MacArtney A/S

Gl Guldagervej 48
6710 Esbjerg V
CVR No. 84164828

Annual report 01.10.2022 - 30.09.2023

The Annual General Meeting adopted the annual report on 23.01.2024

Niels Erik Hedeager
Chairman of the General Meeting

Contents

Entity details

Entity

MacArtney A/S
Gl Guldagervej 48
6710 Esbjerg V

Business Registration No.: 84164828
Registered office: Esbjerg
Financial year: 01.10.2022 - 30.09.2023

Board of Directors

Niels Erik Hedeager, chairman
Marco Dalhoff MacArtney
Trine Borum Bojsen
Glenn Carsten Macartney
Henrik Uhd Christensen

Executive Board

Niels Peter Christiansen

Auditors

BDO Statsautoriseret revisionsaktieselskab
Dokken 8
6700 Esbjerg
Business Registration No.: 20222670

Statement by Management on the annual report

The Board of Directors and the Executive Board have today considered and approved the annual report of MacArtney A/S for the financial year 01.10.2022 - 30.09.2023.

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

In our opinion, the consolidated financial statements and the parent financial statements give a true and fair view of the Group's and the Parent's financial position at 30.09.2023 and of the results of their operations and the consolidated cash flows for the financial year 01.10.2022 - 30.09.2023.

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

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

Esbjerg, 13.12.2023

Executive Board

Niels Peter Christiansen

Board of Directors

Niels Erik Hedeager
chairman

Marco Dalhoff MacArtney

Trine Borum Bojsen

Glenn Carsten Macartney

Henrik Uhd Christensen

Independent auditor's report

To the shareholders of MacArtney A/S

Opinion

We have audited the consolidated financial statements and the parent financial statements of MacArtney A/S for the financial year 01.10.2022 - 30.09.2023, which comprise the income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies, for the Group as well as the Parent, and the consolidated cash flow statement. The consolidated financial statements and the parent financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the consolidated financial statements and the parent financial statements give a true and fair view of the Group's and the Parent's financial position at 30.09.2023 and of the results of their operations and the consolidated cash flows for the financial year 01.10.2022 - 30.09.2023 in accordance with the Danish Financial Statements Act.

Basis for opinion

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

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

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

In preparing the consolidated financial statements and the parent financial statements, Management is responsible for assessing the Group's and the Entity’s ability to continue as a going concern, for disclosing, as applicable, matters related to going concern, and for using the going concern basis of accounting in preparing the consolidated financial statements and the parent financial statements unless Management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the consolidated financial statements and the parent financial statements

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

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

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

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Entity's internal control.

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

- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the consolidated financial statements and the parent financial statements, and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements and the parent financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and the Entity to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements and the parent financial statements, including the disclosures in the notes, and whether the consolidated financial statements and the parent financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Statement on the management commentary

Management is responsible for the management commentary.

Our opinion on the consolidated financial statements and the parent financial statements does not cover the management commentary, and we do not express any form of assurance conclusion thereon.

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

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

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

Esbjerg, 13.12.2023

BDO Statsautoriseret revisionsaktieselskab
CVR No. 20222670

Jørn Jepsen
State Authorised Public Accountant
Identification No (MNE) mne24824

Stig Petersen
State Authorised Public Accountant
Identification No (MNE) mne35464

Management commentary

Financial highlights

	2022/23 DKK'000	2021/22 DKK'000	2020/21 DKK'000	2019/20 DKK'000	2018/19 DKK'000
Key figures					
Revenue	918,501	788,230	610,847	665,722	635,037
Gross profit/loss	340,652	228,024	224,033	227,637	227,053
EBITDA	84,526	32,759	30,575	31,290	24,403
EBIT	70,513	23,537	18,547	18,340	10,746
Earnings before tax (EBT)	82,763	37,831	31,370	31,515	22,217
Operating profit/loss	70,513	23,537	18,547	18,340	10,746
Net financials	12,250	14,294	12,823	13,175	11,471
Profit/loss for the year	73,191	31,735	24,717	28,336	19,921
Profit for the year excl. minority interests	72,769	29,934	22,783	27,364	18,974
Balance sheet total	552,493	551,901	461,639	435,948	406,584
Investments in property, plant and equipment	19,104	33,137	9,746	12,325	7,192
Equity	313,001	260,482	226,812	210,803	197,852
Equity excl. minority interests	304,933	252,858	220,989	205,570	193,585
Average invested capital incl. goodwill	315,908	280,290	226,917	210,475	216,500
Net interest-bearing debt	(5,168)	42,498	17,947	14,726	29,501
Ratios					
Net margin (%)	7.97	4.03	4.05	4.26	3.14
Return on invested capital incl. goodwill (%)	23.30	9.40	9.40	10.20	6.20
Revenue/average invested capital incl. goodwill (%)	2.92	2.80	2.70	3.20	2.90
EBT margin (%)	9.01	4.80	5.14	4.73	3.50
Financial gearing	(0.02)	0.16	0.08	0.07	0.15
Return on equity (%)	26.09	12.63	10.68	13.71	10.29
Equity ratio (%)	55.19	45.82	47.87	47.15	47.61
EBITDA margin (%)	9.20	4.20	5.00	4.70	3.80

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

Net margin (%):
Profit/loss for the year * 100
Revenue

Return on invested capital incl goodwill (%):
EBITA * 100
Average invested capital incl goodwill

Revenue/Invested capital incl goodwill:
Revenue
Average invested capital incl goodwill

EBT Margin (%):
Earnings before tax * 100
Revenue

Financial gearing :
Net interest-bearing debt
Equity

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

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

EBITDA margin (%):
Operating profit/loss excl. depreciations * 100
Revenue

EBITA (Earnings Before Interest, Tax and Amortisation) is defined as operating profit plus the year's amortisation and depreciation of intangible assets including goodwill.

Invested capital including goodwill is defined as net working capital plus the carrying amount of property, plant and equipment and intangible assets as well as accumulated amortisation of intangible assets including goodwill, and less other provisions and long-term operating liabilities. Accumulated impairment losses on goodwill are not added.

Net working capital is defined as inventories, receivables and other operating current assets net of trade payables and other short-term operating liabilities. Income tax receivable and payable as well as cash are not included in net working capital.

Net interest-bearing debt is defined as interest-bearing liabilities, including income tax payable, net of interest-bearing assets, includ-ing cash and income tax receivable.

Net interest-bearing debt is defined as interest-bearing liabilities, including income tax payable, net of interest-bearing assets, includ-ing cash and income tax receivable.

EBITDA (Earnings Before Interest, Tax, Depreciation and Amortisation) is defined as operating profit plus the year's amortisation and depreciation of fixed assets including goodwill.

Primary activities

MacArtney A/S is the parent entity of the MacArtney Underwater Technology Group, headquartered in Esbjerg, Denmark. The MacArtney Group includes operations in Bur and Klinkby, Denmark, as well as in the US, Canada, the United Kingdom, Norway, Sweden, France, the Netherlands, Germany, Italy, Australia, Singapore, and China. Furthermore, the Group is supplemented by a distributor network of 24 companies worldwide.

The Group manufactures high-quality products, fully integrated systems, and innovative custom solutions, from design to installation, supported by training, service and local workshops. We cover the areas of connectivity, launch and recovery, and data acquisition for energy companies, ocean science institutes, marine renewable developers, navies, and others around the world.

Development in activities and finances

The yearly profit for the group after-tax amounts to 73.191 k, and the parent company yields a profit of DKK 72.769 k after-tax.

After the distribution of the profit for the year, the total equity for the parent company amounts to DKK 304.933, and the group amounts to DKK 313.001 k, corresponding to 56,7 % of the total balance sheet at 30.09.2023 for the group.

Profit/loss for the year in relation to expected developments

The performance for the year 2022/23 MacArtney Group exceeded the management expectations both in terms of revenue and profitability. This is achieved through good conditions in our markets and a strong focus from the more than 450 employees in the Group.

Outlook

MacArtney expects further growth in the coming fiscal year, with profitability on a similar level as the current year. However, the continued geopolitical changes and economic developments reduce the predictability of the markets in which we operate.

Use of financial instruments

Interest

The Group is exposed to fluctuations in interest rates on its financing activities. Exposure to changes in interest rates is reduced by pooling financing activities centrally, thereby reducing the balance with financial institutions. Furthermore, the Group uses financial instruments on a minor scale.

Currency risks

Currency risks mainly relate to the group's operating activity, where income or costs are in another currency than DKK and included as receivables for sales and trade payables. In addition, the group is exposed to currency risks on intra-group balances. The group is exposed to USD, GBP, CAD, NOK, SEK, and EUR, which means that results, cash flows and equity are affected by changes in exchange rates. The primary objective of managing currency risks is to reduce the negative impact of exchange rate fluctuations on earnings and cash flows in the short term, contributing to increased predictability.

Hedging takes place via forward exchange transactions to hedge expected turnover and purchases on selected projects within the next 12 months.

Exchange rate risks relating to investments in subsidiaries and associated companies abroad are not hedged, as it is the company's opinion that ongoing price hedging of such long-term investments will not be optimal from an overall risk and cost perspective.

Credit risk
The Group is exposed to credit risk from customers in different business sectors and geographical locations. Customers are regularly credit-rated and prepayments and stage payments are applied to reduce credit risks.

Knowledge resources

Business risks
The Group's most important operating risk is linked to the ability to be strongly positioned in the markets where the products and solutions are sold. Geopolitical tensions are monitored, and the potential impact on the business is addressed.

Furthermore, the Group needs to be constantly at the forefront of technological development within its areas of activity. The Group relies on solid and long-lasting relationships with strategic partners.

Business model
MacArtney manufactures high-quality products, fully integrated systems, and innovative custom solutions from design to installation. We support our products and solutions with training, service, and local workshops. MacArtney Group owns the full value chain from development and engineering to project management, manufacturing and aftersales. Our areas of expertise include connectivity, launch and recovery, and data acquisition for energy companies, ocean science institutes, marine renewable and solutions for renewable energy.

The products and solutions are sold through MacArtney A/S and subsidiaries, as well as through a worldwide network of agents. We have MacArtney A/S subsidiaries in the US, Canada, the UK, Norway, Sweden, France, the Netherlands, Germany, Italy, Australia, Singapore, and China.

MacArtney A/S is ISO 9001 & ISO 45001 certified. The management system measures are expanded to cover the areas of Environment, Climate, Health, Safety and Social aspects and Human rights. This means that methods are in place to ensure development and follow-up on action plans to follow progress towards strategic intentions and specific goals.

Research and development activities

The Group’s development activities range from highly specialised solutions to meet one customer’s needs to developing standardised products suitable for various customer segments. The Group is in constant dialogue with customers and stakeholders to ensure that future needs are met. The development activities are partly done by in-house highly skilled employees and through a co-creation process with stakeholders and customers.

Statutory report on corporate social responsibility

Business model
The business model is described above.

ESG Report 2022/23
MacArtney’s first-ever ESG report is published on our website, www.macartney.com. Being a responsible business and an engaged part of our local communities has always been an explicit part of the MacArtney DNA. As a family-owned company, MacArtney has always had strong values and a “do the right thing always” attitude in our way of doing business. With this first ESG report and our new ESG strategy, MacArtney takes the next step towards a more structured and strategic approach to ESG and sustainability at our company. By setting this

baseline, we want to dive deeper and forge an even stronger connection between responsible and reliable solutions.

MacArtney has joined the UN Global Compact and has, furthermore, become a Climate Partner with Esbjerg Municipality, where the HQ resides.

Key risks

MacArtney conducted a double materiality assessment with help from an external consultancy firm. The double materiality assessment lays the foundation for our upcoming reporting on the Corporate Sustainability Reporting Directive (CSRD), which is expected to become effective for MacArtney Group in the fiscal year 2025-26. By conducting the double materiality assessment, we have positioned ourselves sensibly in the process of building the extensive foundation of data that CSRD will require us to report on.

The double materiality assessment showed that the following topics are material and, therefore, significant priorities for MacArtney in relation to ESG:

- Climate change
- Marine Ecosystems
- Resource consumption
- Health and safety
- Working conditions and human rights
- Data and cyber security
- Business ethics and anti-corruption

ESG Strategy – "Connecting Responsible and Reliable Solution"

MacArtney's ESG strategy towards 2028 focused on the risks identified in the double materiality assessment as described above.

MacArtney actions are linked to four of the United Nations' 17 Sustainable Development Goals (SDGs). The four are:

DECENT WORK AND ECONOMIC GROWTH
The wellbeing and safety of our employees is one of the most important areas of our business. We care for people and want to offer all our employees safe and healthy working conditions and remain an attractive workplace.

RESPONSIBLE CONSUMPTION AND PRODUCTION
With engineering, development, production, and refurbishment facilities worldwide, we are working to ensure responsible production and consumption. This goes for both our daily operations and procurement and throughout our product lines and supply chain.

CLIMATE ACTION
Decarbonisation and mitigating climate change to meet the Paris Agreement in 2030 is one of the most important challenges of today. We want to take responsibility as an international company by measuring and reducing our greenhouse gas emissions.

LIFE BELOW WATER
As a company operating in the maritime sector, we have a responsibility to ensure environmentally sound oceans. Our products impact different sectors at sea, and we aim to partner with companies and organisations supporting life in the ocean.

Our environmental impact – the footprint we leave in our production and consumption

MacArtney has an environmental footprint when we source and use raw materials, produce products, con-sume energy, generate waste, transport and more. To support the green transition of our industry, we have extended our environmental policy to measure our carbon emissions as well as our utilities and waste to reduce our environmental impact as a company.

Our reporting on our environmental impact is mainly focused on our Scope 1 and 2 emissions in Denmark according to the Greenhouse Gas Protocol (GHG). Still, we also include Scope 3 emissions, such as waste consumption. In the coming years, we will expand our scope to include our worldwide operations and addi-tional Scope 3 categories.

Becoming a Climate Partner with Esbjerg Municipality in 2023 underlines our target to become CO2 neutral in Scope 1 and 2 by 2030 the latest.

For the first time, MacArtney has mapped the Scope 1 and 2 CO2 emissions at our Danish operations. The scope includes fuel consumption from MacArtney-controlled sources (scope 1) and our electricity and heat-ing (scope 2). Our ambition is to have a full scope 1 and 2 climate impact on MacArtney's worldwide opera-tions in next year's ESG report.

Total Scope 1 and 2 DK (tonnes)	
	2022/23
Scope 1*	114
Scope 2**	258

*Fuel consumption of company-controlled sources
**Heating and electricity

Ongoing transition to electric vehicles
MacArtney has a global goal of having 90% electric employee vehicles and 50% electric vehicles above 3,5 tonnes in 2028. To accelerate the conversion, MacArtney Denmark offers additional benefits for employees driving electric company cars. We have established our own charging stations at HQs in Denmark.

Company-owned and leased vehicles DK	
	2022/23
Fossil (including hybrid)	82%
Electric	18%

Electricity consumption
MacArtney has an ambition to be powered by 100% green energy in 2028.

As of now, all our facilities in DK run on renewable energy, and one of our facilities is equipped with a ground source heat pump system, which minimizes the CO2 emissions from heating.
We are monitoring our energy consumption across our locations and working with ongoing energy optimisation such as conversion to LED, nocturnal heating regulation, sensors, etc.

Even though we are powered by renewable energy, there are still greenhouse gas emissions due to a fraction of the energy sources being organic fragments.

Total electricity consumption DK (MWh)			
	2022/23	2021/22	2020/21
Electricity	1.304	1.101	991
Share of renewable energy*	100% renewable	N/A	NA/

*Authenticity by certificates

Waste management and recycling
MacArtney Danmark is following the EU Waste Directive, and we are sorting our waste in fractions to recycle as much as possible. 2022-2023, we generated 294 tonnes of waste at our Danish operations. From this, 269 tonnes were recycled in fractions through our suppliers in waste handling, resulting in a recycling rate of 91%, which is 8% higher than last year.

We are working on mapping all our used resources to determine if they can be reused. And most importantly we want to minimise the amount of waste generated in the first place.

Total waste and recycling DK			
	2022/23	**2021/22**	**2020/21**
Total waste (tonnes)	294	264	225
Recycled (tonnes)	269	222	90
Recycled %	91	84	40

Organic canteen and reduction of kitchen and food waste
MacArtney HQ has outsourced the canteen services to an external operator, and we have obtained the Bronze Organic Label. This means that 30-60% of the consumption in our canteen is organic. There is a strong focus on using seasonal ingredients and recipes, and we are continuously working towards reducing our kitchen and food waste. The waste that we generate is converted into bioenergy.

To reduce food waste, our employees have the possibility to purchase leftover meals at a favourable price the day after the course has been on the menu. This way, we give our employees the opportunity to bring home delicious food while we prevent food from being discarded.

Total kitchen waste HQ (tonnes)	
	2022/23
Kitchen and Food waste	3,6
Conversion to bioenergy	100%

Social responsibility - The health, wellbeing, and safety of our employees

Our employees are our most important resource, and we are committed to maintaining a strong health and safety culture throughout our organisation. This extends to our supply chains, where we have implemented a Supplier Code of Conduct focusing on human and labour rights. We also have a clear focus on being a strong member of our local community, contributing to a broad range of projects and participating in different events in culture and sports.

One of our tools to evaluate employee satisfaction is our annual employee engagement survey across the Group. The survey assesses a broad range of factors related to wellbeing, safety, inclusion, and personal development, and it serves as an important tool to ensure that our employees are well.

Employee engagement and retention
At MacArtney, we measure our employee engagement annually using the Employee Net Promotor Score (eNPS), a widely adopted indicator of employee experience and sentiment. The eNPS score ranges between -100 to 100, where a score of 10 or higher is considered good and a score above 80 is considered excep-tional across all industries. We have set a 2028 global goal of an eNPS at 40. This year, our score across group locations was 26,

and we are working determinedly on improving the well-being and engagement of all our employees.
As mentioned, our employees are our most important resource, and retaining our talented workforce is a top priority. . We target a voluntary employee turnover rate of 14% for both blue- and white-collar positions. This year, our employee turnover rate was 16%.

Category (Group level)	
	2022/23
Employee net promotor score (eNPS) 2022-23	26
Employee turnover rate	16%

Health and safety
Our commitment to health and safety is based on our values. We care for people. MacArtney is working with health and safety standards across all our operations and ensure that all personnel receive proper training and updates. Our headquarters in Denmark is ISO 45001 certified, and we monitor and manage safety regu-lations weekly across our subsidiaries. We conduct regular fire drills and simulations, and our employees are offered first aid courses.
All employees should trust that they are safe and secure while at work. This goes for all types of jobs within the MacArtney Group, including jobs carried out on land or at sea and under difficult circumstances. We provide the frames for a healthy work environment and a contribution to healthy living. Unfortunately, this year we had two work-related injuries resulting in 16 days off work. Our target is to have zero work-related injuries. On average, across the Group, we had 7,1 sick days per FTE.

Category (Group level)	
	2022/23
WRI – days off work	16
Average sick days/FTE	7,1

Governance - Responsible business conduct and governance
MacArtney has a "do the right thing always" attitude, and we see reliability, integrity, and trustworthiness as fundamental principles for our business. We have had an extensive focus on governance actions this year as part of our mission of setting a thorough and holistic baseline for our work with ESG, that sets the foundation for the future of MacArtney Group.

Corporate code of conduct
MacArtney has developed a new Corporate Code of Conduct consisting of 10 principles aligned with the UN Global Compact. It guides our employees, customers, suppliers, and other stakeholders in responsible business conduct at MacArtney. The Code of Conduct is under implementation.

Whistle-blower
MacArtney wants to act on principles of accountability, openness, and cooperation, including the ability for employees and collaborators to act on critical matters. The whistleblower system is established on our website and offers a confidential and safe way to report any irregularities or illegalities within the company.

Internal and external persons can submit information about criticisable relationships or report actions that are unethical, illegal, or violating internal policies. The scheme aims to bring matters to light that would not otherwise have been reported. Incidents may be reported confidentiality with name and contact details, or one can choose to be 100% anonymous.

Anti-Corruption and bribery
As stated in our Corporate Code of Conduct, we have a zero-tolerance policy for corruption and bribery across our organisation. We are obliged to abide by the laws and regulations in the countries we conduct our business.

Respect for human rights and labour rights
Social responsibility is at the heart of our business, and respect for human rights and labour rights is of high importance in the way we conduct our business. We comply with present laws and regulations regarding labour and employment laws and expect our suppliers and partners to do the same through our Supplier Code of Conduct.

Supplier code of conduct
In 2023, we revised and updated our supplier code of conduct, and it is under implementation. We expect our suppliers to apply to the 10 principles of the UN Global Compact, which is the cornerstone of the policy. This counts for human rights, labour rights, environmental awareness and anti-corruption and bribery. The supplier code of conduct also covers the use of conflict minerals.

Taxation
The objective of the tax policy is to establish a process for managing taxes efficiently and in line with the principles of MacArtney's policy. This policy states that we strive to comply with applicable laws and regula-tions and act in an ethically sustainable and socially responsible way in all our business activities. Along with our employees, we form part of the local community where we operate.

Statutory report on the underrepresented gender

MacArtney wants to remain a diverse and inclusive company where everyone feels welcome, respected, and included. As an industry that is typically male-dominated, we are committed to increasing the number of female managers within our organisation. Our goal is to have 33% female executives and managers at our company by 2025-26. As of this year, we have achieved 25%. One of our focus areas is our recruiting pro-cess, where we aim to always have female applicants among the relevant candidates.

Category (Group Level	
	2022/23
Female managers	25%
Female employees	31%

MacArtney A/S has a target of 33% female members of the Board of Directors by 2028. Currently, 20% of the members are female.

Statutory report on data ethics policy

MacArtney A/S is responsible for the information provided by customers, employees, or other stakeholders and processed by MacArtney A/S. Personal information is treated with respect for the confidentiality of the information and for the privacy of the stakeholders.

There is a clear policy describing that personal information is used respectfully for employees, customers, and other stakeholder's privacy to ensure compliance with the Data Protection Act and the Data Protection (GDPR)and Cybersecurity Maturity Model Certification (CMMC).

Events after the balance sheet date

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

Consolidated income statement for 2022/23

	Notes	2022/23 DKK'000	2021/22 DKK'000
Revenue	1	918,501	788,230
Other operating income	2	2,512	13,546
Cost of sales		(489,675)	(494,405)
Other external expenses	3	(90,686)	(79,347)
Gross profit/loss		**340,652**	**228,024**
Staff costs	4	(256,126)	(195,265)
Depreciation, amortisation and impairment losses	5	(14,013)	(9,222)
Operating profit/loss		**70,513**	**23,537**
Income from investments in associates		19,805	18,808
Other financial income		1,777	1,811
Other financial expenses		(9,332)	(6,325)
Profit/loss before tax		**82,763**	**37,831**
Tax on profit/loss for the year	6	(9,572)	(6,096)
Profit/loss for the year	7	**73,191**	**31,735**

Consolidated balance sheet at 30.09.2023

Assets

	Notes	2022/23 DKK'000	2021/22 DKK'000
Completed development projects	9	1,020	1,505
Goodwill		29,760	34,948
Intangible assets	8	**30,780**	**36,453**
Land and buildings		46,847	17,851
Other fixtures and fittings, tools and equipment		30,649	22,177
Property, plant and equipment in progress		0	27,660
Property, plant and equipment	10	**77,496**	**67,688**
Investments in associates		32,941	32,745
Financial assets	11	**32,941**	**32,745**
Fixed assets		**141,217**	**136,886**
Raw materials and consumables		119,068	95,009
Work in progress		42,950	35,333
Manufactured goods and goods for resale		1,093	3,307
Inventories		**163,111**	**133,649**

Trade receivables		149,732	127,607
Contract work in progress	12	22,713	38,077
Receivables from group enterprises		41,654	40,289
Deferred tax	13	7,452	3,567
Other receivables		7,160	8,623
Tax receivable		837	1,044
Joint taxation contribution receivable		1,549	1,653
Prepayments	14	8,307	9,634
Receivables		**239,404**	**230,494**
Cash		**8,761**	**50,872**
Current assets		**411,276**	**415,015**
Assets		**552,493**	**551,901**

Equity and liabilities

	Notes	2022/23 DKK'000	2021/22 DKK'000
Contributed capital	15	10,000	10,000
Reserve for fair value adjustments of hedging instruments		136	196
Retained earnings		266,797	229,762
Proposed dividend for the financial year		28,000	12,900
Equity belonging to Parent's shareholders		**304,933**	**252,858**
Equity belonging to minority interests		**8,068**	**7,624**
Equity		**313,001**	**260,482**
Deferred tax	13	614	648
Other provisions	16	8,322	10,415
Provisions		**8,936**	**11,063**
Mortgage debt		3,669	4,026
Bank loans		16,852	18,476
Lease liabilities		656	1,320
Other payables		7,418	7,141
Non-current liabilities other than provisions	17	**28,595**	**30,963**

Current portion of non-current liabilities other than provisions	17	2,385	5,934
Bank loans		6,269	96,718
Prepayments received from customers		16,068	459
Contract work in progress	12	45,563	42,184
Trade payables		56,140	47,992
Payables to associates		11,797	12,246
Tax payable		8,524	1,088
Other payables		55,215	42,772
Current liabilities other than provisions		**201,961**	**249,393**
Liabilities other than provisions		**230,556**	**280,356**
Equity and liabilities		**552,493**	**551,901**

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Consolidated statement of changes in equity for 2022/23

	Contributed capital DKK'000	Reserve for fair value adjustments of hedging instruments DKK'000	Retained earnings DKK'000	Proposed dividend for the financial year DKK'000	Equity belonging to Parent's shareholders DKK'000	Equity belonging to minority interests DKK'000	Total DKK'000
Equity beginning of year	10,000	196	229,762	12,900	252,858	7,624	260,482
Ordinary dividend paid	0	0	0	(12,900)	(12,900)	0	(12,900)
Exchange rate adjustments	0	0	(7,734)	0	(7,734)	22	(7,712)
Value adjustments	0	(77)	0	0	(77)	0	(77)
Tax of entries on equity	0	17	0	0	17	0	17
Profit/loss for the year	0	0	44,769	28,000	72,769	422	73,191
Equity end of year	**10,000**	**136**	**266,797**	**28,000**	**304,933**	**8,068**	**313,001**

Consolidated cash flow statement for 2022/23

	Notes	2022/23 DKK'000	2021/22 DKK'000
Operating profit/loss		70,513	23,537
Amortisation, depreciation and impairment losses		14,013	9,222
Other provisions		(6,328)	3,917
Working capital changes	18	13,705	(38,929)
Cash flow from ordinary operating activities		**91,903**	**(2,253)**
Financial income received		1,777	1,811
Financial expenses paid		(9,332)	(6,325)
Taxes refunded/(paid)		(5,727)	(6,843)
Other cash flows from operating activities	19	(3,869)	5,755
Cash flows from operating activities		**74,752**	**(7,855)**
Acquisition etc. of intangible assets		(142)	(341)
Acquisition etc. of property, plant and equipment		(19,104)	(33,137)
Sale of property, plant and equipment		306	11,496
Acquisition of enterprises		(25)	(19)
Dividends received		16,481	19,252
Cash flows from investing activities		**(2,484)**	**(2,749)**
Free cash flows generated from operations and investments before financing		**72,268**	**(10,604)**
Loans raised		739	17,677
Repayments of loans etc.		(11,769)	(18,534)
Dividend paid		(12,900)	(10,900)
Other cash flows from financing activities		(90,449)	40,268
Cash flows from financing activities		**(114,379)**	**28,511**

Increase/decrease in cash and cash equivalents	**(42,111)**	**17,907**
Cash and cash equivalents beginning of year	50,872	32,965
Cash and cash equivalents end of year	**8,761**	**50,872**
Cash and cash equivalents at year-end are composed of:		
Cash	8,761	50,872
Cash and cash equivalents end of year	**8,761**	**50,872**

Notes to consolidated financial statements

1 Revenue

	2022/23 DKK'000	2021/22 DKK'000
Asia	85,005	60,251
Europe	638,568	575,210
America	194,928	152,769
Total revenue by geographical market	**918,501**	**788,230**

Disclosure about the revenue on activity - according to the Danish Financial Statements Act § 96 section 1 – is not disclosed in the annual report with reference to the Danish Financial Statements Act § 96 section 1, as management access, that the information can cause significant competitive damage.

2 Other operating income

Other operating income consists of income from salary reimbursements.

Other operating income in 2021/22 consists of income from court of abritration against former employee etc. This amounts to 11.710 DKK'000. The remaining amount relates to salary reimbursements.

3 Fees to the auditor appointed by the Annual General Meeting

	2022/23 DKK'000	2021/22 DKK'000
Statutory audit services	861	633
Other assurance engagements	234	222
Tax services	705	319
Other services	1,083	782
	2,883	**1,956**

Fees to the auditor appointed by the Annual General Meeting, auditors of the Parent, amount to DKK 1,498 thousand, and fees to other audit firms amount to DKK 1.385 thousand.

4 Staff costs

	2022/23 DKK'000	2021/22 DKK'000
Wages and salaries	220,185	162,124
Pension costs	14,313	12,920
Other social security costs	21,628	20,221
	256,126	**195,265**

Average number of full-time employees	438	396

	Remuneration of management 2022/23 DKK'000	Remuneration of management 2021/22 DKK'000
Executive Board	0	7,732
Board of Directors	0	1,333
Total amount for management categories	4,651	0
	4,651	**9,065**

5 Depreciation, amortisation and impairment losses

	2022/23 DKK'000	2021/22 DKK'000
Amortisation of intangible assets	5,264	3,317
Depreciation on property, plant and equipment	8,812	7,655
Profit/loss from sale of intangible assets and property, plant and equipment	(63)	(1,750)
	14,013	**9,222**

6 Tax on profit/loss for the year

	2022/23 DKK'000	2021/22 DKK'000
Current tax	13,867	5,479
Change in deferred tax	(3,919)	1,215
Adjustment concerning previous years	115	178
Refund in joint taxation arrangement	(491)	(776)
	9,572	**6,096**

7 Proposed distribution of profit/loss

	2022/23 DKK'000	2021/22 DKK'000
Ordinary dividend for the financial year	28,000	12,900
Retained earnings	44,769	17,034
Minority interests' share of profit/loss	422	1,801
	73,191	**31,735**

8 Intangible assets

	Completed development projects DKK'000	Goodwill DKK'000
Cost beginning of year	2,425	57,805
Exchange rate adjustments	0	(891)
Additions	0	142
Cost end of year	**2,425**	**57,056**
Amortisation and impairment losses beginning of year	(920)	(22,857)
Exchange rate adjustments	0	340
Amortisation for the year	(485)	(4,779)
Amortisation and impairment losses end of year	**(1,405)**	**(27,296)**
Carrying amount end of year	**1,020**	**29,760**

9 Development projects

Completed development projects consist of development of the Trustlink MS Connector Range. The project is expected to gain competitive advantages in the future.

Completed development projects consist of development of the Electric A-frame. The electronic based launch and recovery system has an environmentally friendly setup and is expected to gain competitive advantages in the future.

10 Property, plant and equipment

	Land and buildings DKK'000	Other fixtures and fittings, tools and equipment DKK'000	Property, plant and equipment in progress DKK'000
Cost beginning of year	20,756	92,318	27,660
Exchange rate adjustments	11	(1,319)	75
Transfers	27,343	392	(27,735)
Additions	3,345	15,759	0
Disposals	0	(3,806)	0
Cost end of year	**51,455**	**103,344**	**0**
Depreciation and impairment losses beginning of year	(2,905)	(70,141)	0
Exchange rate adjustments	(8)	1,000	0
Depreciation for the year	(1,695)	(7,117)	0
Reversal regarding disposals	0	3,563	0
Depreciation and impairment losses end of year	**(4,608)**	**(72,695)**	**0**
Carrying amount end of year	**46,847**	**30,649**	**0**
Recognised assets not owned by Entity	0	1,980	0

11 Financial assets

	Investments in associates DKK'000
Cost beginning of year	1,524
Cost end of year	**1,524**
Revaluations beginning of year	31,221
Exchange rate adjustments	(3,128)
Share of profit/loss for the year	19,805
Dividend	(16,481)
Revaluations end of year	**31,417**
Carrying amount end of year	**32,941**

Associates	**Registered in**	**Ownership %**
SubConn Inc.	USA	49
Abyssea S.A.	France	20

12 Contract work in progress

	2022/23 DKK'000	2021/22 DKK'000
Contract work in progress	111,845	194,005
Progress billings	(134,695)	(198,112)
Transferred to liabilities other than provisions	45,563	42,184
	22,713	**38,077**

13 Deferred tax

	2022/23 DKK'000	2021/22 DKK'000
Intangible assets	487	167
Property, plant and equipment	(968)	(850)
Inventories	1,379	1,064
Receivables	(297)	(216)
Provisions	1,719	2,358
Tax losses carried forward	4,518	396
Deferred tax	**6,838**	**2,919**

Changes during the year	2022/23 DKK'000	2021/22 DKK'000
Beginning of year	2,919	4,168
Recognised in the income statement	3,919	(1,215)
Recognised directly in equity	0	(34)
End of year	**6,838**	**2,919**

Deferred tax has been recognised in the balance sheet as follows	2022/23 DKK'000	2021/22 DKK'000
Deferred tax assets	7,452	3,567
Deferred tax liabilities	(614)	(648)
	6,838	**2,919**

Deferred tax assets

Based on an evaluation of the markets in Denmark and Norway as well as the activities within sales, product development, market potential and adjustments of costs, the Company has prepared budgets for the following years showing the use of the deferred tax assets within three to five years.

14 Prepayments

Prepayments include prepaid expenses.

15 Contributed capital

	Number	Par value DKK'000	Nominal value DKK'000
Ordinary shares	1,000	10	10,000
	1,000		**10,000**

16 Other provisions

Other provisions include warranty provisions.

17 Non-current liabilities other than provisions

	Due within 12 months 2022/23 DKK'000	Due within 12 months 2021/22 DKK'000	Due after more than 12 months 2022/23 DKK'000	Outstanding after 5 years 2022/23 DKK'000
Mortgage debt	351	480	3,669	2,151
Bank loans	1,260	4,286	16,852	11,599
Lease liabilities	774	807	656	0
Other payables	0	361	7,418	7,418
	2,385	**5,934**	**28,595**	**21,168**

18 Changes in working capital

	2022/23 DKK'000	2021/22 DKK'000
Increase/decrease in inventories	(29,462)	(27,185)
Increase/decrease in receivables	(5,950)	(26,088)
Increase/decrease in trade payables etc.	49,117	14,344
	13,705	**(38,929)**

19 Other cash flows from operating activities

Other cash flows consist of interest rate swaps and exchange rate adjustments.

20 Derivative financial instruments

Currency hedging

Other payables include negative fair value of forward exchange contracts at DKK 211 thousand.
Foreign exchange contracts have been entered into to hedge the exchange rate risk of sales and purchases in USD for a total of USD 935 thousand (DKK 6,331 thousand). Fair value adjustments are recognized in the income statement. The exchange rate switches have a maturity of 11-15 months.

Interest hedging

Other receivables include the positive fair value of an interest rate swap of DKK 10 thousand. The interest rate swap secures a fixed interest rate on the Company's floating rate bank loan. The interest rate swap has a principal of DKK 1,1 million and secures a fixed interest rate of 0.28% for the remaining maturity of one year. The bank loan and the interest rate swap have been concluded with the same counterparty.

21 Fair value information

	Hedges DKK'000
Fair value end of year	(202)
Unrealised fair value adjustments recognised in the income statement	(211)
Unrealised fair value adjustments recognised in the fair value reserve in equity	(77)

22 Unrecognised rental and lease commitments

	2022/23 DKK'000	2021/22 DKK'000
Total liabilities under rental or lease agreements until maturity	109,143	90,394
Of this, liabilities under rental or lease agreements with group enterprises	47,918	37,238

23 Contingent liabilities

The Company participates in a Danish joint taxation arrangement in which MacArtney Finance ApS serves as the administration company. According to the joint taxation provisions of the Danish Corporation Tax Act, the Company is therefore liable for income taxes etc for the jointly taxed companies and also for obligations, if any, relating to the withholding of tax on interest, royalties and dividend for the jointly taxed companies. The jointly taxed companies' total known net liability in the joint taxation arrangement is stated in the financial statements of the administration company.

At 01.10.2016, the Company demerged its properties to the sister subsidiary MacArtney Properties ApS. Consequently, MacArtney A/S is liable for obligations in MacArtney Properties ApS that occurred before the demerger. The liability amounts to DKK 6,663 thousand at 30.09.2023.

24 Assets charged and collateral

Mortgage debt is secured by way of a mortgage deed of approximately DKK 42,373 thousand on properties and assets of a total carrying amount of DKK 34,055 thousand.

The Group has unused mortgage deed of approximately DKK 750 thousand.

Mortage debt is secured by way of a company charge of DKK 40,000 thousand. The company charge includes inventory, trade receivables, other fixtures and fittings, tools and eqiupment of a total carrying amount of DKK 36,606 thousand.

Collateral provided for group enterprises

The group has guaranteed the group enterprises' debt. The maximum limit of the guarantee is DKK 5,500 thousand. Bank loans of group enterprises amount to DKK 305 thousand.

25 Group relations

Name and registered office of the Parent preparing consolidated financial statements for the largest group:

MacArtney Finance ApS, Esbjerg

Name and registered office of the Parent preparing consolidated financial statements for the smallest group:
MacArtney Finance ApS, Esbjerg

26 Subsidiaries

	Registered in	Ownership %
MacArtney Norge A/S	Norway	100
MacArtney UK Ltd.	UK	100
MacArtney Distribution Center Inc.	USA	100
MacArtney Inc.	USA	100
MacArtney Canada Ltd.	Canada	100
MacArtney France SAS	France	100
MacArtney Italy s.r.l.	Italy	100
MacArtney Germany GmbH	Germany	64
MacArtney Benelux B.V.	The Netherlands	75
MacArtney Singapore Pte. Ltd	Singapore	100
MacArtney Australia Pty ltd	Australia	100
MacArtney China Co. Ltd	China	100
MacArtney Hydraulics A/S	Denmark	100
MacArtney Sweden AB	Sweden	100

Parent income statement for 2022/23

	Notes	2022/23 DKK'000	2021/22 DKK'000
Revenue	1	421,268	361,473
Other operating income	2	26,423	20,279
Cost of sales		(254,220)	(249,807)
Other external expenses	3	(39,218)	(32,682)
Gross profit/loss		**154,253**	**99,263**
Staff costs	4	(116,879)	(106,085)
Depreciation, amortisation and impairment losses	5	(7,502)	(6,516)
Operating profit/loss		**29,872**	**(13,338)**
Income from investments in group enterprises		26,900	24,376
Income from investments in associates		19,805	18,808
Other financial income from group enterprises		2,040	1,103
Other financial income		94	717
Other financial expenses		(8,422)	(3,181)
Profit/loss before tax		**70,289**	**28,485**
Tax on profit/loss for the year	6	2,480	1,449
Profit/loss for the year	7	**72,769**	**29,934**

Parent balance sheet at 30.09.2023

Assets

	Notes	2022/23 DKK'000	2021/22 DKK'000
Completed development projects	9	1,019	1,504
Goodwill		15,828	19,202
Intangible assets	8	**16,847**	**20,706**
Land and buildings		14,239	14,601
Other fixtures and fittings, tools and equipment		8,534	7,922
Property, plant and equipment in progress		0	392
Property, plant and equipment	10	**22,773**	**22,915**
Investments in group enterprises		131,519	138,589
Investments in associates		31,922	31,726
Financial assets	11	**163,441**	**170,315**
Fixed assets		**203,061**	**213,936**
Raw materials and consumables		45,227	38,585
Work in progress		10,923	8,191
Manufactured goods and goods for resale		1,093	2,558
Inventories		**57,243**	**49,334**

Trade receivables		10,669	20,330
Contract work in progress	12	24,258	35,192
Receivables from group enterprises		100,563	98,276
Deferred tax	13	6,281	3,000
Other receivables		1,951	3,075
Tax receivable		1,123	880
Joint taxation contribution receivable		2,422	2,292
Prepayments	14	2,863	1,248
Receivables		**150,130**	**164,293**
Cash		**45,139**	**6,816**
Current assets		**252,512**	**220,443**
Assets		**455,573**	**434,379**

Equity and liabilities

	Notes	2022/23 DKK'000	2021/22 DKK'000
Contributed capital		10,000	10,000
Reserve for fair value adjustments and hedging instruments		136	196
Reserve for net revaluation according to equity method		127,416	134,290
Reserve for development costs		794	1,173
Retained earnings		138,587	94,299
Proposed dividend for the financial year		28,000	12,900
Equity		**304,933**	**252,858**
Other provisions	15	8,322	10,130
Provisions		**8,322**	**10,130**
Mortgage debt		3,669	4,020
Bank loans		0	1,071
Finance lease liabilities		490	1,142
Other payables		6,748	6,491
Non-current liabilities other than provisions	16	**10,907**	**12,724**
Current portion of non-current liabilities other than provisions	16	1,003	5,639
Bank loans		51,394	85,301
Contract work in progress	12	20,946	7,942
Trade payables		27,755	31,366
Payables to group enterprises		4,996	2,685
Payables to associates		4,879	3,753
Tax payable		1,509	0
Other payables		18,929	21,981
Current liabilities other than provisions		**131,411**	**158,667**
Liabilities other than provisions		**142,318**	**171,391**
Equity and liabilities		**455,573**	**434,379**
Financial instruments	17		
Fair value information	18		
Unrecognised rental and lease commitments	19		
Contingent liabilities	20		
Assets charged and collateral	21		
Related parties with controlling interest	22		

Transactions with related parties	23

Parent statement of changes in equity for 2022/23

	Contributed capital DKK'000	Reserve for fair value adjustments of hedging instruments DKK'000	Reserve for net revaluation according to the equity method DKK'000	Reserve for development costs DKK'000	Retained earnings DKK'000	Proposed dividend for the year DKK'000	Total DKK'000
Equity beginning of year	10,000	196	134,290	1,173	94,299	12,900	252,858
Ordinary dividend paid	0	0	0	0	0	(12,900)	(12,900)
Exchange rate adjustments	0	0	(7,734)	0	0	0	(7,734)
Fair value adjustments of hedging instruments	0	(77)	0	0	0	0	(77)
Tax of entries on equity	0	17	0	0	0	0	17
Transfer to reserves	0	0	0	(379)	379	0	0
Profit/loss for the year	0	0	860	0	43,909	28,000	72,769
Equity end of year	**10,000**	**136**	**127,416**	**794**	**138,587**	**28,000**	**304,933**

Notes to parent financial statements

1 Revenue

	2022/23 DKK'000	2021/22 DKK'000
Asia	55,666	37,986
Europe	327,666	310,047
America	37,936	13,440
Total revenue by geographical market	**421,268**	**361,473**

Disclosure about the revenue on activity - according to the Danish Financial Statements Act § 96 section 1 – is not disclosed in the annual report with reference to the Danish Financial Statements Act § 96 section 1, as management access, that the information can cause significant competitive damage.

2 Other operating income

Other operating income consists of income from management fee and salary reimbursements.

Other operating income in 2021/22 consists of income from court of abritration against former employee etc. This amounts to 11.710 DKK'000. The remaining amount relates to management fee salary reimbursements.

3 Fees to the auditor appointed by the Annual General Meeting

	2022/23 DKK'000	2021/22 DKK'000
Statutory audit services	588	454
Tax services	405	110
Other services	239	263
	1,232	**827**

4 Staff costs

	2022/23 DKK'000	2021/22 DKK'000
Wages and salaries	107,330	97,670
Pension costs	7,599	6,902
Other social security costs	1,950	1,513
	116,879	**106,085**
Average number of full-time employees	182	159

	Remuneration of Management 2022/23 DKK'000	Remuneration of Management 2021/22 DKK'000
Executive Board	0	7,732
Board of Directors	0	1,333
Total amount for management categories	4,651	0
	4,651	**9,065**

5 Depreciation, amortisation and impairment losses

	2022/23 DKK'000	2021/22 DKK'000
Amortisation of intangible assets	3,859	1,952
Depreciation on property, plant and equipment	3,663	4,141
Profit/loss from sale of intangible assets and property, plant and equipment	(20)	423
	7,502	**6,516**

6 Tax on profit/loss for the year

	2022/23 DKK'000	2021/22 DKK'000
Current tax	1,526	0
Change in deferred tax	(3,281)	(34)
Refund in joint taxation arrangement	(725)	(1,415)
	(2,480)	**(1,449)**

7 Proposed distribution of profit and loss

	2022/23 DKK'000	2021/22 DKK'000
Ordinary dividend for the financial year	28,000	12,900
Retained earnings	44,769	17,034
	72,769	**29,934**

8 Intangible assets

	Completed development projects DKK'000	Goodwill DKK'000
Cost beginning of year	2,425	26,532
Cost end of year	**2,425**	**26,532**
Amortisation and impairment losses beginning of year	(921)	(7,330)
Amortisation for the year	(485)	(3,374)
Amortisation and impairment losses end of year	**(1,406)**	**(10,704)**
Carrying amount end of year	**1,019**	**15,828**

9 Development projects

Completed development projects consist of development of an electric A-frame. The project is expected to gain competitive advantages in the future.

Completed development projects consist of development of the Electric A-frame. The electronic based launch and recovery system has an environmentally friendly setup and is expected to gain competitive advantages in the future.

10 Property, plant and equipment

	Land and buildings DKK'000	Other fixtures and fittings, tools and equipment DKK'000	Property, plant and equipment in progress DKK'000
Cost beginning of year	16,419	38,648	392
Transfers	0	392	(392)
Additions	0	3,732	0
Disposals	0	(1,831)	0
Cost end of year	**16,419**	**40,941**	**0**
Depreciation and impairment losses beginning of year	(1,818)	(30,726)	0
Depreciation for the year	(362)	(3,301)	0
Reversal regarding disposals	0	1,620	0
Depreciation and impairment losses end of year	**(2,180)**	**(32,407)**	**0**
Carrying amount end of year	**14,239**	**8,534**	**0**
Recognised assets not owned by entity	0	994	0

11 Financial assets

	Investments in group enterprises DKK'000	Investments in associates DKK'000
Cost beginning of year	35,994	31
Cost end of year	**35,994**	**31**
Revaluations beginning of year	102,595	31,695
Exchange rate adjustments	(4,606)	(3,128)
Amortisation of goodwill	(489)	0
Share of profit/loss for the year	27,389	19,805
Dividend	(29,364)	(16,481)
Revaluations end of year	**95,525**	**31,891**
Carrying amount end of year	**131,519**	**31,922**

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

Investments in associates	**Registered in**	**Ownership %**
SubConn Inc.	USA	49
Abyssea S.A.	France	20

12 Contract work in progress

	2022/23 DKK'000	2021/22 DKK'000
Contract work in progress	111,845	118,500
Progress billings	(108,533)	(91,250)
Transferred to liabilities other than provisions	20,946	7,942
	24,258	**35,192**

13 Deferred tax

	2022/23 DKK'000	2021/22 DKK'000
Intangible assets	28	(79)
Property, plant and equipment	(625)	(441)
Inventories	1,173	751
Receivables	(297)	(66)
Provisions	1,893	2,406
Tax losses carried forward	4,109	429
Deferred tax	**6,281**	**3,000**

Changes during the year	2022/23 DKK'000	2021/22 DKK'000
Beginning of year	3,000	3,000
Recognised in the income statement	3,281	34
Recognised directly in equity	0	(34)
End of year	**6,281**	**3,000**

Deferred tax assets

Based on an evaluation of the markets in Denmark as well as the activities within sales, product development, market potential and adjustments of costs, the Company has prepared budgets for the following years showing the use of the deferred tax assets within three to five years.

14 Prepayments

Prepayments include prepaid expenses.

15 Other provisions

Other provisions include provisions for warranties.

16 Non-current liabilities other than provisions

	Due within 12 months 2022/23 DKK'000	Due within 12 months 2021/22 DKK'000	Due after more than 12 months 2022/23 DKK'000	Outstanding after 5 years 2022/23 DKK'000
Mortgage debt	351	340	3,669	2,151
Bank loans	0	4,286	0	0
Lease liabilities	652	652	490	0
Other payables	0	361	6,748	5,961
	1,003	**5,639**	**10,907**	**8,112**

17 Derivative financial instruments

Currency hedging

Other payables include negative fair value of forward exchange contracts at DKK 211 thousand.
Foreign exchange contracts have been entered into to hedge the exchange rate risk of sales and purchases in USD for a total of USD 935 thousand (DKK 6,331 thousand). Fair value adjustments are recognized in the income statement. The exchange rate switches have a maturity of 11-15 months.

Interest hedging

Other receivables include the positive fair value of an interest rate swap of DKK 10 thousand. The interest rate swap secures a fixed interest rate on the Company's floating rate bank loan. The interest rate swap has a principal of DKK 1,1 million and secures a fixed interest rate of 0.28% for the remaining maturity of one year. The bank loan and the interest rate swap have been concluded with the same counterparty.

18 Fair value information

	Hedges '000DKK
Fair value end of year	(202)
Unrealised fair value adjustments recognised in the income statement	(211)
Unrealised fair value adjustments recognised in the fair value reserve in equity	(77)

19 Unrecognised rental and lease commitments

	2022/23 DKK'000	**2021/22 DKK'000**
Total liabilities under rental or lease agreements until maturity	28,556	31,886
Of this, liabilities under rental or lease agreements with group enterprises	25,960	28,315

20 Contingent liabilities

The Company participates in a Danish joint taxation arrangement in which MacArtney Finance ApS serves as the administration company. According to the joint taxation provisions of the Danish Corporation Tax Act, the Company is therefore liable for income taxes etc for the jointly taxed companies and also for obligations, if any, relating to the withholding of tax on interest, royalties and dividend for the jointly taxed companies. The jointly taxed companies' total known net liability in the joint taxation arrangement is stated in the financial statements of the administration company.

At 01.10.2016, the Company demerged its properties to the sister subsidiary MacArtney Properties ApS. Consequently, MacArtney A/S is liable for obligations in MacArtney Properties ApS that occurred before the demerger. The liability amounts to DKK 6,663 thousand at 30.09.2023.

21 Assets charged and collateral

Mortgage debt is secured by way of a mortgage deed of approximately DKK 7,000 thousand on properties of a total carrying amount of DKK 14,239 thousand.

Collateral provided for group enterprises

A guarantee has been provided for foreign subsidiaries' bank debt maximising DKK 5,500 thousand. The bank debt amounts to DKK 305 thousand at 30.09.2023.

22 Related parties with controlling interest

MacArtney Finance ApS, Esbjerg, Denmark owns all shares in the Entity, thus exercising control.

23 Non-arm's length related party transactions

Only related party transactions not conducted on an arm's length basis are disclosed in the annual report. No such transactions have been conducted in the financial year.

Accounting policies

Reporting class

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

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

Recognition and measurement

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

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

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

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

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

Consolidated financial statements

The consolidated financial statements comprise the Parent and the group enterprises (subsidiaries) that are controlled by the Parent. Control is achieved by the Parent, either directly or indirectly, holding more than 50% of the voting rights or in any other way possibly or actually exercising controlling influence. Enterprises in which the Group, directly or indirectly, holds between 20% and 50% of the voting rights and exercises significant, but not controlling influence, are regarded as associates.

Basis of consolidation

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

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

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

Business combinations

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

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

Positive differences in amount (goodwill) between cost of the acquired share and fair value of the assets and liabilities taken over are recognised under intangible assets, and they are amortised systematically over the income statement based on an individual assessment of their useful life, however, no more than 20 years.

The book-value method is applied for intercompany transactions.

Foreign currency translation

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

When recognising foreign subsidiaries that are independent entities, the income statements are translated at average exchange rates for the year. Balance sheet items are translated using the exchange rates at the balance sheet date. Exchange differences arising out of the translation of foreign subsidiaries' equity at the beginning of the year at the balance sheet date exchange rates are recognised directly in equity.

When recognising foreign subsidiaries that are integral entities, monetary assets and liabilities are translated using the exchange rates at the balance sheet date. Non-monetary assets and liabilities are translated at the exchange rate at the time of acquisition or the time of any subsequent revaluation or writedown. The items of the income statement are translated at the average rates of the months; however, items deriving from non-monetary assets and liabilities are translated using tistorical rates applicable to relevant non-monetary items.

Derivative financial instruments

On initial recognition in the balance sheet, derivative financial instruments are measured at cost and subsequently at fair value. Derivative financial instruments are recognised under other receivables or other payables.

Changes in the fair value of derivative financial instruments classified as and complying with the requirements for hedging the fair value of a recognised asset or a recognised liability are recorded in the income statement together with changes in the value of the hedged asset or the hedged liability.

Changes in the fair value of derivative financial instruments classified as and complying with the requirements for hedging future transactions of interest rates (interest rate swaps) are recognised directly in equity. When the hedged transactions are realised, the accumulated changes are recognised as part of cost of the relevant financial statement items.

Changes in the fair value of derivative financial instruments classified as and complying with the requirements for hedging future transactions of revenue and purchase of goods (forward exchange contracts) are recognised directly in the income statement. When the hedged transactions are realised, the accumulated changes are recognised as part of cost of the relevant financial statement items.

For derivative financial instruments that do not comply with the requirements for being treated as hedging instruments, changes in fair value are recognised currently in the income statement as financial income or financial expenses.

Income statement

Revenue

The Company's revenue consists of item sales and project sales.

Revenue from the item sale is recognised in the income statement when delivery is made and risk has passed to the buyer.

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

Other operating income

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

Cost of sales

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

Other external expenses

Other external expenses comprise expenses relating to the Company's ordinary activities, including expenses for premises, administration, sales, etc.

Staff costs

Staff costs comprise salaries and wages as well as social security contributions, pension contributions, etc for the Company's staff.

Wage compensation has been deducted from staff costs. The compensation are recognised when a final commitment has been received from the grantor and it is probable that the conditions of the grant will be fulfilled. Grants are recognised as income in the income statement as earned.

Depreciation, amortisation and impairment losses

Amortisation, depreciation and impairment losses relating to intangible assets and property, plant and equipment comprise amortisation, depreciation and impairment losses for the financial year, calculated on the basis of the residual values and useful lives of the individual assets and impairment testing.

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

Income from investments in associates
Income from investments in associates comprises the pro rata share of the individual associates' profit/loss after elimination of internal profits or losses.

Other financial income from group enterprises
Other financial income from group enterprises comprises interest income etc. on receivables from group enterprises.

Other financial income
Other financial income comprises interest income and exchange differences from long-term receivables.

Other financial expenses
Other financial expenses comprise interest expenses and exchange differences.

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

The Company is jointly taxed with all of its wholly owned Danish subsidiaries and other affiliated companies. The current Danish income tax is allocated among the jointly taxed companies proportionally to their taxable income (full allocation with a refund concerning tax losses).

Balance sheet

Goodwill
Goodwill is amortised straight-line over its estimated useful life, which is fixed based on the experience gained by Management for each business area. The amortisation period is 5-20 years because goodwill derives from strategically acquired enterprises with a strong market position and a long-term earnings profile.

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

Development projects
Development projects comprise development projects completed and in progress with related to intellectual property rights, acquired intellectual property rights and prepayments for intangible assets.

Development projects on clearly defined and identifiable products and processes, for which the technical rate of utilisation, adequate resources and a potential future market or development opportunity in the enterprise can be established, and where the intention is to manufacture, market or apply the product or process in question, are recognised as intangible assets. Other development costs are recognised as costs in the income statement as incurred. When recognising development projects as intangible assets, an amount equalling the costs incurred less deferred tax is taken to equity under reserve for development costs that is reduced as the development projects are amortised and written down.

The cost of development projects comprises costs such as salaries and amortisation that are directly and indirectly attributable to the development projects.

Completed development projects are amortised on a straight-line basis using their estimated useful lives which are determined based on a specific assessment of each development project. For development projects protected by intellectual property rights, the maximum period of amortisation is the remaining duration of the relevant rights. The amortisation periods used are 5 years.

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

Property, plant and equipment

Land and buildings as well as other fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation. Land is not depreciated.

Cost comprises the acquisition price, costs directly attributable to the acquisition, and preparation costs of the asset until the time when it is ready to be put into operation.

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

	Useful life
Buildings	50 years
Other fixtures and fittings, tools and equipment	3-10 years

Estimated useful lives and residual values are reassessed annually. Items of property, plant and equipment are written down to the lower of recoverable amount and carrying amount.

Investments in group enterprises

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

Group enterprises with a negative equity value are measured at zero value, and any receivables from these enterprises are written down by the Company's share of such negative equity if it is deemed irrecoverable. If the negative equity value exceeds the amount receivable, the remaining amount is recognised under provisions if the Company has a legal or constructive obligation to cover the liabilities of the relevant enterprise.

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

Goodwill is calculated as the difference between cost of the investments and the pro rata share of the fair value of the assets and liabilities acquired which have been measured at fair value at the date of acquisition. The amortisation period for goodwill is 20 years because goodwill derives from strategically acquired enterprises with a strong market position and a long-term earnings profile.

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

Investments in associates
Investments in associates are recognised and measured according to the equity method. This means that, in the balance sheet, investments are measured at the pro rata share of the associates' equity value plus or minus unamortised positive, or negative, goodwill and plus or minus unrealised intra-group profits or losses.

Associates with a negative equity are measured at zero value, and any receivables from these associates are written down by the Company's share of such negative equity if it is deemed irrecoverable. If the negative equity value exceeds the amount receivable, the remaining amount is recognised under provisions if the Company has a legal or constructive obligation to cover the liabilities of the relevant associate.

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

Goodwill is calculated as the difference between cost of the investments and the pro rata share of the fair value of the assets and liabilities acquired which have been measured at fair value at the date of acquisition. The amortisation period for goodwill is 20 years because goodwill derives from strategically acquired enterprises with a strong market position and a long-term earnings profile.

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

Investments in associates fall within the definitions of both participating interests and associates, yet in these consolidated financial statements they have been presented as investments in associates because this designation reflects more accurately the Group's involvement in the relevant entities.

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

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

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

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

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

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

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

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

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

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

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

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

Joint taxation contributions payable or receivable
Current joint taxation contributions payable or joint taxation contributions receivable are recognised in the balance sheet, calculated as tax computed on the taxable income for the year, which has been adjusted for prepaid tax. For tax losses, joint taxation contributions receivable are only recognised if such losses are expected to be used under the joint taxation arrangement.

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

Cash
Cash comprises cash in hand and bank deposits.

Dividend
Dividend is recognised as a liability at the time of adoption at the general meeting. Proposed dividend for the financial year is disclosed as a separate item in equity. Extraordinary dividend adopted in the financial year is recognised directly in equity when distributed and disclosed as a separate item in Management's proposal for distribution of profit/loss.

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

Other provisions
Other provisions comprise anticipated costs of non-recourse guarantee commitments, returns, loss on contract work in progress, decided and published restructuring, etc.

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

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

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

Lease liabilities
Lease liabilities relating to assets held under finance leases are recognised in the balance sheet as liabilities other than provisions, and, at the time of inception of the lease, measured at the present value of future lease payments. Subsequent to initial recognition, lease liabilities are measured at amortised cost. The difference between present value and nominal amount of the lease payments is recognised in the income statement as a financial expense over the term of the leases.

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

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

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

Cash flow statement
The cash flow statement shows cash flows from operating, investing and financing activities as well as the Company's cash and cash equivalents at the beginning and the end of the financial year.

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

Cash flows from investing activities comprise payments in connection with acquisition and divestment of enterprises, activities and fixed asset investments as well as purchase, development, improvement and sale, etc of intangible assets and property, plant and equipment, including acquisition of assets held under finance leases.

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

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