Bergen Engines Denmark A/S
Amalienborgvej 39
9400 Nørresundby

Bergen Engines Denmark A/S

Annual report 2021

The annual report was presented and approved at the Company's annual general meeting

on 24 May 2022

chairman

CVR no. 33 96 57 02

Contents

Statement by the Board of Directors and the Executive Board

The Board of Directors and the Executive Board have today discussed and approved the annual report of Bergen Engines Denmark A/S for the financial year 1 January – 31 December 2021.

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

In our opinion, the financial statements give a true and fair view of the Company's assets, liabilities and financial position at 31 December 2021 and of the results of the Company's operations for the financial year 1 January – 31 December 2021.

Further, in our opinion, the Management's review gives a fair review of the development in the Company's activities and financial matters, of the results for the year and of the Company's financial position.

We recommend that the annual report be approved at the annual general meeting.

Aalborg, 24 May 2022
Executive Board:

Jim Rise
CEO

Board of Directors:

Jon Erik Røv Chairman	Sondre Johan Worsøe	**Jim Rise**

Independent Auditor's Report

To the Shareholder of Bergen Engines Denmark A/S

Opinion

In our opinion, the Financial Statements give a true and fair view of the financial position of the Company at 31 December 2021, and of the results of the Company's operations for the financial year 1 January - 31 December 2021 in accordance with the Danish Financial Statements Act.

We have audited the Financial Statements of Bergen Engines Denmark A/S for the financial year 1 January - 31 December 2021, which comprise income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies ("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 Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements. 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 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 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 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 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 judgment 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 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 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 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.

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.

Aalborg, 24 May 2022
PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
CVR No 33 77 12 31

Jan Bunk Harbo Larsen	Rasmus Mellergaard Stenskrog
State Authorised Public Accountant	State Authorised Public Accountant
mne30224	mne34161

Management's review

Company details

Bergen Engines Denmark A/S
Amalienborgvej 39
DK-9400 Nørresundby

CVR no.:	33 96 57 02
Established:	14 October 2011
Registered office:	Aalborg
Financial year:	1 January – 31 December

Board of Directors

Jon Erik Røv, Chairman
Sondre Johan Worsøe
Jim Rise

Executive Board

Jim Rise, CEO

Auditor

PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
Skelagervej 1A
DK-9000 Aalborg

Annual general meeting

The annual general meeting will be held on 24 May 2022

Management's review

Operating review

Principal activities of the Company

The Company acts as agent in Denmark for the sale of products for the Rolls-Royce Group and is, furthermore, engaged in trading, service and repair.

Development in activities and financial position

Profit for the 2021 financial year after tax amounted to DKK 16,186 thousand, which is considered satisfactory.

Event after the balance sheet date

As of 1 January 2022, the Bergen group has been acquired by the Langley group.

Besides above, no events have occurred after the balance sheet date considerably affecting the financial position of the Company.

Financial statements 1 January – 31 December

Income statement

DKK'000	Note	2021	2020
Gross profit		37,089	26,640
Staff costs	2	-14,420	-11,031
Depreciation		-1,330	-1,115
Ordinary operating profit		21,339	14,494
Financial income		57	1
Financial expenses		-549	-292
Profit before tax		20,847	14,203
Tax on profit for the year	3	-4,661	-3,072
Profit for the year		16,186	11,131

Proposed profit appropriation			
Proposed dividends for the financial year		33,000	16,000
Retained earnings		-16,814	-4,869
		16,186	11,131

Financial statements 1 January – 31 December

Balance sheet

DKK'000	Note	2021	2020
ASSETS			
Non-current assets			
Plant and equipment			
Leased assets		2,358	2,592
Technical equipment and machinery		308	482
Fixtures		133	173
Total non-current assets		2,799	3,247
Current assets			
Inventories			
Raw materials and consumables		15,099	10,341
		15,099	10,341
Receivables			
Trade receivables		13,405	10,179
Contract work in progress		12,604	10,411
Receivables from group entities		420	2,097
Other receivables		413	308
		26,842	22,995
Cash at bank and in hand		19,734	20,981
Total current assets		61,675	54,317
TOTAL ASSETS		64,474	57,564

Financial statements 1 January – 31 December

Balance sheet

DKK'000	Note	2021	2020
EQUITY AND LIABILITIES			
Equity			
Share capital		581	581
Retained earnings		7,243	24,057
Proposed dividends for the financial year		33,000	16,000
Total equity		40,824	40,638
Provisions			
Provisions for deferred tax		768	783
Total provisions		768	783
Liabilities other than provisions			
Non-current liabilities other than provisions			
Lease obligations		1,362	1,729
Other payables		0	261
		1,362	1,990
Current liabilities other than provisions			
Current portion of non-current lease obligations		1,038	885
Trade payables		1,805	222
Payables to group entities		2,879	0
Corporation tax		601	1,534
Other payables		3,710	5,354
Prepayments received from customers		11,487	6,158
		21,520	14,153
Total liabilities other than provisions		22,882	16,143
TOTAL EQUITY AND LIABILITIES		64,474	57,564
Related parties	4		

Financial statements 1 January – 31 December

Statement of changes in equity

DKK'000	Share capital	Retained earnings	Proposed dividends	Total
Balance at 1 January 2021	581	24,057	16,000	40,638
Distributed dividends	0	0	-16,000	-16,000
Profit for the year	0	-16,814	33,000	16,186
Balance at 31 December 2021	581	7,243	33,000	40,824

Financial statements 1 January – 31 December

Notes

1 Accounting policies

The annual report of Bergen Engines Denmark A/S for 2021 has been prepared in accordance with the provisions applying to reporting class B entities under the Danish Financial Statements Act with option from higher reporting classes.

The accounting policies used in the preparation of the financial statements are consistent with those applied last year.

Recognition and measurement

Income is recognised in the income statement as it is earned, including recognised value adjustments of financial assets and liabilities measured at fair value or amortised cost.

Furthermore, costs incurred to achieve year earnings are recognised in the income statement, including depreciation, impairment losses and provisions as well as reversals due to changes in accounting estimates of amounts previously recognised in the income statement.

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

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

On initial recognition assets and liabilities are measured at cost. Subsequent measurement of assets and liabilities are made as described below for each individual item. Certain financial assets and liabilities are measured at amortised cost, which includes a constant effective interest rate over the term. Amortised cost is calculated as original cost less depreciation and allowance / deduction of accumulated depreciation of the difference between cost and the nominal amount. Hereby exchange rate gains and losses are allocated according to the life of the asset or liability. Recognition and measurement take into account predictable losses and risks, which appear before the annual report is presented, and which confirm or deny the conditions that existed at the balance sheet date.

DKK is used as functional currency. All other currencies are considered foreign currency.

Foreign currency translation

Transactions denominated in foreign currencies are translated into Danish kroner at the exchange rates at the transaction date.

Receivables and payables in foreign currencies are translated into Danish Kroner at the exchange rates at the balance sheet date. Realised and unrealised exchange gains and losses are recognised in the income statement as financial income and expenses.

Financial statements 1 January – 31 December

Notes

1 **Accounting policies (continued)**

Income statement

Gross profit

In accordance with section 32 of the Danish Financial Statements Act, revenue, operating costs, and other external costs are comprised into the financial statement caption gross profit.

Revenue

Income from the sale of goods and services is recognised in gross profit provided that delivery has taken place prior to the end of the financial year.

Contract work is recognised as revenue by reference to the stage of completion. Accordingly, revenue corresponds to the selling price of work performed during the year (the percentage-of-completion method). When the income from service work cannot be reliably estimated, revenue is recognised only corresponding to costs incurred to the extent that it is probable that they will be recovered.

Revenue is measured after IFRS 15.

Operating costs

Operating costs are comprised by costs related to service contracts, distribution, sales, advertising, administration, lease expenses, bad debts, etc.

Staff costs

Staff costs comprise salaries and wages, including holiday allowance, pension and other social security costs, etc. to the Company's employees.

Financial income and expenses

Financial income and expenses comprise interest income and expenses, currency adjustments, and amortisation of financial assets.

Tax on profit/loss for the year

Tax for the year comprises current tax on the taxable income and changes in deferred tax for the year.

Additions, deductions and refunds, etc. regarding tax payments are recognised as financial income and expenses.

Financial statements 1 January – 31 December

Notes

1 Accounting policies (continued)

Balance sheet

Plant and equipment

Technical equipment and machinery and fixtures are measured at cost less accumulated depreciation and impairment losses.

Cost comprises the purchase price and any costs directly attributable to the acquisition until the date on which the asset is available for use.

The basis of depreciation, which is calculated as cost less any residual value, is depreciated on a straight-line basis over the expected useful life.

The estimated useful lives are as follows:

Technical equipment and machinery	5 years
Fixtures	3-5 years

The useful life value are reassessed annually. Changes are treated as accounting estimates, and the effect on depreciation is recognised prospectively.

The carrying amount of property, plant and equipment is subject to an annual test for indications of impairment other than the decrease in value reflected by depreciation or amortisation.

Impairment tests are conducted of individual assets or groups of assets when there is an indication that they may be impaired. Write-down is made to the recoverable amount if this is lower than the carrying amount.

Leased assets and liabilities

When entering into a contract, the Company assesses whether the contract is a lease or contains a lease component. A lease is defined as a contract or part of a contract that conveys the right to control the use of an identified asset for a period of time in exchange for consideration. When assessing whether a contract contains a lease component, it must be considered whether, during the period of use, the lessee has the right to substantially all economic benefits from the use of the identified asset and the right to direct the use of the identified asset.

The Company recognises a right-of-use asset and a lease liability at the commencement date.

The Company leases cars including a service component in the payments to the lessor. This service is separated from the lease payment when measuring the lease liability. If the Company is unable to reliably separate lease components and non-lease components, it is considered a single lease component.

Financial statements 1 January – 31 December

Notes

1 Accounting policies (continued)

Lease liabilities recognised as "Credit institutions and interest-bearing liabilities" are initially measured at the present value of the lease payments that are not paid at that date. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Company uses its incremental borrowing rate.

The lease payments consist of fixed and variable lease payments that depend on an index or a rate, guaranteed residual values, purchase options and extension options if the Company is reasonably certain to exercise the option and termination penalties if the lease term reflects the Company exercising an option to terminate the lease. The lease liability is subsequently adjusted as follows if:

- The value of the index or rate on which the lease payments are based is changed.
- The exercise of options is changed in order to extend or terminate the lease due to significant events or a significant change in circumstances within the Company's control.
- The lease term is changed if the option is exercised in order to extend or terminate the lease.
- Estimated residual value guarantee is changed.
- The contract is renegotiated or modified.

Any subsequent adjustment of the future lease liability is recognised as an adjustment to the right-of-use asset. If the carrying amount of the right-of-use asset is DKK 0, a negative adjustment to the right-of-use asset is, however, recognised in the income statement.

The right-of-use asset is initially measured at cost comprising amount of initial measurement of the lease liability plus any initial direct costs and any estimated costs of dismantling and removal of the asset at the end of the lease term which the Company is under an obligation to incur and any prepaid lease payments and less any lease incentives received.

The right-of-use asset is depreciated over the shorter of the lease term and the useful life of the right-of-use asset.

Technical equipment and machinery	2-5 years
Premises	5 years

Leaset assets and liabilities are measured after IFRS 16.

Financial statements 1 January – 31 December

Notes

1 **Accounting policies (continued)**

Inventories

Inventories are measured at cost in accordance with the weighted average. Where the net realisable value is lower than cost, inventories are written down to this lower value.

Inventories are measured at cost, comprising purchase price plus delivery costs.

The net realisable value of inventories is calculated as the sales amount less cost of completion and costs necessary to make the sale and is determined taking into account marketability, obsolescence and development in forecast sales price.

Contract work in progress

Contract work in progress are measured at the selling price of the work performed less progress billings and anticipated losses. Contract work in progress entails a significant degree of design customisation of produced goods. Moreover, before the work is commenced, a binding agreement must have been entered into to the effect that penalties covering at least costs incurred will be enforced if the contract is subsequently terminated.

The selling price is measured by reference to the percentage of completion at the end of the reporting period and total expected income from the contract. The percentage of completion is determined on the basis of an assessment of work performed, which is usually measured as the proportion of contract costs incurred for work performed to date relative to estimated total contract costs.

When it is probable that the total contract costs will exceed total contract revenue, the anticipated loss on the contract is recognised as an expense, and prepayments.

When income and expenses on a construction contract cannot be estimated reliably, the selling price is measured corresponding only to costs incurred to the extent that it is probable that they will be recovered.

Where the selling price of work performed exceeds progress billings on contract work in progress and anticipated losses, the excess is recognised under receivables. If progress billings and anticipated losses exceed the selling price of a construction contract, the deficit is recognised under liabilities.

Financial statements 1 January – 31 December

Notes

1 **Accounting policies (continued)**

Receivables

Receivables are measured at amortised cost, which corresponds to the nominal value. The value is reduced by write-down for bad debt losses.

Equity

Dividends

The expected dividend payment for the year is disclosed as a separate item under equity.

Corporation tax and deferred tax

Current tax payable and receivable is recognised in the balance sheet as tax computed on the taxable income for the year, adjusted for tax on the taxable income of prior years and for tax paid on account.

Deferred tax is measured at 22% on all temporary differences between the carrying amount and the tax value of current and non-current assets. If the tax value exceeds book value, an estimated amount for future tax savings is capitalised provided that it is likely that the allowance can be set off against future tax profits.

Financial liabilities

Financial liabilities are recognised at the date of borrowing at the net proceeds received less transaction costs paid. In subsequent periods, the financial liabilities are measured at amortised cost, corresponding to the capitalised value using the effective interest rate. Accordingly, the difference between the proceeds and the nominal value is recognised in the income statement over the term of the loan. Other liabilities comprising trade payables, payables to group entities and other payables are measured at amortised cost.

Prepayments received from customers

Prepayments received from customers comprise payments received regarding income in subsequent years.

Financial statements 1 January – 31 December

Notes

	DKK'000	2021	2020
2	**Staff costs**		
	Wages and salaries	12,929	9,812
	Pensions	1,362	1,137
	Other social security costs	129	82
		14,420	11,031
	Average number of employees	16	14
3	**Tax on profit for the year**		
	Tax on profit	4,661	3,072
	which is specified as follows:		
	Current tax for the year	4,617	2,986
	Adjustment of tax from prior years	59	59
	Adjustment for the year of deferred tax	-15	27
		4,661	3,072

4 **Related parties**

Bergen Engines Denmark A/S is part of the consolidated financial statements of Bergen Engines AS, Hordvikneset 125, 5108 Hordvik, Norway, which is the smallest group in which the Company is included as a subsidiary.