033	9,619	852
Carrying amount at 31 December	**33,858**	**16,385**	**2,714**	**581**

7. Investments in subsidiaries

	Parent company	
	2022	2021/22
	TDKK	TDKK
Cost at 1 July	165,217	0
Additions for the year	7,870	165,217
Cost at 31 December	173,087	165,217
Carrying amount at 31 December	**173,087**	**165,217**

Investments in subsidiaries are specified as follows:

Name	Place of registered office	Ownership
G&O Holding 2021 A/S	Allerød	49.18%

Notes to the Financial Statements

	Group		Parent company	
	2022	2021/22	2022	2021/22
	TDKK	TDKK	TDKK	TDKK
8. Inventories				
Raw materials and consumables	76,566	55,162	0	0
Goods in production	15,750	8,377	0	0
Finished goods	47,960	36,153	0	0
	140,276	**99,692**	**0**	**0**

9. Prepayments

Prepayments consist of prepaid expenses concerning rent, insurance premiums, subscriptions and interest.

10. Share capital

	Number	Nominal value
		TDKK
A-shares	9,151,293	9,152
B-shares	9,151,293	9,152
The B-class shares are further divided into:		
B1-shares	4,528,475	
B2-shares	4,528,475	
B3-shares	47,172	
B4-shares	47,172	
		18,304

Each share of DKK 0.01 has one vote, except that the B2 and B4 carry 10 votes per share.

11. Provision for deferred tax

	Group		Parent company	
	2022	2021/22	2022	2021/22
	TDKK	TDKK	TDKK	TDKK
Deferred tax liabilities at 1 July	32,972	0	-14	0
Amounts recognised from purchase price allocation	30,513	29,108	0	
Amounts recognised from purchased companies	3,881	2,963	0	
Amounts recognised in the income statement for the year	-5,152	901	0	-14
Amounts recognised in equity for the year	-14	0	0	0
Deferred tax liabilities at 31 December	**62,200**	**32,972**	**-14**	**-14**

12. Other provisions

The Group provides warranties of on some of its products and is therefore obliged to repair or replace goods which are not satisfactory. Based on previous experience in respect of the level of repairs and returns, other provisions of TDKK 3,250 have been recognised for expected warranty claims.

13. Long-term debt

Payments due within 1 year are recognised in short-term debt. Other debt is recognised in long-term debt.

The debt falls due for payment as specified below:

	Group		Parent company	
	2022	2021/22	2022	2021/22
	TDKK	TDKK	TDKK	TDKK
Credit institutions				
After 5 years	25,485	70,177	0	0
Between 1 and 5 years	205,214	104,878	0	0
Long-term part	230,699	175,055	0	0
Within 1 year	51,222	20,745	0	0
Other short-term debt to credit institutions	23,014	0	0	0
Short-term part	74,236	20,745	0	0
	304,935	**195,800**	**0**	**0**
Other payables				
After 5 years	62,792	55,222	0	0
Long-term part	62,792	55,222	0	0
Within 1 year	0	0	0	0
Other short-term payables	16,811	4,297	0	0
	79,603	**59,519**	**0**	**0**

14. Deferred income

Deferred income relates to pre-invoiced revenue.

15. Cash flow statement - Adjustments

	Group 2022 TDKK	Group 2021/22 TDKK
Financial income	-3,052	-4,358
Financial expenses	13,606	6,446
Depreciation, amortisation and impairment losses, including losses and gains on sales	32,231	26,004
Tax on profit/loss for the year	-4,244	1,264
Exchange adjustments	16	0
	38,557	**29,356**

16. Cash flow statement - Change in working capital

	Group 2022 TDKK	Group 2021/22 TDKK
Change in inventories	-14,322	798
Change in receivables	15,972	-6,783
Change in other provisions	4,698	520
Change in trade payables, etc	8	-280
	6,356	**-5,745**

17. Contingent assets, liabilities and other financial obligations

	Group		Parent company	
	2022 TDKK	2021/22 TDKK	2022 TDKK	2021/22 TDKK
Rental and lease obligations				
Lease obligations under operating leases. Total future lease payments:				
Within 1 year	460	232	0	0
Between 1 and 5 years	993	920	0	0
	1,453	**1,152**	**0**	**0**
Lease obligations, period of non-terminability	177	177	0	0

Notes to the Financial Statements

Guarantee obligations

The Group has provided guarantees to customers totaling TUSD 23 and TEUR 96 as of 31 December 2022. This amounts to TDKK 879 with the exchange rate as of 30 December 2022.

Other contingent liabilities

The Group has placed security in its assets including but not limited to inventory, plant and machinery, land and buildings for credit facilities. This also includes a collateral of TDKK 13,700.

The Danish group companies are jointly and severally liable for tax on the jointly taxed incomes etc of the Group. Moreover, the Danish group companies are jointly and severally liable for Danish withholding taxes by way of dividend tax, tax on royalty payments and tax on unearned income. Any subsequent adjustments of corporation taxes and withholding taxes may increase the Group's liability.

18. Related parties

	Basis
Controlling interest	
Polaris Private Equity V K/S	Parent company

Transactions

The Company has chosen only to disclose transactions which have not been made on an arm's length basis in accordance with section 98(c)(7) of the Danish Financial Statements Act.

Ownership

The following shareholders are recorded in the Company's register of shareholders as holding at least 5% of the votes or at least 5% of the share capital:

Polaris Private Equity V K/S, Copenhagen, Denmark

19. Subsequent events

No events have occurred after the balance sheet date to this date, which would influence the evaluation of this Annual Report.

Notes to the Financial Statements

20. Accounting policies

The Annual Report of P-G&O 2021 A/S for 2022 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to medium-sized enterprises of reporting class C.

The Consolidated Financial Statements and the Parent Company Financial Statements for 2022 are presented in TDKK.

Adjustment to the opening balance of equity

An adjustment has been made to the opening balance of equity for 2021/22 to correct a prior-period reclassification misstatement in the share of equity attributed to minority interests. The adjustment reduce the minority interests share of equity by TDKK 25,595 with a corresponding increase in the share of equity attributed to the shareholders in P-G&O 2021 A/S. The adjustment has no impact on the income statement, the balance sheet or total equity.

Recognition and measurement

Revenues are recognised in the income statement as earned. Furthermore, value adjustments of financial assets and liabilities measured at fair value or amortised cost are recognised. Moreover, all expenses incurred to achieve the earnings for the year are recognised in the income statement, including depreciation, amortisation, impairment losses and provisions as well as reversals due to changed accounting estimates of amounts that have previously been recognised in the income statement.

Assets are recognised in the balance sheet when it is probable that future economic benefits attributable to the asset will flow to the Company, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when it is probable that future economic benefits will flow out of the Company, and the value of the liability can be measured reliably.

Assets and liabilities are initially measured at cost. Subsequently, assets and liabilities are measured as described for each item below.

Basis of consolidation

The Consolidated Financial Statements comprise the Parent Company, P-G&O 2021 A/S, and subsidiaries in which the Parent Company directly or indirectly holds more than 50% of the votes or in which the Parent Company, through share ownership or otherwise, exercises control.

On consolidation, items of a uniform nature are combined. Elimination is made of intercompany income and expenses, shareholdings, dividends and accounts as well as of realised and unrealised profits and losses on transactions between the consolidated enterprises.

The Parent Company's investments in the consolidated subsidiaries are set off against the Parent Company's share of the net asset value of subsidiaries stated at the time of consolidation.

Business combinations

Business acquisitions carried through on or after 1 July 2018

Acquisitions of subsidiaries are accounted for using the purchase method under which the identifiable assets and liabilities of the entity acquired are measured at fair value at the time of acquisition. Acquired contingent liabilities are recognised at fair value in the Consolidated Financial Statements to the extent that the value can be measured reliably.

The time of acquisition is the time when the Group obtains control of the entity acquired.

The cost of the entity acquired is the fair value of the consideration agreed, including consideration contingent on future events. Transaction costs directly attributable to the acquisition of subsidiaries are recognised in the income statement as incurred.

Positive differences between the cost of the entity acquired and identifiable assets and liabilities are recognised as goodwill in intangible assets in the balance sheet and are amortised in the income statement on a straight-line basis over their estimated useful lives. Where the differences are negative, they are recognised immediately in the income statement.

Minority interests

Minority interests form part of the Group's total equity. Upon distribution of net profit, net profit is broken down on the share attributable to minority interests and the share attributable to the shareholders of the Parent Company. Minority interests are recognised on the basis of a remeasurement of acquired assets and liabilities to fair value at the time of acquistition of subsidiaries.

Minority interests are initially measured at fair value. In this way, goodwill related to the minority interests' share of the entity acquired is recognised.

On subsequent changes to minority interests where the Group retains control of the subsidiary, the consideration is recognised directly in equity.

Translation policies

Danish kroner is used as the presentation currency. All other currencies are regarded as foreign currencies.

Transactions in foreign currencies are translated at the exchange rates at the dates of transaction. Gains and losses arising due to differences between the transaction date rates and the rates at the dates of payment are recognised in financial income and expenses in the income statement.

Receivables, payables and other monetary items in foreign currencies that have not been settled at the balance sheet date are translated at the exchange rates at the balance sheet date. Any differences between the exchange rates at the balance sheet date and the transaction date rates are recognised in financial income and expenses in the income statement; however, see the section on hedge accounting.

Income statements of foreign subsidiaries and associates that are separate legal entities are translated at transaction date rates or approximated average exchange rates. Balance sheet items are translated at the exchange rates at the balance sheet date. Exchange adjustments arising on the translation of the opening equity and exchange adjustments arising from the translation of the income statements at the exchange rates at the balance sheet date are recognised directly in equity.

Income statements of enterprises that are integrated entities are translated at transaction date rates or approximated average exchange rates; however, items derived from non-monetary balance sheet items are translated at the transaction date rates of the underlying assets or liabilities. Monetary balance sheet items are translated at the exchange rates at the balance sheet date, whereas non-monetary items are translated at transaction date rates. Exchange adjustments arising on the translation are recognised in financial income and expenses in the income statement.

Income statement

Net sales

Revenue from the sale of goods for resale and finished goods is recognised in the income statement when the sale is considered effected based on the following criteria:

• delivery has been made before year end;

• a binding sales agreement has been made;

• the sales price has been determined; and

• payment has been received or may with reasonable certainty be expected to be received.

Services are recognised at the rate of completion of the service to which the contract relates by using the percentage-of-completion method, which means that revenue equals the selling price of the service completed for the year. This method is applied when total revenues and expenses in respect of the service and the stage of completion at the balance sheet date can be measured reliably, and it is probable that the economic benefits, including payments, will flow to the Group. The stage of completion is determined on the basis of the ratio between the expenses incurred and the total expected expenses of the service.

Revenue is measured at the consideration received and is recognised exclusive of VAT and net of discounts relating to sales.

Expenses for raw materials and consumables

Expenses for raw materials and consumables comprise the raw materials and consumables consumed to achieve the consolidated revenue for the year.

Other external expenses

Other external expenses comprise expenses for premises, sales as well as office expenses, etc.

Other external expenses also include research and development costs that do not qualify for capitalisation.

Gross profit

With reference to section 32 of the Danish Financial Statements Act, gross profit/loss is calculated as a summary of revenue, other operating income, expenses for raw materials and consumables and other external expenses.

Staff expenses

Staff costs include wages and salaries including compensated absence and pensions as well as other social security contributions etc. made to the entity's employees.

Amortisation, depreciation and impairment losses

Amortisation, depreciation and impairment losses comprise amortisation, depreciation and impairment of intangible assets and property, plant and equipment.

Income from investments in subsidiaries

Dividends from subsidiaries are recognised as income in the income statement when adopted at the General Meeting of the subsidiary. However, dividends relating to earnings in the subsidiary before it was acquired by the Parent Company are set off against the cost of the subsidiary.

Financial income and expenses

Financial income and expenses comprise interest, realised and unrealised exchange adjustments, price adjustment of securities, amortisation of mortgage loans as well as extra payments and repayment under the on-account taxation scheme.

Tax on profit/loss for the year

Tax for the year consists of current tax for the year and deferred tax for the year. The tax attributable to the profit for year is recognised in the income statement, whereas the tax attributable to equity transactions is recognised directly in equity.

Any changes in deferred tax due to changes to tax rates are recognised in the income statement.

The Company is jointly taxed with all of its Danish group enterprises. The tax effect of the joint taxation with the subsidiaries is allocated to Danish enterprises showing profits or losses in proportion to their taxable incomes (full allocation with credit for tax losses).

Notes to the Financial Statements

Balance sheet

Intangible fixed assets

Goodwill

Goodwill is amortised on a straight-line basis over the estimated useful life of 20 years, determined on the basis of Management's experience with the individual business areas. The useful life of goodwill relating to subsidiaries is 20 years, as the subsidiaries have a strong market position and a long earnings profile.

Development projects

Costs of development projects comprise salaries, amortisation and other expenses directly or indirectly attributable to the Company's development activities.

Development projects that are clearly defined and identifiable and in respect of which technical feasibility, sufficient resources and a potential future market or development opportunity in the enterprise can be demonstrated, and where it is the intention to manufacture, market or use the project, are recognised as intangible assets. This applies if sufficient certainty exists that the value in use of future earnings can cover cost of sales, distribution and administrative expenses involved as well as the development costs.

Development projects that do not meet the criteria for recognition in the balance sheet are recognised as expenses in the income statement as incurred.

Capitalised development costs are measured at cost less accumulated amortisation and impairment losses or at a lower recoverable amount. An amount corresponding to the recognised development costs is allocated to the equity item 'Reserve for development costs'. The reserve comprises only development costs recognised in financial years beginning on or after 1 January 2016. The reserve is reduced by amortisation of and impairment losses on the development projects on a continuing basis.

As of the date of completion, capitalised development costs are amortised on a straight-line basis over the period of the expected economic benefit from the development work. The amortisation period is 3-5 year.

Other intangible fixed assets

Patents, licences and rights are measured at cost less accumulated amortisation and less any accumulated impairment losses or at a lower value in use.

Patents are amortised over the remaining patent period or a shorter useful life. The amortisation period is 10 years. Software licences and rights are amortised over the period of the agreements, which is 3-5 years and 2-10 years, respectively.

Property, plant and equipment

Property, plant and equipment are measured at cost less accumulated depreciation and less any accumulated impairment losses.

Cost comprises the cost of acquisition and expenses directly related to the acquisition up until the time when the asset is ready for use.

Depreciation based on cost reduced by any residual value is calculated on a straight-line basis over the expected useful lives of the assets, which are:

Buildings	10-40 years
Plant and machinery	5-10 years
Other fixtures and fittings, tools and equipment	3-10 years
Leasehold improvements	4-9 years

The fixed assets' residual values are determined at nil.

Depreciation period and residual value are reassessed annually.

Impairment of fixed assets

The carrying amounts of intangible assets and property, plant and equipment and investments are reviewed on an annual basis to determine whether there is any indication of impairment other than that expressed by amortisation and depreciation.

The recoverable amount of the asset is calculated as the higher of net selling price and value in use. Where a recoverable amount cannot be determined for the individual asset, the assets are assessed in the smallest group of assets for which a reliable recoverable amount can be determined based on a total assessment.

Goodwill, head office buildings and other assets for which a separate value in use cannot be determined as the asset does not on an individual basis generate future cash flows are reviewed for impairment together with the group of assets to which they are attributable.

Investments in subsidiaries

Investments in subsidiaries are measured at cost. Where cost exceeds the recoverable amount, write-down is made to this lower value.

Inventories

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

The net realisable value of inventories is calculated at the amount expected to be generated by sale of the inventories in the process of normal operations with deduction of selling expenses and costs of completion. The net realisable value is determined allowing for marketability, obsolescence and development in expected selling price.

The cost of goods for resale, raw materials and consumables equals landed cost.

The cost of finished goods and work in progress comprises the cost of raw materials, consumables and direct labour with addition of indirect production costs. Indirect production costs comprise the cost of indirect materials and labour as well as maintenance and depreciation of the machinery, factory buildings and equipment used in the manufacturing process as well as costs of factory administration and management.

Receivables

Receivables are measured in the balance sheet at the lower of amortised cost and net realisable value, which corresponds to nominal value less provisions for bad debts.

Contract work in progress

Contract work in progress is measured at selling price of the work performed calculated on the basis of the stage of completion. The stage of completion is measured by the proportion that the contract expenses incurred to date bear to the estimated total contract expenses. Where it is probable that total contract expenses will exceed total revenues from a contract, the expected loss is recognised as an expense in the income statement.

Where the selling price cannot be measured reliably, the selling price is measured at the lower of expenses incurred and net realisable value.

Payments received on account are set off against the selling price. The individual contracts are classified as receivables when the net selling price is positive and as liabilities when the net selling price is negative.

Expenses relating to sales work and the winning of contracts are recognised in the income statement as incurred.

Prepayments

Prepayments comprise prepaid expenses concerning rent, insurance premiums, subscriptions and interest.

Provisions

Provisions are recognised when - in consequence of an event occurred before or on the balance sheet date - the Group has a legal or constructive obligation and it is probable that economic benefits must be given up to settle the obligation.

Other provisions include warranty obligations in respect of repair work within the warranty period of 1-5 years. Provisions are measured and recognised based on experience with guarantee work.

Deferred tax assets and liabilities

Deferred tax is recognised in respect of all temporary differences between the carrying amount and the tax base of assets and liabilities. However, deferred tax is not recognised in respect of temporary differences concerning goodwill not deductible for tax purposes and other items - apart from business acquisitions - where temporary differences have arisen at the time of acquisition without affecting the profit for the year or the taxable income.

Deferred tax is measured on the basis of the tax rules and tax rates that will be effective under the legislation at the balance sheet date when the deferred tax is expected to crystallise as current tax. In cases where the computation of the tax base may be made according to alternative tax rules, deferred tax is measured on the basis of the intended use of the asset and settlement of the liability, respectively.

Deferred tax assets, including the tax base of tax loss carry-forwards, are measured at the value at which the asset is expected to be realised, either by elimination in tax on future earnings or by set-off against deferred tax liabilities.

Deferred tax assets and liabilities are offset within the same legal tax entity.

Current tax receivables and liabilities

Current tax receivables and liabilities are recognised in the balance sheet at the amount calculated on the basis of the expected taxable income for the year adjusted for tax on taxable incomes for prior years. Tax receivables and liabilities are offset if there is a legally enforceable right of set-off and an intention to settle on a net basis or simultaneously.

Financial debts

Loans, such as loans from credit institutions, are recognised initially at the proceeds received net of transaction expenses incurred. Subsequently, the loans are measured at amortised cost; the difference between the proceeds and the nominal value is recognised as an interest expense in the income statement over the loan period.

Other debts are measured at amortised cost, substantially corresponding to nominal value.

Deferred income

Deferred income comprises payments received in respect of income in subsequent years.

Cash Flow Statement

The cash flow statement shows the Group's cash flows for the year broken down by operating, investing and financing activities, changes for the year in cash and cash equivalents as well as the Group's cash and cash equivalents at the beginning and end of the year.

Notes to the Financial Statements

Cash flows from operating activities

Cash flows from operating activities are calculated as the net profit/loss for the year adjusted for changes in working capital and non-cash operating items such as depreciation, amortisation and impairment losses, and provisions. Working capital comprises current assets less short-term debt excluding items included in cash and cash equivalents.

Cash flows from investing activities

Cash flows from investing activities comprise cash flows from acquisitions and disposals of intangible assets, property, plant and equipment as well as fixed asset investments.

Cash flows from financing activities

Cash flows from financing activities comprise cash flows from the raising and repayment of long-term debt as well as payments to and from shareholders.

Cash and cash equivalents

Cash and cash equivalents comprise ”Cash at bank and in hand” and ”Overdraft facilities”.

The cash flow statement cannot be immediately derived from the published financial records.

Financial Highlights

Explanation of financial ratios

Return on assets	Profit before financials x 100 / Total assets at year end
Solvency ratio	Equity at year end x 100 / Total assets at year end
Return on equity	Net profit for the year x 100 / Average equity