



ÅRSREGNSKAPET FOR REGNSKAPSÅRET 2021 - GENERELL INFORMASJON

Enheten

Organisasjonsnummer:	997 016 238
Organisasjonsform:	Aksjeselskap
Foretaksnavn:	BERGEN ENGINES AS
Forretningsadresse:	Hordvikneset 125 5108 HORDVIK

Regnskapsår

Årsregnskapets periode:	01.01.2021 - 31.12.2021
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Konsern

Mørselskap i konsern:	Ja
Konsernregnskap lagt ved:	Ja

Regnskapsregler

Regler for små foretak benyttet:	Nei
Benyttet ved utarbeidelsen av årsregnskapet til selskapet:	Regnskapslovens alminnelige regler
Benyttet ved utarbeidelsen av årsregnskapet til konsernet:	-

Årsregnskapet fastsatt av kompetent organ

Bekreftet av representant for selskapet:	Sindre Hitland Flaa
Dato for fastsettelse av årsregnskapet:	16.06.2022

Grunnlag for avgivelse

År 2021: Årsregnskapet er elektronisk innlevert
År 2020: Tall er hentet fra elektronisk innlevert årsregnskap fra 2021

Det er ikke krav til at årsregnskapet m.v. som sendes til Regnskapsregisteret er undertegnet. Kontrollen på at dette er utført ligger hos revisor/enhetens øverste organ. Sikkerheten ivaretas ved at innsender har rolle/rettighet for innsending av årsregnskapet via Altinn, og ved at det bekreftes at årsregnskapet er fastsatt av kompetent organ.

Brønnøysundregistrene, 26.05.2023



Resultatregnskap

Beløp i: NOK	Note	2021	2020
RESULTATREGNSKAP			
Inntekter			
Salgsinntekt	2, 3	2 052 090 000	1 776 911 000
Annen driftsinntekt		431 000	6 369 000
Sum inntekter		2 052 521 000	1 783 280 000
Kostnader			
Endring i beholdning av varer under tilvirkning og ferdig tilvirkede varer	4	-76 760 000	-62 461 000
Varekostnad	3, 4	1 351 000 000	1 223 343 000
Lønnskostnad	5, 6	562 055 000	531 986 000
Nedskrivning av varige driftsmidler og immaterielle eiendeler	7, 8	-63 650 000	92 798 000
Annen driftskostnad	3, 5, 9	389 963 000	360 273 000
Sum kostnader		2 162 608 000	2 145 940 000
Driftsresultat		-110 087 000	-362 659 000
Finansinntekter og finanskostnader			
Inntekt på inv. i datterselskap og tilknyttet selskap	10	294 558 000	61 766 000
Annen finansinntekt	11	69 151 000	93 143 000
Sum finansinntekter		363 709 000	154 909 000
Rentekostnad til foretak i samme konsern	3	3 996 000	35 119 000
Annen finanskostnad	11	61 646 000	133 739 000
Sum finanskostnader		65 642 000	168 858 000
Netto finans	11	298 067 000	-13 949 000
Ordinært resultat før skattekostnad		187 980 000	-376 608 000
Skattekostnad på ordinært resultat	12	132 000	115 000
Ordinært resultat etter skattekostnad		187 848 000	-376 723 000
Årsresultat		187 848 000	-376 723 000
Overføringer og disponeringer			
Udekket tap	15	187 848 000	-376 723 000



Resultatregnskap

Beløp i: NOK	Note	2021	2020
Sum overføringer og disponeringer		187 848 000	-376 723 000



Balanse

Beløp i: NOK	Note	2021	2020
BALANSE - EIENDELER			
Anleggsmidler			
Immaterielle eiendeler			
Varige driftsmidler			
Maskiner og anlegg	8	115 417 000	
Driftsløsøre, inventar, verktøy, kontormaskiner ol	8	1 183 000	
Sum varige driftsmidler		116 600 000	
Finansielle anleggsmidler			
Investering i datterselskap	10	550 651 000	508 213 000
Sum finansielle anleggsmidler		550 651 000	508 213 000
Sum anleggsmidler		667 251 000	508 213 000
Omløpsmidler			
Varer			
Sum varer	4	837 738 000	1 037 113 000
Fordringer			
Kundefordringer	13	490 000 000	322 187 000
Andre fordringer		7 286 000	20 017 000
Sum fordringer		497 286 000	342 205 000
Bankinnskudd, kontanter og lignende			
Sum bankinnskudd, kontanter og lignende	14	116 646 000	80 750 000
Sum omløpsmidler		1 451 670 000	1 460 067 000
SUM EIENDELER		2 118 922 000	1 968 281 000

BALANSE - EGENKAPITAL OG GJELD

Egenkapital

Innskutt egenkapital



Balanse

Beløp i: NOK	Note	2021	2020
Aksjekapital	15, 16	183 554 000	183 454 000
Overkurs	15	797 817 000	
Sum innskutt egenkapital		981 371 000	183 454 000
Opptjent egenkapital			
Annen egenkapital	15		-289 931 000
Sum opptjent egenkapital			-289 931 000
Sum egenkapital		981 371 000	-106 477 000
Sum langsiktig gjeld		0	0
Kortsiktig gjeld			
Leverandørgjeld	13	210 936 000	264 232 000
Skyldige offentlige avgifter	14	45 463 000	39 317 000
Annen kortsiktig gjeld	13, 17	881 152 000	1 771 210 000
Sum kortsiktig gjeld		1 137 551 000	2 074 758 000
Sum gjeld		1 137 551 000	2 074 758 000
SUM EGENKAPITAL OG GJELD		2 118 922 000	1 968 281 000



Brønnøysundregistrene

ÅRSREGNSKAP FOR REGNSKAPSÅRET 2021 - GENERELL INFORMASJON

Journalnummer: 2022 898586

Enheten

Organisasjonsnummer: 997 016 238
Organisasjonsform: Aksjeselskap
Foretaksnavn: BERGEN ENGINES AS
Forretningsadresse: Hordvikneset 125
5108 HORDVIK

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årsregnskapet til selskapet: Regnskapslovens alminnelige regler
Benyttet ved utarbeidelsen av
årsregnskapet til konsernet: -
Har utarbeidet 'land-for-land' rapport: Ja

Årsregnskapet fastsatt av kompetent organ

Bekreftet av representant for selskapet: Sindre Hitland Flaa
Dato for fastsettelse av årsregnskapet: 16.06.2022

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Brønnøysundregistrene, 30.08.2022



Organisasjonsnr: 997 016 238
BERGEN ENGINES AS

RESULTATREGNSKAP

Beløp i: NOK	Note	2021	2020
RESULTATREGNSKAP			
Inntekter			
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Organisasjonsnr: 997 016 238
BERGEN ENGINES AS

BALANSE

Beløp i: NOK **Note** **2021** **2020**

BALANSE - EIENDELER

Anleggsmidler

Immaterielle eiendeler

Varige driftsmidler

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Sum anleggsmidler		667 251 000	508 213 000
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Omløpsmidler

Varer

Sum varer	4	837 738 000	1 037 113 000
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Fordringer

Kundefordringer	13	490 000 000	322 187 000
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Bankinnskudd, kontanter og lignende

Sum bankinnskudd, kontanter og lignende	14	116 646 000	80 750 000
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Sum omløpsmidler		1 451 670 000	1 460 067 000
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SUM EIENDELER		2 118 922 000	1 968 281 000
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BALANSE - EGENKAPITAL OG GJELD

Egenkapital

Innskutt egenkapital

Aksjekapital	15, 16	183 554 000	183 454 000
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Organisasjonsnr: 997 016 238
BERGEN ENGINES AS

NOTEOPPLYSNINGER - SELSKAP - alle poster oppgitt i hele tall

Note
16

Antall aksjer og aksjeeiere

<u>Aksjeklasse</u>	<u>Ant. aksjer</u>	<u>Pålydende</u>	<u>Bokført verdi</u>
Ordinary shares	1835540.00	100.00	183554000.00
<u>Aksjeeiere - fritekst</u>	<u>Antall</u>	<u>Eierandel</u>	<u>Aksjeklasse</u>
Langley Holdings PLC	1835540.00	100.00%	Ordinary shares
<u>Sum</u>	<u>Sum antall</u>	<u>Sum eierandel</u>	
	1835540.00	100.00%	

A capital increase with debt conversion of 1 000m was performed by Rolls-Royce Power Systems AG on 8th of July 2021.

Note
5

Lønn og ytelser

<u>Lønn</u>	<u>Årets</u>	<u>Fjorårets</u>
	461112725000	439773769000
	.00	.00
<u>Arbeidsgiveravgift</u>	<u>Årets</u>	<u>Fjorårets</u>
	66657606000.	67338949000.
	00	00
<u>Pensjonskostnader</u>	<u>Årets</u>	<u>Fjorårets</u>
	31281230000.	31615212000.
	00	00
<u>Andre ytelser</u>	<u>Årets</u>	<u>Fjorårets</u>
	3002959000.0	-6741751000.
	0	00
<u>Sum lønnskostnader</u>	<u>Årets</u>	<u>Fjorårets</u>
	562054520000	531986179000
	.00	.00

The managing director received a total compensation of tNOK 2 490, of which tNOK 775 was extraordinary retention bonus, and other benefits were tNOK 134. He is included in the management bonus



scheme of the group, but no bonus was paid under that scheme in 2021. The managing director has a termination period of 6 months, and subsequently 6 months severance pay. The board has not received remuneration in 2021.

Note

Ytelser til revisjon

<u>Andre tjenester</u>	<u>Årets</u>	<u>Fjorårets</u>
	641800000.0	2000.00
	0	
<u>Sum godtgjørelse til revisor</u>	<u>Årets</u>	<u>Fjorårets</u>
	641800000.0	2000.00
	0	

Note

Antall årsverk i regnskapsåret

Virksomheten har hatt følgende antall årsverk:
0.00

Note

Lån og sikkerhetsstillelse til ledende personer og aksjeeiere

Er det gitt lån eller sikkerhetsstillelse til ledende personer: Nei

Note

10

Konsern, tilknyttet selskap og datterselskap

Tilknyttet selskap/datterselskap

<u>Navn og adresse</u>	<u>Eierandel</u>	<u>Stemmeandel</u>	<u>Egenkapital</u>	<u>Resultat</u>
Bergen Engines Italia S.r.l	100.00%	100.00%	160353714.00	31023097.00
Bergen Engines Espania S.l	100.00%	100.00%	167118308.00	30221118.00
Bergen Engines Denmark AS	100.00%	100.00%	57177666.00	16011843.00
Bergen Engines India t1*	100.00%	99.00%	128010130.00	6934043.00
Bergen Engines Ltd	100.00%	100.00%	22566050.00	1241150.00
Bergen Engines BV	100.00%	100.00%	37284204.00	-26449534.00
Bergen Engines PropertyCo AS	100.00%	100.00%	19985000.00	17921000.00
Bergen Engines Bangladesh t1	100.00%	100.00%	40792594.00	2552773.00
Bergen Engines Mexico S.de R.L de C.V**	100.00%	100.00%	-70374656.00	-7376441.00



Bergen Engines	100.00%	100.00%	1505517.00	334594.00
Mexico				
Adminstration S.**				

Share owners percentage includes indirect ownership through subsidiaries. * Figures per 31.03.21 **Unaudited figures Bergen Engines AS purchased 99% of Bergen Engines Mexico S.de R de CV from Rolls-Royce Overseas Holdings Ltd for tNOK 2, and capitalised the company through a capital injection of 61m in November 2021. Virksomheten inngår i konsolideringen til morselskapets konsernregnsk.: Ja

<u>Navn</u>	<u>Forretningskontor</u>
Bergen Engines AS	Hordvikneset 125 5108 HORDVIK 1201 Bergen

Datterselskap er utelatt fra konsolideringen: Nei

<u>Omløpsmidler</u>	<u>Startdato</u>	<u>Sluttdato</u>	<u>Endring</u>
---------------------	------------------	------------------	----------------

<u>Skattemessig fremf.undersk.</u>	<u>Startdato</u>	<u>Sluttdato</u>	<u>Endring</u>
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<u>Kortsiktig gjeld</u>	<u>Startdato</u>	<u>Sluttdato</u>	<u>Endring</u>
-------------------------	------------------	------------------	----------------



Skatteetaten

Vår dato
26.07.2022

Din/Deres dato

Saksbehandler
Kjetil Solbø Zahl

800 80 000
Skatteetaten.no

Din/Deres referanse

Telefon

Org.nr
974761076

Vår referanse
2022/5639523

Postadresse
Postboks 9200 Grønland
0134 OSLO

U.off. offl. § 13, sktvl. § 3-1, sktbl. § 3-2

BERGEN ENGINES AS
Postboks 3, Hylkje
5877 BERGEN

Dispensasjon fra kravet om å utarbeide årsregnskap og årsberetning på norsk

Vi viser til Bergen Engines AS (org.nr. 997 016 238) sin søknad om dispensasjon fra kravet om å utarbeide årsregnskap og årsberetning på norsk.

Skattekontoret gir på bakgrunn av en konkret helhetsvurdering selskapet dispensasjon fra kravet til å utarbeide årsregnskap og årsberetning på norsk språk, jf. regnskapsloven § 3-4 tredje ledd. Dispensasjonen forutsetter at engelsk språk benyttes i stedet ved utarbeidelsen, og at øvrige opplysninger som vedtaket baserer seg på, heller ikke endres vesentlig.

Kopi av dette brevet må sendes Regnskapsregisteret i Brønnøysund sammen med årsregnskapet. Det påligger den regnskapspliktige å dokumentere ved dette brev at tillatelsen er gitt.

Bakgrunn

Fra søknaden siteres utdrag:

[...] Selv om eierskapet har endret seg er det ingen endringer i operasjonen av Bergen Engines AS. Engelsk er ordinært arbeidsspråk og er sidestilt med norsk. De rapporteringslinjer som tidligere gikk på engelsk til tidligere eier går nå fortsatt på engelsk men til ny eier. Styret er endret etter oppnevning fra morselskapet som følge av nytt eierskap og styreleder er engelskspråklig. Vedkommende behersker ikke norsk. Alle styremøter gjennomføres på engelsk og de øvrige medlemmene i styret behersker engelsk. [...]

[...] Bergen Engines er under nytt eierskap fortsatt en del av et globalt konsern og Bergen Engines selv har over 90% eksport. En overveldende majoritet av forretningsforbindelser, leverandører og kunder er utenlandske. Alle disse vil være relevante brukere av årsregnskapet og disse vil foretrekke at offisielt regnskap er på engelsk slik at de kan gjøre relevante vurderinger for sine forretninger med selskapet. De eksterne brukerne av regnskapet er således selv internasjonale selskap og bransjen er et internasjonalt miljø med hovedsaklig engelskspråklige forretningsforbindelser. [...]



Skattekontorets vurdering

Etter regnskapsloven § 3-4 tredje ledd skal *"årsregnskapet og årsberetningen ... være på norsk. Departementet kan ved ... enkeltvedtak bestemme at årsregnskapet og/eller årsberetningen kan være på et annet språk."*

I Ot. prp. nr. 42 (1997-1998) Om lov om årsregnskap mv., er det uttalt følgende om regnskapslovens formål, jf. pkt. 1.1:

Regjeringen har som siktemål at regnskapsloven skal bidra til informative regnskaper for ulike grupper av regnskapsbrukere. Regnskapsbrukerne er dels investorer og kreditorer som tilfører kapital til foretakene, og dels andre grupper som har interesse av å vite hvordan foretaket drives, f.eks. de ansatte og lokalsamfunnet. Informasjonen til kapitalmarkedet skal gi grunnlag for riktig prising av finansielle objekter. Riktig prisdannelse på aksjer er en forutsetning for at ressursbruken i samfunnsøkonomien skal bli best mulig. Gode regnskaper vil også gjøre det vanskeligere for markedsdeltakere å ta ut spekulasjonsgevinster med basis i skjevt fordelt informasjon.

Det fremgår således at et av hovedformålene med regnskapsloven er å bidra til *"informative regnskaper for ulike grupper av regnskapsbrukere"*. Regnskapsbrukere vil omfatte, jf. uttalelsen i proposisjonen, blant andre investorer, kreditorer, ansatte, kunder og lokalsamfunnet.

Det er etter skattekontorets vurdering derfor avgjørende ved vurdering av om dispensasjon fra kravet til å utarbeide årsregnskap og/eller årsberetning på norsk kan gis, at det ikke foreligger mulige brukere av regnskapsinformasjon som blir vesentlig berørt negativt ved en eventuell dispensasjon.

Som nevnt ovenfor er det særlig hensynet til brukerne av regnskapsinformasjon som skal vurderes ved en dispensasjonssøknad. I dette tilfellet er det opplyst at selskapets eier er britisk, rapportering til eier skjer på engelsk, styremøter gjennomføres på engelsk og alle styremedlemmer behersker engelsk, selskapet driver i en internasjonal bransje og i et globalt konsern, over 90 % av selskapets omsetning er eksport, en overveldende majoritet av selskapets forretningsforbindelser, leverandører og kunder er utenlandske og engelsk er sidestilt med norsk som selskapets arbeidsspråk. Skattekontoret finner at disse forholdene samlet tilsier at dispensasjon fra kravet om å utarbeide årsregnskap og årsberetning på norsk kan gis.

Vennligst oppgi vår referanse ved henvendelse i saken.

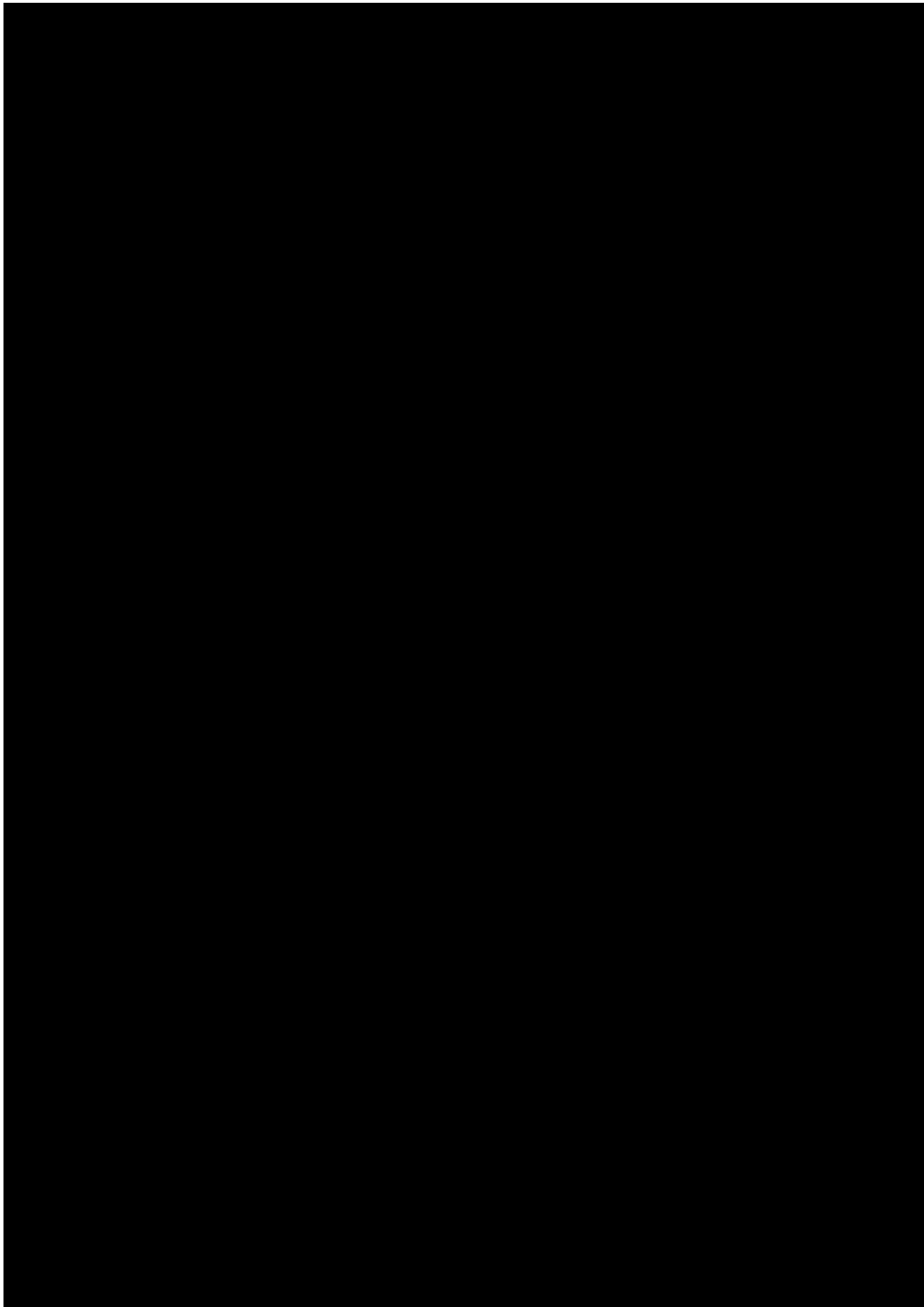


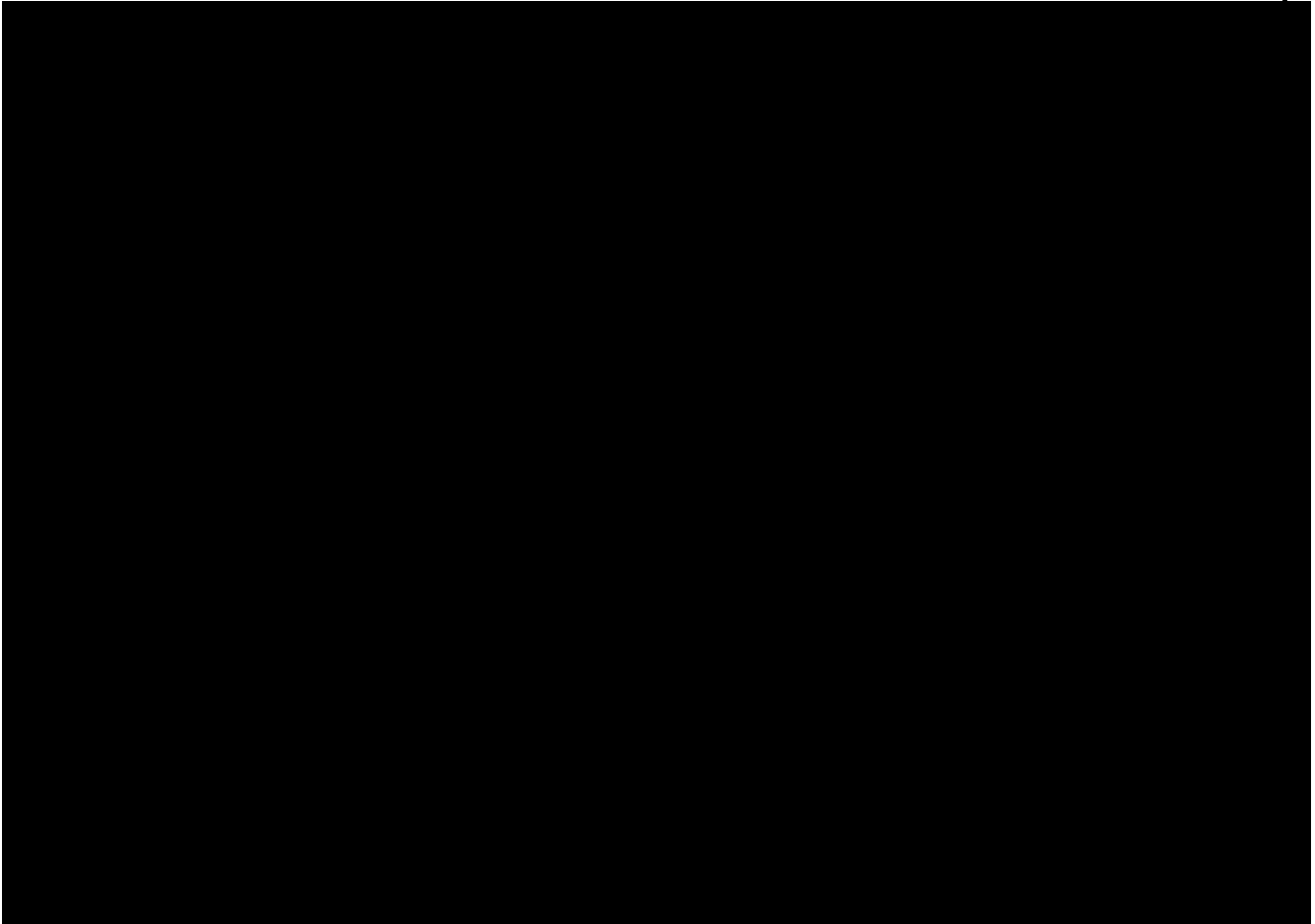
Med hilsen

Kit M. Midttun
Underdirektør
Innsats, storbedrift
Skatteetaten

Kjetil Solbø Zahl

Dokumentet er elektronisk godkjent og har derfor ikke håndskrevne signaturer.







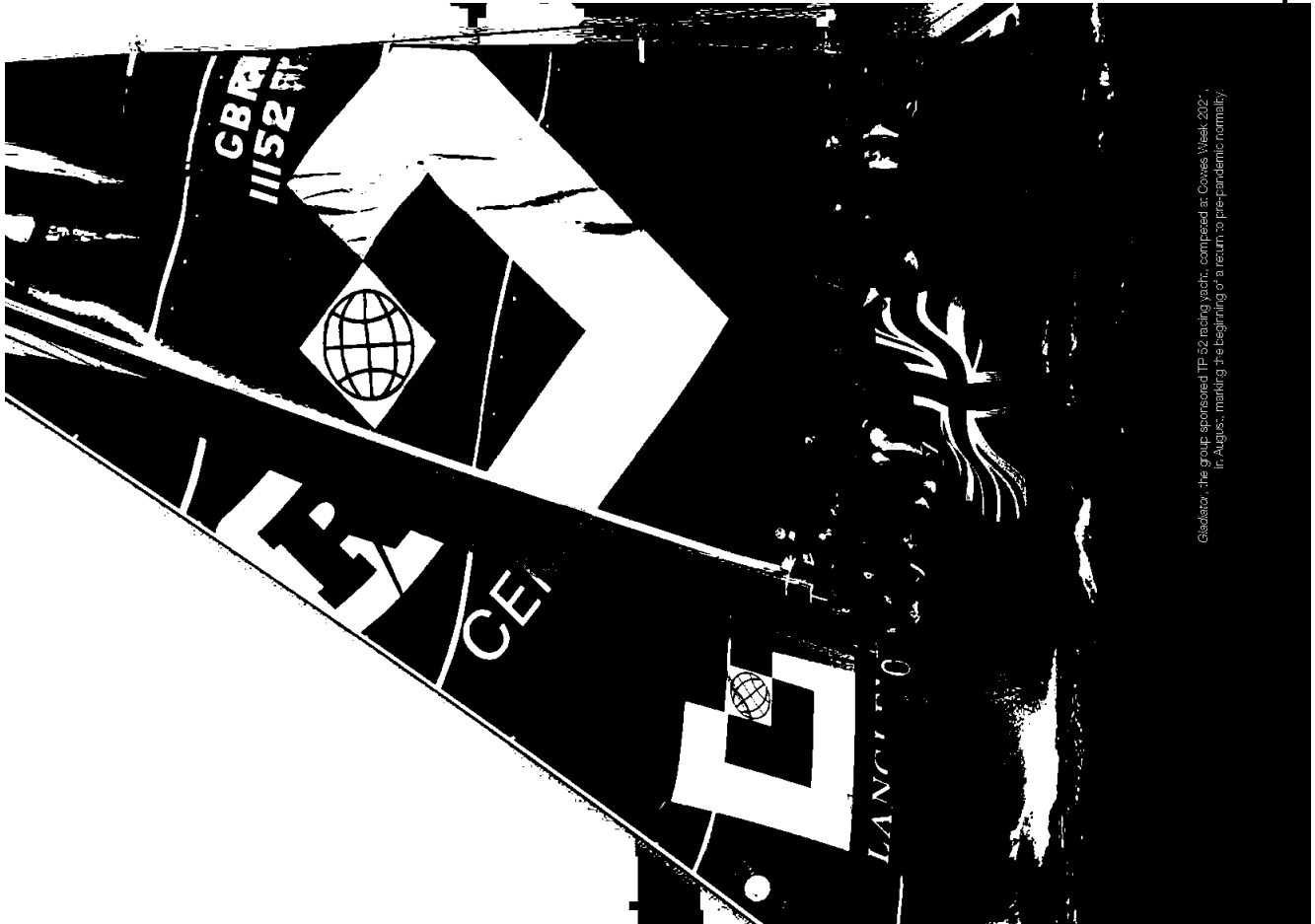
Contents

Group Profile

Langley Group.....	2
Power Solutions Division	4
Bergen Engines.....	6
Piller.....	8
Marelli Motori.....	10
Print Technologies Division	12
Manroland Sheetfed.....	14
Duck Chemie.....	15
Other Industrials Division	16
Claudius Peters.....	18
ARO.....	19
Bradman Lake.....	20
Reader.....	21
Clarke Chapman.....	21
Global Locations.....	22

IFRS Annual Report and Accounts 2021

Company Information.....	25
Key Highlights.....	26
10 Year Summary.....	27
Chairman's Review.....	28
Directors' Report.....	39
Strategic Report.....	42
Independent Auditor's Report to the Member.....	45
Consolidated Income Statement.....	50
Consolidated Statement of Other Comprehensive Income... ..	51
Consolidated Statement of Financial Position.....	52
Consolidated Statement of Changes in Equity.....	53
Company Statement of Financial Position.....	54
Company Statement of Changes in Equity.....	55
Consolidated Statement of Cash Flows.....	56
Company Statement of Cash Flows.....	57
Notes to the Accounts.....	58



Gladiator, the group sponsored TP 52 racing yacht, completed its Coxes Vasek 2021 in August, marking the beginning of a return to pre-pandemic normality.



Langley Group

Langley Holdings plc is a diverse, globally operating engineering group headquartered in the United Kingdom.

The group's principal subsidiaries are based in Germany, France, Italy, Norway and the United Kingdom, with a substantial presence in the United States and more than 90 sales and service companies worldwide.

Established in 1975 by the current Chairman and CEO, Anthony Langley, the group is financially independent and remains in family ownership.

The group employs around 5,400 people worldwide.

3	90+	€1.3bn
Principal Divisions	Subsidiaries	Revenues (f.2022)
18	c. 5,400	100%
Manufacturing Sites	Employees	Family Owned



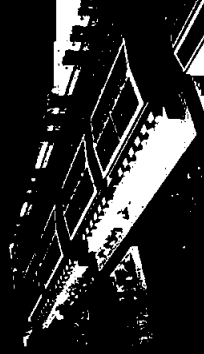
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Power Solutions

1

Revenues (f.2022)

Employees



Print Technologies

2

Revenues (f.2022)

Employees

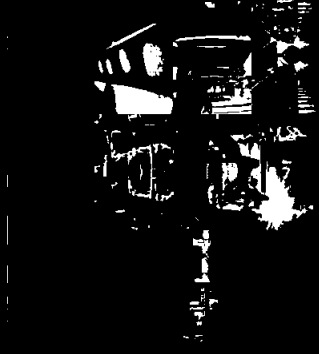


Other Industrials

3

Revenues (f.2022)

Employees





The Power Solutions Division comprises Bergen Engines, Piller Power Systems and Marelli Motori groups, based in Norway, Germany and Italy respectively.

The individual groups serve a wide spectrum of customers and markets. Together they are focused on the rapidly emerging microgrid sector at the heart of Langley's sustainability goals.

Revenues (f.2022)

2,283

Employees

- Bergen Engines
- Piller
- Marelli Motors



Bergen Engines

Bergen Engines produces liquid and gas fuelled medium-speed engines for marine and land-based power generation and marine propulsion applications.

The company can trace its Norwegian roots back to 1856. For over 75 years, Bergen Engines have designed and manufactured engines that have become synonymous with efficiency, reliability and innovation.

A Rolls-Royce company since 1999, Bergen Engines was acquired by Langley on 31st December, 2021.

bergenengines.com

BERGEN
ENGINES

ON LAND. AT SEA.

7

6



Piller

Piller Power Systems is Europe's leading producer of uninterruptible power supply (UPS) systems for mission-critical power applications such as data centres (shown). Piller also manufactures ground power systems for civil and military airports and on-board electrical systems for naval vessels.

Acquired by Langley in 2004, Piller is headquartered at Osterode am Harz, near Hanover, in Germany.

In 2016 Piller acquired Active Power, the Austin Texas-based flywheel UPS specialist.

piller.com



PILLER

Nothing protects quite like Piller

Active Power

Active Power design and produce battery-free flywheel uninterruptible power supply (UPS) systems for healthcare, retail, industrial and manufacturing facilities worldwide.

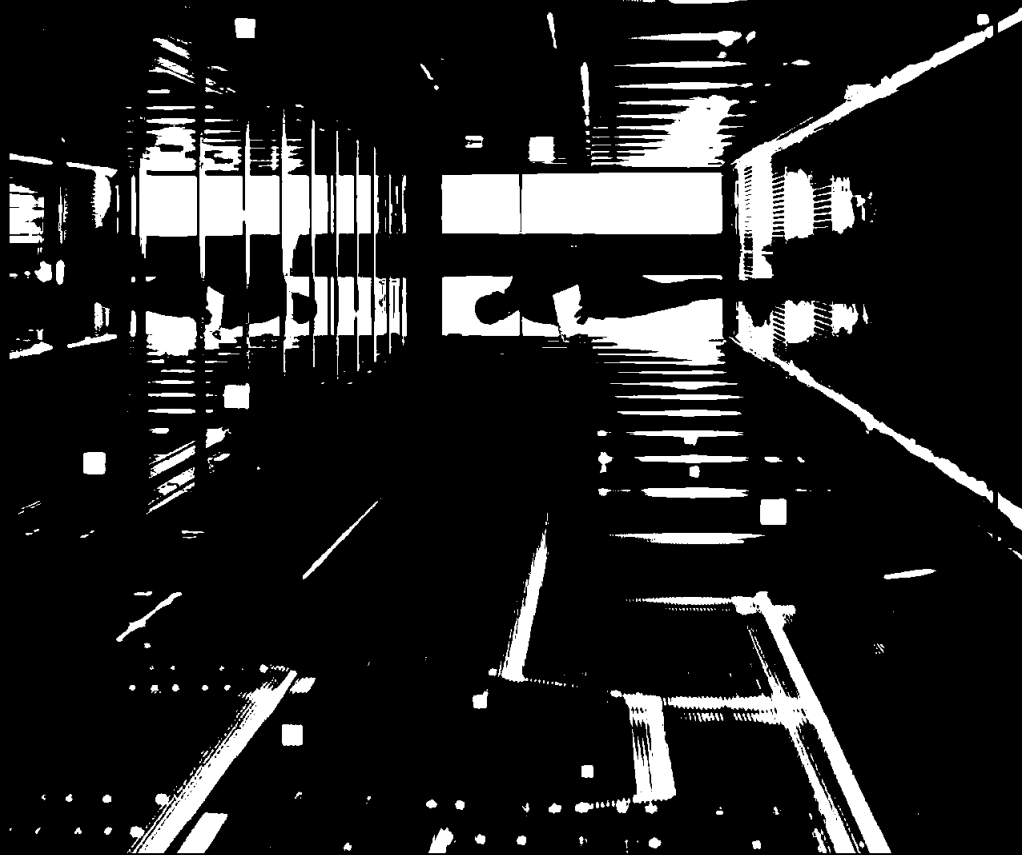
The company is headquartered in Austin Texas with extensive manufacturing facilities.

Active Power protects operations in more than 50 countries with flywheel-based UPS systems.

US customers are served via Austin TX and internationally via the Piller global network of subsidiaries and service centres.

activepower.com

ACTIVE POWER





Marelli Motori

Marelli Motori is a leading manufacturer of electric motors and generators. Based in northern Italy, the company enjoys worldwide recognition in the marine, oil & gas, power generation, co-generation, hydro and other industrial sectors.

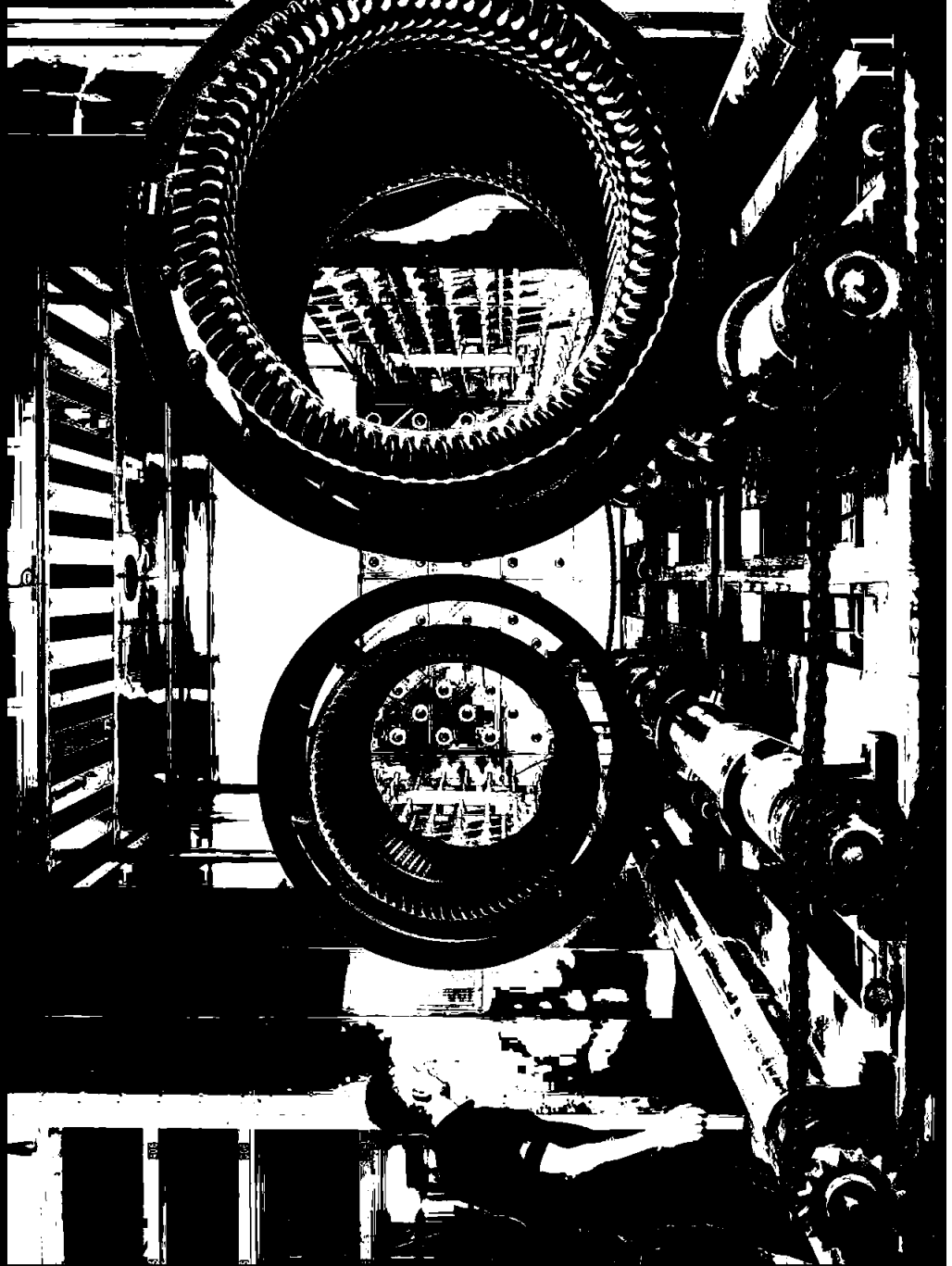
The company is headquartered in Azignano, near Verona, and has extensive manufacturing facilities in Italy with subsidiaries in Germany, Malaysia, South Africa, USA and the United Kingdom.

The Marelli Motori group was acquired by Langley in 2019.

marellimotori.com



MarelliMotori
Powering the future®





€400m

Revenues (1.2022)

1,726

Employees

The Print Technologies Division comprises Manroland Sheetfed, the iconic German press builder and Druck Chemie Group, together with BluePrint and HiTech, the specialist print chemicals producers and distributors, based in Germany and Belgium respectively.



- Manroland Sheetfed
- Druck Chemie



Manroland Sheetfed

Manroland Sheetfed is a leading German manufacturer of sheetfed offset litho printing presses. Offering the very latest in print technology, Manroland is a watchword for quality and reliability to printers around the world.

The Manroland Sheetfed group was acquired by Langley in 2012. The company is headquartered and produces all of its iconic presses in Offenbach am Main, near Frankfurt, in Germany.

manrolandsheetfed.com



WE ARE PRINT.®

Druck Chemie

Druck Chemie is the leading German producer of chemicals, consumables and services to the printing and graphics industry.

Founded in 1971, the group today has own subsidiaries across Europe and in Brazil.

Acquired by Langley in 2014, Druck Chemie acquired Belgian print chemicals and consumables manufacturers: Blue Print Products and HiTech Chemicals, in December 2020.

druckchemie.com

DRUCK CHEMIE

PRINT LIQUIDS TECHNOLOGY





The Other Industrials Division comprises a number of diverse industrial businesses based in Germany, France and the UK.

€300m
Revenues (f.2022)

1,330
Employees

Claudius Peters
ARO Technologies
○ Other

16



Claudius Peters

For more than a century Claudius Peters has been producing innovative materials handling and processing systems for the global cement, gypsum, alumina and steel industries.

The company's aerospace division manufactures aircraft stringers, several kilometres of which can be found in every commercial aircraft ever built.

Claudius Peters is headquartered near Hamburg, Germany and was acquired by Langley in 2001.

claudiuspeters.com



CLAUDIUS PETERS

We know how

ARO

ARO Welding Technologies SAS is widely regarded as the world's leading producer of resistance welding equipment to the automotive industry.

The company was acquired by Langley Holdings in 2006 and is headquartered in Châteauneuf-sur-Loire near Tours, in the Loire region of France. The company also produces in Detroit in the United States and in Wuhan, China.

Reduced model development times, complex structures and the use of aluminium in car production to reduce weight have all led to strong demand for ARO's products.

arotechnologies.com

ARO

WELDING TECHNOLOGIES





Bradman Lake Group



Bradman Lake group provides innovative packaging solutions to its client base, helping them excel in today's competitive and demanding market.

They are a leading designer and manufacturer of packing machinery and turnkey systems to the bakery & biscuit, chocolate & confectionery, dry foods, chilled and frozen foods, consumer, pharmaceutical and healthcare sectors.

Bradman Lake was acquired by Langley in 2007

bradmanlake.com



Bradman Lake Group

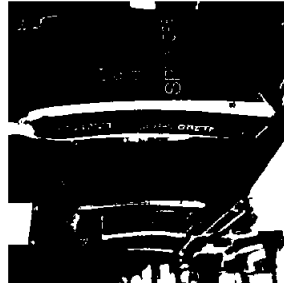
Integrated Packaging Technology

Reader Cement Products

Reader Cement Products is the UK's leading independent manufacturer of dry blended packed cement products.

Founded by Langley in 1985, the company formulates, manufactures and packages cement based products for the DIY, construction and civil engineering sectors. The company's headquarters and principal manufacturing facility are located in the East Midlands region of the UK.

reader.co.uk



READER
CEMENT PRODUCTS

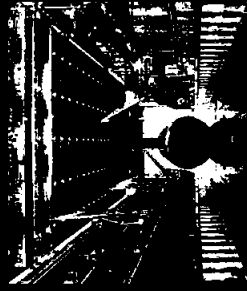
Clarke Chapman Group

Clarke Chapman produces specialist materials handling equipment, principally for the UK nuclear, defence and rail sectors.

Founded in 1864, Clarke Chapman's headquarters and manufacturing facilities are located at Gateshead, in the Northeast of England.

The business was acquired by Langley from Rolls-Royce plc in 2000.

clarkechapman.co.uk



CLARKE CHAPMAN



Subsidiaries
Worldwide

18

Manufacturing
Sites

Argentina Buenos Aires **Asia Pacific** Singapore **Australia**
Sydney **Austria** Wiener Neudorf **Bangladesh** Dhaka
Belgium Brussels, Wemmel **Brazil** São Paulo **Bulgaria**
Sofia **Canada** Toronto **Chile** Santiago **China** Beijing,
Chengde, Guangzhou, Hong Kong, Shanghai, Shenzhen,
Wuhan **Columbia** Bogotá **Croatia** Zagreb **Czech**
Republic Prague, Kufín **Denmark** Ballerup, Nørresundby
Finland Vantaa **France** Châteaubleau-Lair, Mulhouse, Paris,
Soppe-Le-Bas **Germany** Augsburg, Elze, Frankfurt, Hamburg,
Harlow, Stuttgart **Hungary** Budapest **India** Mumbai, New
Delhi **Indonesia** Jakarta **Ireland** Dublin **Italy** Arzignano,
Bergamo, Genova, Milan **Japan** Saitama **Malaysia** Shah
Alam **Mexico** Humilitan, Puebla **Netherlands** Amsterdam,
Helmond, Zwijndrecht **Norway** Hordvik **Peru** Lima **Poland**
Nadarzyń, Gliwice **Portugal** Sintra **Romania** Bucharest,
Sibiu **Russia** Moscow **Slovakia** Bratislava **Slovenia**
Ljubljana **South Africa** Cape Town, Johannesburg **Spain**
Barcelona, Madrid, Zaragoza **Sweden** Fisks, Trollhättan
Switzerland Kirchberg **Taiwan** New Taipei City **Thailand**
Bangkok **United Kingdom** Various Locations **USA** Austin, TX,
Dallas, TX, Detroit, MI, New York, Norcross, GA, Rock Hill, SC,
Westport, IL **Venezuela** Caracas





IFRS Annual Report & Accounts 2021



Company Information IFRS Report & Accounts 2021

DIRECTORS:

A J Langley – Chairman
B J Langley
W A Langley
M J Neale

COMPANY SECRETARY:

P Sexton

REGISTERED OFFICE:

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Nottinghamshire
DN22 7HH
United Kingdom

REGISTERED IN ENGLAND NUMBER:

1321615

AUDITOR:

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EC4V 4BE
United Kingdom

PRINCIPAL BANKERS:

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Birmingham
B4 6GN
United Kingdom
Deutsche Bank AG
Adolphsplatz 7
20457 Hamburg
Germany
Commerzbank AG
Sand 5-7
21073 Hamburg
Germany

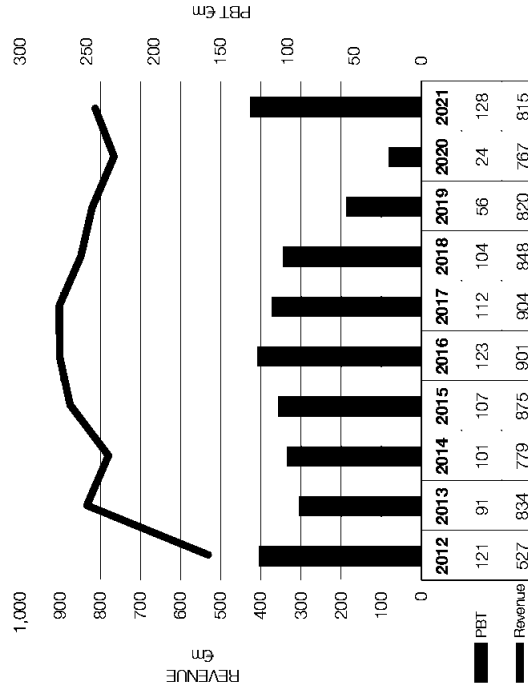


Key Highlights

Year Ended 31 December 2021

	Year ended 31 December 2021 €'000	Year ended 31 December 2020 €'000
REVENUE	814,627	766,778
PROFIT BEFORE TAXATION	128,240	24,047
NET ASSETS	835,692	707,178
CASH AND CASH EQUIVALENTS	290,988	287,963
ORDERS ON HAND	797,880	220,169
EMPLOYEES	No. 5,339	No. 4,661

10 Year Trading Summary



“...in 7 of the last 10 years PBT has exceeded €100 million and in 2021, significantly so.”



Chairman's Review

Year Ended 31 December 2021

In the year ended 31st December 2021, the group recorded a profit before tax of €128.2million (2020: €24.0million) and generated revenues of €314.6million (2020: €766.8 million). At the year-end the group's cash stood at €291.0 million (2020: €288.0 million), net assets were €635.7 million (2020: €707.2million) and orders on hand €797.9 million (2020: €220.1 million). The group has nil net debt (2020: nil) and there were no shareholder dividends during the period (2020: nil).

On 31st December 2021, the group acquired the entire share capital of Norwegian engine builder Bergen Engines AS from Rolls Royce plc for a consideration of €91 million. The transaction was funded from existing cash reserves.

“In the year ended 31st December 2021, the group recorded a profit before tax of €128.2 million.”

Acquisition of Bergen Engines AS

Bergen Engines generated revenues of circa €250 million for Rolls-Royce in 2021. The year-end balance sheet, order backlog and employee numbers are incorporated in these Accounts. Further details are contained in notes 11, 22 and 33.

Economic Situation

Following the hammer blow that Coronavirus delivered in 2020, the year began with cautious optimism that vaccines were just around the corner. As rollouts gathered pace and social restrictions began to ease, optimism amongst populations, no longer fearful of Coronavirus, turned to a kind of euphoria.

By the middle of the year, demand in the economy rose significantly and by year-end order books in the Langley group were at record levels, in part due to increased demand but also in part due to supply chain restrictions hampering deliverables.

Demand outstripped supply in many areas as suppliers struggled to gear back up. Inevitably, prices rose and lead times increased. This was progressive through the year and the final quarter of 2021 saw the steepest price increases. I expect equilibrium will be restored eventually – a view supported by the IMF's long term inflation forecast of 2% – but for the immediate future at least, inflation not seen in more than four decades, is here and to be lived with.

Group Organisation

With the arrival of Bergen Engines, the group's activities can now be broadly categorised into three principal areas:

- Power Solutions • Print Technologies • Other Industrials

IFRS ANNUAL REPORT & ACCOUNTS 2021



“On 31st December 2021, the group acquired the entire share capital of Norwegian engine builder Bergen Engines AS from Rolls-Royce plc...”

Chairman's Review (continued)

Year Ended 31 December 2021

Power Solutions

Bergen Engines (acquired 31st December) Medium-speed engine builder (Norway)

Piller Power Systems Power stabilisation technology (Germany)

Marelli Motori Motors and generators producer (Italy)

Revenue 2021: €270 million **Forecast Revenue 2022: €600 million**

Orders on hand: €550 million **Employees: 2,283**

Bergen Engines

Bergen Engines AS, which produces large liquid and gas fuelled engines, principally for marine and land-based power generation applications, recorded revenue of circa €250 million for Rolls-Royce in 2021 and a loss before tax of €10.6 million before reversal of impairment losses. A positive contribution from the subsidiaries was negated by a shortfall in the Norwegian parent company.

The company, which had been under Rolls-Royce stewardship since 1999, has a superb reputation and is proving to be highly innovative in adapting its engines to low-carbon and non-fossil fuels.

The Bergen Engines group currently employs 929 people worldwide, of which 688 are based at its headquarters and production facilities near Bergen, in Norway.

“...highly innovative in adapting its engines to low carbon and non-fossil fuels.”



The Bergen Engines AS facility near Bergen, in Norway

The freehold facility, which extends to some 20 hectares (50 acres), is well invested and includes an own foundry. The group has subsidiaries in the USA, Mexico, Denmark, the Netherlands, Spain, Italy, the UK, India and Bangladesh.

Going forward, Bergen Engines will be central to the group's net zero strategy, working closely with our Marelli Motori and Piller Power Systems divisions to offer power solutions in the rapidly emerging hybrid renewables microgrid sector, whilst continuing to serve traditional markets.



Piller Power Systems

Piller Group GmbH, our German producer of mission-critical electrical equipment – principally UPS systems for data centres, along with its overseas sales and service subsidiaries – was the largest contributor to the group trading result in 2021. Capital projects delayed in 2020 and a surge in new business contributed to an all-time high order intake in 2021 and the backlog at year-end was more than twice that of the previous year, both records during our 17-year stewardship.

2021 revenues were similar to 2020, although margin quality was improved. This was partly due to the company broadening its presence outside of the data centre sector and partly due to increasing uptake of its state-of-the-art UB-V Series UPS, which was four years in development and launched in 2020. Notably Piller also secured its largest ever naval order in 2021, to supply on board electrical equipment for a European submarine project.

“A surge in new business contributed to an all-time high order intake in 2021.”

Piller's expertise in power stabilisation lends itself well to the challenge of balancing multiple energy sources in microgrid applications. Going forward, Piller will be working closely with Bergen Engines and Marelli Motori, exploring consorial based solutions in this rapidly emerging sector.

Active Power Inc, the flywheel UPS producer based in Austin, Texas, had a very satisfactory year, its second under new management as a stand-alone business within the Piller group.

Marelli Motori

Marelli Motori, our Italian manufacturer of electric motors and generators for the marine, oil & gas, power generation and other industrial sectors, made a nominally positive underlying contribution to the group after residual non-cash impairments relating to the closure of its Malaysian manufacturing facility in 2020.

Acquired in May 2019, Marelli now operates entirely from its 16 hectares (40 acres) freehold site in northern Italy. The company has sales, distribution and service subsidiaries in the United States, Germany, South Africa and Malaysia.

Production of the smallest motors and alternators in the Marelli range was transferred back to Europe and sub-contract manufacturing for these product lines established in Croatia during the period.

The largest Marelli alternators have been paired with Bergen engines for many years, their premium quality complementing the supreme reliability of Bergen engines. The two companies will now work even more closely together.



The Marelli Motori factory in Asigliano, northern Italy. Production moved back from Malaysia



Chairman's Review (continued)

Year Ended 31 December 2021

Print Technologies

Manroland Sheetfed GmbH Printing machinery builder (Germany)

Druck Chemie GmbH Print chemicals producer (Germany)

HiTech Chemicals BV & BluePrint Products NV Print chemicals producers (Benelux)

Revenue 2021: €300 million Forecast Revenue 2022: €400 million

Orders on hand: €112 million Employees: 1,726

Manroland Sheetfed

Manroland Sheetfed GmbH, our German offset litho printing press builder, had a strong year of order intake for new presses but Covid absenteeism and supply chain frustrations at the factory resulted in a negative contribution for the year. Service activities, across the 40 plus subsidiaries worldwide, if not back to pre-Covid normality, were at least closer to those levels.

“A strong year of order intake for new presses. ☺☺

With its record order backlog, 2022 looks set to be a better year. The ROLAND 700 Evolution, Speed, Elite and Lite variants and The ROLAND 900 Evolution presses, all the culmination of several years of research and development under our stewardship, are considered state-of-the-art and technologically industry leading. This has undoubtedly contributed to the very strong order intake during the year and confirming that confidence has returned to the sector.

However, until such time as productivity returns to normal, sacrifices will need to continue.

Druck Chemie Group

(incorporating HiTech Chemicals BV & BluePrint Products NV)

Druck Chemie – our German print chemicals producer, together with its distribution subsidiaries in Belgium, Brasil, the Czech Republic, France, Italy, Poland, Spain and Switzerland – had a very successful year, despite the pandemic, as print shops across Europe geared back up.

The acquisition of HiTech Chemicals BV and BluePrint Products NV from Heidelberg Druckmaschinen AG in December 2020 was well integrated during the year. The state-of-the-art Kruibeke production facility in Belgium complements Druck Chemie's facility in Ammerbuch, Germany, very well and 2022 looks set to be another satisfactory year.

“Acquisition of HiTech Chemicals and BluePrint Products ...well integrated during the year. ☺☺

Other Industrials

Other areas of group activity include automotive welding equipment, materials handling, packaging machinery, construction materials, housebuilding and commercial property.

Materials Handling Claudius Peters Group GmbH (Germany)

Clarke Chapman Group Ltd (UK)

Automotive Welding Technology APO Welding Technologies SAS (France)

Packaging Machinery Braclman Lake Ltd (UK)

Construction Materials, Housebuilding & Commercial Property

Reader Cement Products Ltd (UK)

Oakdale Homes Ltd (UK)

Various property holding entities (Global)

Revenue 2021: €250 million Forecast Revenue 2022: €300 million

Orders on hand: €136 million Employees: 1,330

Materials Handling

Claudius Peters

Claudius Peters Group GmbH, our materials handling and plant machinery builder to the cement, gypsum and steel industries, and aircraft stringer manufacturer, started the year with an historically low order book. This improved significantly as the year progressed, culminating in a very strong backlog at the year-end, in fact a record during our stewardship of the business, which we acquired in 2001.

Claudius Peters' aerospace division manufactures aircraft stringers for Airbus, several kilometres of which can be found in the structure of every commercial airplane built. The company has been a supplier of these critical components to Airbus continuously since 1983.

Claudius Peters France, now down sized and trading positively, finally received confirmation of a long awaited materials handling contract from Azerbaijan. Claudius Peters China made a very solid contribution, as did the US subsidiary. The outposts in Spain, Italy, the UK and Romania all contributed positively around or above budget. Only Brazil fell short, the country particularly hard hit by Coronavirus.

Performance of the Claudius Peters group, as elsewhere, was dogged with supply chain issues and Covid absenteeism, but overall the division just made it back into positive territory.

With a much improved order book at the year-end the business should do better in 2022, although structural problems in Germany still need to be addressed.

The aircraft stringer business had a better year than 2020, slightly exceeding its budget. Forecast demand for 2022 is up on 2021, although significantly lower than historically.



Chairman's Review (continued) Year Ended 31 December 2021

Clarke Chapman

Clarke Chapman Group Ltd, our specialist materials handler, principally to the UK nuclear sector, and service provider to the UK rail network, was more or less on budget. However, order intake was behind, principally due to a large project for the nuclear sector being delayed and now expected in April. Nonetheless, another satisfactory year for the business that we acquired in 2020, also from Rolls-Royce.

Automotive Welding Technology

ARO Welding Technologies

ARO Welding Technologies SAS – our French producer of resistance welding machines to the automotive sector – had an improved year when compared with 2020, almost doubling its albeit modest PBT budget, with revenues exceeding target by around 20%.

However, this was a long way shy of the stellar pre-Covid performances, although 2019 had already seen the beginnings of a slowdown.

In 2021 there was a solid contribution from ARO France, the headquarters and principal manufacturing site, and ARO's Detroit plant in the USA also performed well. The outposts in Belgium, Spain, Brazil, Mexico, Slovakia and the UK all contributed positively. Only the Wuhan, China and German subsidiaries underperformed their targets.

“Underlying demand for new cars surged in 2021
...the shift to electric vehicles becoming ever stronger.”

The automotive sector was hit particularly hard by supply chain issues in 2021, notably the widely reported chip shortage, and this impacted on capital investments. Underlying demand for new cars reported in 2021 though, with the shift to electric vehicles becoming ever stronger, a trend set to continue.

I expect 2022 will see further improvement in ARO's performance, subject to supply chain disruption and Covid absenteeism not limiting the recovery.

Packaging Machinery

Bradman Lake

Bradman Lake Group Ltd, our packaging machinery business, had another successful year. Food packaging, its main market, remained buoyant in 2021.

Revenue and PBT targets were exceeded at both the Bristol and Beccles business units in the UK, and at Rockhill SC in the USA, with healthy order books at the year-end on both sides of the pond. 2022 should see a continuation of the good performance, subject of course to Covid limitation factors.

Construction Materials, Housebuilding & Commercial Property

Reader Cement Products

Reader Cement Products Ltd, the UK cement blending and packing specialist, had another very successful year, equalling 2020's record performance. This was despite missing sales of a high margin imported special cement due to lack of availability, which historically was a substantial contributor to the result. An outstandingly good performance considering.

Oakdale Homes

Oakdale Homes Ltd, the local house builder, posted a positive operating result, albeit nominally. The business is being wound down and no further developments will be commenced.

Commercial Property

The group owns outright over 95% of its manufacturing, warehousing and administrative footprint worldwide which, with the addition of Bergen Engines, now extends to around 1,000,000 square metres or, approximately 11,000,000 square feet.

“...the group's manufacturing footprint now extends to over
1,000,000 square metres...”

During the year the final phase of alterations to Senefelderhaus, the headquarters building of the former Manroland AG in Germany, were completed. The project, which began in 2018 to convert the building to a training academy for the Bundespolizei, is now completed and fully occupied. Further redevelopment of adjacent surplus land and buildings is being discussed.

In the UK, surplus land at Clarke Chapman which was redeveloped into a business park, is now largely fully occupied following conversion of the most recent phase to a Covid testing laboratory for the NHS.

Our People

As is customary, no review would be complete without mention of our employees, at the year-end numbering 5,339 worldwide. It is their hard work and commitment that makes the group what it is today.

This year I welcome to our family of businesses, the employees of the Bergen Engines group, adding Norway to the long list of countries where the group provides jobs and security to our people and their families. Unfortunately, in the near future we will be letting go a small number of employees at Bergen Engines, and restructuring consultations have already begun in Norway.



Chairman's Review (continued) Year Ended 31 December 2021

However, the reorganisation is not a major one and is absolutely necessary, along with a raft of other measures, to streamline the company's cost base.

Only by doing so will the company be able to provide security for the vast majority of people who will remain.

Home Working

As I write, Covid restrictions are relaxing exponentially as the severity of Coronavirus infection diminishes, in part due to the virus weakening and in part due to widespread vaccination rollouts. Within days of writing this, all restrictions in the UK are due to be lifted, other countries will presumably follow.

Mandatory work from home orders are already being scrapped in many jurisdictions and I am conscious that there are some that would prefer to continue working in this way. Of course for the majority of employees in an industrial manufacturing group like Langley, working from home was never an option. For those that can, some would like to continue and others will welcome a return to a normal working environment.

Whatever the personal preference of an individual, it is now not the time to debate the relative merits of home working. The group's position on this matter is that unless legally required, those that do not normally work from home are to return to their normal place of work.

“The time is now to get our businesses back to full strength and efficiency and that means office workers working in offices.”

The time is now to get our businesses back to full strength and efficiency and that means office workers working in offices.

Conclusion and Outlook

2021 was the year in which we began to look back on Coronavirus and forward to a post-pandemic world. It's legacy will likely resonate for many years to come.

The group's performance overall in 2021 was satisfactory. Despite operations were much improved compared to 2020, they were seriously hampered by supply chain problems, travel restrictions and Covid absenteeism in all divisions. Absenteeisms have increased as the virus, albeit less virulent, is affecting larger numbers.

Overall though, the group has responded well to the unique challenges presented by the pandemic and for the most part our customers were kept satisfied.

Notably, in 7 of the last 10 years PBT has exceeded €100 million and in 2021, significantly so. Moreover, the acquisition of Bergen Engines from Rolls-Royce represents a seminal moment in the group's history and towards its net zero objectives.

Together with Piller Power Systems and Marelli Motori, Bergen will become the central pillar of our net zero strategy, pursuing opportunities in the rapidly emerging hybrid renewables microgrid power generation sector.

Power Solutions is expected to generate around €600 million of the group's anticipated €1.3 billion revenues in 2022; Print technologies approximately €400 million and; Other Industrials around €300 million.

“...a step change, not only in the group's scale of operations but also in its contribution to net zero.”

The group ended 2021 with record order books in all three areas. With the combined order backlog of nearly €800 million, which is almost equal to the entire revenue in 2021, the 2022 targets appear to be realistic, marking a step-change not only in the group's scale of operations for the group, but also in its contribution to net zero emissions.

Anthony J Langley
Chairman
16th February 2022



Directors' Report

Year ended 31 December 2021

The Directors present their report together with the audited Accounts of the Group for the year ended 31 December 2021.

PRINCIPAL ACTIVITY

The principal activity of the Company continued to be that of a managing and parent company for a number of trading subsidiaries organised in divisions and business units engaged principally in the design, manufacture, supply and servicing of capital equipment. The specific activities of the subsidiary undertakings are as disclosed in note 39 to the Accounts.

RESULTS AND DIVIDENDS

The results of the Group for the year are set out on page 50. The profit attributable to the shareholder for the financial year was £106,470,000 (2020 – £17,810,000).

Dividends of 6m were paid to the ordinary shareholder during the year (2020 – 6m). No final dividend was proposed at the year end. Financial risk management, research and development and the Group's employment policy is considered within the Strategic Report.

POLICY ON THE PAYMENT OF CREDITORS

The Group seeks to maintain good relations with all of its trading partners. In particular, it is the Group's policy to abide by the terms of payment agreed with each of its suppliers. The average number of days' purchases included within trade creditors for the Group at the year end was 39 days (2020 – 31 days).

INFORMATION CONTAINED IN THE STRATEGIC REPORT

The Group has chosen in accordance with Companies Act 2006 s 414C(11) to set out in the Group's strategic report the information required by Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 Sch. 7 to be contained in the directors' report. It has done so in respect of:

- Principal risks and uncertainties
- Future events
- Employee engagement
- Business relationships

DIRECTORS' INTERESTS

The Directors of the Company in office during the year and up to the date of signature of the accounts and their beneficial interests in the issued share capital of the Company were as follows:

	At 31 Dec 2021 Ordinary shares of £1 each	At 31 Dec 2020 Ordinary shares of £1 each
A. J. Langley (Chairman)	60,100,010	60,100,010
B. J. Langley	—	—
W. A. Langley	—	—
M. J. Neale	—	—

The shareholding of Mr. A. J. Langley represents 100% of the issued share capital of the Company.

STREAMLINED ENERGY AND CARBON REPORT

Langley Holdings plc is committed to making careful assessments of its levels of energy consumption and impact of carbon dioxide emissions on the environment. Energy usage covered in this disclosure covers the Company, and is primarily the electricity consumption within our office buildings, and fuel used for business mileage.

Energy usage has been calculated based on gas and electricity meter readings, extrapolated where readings were not available. Fuel used in respect of both reimbursed business mileage and in respect of vehicles owned by the Company have been taken from expense claims and have been extrapolated where data was not available.



Directors' Report (continued)
Year ended 31 December 2021

Directors' Report (continued)
Year ended 31 December 2021

Energy consumption derives from the following fuel types:

	Consumption (kWh)	Consumption %	Equivalent greenhouse emission (tonnes)	Greenhouse gas emissions (%)
31 December 2021				
Transportation (derv/petrol)	78,763	48.77	19,874	52.72
Natural gas	21,956	13.59	4,021	11.23
Electricity	60,786	37.64	12,907	36.05
Total	161,505	100.00	35,802	100.00
31 December 2020				
Transportation (derv/petrol)	78,763	52.27	19,176	53.53
Natural gas	2,452	1.63	451	1.26
Electricity	69,457	46.10	16,193	45.21
Total	150,672	100.00	35,820	100.00

Intensity ratio:

	2021	2020
Total energy consumption (kWh)	161,505	150,672
Associated GHG emissions (CO ₂ e)	35,802	35,820
Turnover excluding dividends from subsidiaries (€'000)	7,444	5,239
Intensity ratio (CO ₂ e per €'000)	4.81	6.84

The carbon emissions have been calculated in accordance with the Greenhouse Gas (GHG) Protocol. Conversion factors to convert the raw energy and transport figures to Tonnes CO₂ Greenhouse Gas Emissions are taken from the most recent (2019) Department for Business Energy and Industrial Strategy publication: <https://www.gov.uk/government/collections/government-conversion-factors-for-company-reporting>.

The measure for the intensity ratio has changed from group turnover to company turnover excluding dividends from subsidiaries as the directors consider this to be more appropriate in line with the UK data used.

DISCLOSURE OF INFORMATION TO AUDITORS

In the case of each person who was a Director at the time this report was approved:

- so far as that Director was aware there was no relevant available information of which the Company's auditors were unaware; and
- that Director had taken all steps that the Director ought to have taken as a Director to make himself or herself aware of any relevant audit information and to establish that the Company's auditors were aware of that information.

This confirmation is given and should be interpreted in accordance with the provision of s418 of the Companies Act 2006.

AUDITORS

The auditors, Safety Champness LLP indicated their willingness to continue in office.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Directors are responsible for preparing the Strategic Report, Directors' Report and the Accounts in accordance with applicable law and regulations.

Company law requires the directors to prepare Accounts for each financial year. Under that law the Directors have elected to prepare the Group and Parent Company Accounts in accordance with applicable law and International accounting standards (IAS) as adopted in the United Kingdom. Under company law the Directors must not approve the Accounts unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the Group and of the profit or loss of the Group for that period.

In preparing these Accounts, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable IASs as adopted by the United Kingdom have been followed subject to any material departures disclosed and explained in the Accounts; and
- prepare the Accounts on the going concern basis unless it is inappropriate to presume that the Group will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and the Group and enable them to ensure that the Accounts comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Group's website. Legislation in the United Kingdom governing the preparation and dissemination of accounts may differ from legislation in other jurisdictions.

By order of the Board

BERNARD J LANGLEY
Director

Langley Holdings PLC
Registered in England and Wales
Company number 01321615

16 February 2022



Strategic Report

Year ended 31 December 2021

The Directors present their Strategic Report for the year ended 31 December 2021 to provide a review of the Group's business, principal risks and uncertainties and performance and position alongside key performance indicators.

(a) Development performance and position

The Directors are satisfied with the trading results of the Group for the year. The Chairman's Review on pages 28 to 38 contains an analysis of the development and performance of the Group during the year and its position at the end of the year.

(b) Principal risks and uncertainties

There are a number of risks and uncertainties which may affect the Group's performance. A risk assessment process is in place and is designed to identify, manage and mitigate business risks. However it is recognised that to identify, manage and mitigate risks is not the same as to eliminate them entirely. The Group ensures that it limits its exposure to any downturn in its traditional trading sector by continuing to diversify its activities, identifying opportunities for existing product offerings into new markets and for new products for all markets. The Group has a wide range of customers which limits exposure to any material loss of revenue. The Group's exposure to the volatility of exchange rates is mitigated through its geographical spread of operations.

(c) Going Concern

The Group's business activities, together with the factors likely to affect its future development, performance and position are set out in the Chairman's Review on pages 28 to 38. The financial position of the Group, its cash flows and liquidity position are also described in the Chairman's Review. In addition, note 30 to the Accounts includes the Group's policies and processes for managing its capital, its financial risk management objectives; details of its financial instruments, and its exposures to credit risk and interest rate risk.

The Group's subsidiaries are for the most part either market leaders or niche operators in their particular field and operate across numerous different geographic areas and industries. None of the subsidiaries are reliant on any individual supplier or customer and the Group has considerable financial resources. Consequently, the Directors believe that the Group is well placed to manage its business risks successfully and thus they continue to adopt the going concern basis of accounting in preparing the annual Accounts.

(d) Financial Risk Management

Prudent liquidity risk management implies maintaining sufficient cash on deposit and the availability of funding through an adequate amount of committed credit facilities. The Directors are satisfied that cash levels retained in the business, committed credit facilities and surety lines are more than adequate for future foreseeable requirements. Further details are set out in note 30 to the Accounts.

(e) Section 172 Disboresures

Overview of how the Board performed its duties:

Shareholder

The shareholder is a member of the Board, which allows the other directors to liaise directly with the shareholder at Board meetings.

Strategic Report (continued)

Year ended 31 December 2021



Employees

The Company has a well-developed structure through which it engages regularly with employees. Board members perform regular site visits and meetings are held on operational sites throughout the year which provides an opportunity for the directors to engage directly with employees on a variety of topics.

Customers

Key employees within each division are in regular contact with our principal customers. In addition, in order to help directors to develop their understanding of the Company's relationship with key customers, business unit reporting is submitted monthly to the Board detailing new orders and any customer issues.

Suppliers

Key employees within each division are in regular contact with our principal suppliers and develop relationships with companies in our supply chains. Any issues for Board consideration would be reported in the monthly business unit report.

Community and environment

The Board recognises the importance of leading a company that not only generates value for the shareholder but also contributes to wider society. Langley Holdings match any charitable donations made by employees and immediate families of the employees.

As a multi-disciplined engineering and manufacturing company, we recognise that environmental and climate risks could impact us directly, and we are committed to reducing the environmental impact of our operations and products, and minimising our environmental footprint.

Culture

The long-standing Group philosophy commits to carrying out business with the utmost integrity and to the highest ethical standards. Langley culture is forged not from short-term profits, or from creating 'shareholder value' by buying and selling companies, but from long-term development of businesses. This not only gives employees the will to excel, but also fosters confidence amongst many customers, suppliers and other stakeholders.

The acquisition of Bergen Engines AS during the year demonstrates how the Group capitalised on existing cash reserves to promote the continued, sustainable growth of the Group for the benefit of the shareholder and employees, whilst also providing a broader service offering to existing customers.

(f) Key performance indicators (KPI's)

The Board uses a number of tools to monitor the Group's performance including a review of key performance indicators (KPI's) on a regular and consistent basis across the Group. Examples of KPI's currently used include:

Targets

- Regular monthly monitoring of sold and developed contract margins
- Orders on hand
- Cash held



Strategic Report (continued)

Year ended 31 December 2021

Independent Auditor's Report
to the Member

Year ended 31 December 2021



	2021	2020
	€ 000	€ 000
Orders on hand	796,692	220,169
Cash held	290,988	287,963

The Board also considers the following non-financial key performance indicator:

- Staff turnover

These are reviewed monthly through information provided to the Board and details are shown on page 26. Analysis using the above KPI's is presented in the Chairman's review.

(g) Research and development

The Group is committed to innovation and technical excellence. The Group, through its divisions, maintains a programme of research and development to ensure that it remains at the forefront of respective technologies in its key sectors.

(h) Employment Policy

The Group is committed to a policy of recruitment and promotion on the basis of aptitude and ability, without discrimination of any kind, and to training for the existing and likely needs of the business.

It is the Group's policy to keep its employees informed on matters affecting them and actively encourage their involvement in the performance of the Group. The directors are in regular contact with local and divisional management who maintain day-to-day responsibility for employee engagement and related decision making.

The Company gives full and fair consideration to application for employment by the Group made by disabled persons, having regard to their particular aptitudes and abilities. The Group also gives full and fair consideration to employees of the Group who have become disabled persons during their period of employment, including arranging appropriate training.

By order of the Board

BERNARD J LANGLEY
Director
16th February 2022

Langley Holdings PLC
Registered in England and Wales
Company number 01321615

Opinion

We have audited the financial statements of Langley Holdings plc (the 'Parent Company') and its subsidiaries (the 'Group') for the year ended 31 December 2021 which comprise the Consolidated Income Statement, the Consolidated Statement of Other Comprehensive Income, the Consolidated and Parent Company Statements of Financial Position, the Consolidated and Parent Company Statement of Changes in Equity, the Consolidated and Parent Company Statements of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and UK-adopted international accounting standards (IAS).

In our opinion:

- the financial statements give a true and fair view of the state of affairs of the Group and of the Parent Company as at 31 December 2021 and of the Group's profit for the period then ended; and
- the Group and the Parent Company financial statements have been properly prepared in accordance with UK-adopted international accounting standards (IAS); and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Group and the Parent Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, 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.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group's or the Parent Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.



Independent Auditor's Report to the Member (continued)

Year ended 31 December 2021



Independent Auditor's Report to the Member (continued)

Year ended 31 December 2021

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Group and the Parent Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic report or the Directors' Report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the Parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the Parent Company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

As explained more fully in the Directors' Responsibilities Statement set out on page 41, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine 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, the directors are responsible for assessing the Group's and the Parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or the Parent Company or to cease operations, or have 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 Group and Parent Company financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) 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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The specific procedures for this engagement and the extent to which these are capable of detecting irregularities, including fraud is detailed below.

Identifying and assessing risks related to irregularities:

We assessed the susceptibility of the Group and Parent Company's financial statements to material misstatement and how fraud might occur, including through discussions with the directors, discussions within our audit team planning meeting, updating our record of internal controls and ensuring these controls operated as intended. We evaluated possible incentives and opportunities for fraudulent manipulation of the financial statements. We identified laws and regulations that are of significance in the context of the Group and Parent Company by discussions with directors and communication with component auditors, and by updating our understanding of the sectors in which the Group and Parent Company operate.

Laws and regulations of direct significance in the context of the Group include The Companies Act 2006, pensions legislation and UK Tax legislation as well as similar laws and regulations prevailing in each country in which we identified a significant component.

Other laws and regulations that do not have a direct effect on the financial statements but compliance with which may be fundamental to their ability to operate or to avoid a material penalty include anti-bribery legislation, health and safety legislation and employment law.

We identified the presentation of the Group's income statement, the valuation of investment properties, and revenue recognition to be the areas most susceptible to the risk of material misstatement due to fraud and non-compliance.



Independent Auditor's Report to the Member (continued) Year ended 31 December 2021

Use of our report

This report is made solely to the Parent Company's member, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Parent Company's member those matters we are required to state to them in an auditor's report and for no other purposes. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Parent Company and the Parent Company's member as a body, for our audit work, for this report, or for the opinions we have formed.

Alistair Hunt (Senior Statutory Auditor)
for and on behalf of Salfrey Champness LLP

Chartered Accountants
Statutory Auditors
Salfrey Champness LLP
71 Queen Victoria Street
London
EC4V 4BE

16 February 2022

Independent Auditor's Report to the Member (continued) Year ended 31 December 2021

Audit response to risks identified

We considered the extent of compliance with these laws and regulations as part of our audit procedures on the related financial statement items including a review of financial statement disclosures. We reviewed the Group and Parent Company's records of breaches of laws and regulations, minutes of meetings and correspondence with relevant authorities to identify potential material misstatements arising. We discussed the Group and Parent Company's policies and procedures for compliance with laws and regulations with members of management responsible for compliance.

During the planning meeting with the audit team, the engagement partner drew attention to the key areas which might involve non-compliance with laws and regulations or fraud. We enquired of management whether they were aware of any instances of non-compliance with laws and regulations or knowledge of any actual, suspected or alleged fraud. We addressed the risk of fraud through management override of controls by testing the appropriateness of journal entries and identifying any significant transactions that were unusual or outside the normal course of business. We assessed whether judgements made in making accounting estimates gave rise to a possible indication of management bias. At the completion stage of the audit, the engagement partner's review included ensuring that the team had approached their work with appropriate professional scepticism and thus the capacity to identify non-compliance with laws and regulations and fraud.

As Group auditors, our assessment of matters relating to non-compliance with laws or regulations and fraud differed at Group and component level according to their particular circumstances. Our communications with component auditors included a request to identify instances of non-compliance with laws and regulations and fraud that could give rise to a material misstatement of the Group financial statements in addition to our risk assessment.

In addition, we reviewed the financial statement disclosures and agreed to supporting documentation to assess compliance with the provisions of relevant laws and regulations. We reviewed the professional property valuation assumptions and assessment of the suitability of the firm and individual carrying out the valuations; reading of minutes and internal business unit reports; assessment of whether judgements made in making accounting estimates are indicative of potential bias; and assessed whether accounting entries have been made in accordance with IFRS 15.

There are inherent limitations in the audit procedures described above and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we would become aware of it. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

A further description of our responsibilities is available on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.



Consolidated Income Statement

Year ended 31 December 2021

	Notes	2021 €'000	2020 €'000
REVENUE			
Cost of sales	2	814,827 (568,291)	766,778 (541,164)
GROSS PROFIT		245,336	225,614
Net operating expenses	3	(116,921)	(202,066)
OPERATING PROFIT		128,415	23,548
Finance income	5	240	1,041
Finance costs	6	(415)	(542)
PROFIT BEFORE TAXATION		128,240	24,047
Income tax expense	10	(21,770)	(6,237)
PROFIT FOR THE YEAR		106,470	17,810

All profit for the year is attributable to the Equity holder of the Parent Company.

Consolidated Statement of Other Comprehensive Income

Year ended 31 December 2021

	Notes	2021 €'000	2020 €'000
Profit for the year	2	106,470	17,810
Other comprehensive income:			
Items which will not be reclassified to profit and loss			
Re-measurement loss on defined benefit pension schemes	9	291	(229)
Deferred tax relating to re-measurement	28	7	45
		298	(184)
Other deferred tax movements			
Other deferred tax movements	28	(74)	345
Gain on revaluation of properties	13	754	-
Items which may be reclassified to profit and loss			
Exchange differences on translation of foreign operations	36	21,066	(18,187)
Other comprehensive income for the year		22,044	(18,026)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		128,514	(216)

All comprehensive income for the year is attributable to the Equity holder of the Parent Company.

The notes on pages 51 to 114 form part of these accounts

IFRS ANNUAL REPORT & ACCOUNTS 2021

The notes on pages 51 to 114 form part of these accounts

IFRS ANNUAL REPORT & ACCOUNTS 2021



Consolidated Statement of Financial Position

Year ended 31 December 2021

	Note	2021	2020
		€'000	€'000
NON-CURRENT ASSETS			
Intangible assets	12	16,292	17,672
Property, plant and equipment	13	340,735	219,339
Investments	14	14	14
Investment properties	15	64,626	55,604
Trade and other receivables	16	5,704	3,272
Deferred income tax assets	28	32,236	34,950
		459,607	330,851
CURRENT ASSETS			
Inventories	17	325,766	188,625
Trade and other receivables	18	257,414	159,400
Current income tax recoverable	19	7,281	5,960
Cash and cash equivalents	20	290,988	287,963
		881,449	641,948
CURRENT LIABILITIES			
Current borrowings	24	56	721
Current income tax liabilities	23	9,507	10,697
Trade and other payables	21	339,986	176,866
Provisions	22	47,187	19,324
		396,736	207,608
NET CURRENT ASSETS			
Total assets less current liabilities		484,713	434,340
		944,320	765,191
NON-CURRENT LIABILITIES			
Provisions	22	1,805	792
Long term borrowings	24	117	177
Trade and other payables	25	48,346	18,213
Retirement benefit obligations	26	13,489	13,322
Non-current income tax liabilities	27	1,219	-
Deferred income tax liabilities	28	43,652	25,509
		108,628	58,013
NET ASSETS			
		835,692	707,178
EQUITY			
Share capital	33	71,227	71,227
Merger reserve	34	4,491	4,491
Revaluation reserve	35	27,966	27,436
Retained earnings	36	732,008	604,024
		835,692	707,178

Approved by the Board of Directors, and authorised for issue on 16th February 2022 and signed on its behalf by

ANTHONY J LANGLEY
Director

BERNARD J LANGLEY
Director

The notes on pages 58 to 121 form part of these accounts

Consolidated Statement of Changes in Equity

Year ended 31 December 2021

	Share Capital	Merger Reserve	Revaluation Reserve	Retained Earnings*	Total
	€'000	€'000	€'000	€'000	€'000
AT 1 JANUARY 2020	71,227	4,491	28,920	602,756	707,394
Profit for the year	-	-	-	17,810	17,810
Depreciation transfer	-	-	(1,829)	1,829	-
Currency exchange difference arising on retranslation	-	-	-	(18,187)	(18,187)
Re-measurement of defined benefit schemes net of deferred tax	-	-	-	(184)	(184)
Deferred tax movement	-	-	345	-	345
TOTAL COMPREHENSIVE INCOME	-	-	(1,484)	1,268	(216)
Dividends paid	-	-	-	-	-
AT 31 DECEMBER 2020	71,227	4,491	27,436	604,024	707,178
Profit for the year	-	-	-	106,470	106,470
Depreciation transfer	-	-	(150)	150	-
Currency exchange difference arising on retranslation	-	-	-	21,066	21,066
Re-measurement of defined benefit schemes net of deferred tax	-	-	-	298	298
Revaluation gain	-	-	754	-	754
Deferred tax movement	-	-	(74)	-	(74)
TOTAL COMPREHENSIVE INCOME	-	-	530	127,984	128,514
Dividends paid	-	-	-	-	-
AT 31 DECEMBER 2021	71,227	4,491	27,966	732,008	835,692

* Movements in foreign currency translation reserves are detailed in note 36.

The notes on pages 58 to 121 form part of these accounts

Company Statement of Financial Position

Year ended 31 December 2021

	Note	2021	2020
		€'000	€'000
NON-CURRENT ASSETS			
Property, plant and equipment	13	17,465	17,528
Investments	14	174,092	80,998
Investment properties	15	13,133	11,926
		204,690	110,452
CURRENT ASSETS			
Inventories	17	9	8
Trade and other receivables	18	223,914	241,474
Current income tax recoverable	19	3,686	3,136
Cash and cash equivalents	20	87,606	125,616
		315,215	370,434
CURRENT LIABILITIES			
Trade and other payables	21	3,607	4,072
		3,607	4,072
NET CURRENT ASSETS			
Total assets less current liabilities		311,608	386,362
NON-CURRENT LIABILITIES			
Deferred income tax liabilities	28	360	329
NET ASSETS			
		515,938	476,485
EQUITY			
Share capital	33	71,227	71,227
Merger reserve	34	4,491	4,491
Retained earnings	36	440,220	400,767
TOTAL EQUITY			
		515,938	476,485

During the year ended 31 December 2021, the Company generated a profit of €13,417,000 (2020 – loss of €9,481,000).
Approved by the Board of Directors, and authorised for issue on 16th February 2022 and signed on its behalf by

ANTHONY J LANGLEY
Director

BERNARD J LANGLEY
Director

The notes on pages 58 to 121 form part of these accounts

IFRS ANNUAL REPORT & ACCOUNTS 2021

Company Statement of Changes in Equity

Year ended 31 December 2021

	Share Capital €'000	Merger Reserve €'000	Retained Earnings* €'000	Total €'000
AT 1 JANUARY 2020	71,227	4,491	429,282	505,000
Loss for the year	–	–	(9,481)	(9,481)
Currency exchange differences arising on retranslation	–	–	(19,034)	(19,034)
TOTAL COMPREHENSIVE INCOME	–	–	(28,515)	(28,515)
AT 31 DECEMBER 2020	71,227	4,491	400,767	476,485
Profit for the year	–	–	13,417	13,417
Currency exchange differences arising on retranslation	–	–	26,036	26,036
TOTAL OTHER COMPREHENSIVE INCOME	–	–	39,453	39,453
AT 31 DECEMBER 2021	71,227	4,491	440,220	515,938

* Movements in foreign currency translation reserves are detailed in note 36.

The notes on pages 58 to 121 form part of these accounts

IFRS ANNUAL REPORT & ACCOUNTS 2021



Consolidated Statement of Cash Flows

Year ended 31 December 2021

	Note	2021	2020
		€'000	€'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	37	74,065	81,536
Bank and loan interest paid		(273)	(368)
Interest received		240	1,041
Income taxes paid		(17,224)	(12,286)
NET CASH GENERATED FROM / (USED IN) OPERATING ACTIVITIES		56,808	69,925
CASH FLOWS FROM INVESTING ACTIVITIES			
Cash acquired on business combinations	11	34,896	3,605
Purchase of business combination	11	(91,529)	(20,522)
Purchase of intangible assets	12	(878)	(219)
Purchase of property, plant and equipment	13	(8,579)	(6,627)
Proceeds from sale of available for sale properties		–	16,782
Proceeds from sale of property, plant and equipment		4,449	1,279
NET CASH USED IN INVESTING ACTIVITIES		(61,641)	(5,702)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds of new bank loans		–	898
Repayment of bank loans		(725)	–
Principal payment of lease liabilities		(2,094)	(4,628)
NET CASH USED IN FINANCING ACTIVITIES		(2,819)	(3,730)
Net (decrease)/increase in cash and cash equivalents		(7,652)	60,493
Cash and cash equivalents at 1 January		287,963	238,858
Effects of exchange rate changes on cash and cash equivalents		10,677	(11,388)
Cash and cash equivalents at 31 December		290,988	287,963
CASH AND CASH EQUIVALENTS CONSISTS OF:			
Cash in hand, at bank and short-term deposits	20	290,988	287,963

The notes on pages 58 to 121 form part of these accounts

IFRS ANNUAL REPORT & ACCOUNTS 2021



Company Statement of Cash Flows

Year ended 31 December 2021

	Note	2021	2020
		€'000	€'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash used in operations	37	22,145	(11,342)
Interest received		4,844	8,859
Interest expense		(19)	(4)
Income taxes paid		(916)	(4,675)
NET CASH USED IN OPERATING ACTIVITIES		26,154	(7,162)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment	13	(214)	(351)
Purchase of investments	14	(91,529)	–
Dividends received from investments		12,896	–
Proceeds from sale of property, plant and equipment		81	222
NET CASH (USED IN) INVESTING ACTIVITIES		(78,786)	(129)
CASH FLOWS FROM FINANCING ACTIVITIES			
NET CASH USED IN FINANCING ACTIVITIES		–	–
Net decrease in cash and cash equivalents		(52,612)	(7,291)
Cash and cash equivalents at 1 January		125,816	148,432
Effects of exchange rate changes on cash and cash equivalents		14,402	(13,325)
Cash and cash equivalents at 31 December		87,606	125,816
CASH AND CASH EQUIVALENTS CONSISTS OF:			
Cash in hand, at bank and short-term deposits	20	87,606	125,816

The notes on pages 58 to 121 form part of these accounts

IFRS ANNUAL REPORT & ACCOUNTS 2021

Notes to the Accounts Year ended 31 December 2021

Notes to the Accounts (continued) Year ended 31 December 2021



1 ACCOUNTING POLICIES

a Basis of preparation

Langley Holdings plc (registered number 01321615) is a public limited company incorporated in the United Kingdom and limited by shares. The address of its registered office is Enterprise Way, Retford, Nottingham, DN22 7FH.

The Accounts of both the Group and the Company have been prepared in accordance with UK-adopted international accounting standards.

The Accounts have been prepared on a historical cost basis, except for the revaluation of property, plant and equipment, measurement of investment property and measurement of defined benefit pension schemes.

New and amended Standards and Interpretations adopted by the Group

There were a number of Amendments to Standards adopted in the current year but none of these had material impact on the Group.

New and amended Standards and Interpretations issued but not effective for the financial year beginning 1 January 2021

At the date of authorisation of these accounts, there were a number of Standards and Interpretations that were in issue but not yet effective. The effect of all other new and amended Standards and Interpretations which are in issue but not yet mandatorily effective is not expected to materially impact the Group.

b Consolidation

The Consolidated Accounts incorporate the Accounts of the Company and all of its subsidiary undertakings for the year ended 31 December 2021 using the acquisition method, except for common control transactions, and exclude all intra-group transactions. Assets, liabilities and contingent liabilities of acquired companies are measured at fair value at the date of acquisition.

Any excess or deficiency between the cost of acquisition and fair value is treated as positive goodwill or a gain on bargain purchase as described below. Where subsidiary undertakings are acquired or disposed of during the year, the results and turnover are included in the Consolidated Income Statement from, or up to, the date control passes.

The Company has taken advantage of the exemption granted by Section 408 of the Companies Act 2006 from presenting its own Income Statement. The profit generated by the Company is disclosed under the Company Statement of Financial Position.

1 ACCOUNTING POLICIES (continued)

c Goodwill

When the fair value of the consideration for an acquired undertaking exceeds the fair value of its separable net assets, the difference is treated as purchased goodwill and is recognised as an asset at cost and reviewed for impairment annually. Any impairment is recognised immediately in the Consolidated Income Statement and is not reversed in subsequent years.

Where the fair value of the separable net assets exceeds the fair value of the consideration for an acquired undertaking the difference is credited to the Consolidated Income Statement in the year of acquisition.

d Impairment of intangible assets

Assets that have an indefinite useful life are not subject to amortisation and are reviewed for impairment annually and when there are indications that the carrying value may not be recoverable. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the carrying amount of the asset exceeds its recoverable amount. A reversal of impairment is recognised when the carrying amount of the asset is exceeded by its recoverable amount to the extent of previous impairments made. The recoverable amount is the higher of the fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

The amortisation on those intangible assets that do not have an indefinite useful life is charged to net operating expenses in the Income Statement and is calculated as follows:

Patents and licenses
– 2 to 10 years straight line

e Property, plant and equipment

Property, plant and equipment is stated at cost of purchase or valuation, net of depreciation and any impairment provision.

Freehold land
Freehold buildings
Vehicles
Plant and machinery
Computers
Right-of-use assets

– not depreciated
– 25 to 50 years straight line
– 4 to 20 years straight line
– 4 to 20 years straight line
– 3 to 8 years straight line
– Straight line over the lease term

Revaluations of land and buildings are made when there are indicators that the value has fallen below the book value in the accounts. The Group holds a number of properties which have been valued at varying intervals over the past 10 years. Independent valuers have been consulted for the purpose of determining these valuations.



Notes to the Accounts (continued)
Year ended 31 December 2021

Notes to the Accounts (continued)
Year ended 31 December 2021

1 ACCOUNTING POLICIES (continued)

f Investment properties

Freehold land and buildings are transferred to investment property when they are no longer used to facilitate the principal activity of the Group. At this point, they are transferred at fair value to investment property, with any revaluations required recognised in the revaluation reserve. Following the transfer, any subsequent revaluations are recognised in the income statement.

Investment properties are properties which are held to earn rental income and/or for capital appreciation. Investment properties are measured at fair value which reflects market conditions at the statement of financial position date. Any gains or losses arising from changes in fair value are recognised in the income statement in the period in which they arise. Fair value is derived from expected rental yields that can be gained from the property, net of associated costs where relevant.

Rental income from investment property is accounted for as other income.

In accordance with IAS 40 'Investment Property', no depreciation is provided in respect of investment properties.

g Financial instruments

Financial assets and financial liabilities are recognised in the Consolidated Statement of Financial Position when the Group becomes a party to the contractual provisions of the instrument.

Trade receivables and contract assets

Trade receivables and contract assets do not carry any interest and are initially measured at their fair value, and subsequently at their amortised cost, as reduced by appropriate allowances for estimated irrecoverable amounts. Trade receivables are impaired when the asset meets one of the following criteria:

- a) The financial asset is credit-impaired; or
- b) Credit losses are expected on the asset. Any loss allowance relating to trade receivables has been calculated with reference to historical experience in the recoverability of such receivables, taking into consideration current conditions and forecasts of future economic conditions.

Borrowings

Interest-bearing loans and overdrafts are recorded initially when the proceeds are received. Finance charges are accounted for at amortised cost using the effective interest rate method.

Trade payables

Trade payables are non-interest-bearing and are initially measured at their fair value and subsequently at their amortised cost.

1 ACCOUNTING POLICIES (continued)

h Investments

Investments represent the Parent Company's holdings in its subsidiaries and are presented as non-current assets and stated at cost less any impairment in value. Any impairment is charged to the Company Income Statement.

i Inventories and work in progress

Inventories are valued at the lower of cost and net realisable value. Cost is calculated as follows:

- Raw materials and consumables – cost of purchase on first in, first out basis.
- Finished goods – cost of raw materials and labour together with attributable overheads.
- Work in progress – cost of raw materials and labour together with attributable overheads.

Net realisable value is based on estimated selling price less further costs to completion and disposal.

j Revenue recognition

Revenue from construction contracts

Revenue is recognised in accordance with the transfer of promised goods or services to customers (i.e. when the customer gains control of the good/service), and is measured as the consideration which the Group expects to be entitled to in exchange for those goods or services. Consideration is typically fixed on the agreement of a contract. Payment terms are agreed on a contract by contract basis.

Contracts include promises to transfer goods and/or services to a customer (i.e. "performance obligations") which are typically distinct, and hence are accounted for together in a single performance obligation. Where multiple performance obligations exist within one contract, the transaction price is allocated between each performance obligation on the basis of past experience, with reference to stand-alone selling prices of each component.

A good or service is distinct if the customer can benefit from the good or service on its own or together with other resources that are readily available to the customer and the entity's promise to transfer the good or service to the customer is separately identifiable from other promises in the contract.

The group recognises revenue when (or as) it satisfies a performance obligation by transferring a promised good or service to a customer. A performance obligation is satisfied over time when the vendor's performance creates an asset with no alternative use for the vendor and the customer has an obligation to pay the vendor for performance to date.

The above-mentioned criterion is commonly met for the Claudius Peters and Piller sub-groups as their trade involves the building of highly specific machinery, and hence revenue is recognised over time.



Notes to the Accounts (continued)
Year ended 31 December 2021

Notes to the Accounts (continued)
Year ended 31 December 2021

1 ACCOUNTING POLICIES (continued)

j Revenue recognition (continued)

The Group uses either output methods or input methods to measure the progress towards completion of a performance obligation satisfied over time, depending on which method is considered to faithfully depict the entity's performance.

Output methods recognise revenue on the basis of direct measurement of the value to the customer of the goods or services transferred to date relative to the remaining goods or services promised under the contract. The output method used by Group companies is based on milestones reached.

Input methods recognise revenue on the basis of the entity's efforts or inputs to the satisfaction of a performance obligation relative to the total expected inputs to the satisfaction of that performance obligation. The input method used by Group companies is based on costs incurred to date.

If revenue is recognised over a period of time, the Group presents as a contract asset the gross amount due from customers for contract work for all contracts in progress for which costs incurred plus recognised profits (less recognised losses) exceeds progress billings. Progress billings not yet paid by customers and retentions (contract liabilities) are included within 'trade and other receivables'. The Group presents as a liability the gross amount due to customers for contract work for all contracts in progress for which progress billings exceed costs incurred plus recognised profits (less recognised losses). Contract asset and liability balances fluctuate due to the timing and mix of contracts held across the Group.

Contracts are deemed to be complete, and hence performance obligations fully satisfied, post customer acceptance of the goods. Amounts disclosed as current deferred income reflect revenue that will be recognised on performance obligations that will be satisfied within a year.

Sale of goods

The AFO, Manroland, Marelli and Druck Chemie sub-groups recognise revenue at the point in time that goods are transferred to a customer, which is the point in time that the customer gains control of the goods. This is due to the nature of goods being fairly standardised and hence specific contract accounting does not apply.

Revenue from standalone maintenance and service contracts across all subgroups is recognised over the time-period spanned by the contract, as this is considered to best depict the customer's consumption of the benefit of this arrangement. Standard warranties included within contracts are accounted for in accordance with note 1r.

The aggregate amount of the transaction price allocated to the performance obligations that are unsatisfied, or partially unsatisfied, as of the end of the reporting period is disclosed as orders on hand in the strategic report. This revenue will be recognised in the next accounting period.

1 ACCOUNTING POLICIES (continued)

k Taxes

Income tax expense represents the sum of the income tax currently payable and deferred income tax.

Deferred income tax is provided, using the liability method, on temporary differences between the tax bases of assets and liabilities and their carrying amounts in the Accounts. Deferred income tax assets are recognised to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences can be utilised. Deferred tax has been calculated at the rate expected to apply at the time at which temporary differences are forecast to reverse, based on tax rates which have been substantively enacted at the statement of financial position date.

Current and deferred income tax assets and liabilities are offset when the income taxes are levied by the same taxation authority and when there is a legally enforceable right to offset them.

l Foreign currencies

Transactions and balances

The functional currency of the companies in the group is the currency of the primary economic environment in which it operates. Transactions in currencies other than the entities' functional currency (foreign currencies) are recorded at the rates of exchange prevailing on the dates of the transactions. At each year end, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing at the year end. Non-monetary assets and liabilities carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined. Gains and losses arising on retranslation are included in net profit or loss for the period.

Accounts of overseas operations

On consolidation, exchange differences arising from the translation of the net investment in foreign operations are taken to other comprehensive income.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

Preparation of Financial Statements

These Financial Statements have been presented in euro because the majority of the Group's trade is conducted in this currency. Income and expense items are translated at the average exchange rates for the period unless exchange rates fluctuate significantly. Assets and liabilities are translated at the closing exchange rate. Exchange differences arising are classified as equity and transferred to a separate component of equity.

The average exchange rate during the year was €1.17 (2020 – €1.12, 2019 – €1.14) to the Pound Sterling. The opening exchange rate was €1.10 (2020 – €1.17, 2019 – €1.11) to the Pound Sterling and the closing exchange rate was €1.19 (2020 – €1.10, 2019 – €1.17) to the Pound Sterling.



Notes to the Accounts (continued)
Year ended 31 December 2021

1 ACCOUNTING POLICIES (continued)

m Cash and cash equivalents

Cash and cash equivalents comprise cash in hand, cash at bank and short-term deposits with banks and similar financial institutions with a maturity of six months or less, and bank overdrafts.

n Post-employment benefit obligations

For defined benefit post-employment schemes, the difference between the fair value of the scheme assets (if any) and the present value of the scheme liabilities is recognised as an asset or liability in the Statement of Financial Position. Any asset recognised is restricted, if appropriate, to the present value of any amounts the Group expects to recover by way of refunds from the plan or reductions in future contributions. Re-measurements of the net surplus/ deficit arising in the year are taken to the Statement of Comprehensive Income.

Other movements in the net surplus or deficit are recognised in the Income Statement, including the current service cost and any past service cost. The net interest cost on the net defined benefit liability is also charged to the Income Statement. The amount charged to the Income Statement in respect of these schemes is included within operating costs. Any charges required following the Guaranteed Minimum Pension (GMP) equalisation, which is determined by a third-party actuary, are charged or credited to the Income Statement.

The most significant assumptions used in accounting for pension schemes are the discount rate and the mortality assumptions. The discount rate is used to determine the interest cost and net present value of future liabilities. The discount rate used is the yield on high quality corporate bonds with maturity and terms that match those of the post-employment obligations as closely as possible. Where there is no developed corporate bond market in a country, the rate on government bonds is used. Each year, the unwinding of the discount on the net liabilities is charged to the Consolidated Income Statement as the interest cost. The mortality assumption is used to project the future stream of benefit payments, which is then discounted to arrive at a net present value of liabilities.

Valuations of liabilities are carried out using the projected unit method.

The values attributed to scheme liabilities are assessed in accordance with the advice of independent qualified actuaries. The Group's contributions to defined contribution pension schemes are charged to the Income Statement in the period to which the contributions relate.

o Leases

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability. Lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

1 ACCOUNTING POLICIES (continued)

o Leases (continued)

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss at constant periodic rate over the term of the lease.

Right-of-use assets are depreciated over the shorter of the assets useful life and the lease term (including any reasonably certain extension options) on a straight-line basis.

Short term leases for which the underlying asset is of low value (less than €5,000) are expensed on a straight-line basis. On adoption of the standard, the Group elected not to reassess whether a contract is, or contains a lease at the date of initial application.

p Rental income from investment properties

Rental income from investment properties is credited to the Consolidated Income Statement on a straight-line basis over the lease term.

q Provisions

A provision is recognised in the Consolidated Statement of Financial Position when the Group has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

The Group provides warranties to cover rectifications for certain products. A warranty provision is recognised at the point that the sale is complete and such a clause is included in the sales contract. Management value these provisions in line with the clauses in the contract and use historical warranty claim data is used to guide assumptions about future warranty claims. The provision is released when either the warranty works are completed, or the legal obligation expires. Discounting is not applied to these provisions as the directors do not consider this to be material.

Other provisions consist of restructuring provisions, onerous contracts and other smaller claims. Restructuring provisions are recognised at the point that there is a constructive, or legal, obligation. These are valued based on the costs attributable to the related restructure, including redundancies and relocation costs. Any changes in the plan to restructure are recognised as additions to the provisions.

Onerous contracts are recognised when management identify that an agreement will be less making to the Group. These are valued based on the excess costs that the Group expect to incur to fulfil its obligations, these include labour and other materials that the Group expects to incur.



Notes to the Accounts (continued)
Year ended 31 December 2021

Notes to the Accounts (continued)
Year ended 31 December 2021

1 ACCOUNTING POLICIES (continued)

r Dividend policy

Dividend distribution to the Company's Shareholder is recognised as a liability in the Group's Accounts in the period in which the dividends are approved by the Company's directors.

s Research and development

Research expenditure is charged to the Income Statement in the period in which it is incurred. Development expenditure is capitalised when the criteria for recognising an asset is met. Other development expenditure is recognised in the Income Statement as incurred.

t Government grants

Government grants are initially recognised when there is reasonable assurance that the grant conditions will be met and the grants will be received. Grants are recognised as income to match the related costs, for which they are intended to compensate, on a systematic basis.

u Critical accounting judgements and key sources of estimation uncertainty

The preparation of the Accounts in conformity with IFRS requires management to make estimates and judgements that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the date of the Accounts. The areas where the most judgement and estimation are required are highlighted below:

Critical accounting judgements

i Revenue recognition

Revenue is recognised in accordance with the satisfaction of performance obligations. A performance obligation is satisfied over time, and hence revenue is recognised over time, when an asset is created with no alternative use for the vendor. This requires the application of judgement to determine whether the asset is sufficiently specialised that it would have no alternative use.

The input method used by the Group to measure the amount of revenue to be recognised is based on costs incurred to date relative to total expected costs, which requires significant judgement. Contracts can be highly bespoke and hence historical cost information is not always useful in estimating future costs. Revenue recognised from construction contracts in the year totalled €144,499,000. The Group's policies for the recognition of revenue and profit are set out above.

Key sources of estimation uncertainty

j Freehold land and building valuation

Determining the fair value of freehold land and building requires significant estimates to be made, with reference to third party information and market conditions. The valuation of freehold land and buildings is disclosed in note 13.

1 ACCOUNTING POLICIES (continued)

u Critical accounting judgements and key sources of estimation uncertainty (continued)

Fair value of assets and liabilities on acquisition

Determining the fair value of assets and liabilities acquired, including any intangible assets, requires estimates to be made with reference to market conditions and third-party information. The fair value of assets and liabilities acquired is detailed in note 11.

Pensions

The determination of the pension cost and defined benefit obligation of the Group's defined benefit pension schemes depends on the selection of certain assumptions which include the discount rate, inflation rate, salary growth and mortality. Differences arising from actual experiences or future changes in assumptions will be reflected in subsequent periods. See note 9 for further details.

iv Property, plant and equipment depreciation

The property, plant and equipment used within the Group have estimated service lives of between 3 and 20 years, with the exception of property which has an estimated service life of 50 years, and the depreciation charge is clearly sensitive to the lives allocated to the various types of asset.

v Impairment of assets

Property, plant and equipment, and intangible assets are reviewed for impairment if events or changes in Property, plant and equipment, and intangible assets are reviewed for impairment if events or changes in circumstances indicate that the carrying amount may not be recoverable. When a review for impairment or reversal of impairment is conducted, the recoverable amount of an asset or a cash-generating unit is determined based on value-in-use calculations prepared on the basis of management's assumptions and estimates.

vi Income taxes

The Group is subject to income taxes in numerous jurisdictions. Significant estimation is required in determining the provision for income taxes in each territory. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts which were initially recorded, such differences will impact the income tax and deferred tax provision in the period to which such determination is made. See notes 10 and 28 for further information.

vii Provisions

Provision is made for liabilities that are uncertain in timing or amount of settlement. These include provision for rectification and warranty claims. Calculations of these provisions are based on cash flows relating to these costs estimated by management supported by the use of external consultants where needed and discounted at an appropriate rate where the impact of discounting is material. See note 22 for details.

Notes to the Accounts (continued)

Year ended 31 December 2021

Notes to the Accounts (continued)

Year ended 31 December 2021



2 REVENUE

An analysis of the Group's revenue between each significant category is as follows:

	2021	2020
	€'000	€'000
Revenue from construction contracts	144,499	135,619
Sale of goods	670,128	631,159
	814,627	766,778

Contract assets recognised are disclosed in note 18 and contract liabilities are disclosed in note 21.

An analysis of the Group's revenue between each subgroup is as follows:

	2021	2020
	€'000	€'000
Manroland Sheetfed	212,711	214,718
Piller	176,452	171,758
ARO	87,451	71,414
Claudius Peters	77,777	80,247
Druck Chemie	88,195	59,424
Marrelli	90,585	98,180
Other businesses	81,456	71,037
	814,627	766,778

Information regarding the nature of revenue derived from the above subgroups is provided in note 1.

3 ANALYSIS OF NET OPERATING EXPENSES

	2021	2020
	€'000	€'000
Distribution costs	57,224	54,284
Administrative expenses	180,070	161,802
Other operating income	(14,620)	(10,644)
Gain on revaluation of investment properties	(7,740)	(3,356)
Other gains (note 11)	(78,013)	—
Net operating expenses	116,921	202,066

4 OPERATING PROFIT

Operating profit has been arrived at after charging:

	2021	2020
	€'000	€'000
Directors' emoluments (note 7)	681	1,134
Depreciation of owned assets (note 13)	17,903	20,036
Depreciation of right-of-use assets (note 13)	2,467	3,823
(Reversal of impairment) / impairment of owned assets (note 13)	(1,805)	5,611
Amortisation of intangibles (note 12)	2,052	850
Impairment of intangibles (note 12)	—	1
Government grants	(5,967)	(10,252)
Research and development costs	8,040	7,120
Profit on sale of property, plant and equipment	(262)	(610)
Profit on disposal of assets held for sale	—	(500)
Fees payable to the Group's auditor for the audit of the Group's Accounts	159	131
Fees payable to the Group's auditor and its associates for other services – the auditing of Subsidiary Accounts	1,196	1,212
– other services relating to taxation compliance	139	180
– all other services	248	138
Impairment of trade receivables	1,806	885
Impairment of inventories	1,164	1,611
Cost of inventories recognised as an expense (included in cost of sales)	343,156	375,766
Other gains (note 11)	(78,013)	—
Net (loss) on foreign currency translation	(1,724)	(3,792)

Non-recurring expenses of €6,470,000 (2020 – €4,492,000) were included in the Consolidated Income Statement relating to the reorganisation and reconstruction of the Malaysian operations.

Government grants include amounts received under the UK Government's Coronavirus Job Retention Scheme and amounts received under similar schemes in other jurisdictions. These amounts have been set against wage and salary costs in net operating expenses.

Notes to the Accounts (continued) Year ended 31 December 2021

Notes to the Accounts (continued) Year ended 31 December 2021



5 FINANCE INCOME

	2021	2020
	€'000	€'000
Bank interest receivable	240	1,041
	240	1,041

6 FINANCE COSTS

	2021	2020
	€'000	€'000
Interest relating to lease liabilities	142	176
Other interest	273	366
	415	542

7 KEY MANAGEMENT PERSONNEL COMPENSATION

	2021	2020
	€'000	€'000
Salaries and short-term employee benefits	776	1,204
Post-employment benefits	4	3
	780	1,207

All of the above key management personnel compensation relates to Directors and their close family members.

Directors' emoluments

	2021	2020
	€'000	€'000
Aggregate emoluments as Directors of the Company	687	1,131
Value of Group pension contributions to money purchase schemes	4	3
	691	1,134
Emoluments of the highest paid Director	239	429

Number of Directors who are accruing benefits under money purchase pension schemes

	No.	No.
	2	2

8 EMPLOYEE NUMBERS AND COSTS

The average number of persons employed by the Group (including Directors) during the year was as follows:

	2021	2020
	No.	No.
Management, office and sales	2,160	2,323
Manufacturing and direct labour	2,117	2,407
	4,277	4,730

The aggregate payroll costs of these persons were as follows:

	2021	2020
	€'000	€'000
Wages and salaries	224,597	215,067
Social security costs	49,953	46,305
Other pension costs	3,536	3,783
	278,086	265,155

The average number of persons employed by the Company (including Directors) during the year was as follows:

	2021	2020
	No.	No.
Management, office and sales	25	26

The aggregate payroll costs of these persons were as follows:

	2021	2020
	€'000	€'000
Wages and salaries	1,255	1,241
Social security costs	87	147
Other pension costs	72	50
	1,414	1,438

Notes to the Accounts (continued) Year ended 31 December 2021

Notes to the Accounts (continued) Year ended 31 December 2021



9 POST-EMPLOYMENT BENEFITS

The table below outlines where the Group's post-employment amounts and activity are included in the Accounts.

	2021	2020
	€'000	€'000
Statement of financial position obligations for:		
Defined pension benefits	(10,866)	(10,660)
Post-employment medical benefits	(2,621)	(2,662)
Liability in the statement of financial position	(13,489)	(13,322)
Income statement (charge)/credit included in operating expenses for:		
Defined pension benefits	(489)	(285)
Post-employment medical benefits	133	132
	(356)	(153)
Re-measurements (charge)/credit for:		
Defined pension benefits	291	(229)
Post-employment medical benefits	32	–
	323	(229)

The income statement charge included within operating expenses includes current service costs, net interest costs and past service costs.

a) Defined benefit pension schemes

The Group operates defined benefit pension plans in the UK (one defined benefits scheme and one hybrid scheme) and Eurozone under broadly similar regulatory frameworks. All of the plans are final salary pension plans, which provide benefits to members in the form of a guaranteed level of pension payable for life. The level of benefits provided depends on members' length of service and their salary in the final years leading up to retirement. Pensions in payment are generally updated in line with inflation. The plans face broadly similar risks, as described below. UK benefit payments are from trustee-administered funds and Eurozone benefit payments are from unfunded plans where the Group meets the benefit payment obligation as it falls due. Assets held in UK trusts are governed by UK regulations and practice, as is the nature of the relationship between the Group and the trustees (or equivalent) and their composition. Responsibility for governance of the schemes – including investment decisions and contribution schedules – lies jointly with the Group and the boards of trustees. The boards of trustees must be composed of representatives of the Group and scheme participants in accordance with the schemes' regulations.

9 POST-EMPLOYMENT BENEFITS (continued)

a) Defined benefit pension schemes (continued)

The amounts recognised in the statement of financial position are determined as follows:

	2021	2020
	€'000	€'000
Present value of funded obligations	(19,573)	(19,615)
Fair value of plan assets	21,512	18,998
Net surplus/(deficit) on funded plans	1,939	(717)
Present value of unfunded obligations	(10,295)	(9,920)
Total deficit of defined benefit pension plans	(8,356)	(10,637)
Impact of asset ceiling	(2,512)	(23)
Liability in the statement of financial position	(10,868)	(10,660)

The UK hybrid scheme has a surplus that is not recognised on the basis that future economic benefits are not available to the entity in the form of a reduction in future contributions or a cash refund.

The amount recognised in the income statement:

	2021	2020
	€'000	€'000
Current service cost	444	337
Past service cost	–	(23)
Net interest cost	45	(29)
	489	285

The above amounts are included as an employee cost within net operating expenses.

Notes to the Accounts (continued)

Year ended 31 December 2021

Notes to the Accounts (continued)

Year ended 31 December 2021



9 POST-EMPLOYMENT BENEFITS (continued)

a) Defined benefit pension schemes (continued)

Re-measurement of the net defined benefit liability to be shown in other comprehensive income:

	2021	2020
	€'000	€'000
Gain/(loss) from changes in financial assumptions	1,078	(2,138)
Gain/(loss) from changes in demographic assumptions	140	(11)
Experience gains/(losses)	123	(7)
Return on assets, excluding interest income	1,319	790
Exchange adjustments	85	-
Change in the effect of the asset ceiling excluding interest income	(2,454)	1,137
	291	(229)

Changes in present value of obligations:

	2021	2020
	€'000	€'000
Present value of obligations at start of the year	(29,535)	(29,271)
On acquisition	(1,050)	-
Current service cost	444	337
Past service cost	-	(23)
Interest cost	(197)	(371)
Actuarial (loss)/gain on scheme liabilities based on:		
- Changes in financial assumptions	1,078	(2,138)
- Changes in demographic assumptions	140	(11)
- Experience gains	124	(7)
- Benefits paid	644	825
Plan contributions	(9)	-
Exchange differences	(1,507)	1,124
Present value of obligation at end of the year	(29,868)	(29,535)

9 POST-EMPLOYMENT BENEFITS (continued)

a) Defined benefit pension schemes (continued)

Changes in the fair value of scheme assets:

	2021	2020
	€'000	€'000
Fair value of scheme assets at the start of the year	18,898	19,266
Interest income	237	362
Re-measurement of scheme assets	1,319	790
Contributions by employers	79	76
Benefits paid	(560)	(501)
Exchange differences	1,539	(1,095)
Fair value of scheme assets at the end of the year	21,512	18,998

The significant actuarial assumptions were as follows:

	2021	2020
	UK Eurozone	UK Eurozone
Rate of increase in salaries	-	1.83%
Discount rate	1.80-1.90%	0.80-1.63%
Inflation	3.50-4.20%	1.40-1.63%

The inflation assumption shown for the UK is for the Retail Price Index. The assumption for the Consumer Price Index at 31 December 2021 was 2.5-3.4%.

Assumptions regarding future mortality are set based on actuarial advice in accordance with published statistics and experience in each territory. These assumptions translate into an average life expectancy in years for a pensioner retiring at age 65:

	2021	2020
Retiring at the end of the reporting period:		
Male	22 years	22 - 23 years
Female	24 - 25 years	24 years
Retiring 20 years after the end of the reporting period:		
Male	23 - 24 years	23 - 24 years
Female	26 years	26 years

Notes to the Accounts (continued) Year ended 31 December 2021

Notes to the Accounts (continued) Year ended 31 December 2021



9 POST-EMPLOYMENT BENEFITS (continued)

a) Defined benefit pension schemes (continued)

The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions is:

	Change in assumption	Increase in assumption	Decrease in assumption
Discount rate	0.25%	Decrease obligation by 3.0 – 3.9%	Increase obligation by 3.0 – 3.9%
Inflation	0.25%	Increase obligation by 0.1 – 2.4%	Decrease obligation by 0.1 – 2.4%
Life expectancy	1 year	Increase obligation by 4.7 – 4.8%	Decrease obligation by 4.7 – 4.8%

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the pension liability recognised within the statement of financial position.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous period.

b) Post-employment medical benefits

The Group operates a post-employment medical benefit scheme in the US. This scheme is unfunded. The method of accounting, significant assumptions and the frequency of valuations are similar to those used for defined benefit pension schemes set out above with the addition of actuarial assumptions relating to the long-term increase in healthcare costs of 3.0% a year and claim rates of 5.5%.

The amounts recognised in the statement of financial position are determined as follows:

	2021	2020
	€'000	€'000
Present value of unfunded obligations	(2,621)	(2,662)
Liability in the statement of financial position	(2,621)	(2,662)

9 POST-EMPLOYMENT BENEFITS (continued)

b) Post-employment medical benefits (continued)

Changes in the present value of defined benefit obligations:

	2021	2020
	€'000	€'000
Present value of obligation at the start of the year	(2,662)	(2,929)
The amount recognised in the income statement:		
Current service cost	(121)	(116)
Past service cost	4	–
Interest expense	(16)	(15)
	(133)	(133)

Re-measurements of the net defined benefit liability to be shown in other comprehensive income:

Gain from changes in demographic assumptions	61	3
gain/(loss) from changes in financial assumptions	(29)	(3)
	32	–
Other movement	18	15
Payments from scheme contributions – benefit payments	206	227
Exchange differences	(62)	158
Present value of obligations at the end of the year	(2,621)	(2,662)

c) Post-employment benefits (pension and medical)

Schemes' assets are comprised as follows:

	2021	2020
	Total	Total
	€'000	€'000
Equity instruments	14,791	11,653
Equities and equity funds	6,048	4,862
Diversified growth fund	8,743	6,771
Debt instruments	2,488	6,503
Government	41	4,221
Corporate bonds (investment grade)	2,447	2,282
Other	4,084	203
Cash and cash equivalents	149	559
Total	21,512	18,898
	100%	100%

Notes to the Accounts (continued)

Year ended 31 December 2021

Notes to the Accounts (continued)

Year ended 31 December 2021



9 POST-EMPLOYMENT BENEFITS (continued)

c) Post-employment benefits (pension and medical) (continued)

Through its defined benefit pension schemes and post-employment medical plans, the Group is exposed to a number of risks, most of which are detailed below:

Asset volatility

The schemes' liabilities are calculated using a discount rate set with reference to corporate bond yields; if scheme assets underperform this yield, this will create a deficit. The UK schemes hold a significant proportion of equity instruments, which are expected to outperform corporate bonds in the long-term while providing volatility and risk in the short-term.

The Group has reduced the level of investment risk by investing in assets that better match the liabilities. This has been done by the purchase of a mixture of government and corporate bonds. The government bonds represent investments in UK government securities only. The corporate bonds are global securities with an emphasis on the UK.

Changes in bond yield

A decrease in corporate bond yields will increase scheme liabilities, although this will be partially offset by an increase in the value of the schemes' bond holdings.

Inflation risk

Some of the Group pension obligations are linked to inflation, and higher inflation will lead to higher liabilities (although, in most cases, caps on the level of inflationary increases are in place to protect the schemes against extreme inflation). The majority of the schemes' assets are either unaffected by fixed interest bonds or loosely correlated with (equities) inflation, meaning that an increase in inflation will also increase the deficit.

Life expectancy

The majority of the schemes' obligations are to provide benefits for the life of the member, so increases in life expectancy will result in an increase in the scheme's liabilities. This is particularly significant in the UK schemes, where inflationary increases result in higher sensitivity to changes in life expectancy.

In case of the Eurozone defined benefit scheme, the Group ensures that the investment positions are managed within an asset-liability matching (ALM) framework that has been developed to achieve long-term investments that are in line with the obligations under the scheme. Within this framework, the Group's ALM objective is to match assets to the pension obligations by investing in long-term fixed interest securities with maturities that match the benefit payments as they fall due. The UK hybrid scheme currently has no asset-liability matching strategy. The Group has not changed the processes used to manage its risks from previous periods. The Group does not use derivatives to manage its risk. Investments are well diversified, such that the failure of any single investment would not have a material impact on the overall level of assets. A large portion of assets in 2021 consist of equities and bonds, although the Group also invests in property, liability-driven investments and cash.

The last triennial valuations were due to be completed as at 5 April 2021 and 31 July 2021 for the defined benefits scheme and hybrid scheme respectively. The valuation for the defined benefits scheme is still ongoing as of the reporting date. The Group considers that the contribution rates set at the last valuation date are sufficient to eliminate the deficit over the agreed period.

9 POST-EMPLOYMENT BENEFITS (continued)

c) Post-employment benefits (pension and medical) (continued)

Expected contributions to post-employment benefit schemes for the year ending 31 December 2022 are €79,347. The weighted average duration of the defined benefit obligation is 15 years.

(d) Post-employment benefits (defined contribution schemes)

Contributions to defined contribution pension schemes, whereby the scheme assets and liabilities are held separately from those of the Group, totalled €3,054,000 (2020 – €2,640,000).

10 INCOME TAX EXPENSE

	2021	2020
	€'000	€'000
(a) Charge for the year		
Current income tax:		
UK corporation tax at 19% (2019 – 19%)	2,135	3,950
Overseas tax	13,871	14,430
Adjustments to prior year UK tax	685	31
Adjustments to prior year overseas tax	(1,094)	(966)
Other	25	–
Total current taxation	15,632	17,345
Deferred income tax:		
Movement in overseas deferred tax	5,966	(10,612)
Movement in UK deferred tax	172	(496)
Total deferred taxation	6,138	(11,108)
Income tax expense	21,770	6,237

Notes to the Accounts (continued) Year ended 31 December 2021

Notes to the Accounts (continued) Year ended 31 December 2021



10 INCOME TAX EXPENSE (continued)

(b) Factors affecting tax expense	2021 €'000	2020 €'000
Profit before taxation	128,240	24,047
Profit before taxation multiplied by the standard rate of tax of 19% (2018 – 19 %)	24,366	4,569
Expenses not deductible for tax purposes	2,073	1,062
Effect of foreign tax rates	(2,622)	(4,340)
Utilisation of brought forward losses	–	(799)
Deferred tax assets not recognised	16,704	10,025
Income not taxable	(17,121)	–
Other overseas taxes	3,653	3,675
Adjustment to tax charges in previous period	(388)	(1,196)
Timing differences	(4,845)	(7,414)
Exchange adjustment	(50)	655
Tax expense	21,770	6,237

(c) Factors that may affect future tax charges

The Group had UK tax losses of approximately €6,644,000 at 31 December 2021 (2020 – €6,320,000) available for carry forward against future trading profits. In addition, the Claudius Peters Group had overseas tax losses of approximately €9,674,000 at 31 December 2021 (2020 – €6,646,000), the Manroland Group €182,748,000 (2020 – €171,296,000), the Druck Chemie Group €6,254,000 (2020 – €6,451,000), the Bradman Lake Group €397,000 (2020 – €1,403,000), the Piller Group €nil (2020 – €2,194,000) the Marell Group €66,710,000 – (2020 – €57,013,000) and the Bergen Engines Group €174,815,000 available for carry forward against future trading profits of that Group.

(d) Impact of future tax rate changes

The UK corporate tax rate is legislated to increase to 25% for companies above the small profits threshold from 1 April 2023, as introduced in the Finance Bill 2021, published on 11 March 2021

11 ACQUISITIONS DURING THE PERIOD

On 31 December 2021, Langley Holdings Plc purchased 100% of the share capital of Bergen Engines AS. The acquisition of Bergen Engines AS enables the Group to provide complementary goods and services to the Group's existing similar markets in addition to rapidly developing the Group's microgrid power generation sector, an area central to Langley's net zero strategy.

The acquisition had the following effect on the Group's assets and liabilities:

	Book value of net assets acquired €'000	Fair value adjustments €'000	Fair value of net assets acquired €'000
Identifiable intangible assets	2,008	(2,005)	3
Cash & cash equivalents	34,896	–	34,896
Inventories	100,460	–	100,460
Property, plant and equipment	43,868	70,843	114,711
Other financial assets	78,033	–	78,033
Deferred tax assets	987	–	987
Financial liabilities (current)	(106,060)	–	(106,060)
Financial liabilities (non-current)	(6,065)	–	(6,065)
Provisions	(30,434)	–	(30,434)
Deferred tax liabilities	(145)	(15,585)	(15,730)
Net income tax liabilities	(209)	–	(209)
Defined benefit scheme obligations	(1,050)	–	(1,050)
Total identifiable net assets acquired and liabilities assumed	124,195	50,252	169,542
Gain on bargain purchase	(24,761)	(53,252)	(78,013)
Total cash consideration	91,529	–	91,529

The bargain purchase arose as the tangible fixed assets acquired were fully depreciated or impaired by their previous owners. The gain, after recognition of the fair value of the assets and liabilities acquired, was recognised as "other gains" in net operating expenses.

The material fair value adjustments were made to uplift the valuation of land and buildings following an external valuation and provide for deferred tax. The final consideration may be subject to a working capital adjustment under the share purchase agreement.

Had the acquisition occurred on 1 January 2021, Bergen Engines AS would have contributed revenue of €250,000,000 and a loss before tax of €10,600,000 (before impairment reversal) to the wider group results. This result excludes the fair value adjustments.

Notes to the Accounts (continued)

Year ended 31 December 2021

Notes to the Accounts (continued)

Year ended 31 December 2021



12 INTANGIBLE ASSETS

GROUP	Positive Goodwill €'000	Patents and Licences €'000	Customer Contracts €'000	Total €'000
Cost				
At 1 January 2021	10,274	10,499	5,646	26,419
Additions	-	878	-	878
Disposal	(342)	(515)	-	(857)
On acquisition	-	246	-	246
Exchange adjustment	190	28	-	218
At 31 December 2021	10,122	11,136	5,646	26,904
Aggregate impairment and amortisation				
At 1 January 2021	-	8,747	-	8,747
Amortisation charge for the year	-	923	1,129	2,052
Disposal	-	(475)	-	(475)
On acquisition	-	243	-	243
Exchange adjustment	-	45	-	45
At 31 December 2021	-	9,483	1,129	10,612
Net book values				
At 31 December 2021	10,122	1,653	4,517	16,292
At 31 December 2020 as restated	10,274	1,752	5,646	17,672
Cost				
At 1 January 2020	2,535	10,421	-	12,956
Additions	-	219	-	219
Disposal	-	(12)	-	(12)
On acquisition	7,984	2	5,646	13,632
Exchange adjustment	(245)	(131)	-	(376)
At 31 December 2020 as restated	10,274	10,499	5,646	26,419

12 INTANGIBLE ASSETS (continued)

Aggregate impairment and amortisation			
At 1 January 2020	-	7,953	-
Amortisation charge for the year	-	850	-
Disposal	-	(4)	(4)
Impairment	-	1	1
On acquisition	-	2	2
Exchange adjustment	-	(55)	-
At 31 December 2020 as restated	-	8,747	-
Net book values			
At 31 December 2020 as restated	10,274	1,752	5,646
At 31 December 2019	2,535	2,488	-

Prior year restatement

In the previous year, the group acquired BluePrint Products NV and Hi-Tech Chemicals BV which resulted in goodwill totaling €15,920,000. Following this acquisition, the directors determined that customer contracts in place at the date of acquisition within BluePrint Products NV represented a separable intangible asset. Using the information available at the date of acquisition, the directors have re-measured goodwill to separate out this intangible asset. The directors determined these customer contracts held a value of €5,646,000 which was based upon the future net contribution of these contracts over the subsequent 5-year period, which is determined to be their useful economic life. This re-measurement did not impact either the net assets or profit of the 2020 year end. The affected financial statement line items for the prior period have been restated as follows:

Statement of financial position extract

	Group 2020 €'000	Restated Group Adjustment €'000	Restated Group €'000
Intangible assets - goodwill	15,920	(5,646)	10,274
Intangible assets - customer contracts	-	5,646	5,646
Total	15,920	-	15,920



Notes to the Accounts (continued) Year ended 31 December 2021

Notes to the Accounts (continued) Year ended 31 December 2021

13 PROPERTY, PLANT AND EQUIPMENT

GROUP	Freehold Land & Buildings €'000	Plant & Machinery €'000	Vehicles €'000	Computers €'000	Total €'000
Cost or valuation					
At 1 January 2021	200,229	151,542	56,162	18,771	426,704
Additions – right-of-use assets	13,015	–	10	–	13,025
Additions – owned assets	312	4,014	3,117	1,136	8,579
On acquisition	102,064	68,538	2,013	25,465	198,080
Disposals	(2,280)	(9,909)	(2,509)	(2,096)	(16,794)
Reclassification	–	(32)	(56)	88	–
Revaluation	754	–	–	–	754
Exchange adjustments	5,058	3,036	3,410	854	12,358
At 31 December 2021	319,152	217,189	62,147	44,218	642,706
Depreciation					
At 1 January 2021	66,291	94,683	30,059	16,322	207,365
Charge for the year – owned assets	4,180	8,440	4,188	1,085	17,903
Charge for the year – right-of-use assets	2,433	13	21	–	2,467
Reversal of impairment	–	–	(1,812)	–	(1,812)
On acquisition	17,582	39,848	772	25,167	83,369
Disposals	(1,869)	(6,276)	(2,220)	(2,059)	(12,424)
Reclassification	–	(40)	(50)	90	–
Exchange adjustments	1,542	1,474	1,699	388	5,103
At 31 December 2021	90,159	138,152	32,857	41,003	301,971
Net book amount					
At 31 December 2021	228,993	79,037	29,490	3,215	340,735
At 31 December 2020	133,938	56,849	26,103	2,449	219,339

13 PROPERTY, PLANT AND EQUIPMENT (continued)

GROUP	Freehold Land & Buildings €'000	Plant & Machinery €'000	Vehicles €'000	Computers €'000	Total €'000
Cost or valuation					
At 1 January 2020	199,985	154,890	59,106	18,531	432,512
Adjustments – right-of-use assets	1,829	500	11	27	2,367
Additions	306	3,554	2,098	669	6,627
On acquisition	2,259	–	94	–	2,353
Disposals	(543)	(3,024)	(2,389)	(172)	(6,128)
Transfers	(1,387)	–	–	–	(1,387)
Exchange adjustments	(2,220)	(4,378)	(2,758)	(294)	(9,640)
At 31 December 2020	200,229	151,542	56,162	18,771	426,704
Depreciation					
At 1 January 2020	59,510	91,290	24,174	16,002	190,976
Charge for the year – owned assets	4,815	9,221	5,060	950	20,066
Charge for the year – right-of-use assets	3,805	3	15	–	3,823
Impairment	497	1,019	4,095	–	5,611
Disposals	(556)	(3,018)	(2,070)	(169)	(5,813)
On acquisition	243	–	65	–	308
Transfers	(1,113)	–	–	–	(1,113)
Exchange adjustments	(910)	(3,822)	(1,270)	(461)	(6,463)
At 31 December 2020	66,291	94,683	30,059	16,322	207,365
Net book amount					
At 31 December 2020	133,938	56,849	26,103	2,449	219,339
At 31 December 2019	140,475	63,600	34,932	2,529	241,536

Notes to the Accounts (continued) Year ended 31 December 2021

Notes to the Accounts (continued) Year ended 31 December 2021



13 PROPERTY, PLANT AND EQUIPMENT (continued)

COMPANY	Freehold Land & Buildings €'000	Plant & Machinery €'000	Vehicles €'000	Computers €'000	Total €'000
Cost or valuation					
At 1 January 2021	18,660	7,076	2,260	366	28,362
Additions	–	107	101	6	214
Disposals	–	(11)	(339)	(4)	(654)
Exchange adjustments	1,596	557	189	19	2,361
At 31 December 2021	20,256	7,729	2,211	387	30,583
Depreciation					
At 1 January 2021	4,615	4,152	1,747	320	10,834
Disposals	–	(11)	(312)	(4)	(627)
Charge for the year – owned assets	655	612	282	48	1,597
Exchange adjustments	503	385	153	(27)	1,014
At 31 December 2021	5,773	5,138	1,870	337	13,118
Net book amount					
At 31 December 2021	14,483	2,591	341	50	17,465
At 31 December 2020	14,045	2,924	513	46	17,528
Cost or valuation					
At 1 January 2020	19,781	7,427	2,908	364	30,480
Additions	–	69	215	67	351
Disposals	–	–	(706)	(45)	(751)
Exchange adjustments	(1,121)	(420)	(157)	(20)	(1,718)
At 31 December 2020	18,660	7,076	2,260	366	28,362

13 PROPERTY, PLANT AND EQUIPMENT (continued)

COMPANY	Freehold Land & Buildings €'000	Plant & Machinery €'000	Vehicles €'000	Computers €'000	Total €'000
Depreciation					
At 1 January 2020	4,240	3,790	2,104	340	10,474
Disposals	–	–	(657)	(45)	(702)
Charge for the year – owned assets	630	587	415	41	1,673
Exchange adjustments	(255)	(225)	(115)	(16)	(611)
At 31 December 2020	4,615	4,152	1,747	320	10,834
Net book amount					
At 31 December 2020	14,045	2,924	513	46	17,528
At 31 December 2019	15,541	3,637	804	24	20,006

A number of the freehold land and buildings owned by the Group have been revalued at varying intervals over the past 10 years by independent valuers not connected with the company on the basis of market value. The valuation conforms to International Valuation Standards and was based on recent market transactions on arm's length terms for similar properties.

If these assets had not been revalued they would have been included at the following historical cost amounts:

GROUP	2021 €'000	2020 €'000
Freehold land and buildings		
Cost	117,031	131,140
Aggregate depreciation and impairment	(52,463)	(52,617)

Included within plant and machinery are assets under construction totaling €396,000 (2020: €nil) which have not been depreciated. Included within freehold land and buildings is land with a carrying value of €15,362,000 (2020: €15,751,000) which is not depreciated.

The group undertakes an annual impairment assessment on its aircraft owing to the existence of impairment indicators. The valuation is assessed by third parties using parameters including aircraft type, age and total flying time. In the prior year, an impairment was recognised in order to align the valuation with this report. In the current year, the valuation determined that the market value of the aircraft had risen due to an increase in demand for private charter flights. The directors therefore reversed the impairment charge.

Notes to the Accounts (continued) Year ended 31 December 2021

Notes to the Accounts (continued) Year ended 31 December 2021



14 NON-CURRENT INVESTMENTS

	Group Shares in unlisted undertakings €'000	Company Shares in group undertakings €'000
COST		
At 1 January 2021	14	95,129
Additions	-	91,529
Exchange adjustment	-	9,104
At 31 December 2021	14	195,762
IMPAIRMENT		
At 1 January 2021	-	14,131
Charge for the year	-	6,293
Exchange adjustment	-	1,246
At 31 December 2021	-	21,670
CARRYING AMOUNT		
At 31 December 2021	14	174,092
At 31 December 2020	14	80,998

A list of unlisted subsidiary companies at 31 December 2021 is provided in note 39.

15 INVESTMENT PROPERTIES

	Group	
	2021 €'000	2020 €'000
Balance at the beginning of the year	55,604	53,160
Additions	-	-
Disposals	-	(146)
Transfers (note 13)	-	274
Revaluation	7,740	3,356
Exchange adjustments	1,282	(1,040)
Balance at the end of the year	64,626	55,604

15 INVESTMENT PROPERTIES (continued)

	Company	
	2021 €'000	2020 €'000
Balance at the beginning of the year	11,926	12,902
Additions	-	-
Transfers	-	-
Revaluation	-	-
Exchange adjustments	1,207	(976)
Balance at the end of the year	13,133	11,926

During the year, the group received rental income from their investment properties totalling €4,604,000 (2020 - €2,300,000).

16 NON-CURRENT TRADE AND OTHER RECEIVABLES

	Group	
	2021 €'000	2020 €'000
Trade and other receivables	4,354	2,054
Other receivables	692	646
Pension scheme prepayment	658	572
	5,704	3,272

An analysis of provisions for bad and doubtful debts along with the ageing of trade receivables that were past due but not impaired is included within note 18

17 INVENTORIES

	Group		Company	
	2021 €'000	2020 €'000	2021 €'000	2020 €'000
Raw materials	121,106	76,219	-	-
Work in progress	106,556	70,741	-	-
Finished goods	98,104	39,685	9	8
	325,766	186,625	9	8

Notes to the Accounts (continued) Year ended 31 December 2021

Notes to the Accounts (continued) Year ended 31 December 2021



18 CURRENT TRADE AND OTHER RECEIVABLES

	Group		Company	
	2021 €'000	2020 €'000	2021 €'000	2020 €'000
Trade receivables	168,146	102,836	287	21
Retentions	3,740	4,854	-	-
Amounts recoverable on construction contracts	28,994	24,284	-	-
Amounts owed by Group undertakings	-	-	222,159	238,871
Directors' current accounts	615	574	615	574
Other receivables	17,950	9,673	3	1,209
VAT recoverable	7,596	4,577	503	427
Prepayments	30,373	12,802	347	372
	257,414	159,400	223,914	241,474

For terms and conditions relating to related party receivables, refer to note 32.

Trade and other receivables are disclosed net of provisions for bad and doubtful debts, an analysis of which is as follows:

	Group	
	2021 €'000	2020 €'000
Balance at beginning of the year	12,645	13,213
On acquisition	3,346	-
Exchange differences	119	(5)
Charge for the year	17	322
Unused amounts reversed	(476)	(885)
Balance at end of the year	15,651	12,645

Trade receivables are non-interest bearing and are generally on 30 – 90 day terms.
The provision for bad and doubtful debts includes estimated potential credit losses.

18 CURRENT TRADE AND OTHER RECEIVABLES (continued)

At 31 December, the analysis of trade receivables that were past due but not impaired is as follows:

	<30 days		31-60 days		61-90 days		91-120 days		>121 days	
	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000
Group										
2021	146,853	8,103	4,951	1,302	11,291					
2020	45,604	5,542	3,390	2,328	9,453					
Company										
2021	14	-	-	4	268					
2020	21	-	-	-	-					

19 CURRENT INCOME TAX RECOVERABLE

	Group		Company	
	2021 €'000	2020 €'000	2021 €'000	2020 €'000
Income tax	7,281	5,960	3,686	3,136

20 CASH AND CASH EQUIVALENTS

	Group		Company	
	2021 €'000	2020 €'000	2021 €'000	2020 €'000
Cash in hand, at bank and short term deposits	290,988	287,963	87,606	125,816

Notes to the Accounts (continued)

Year ended 31 December 2021

Notes to the Accounts (continued)

Year ended 31 December 2021



21 CURRENT TRADE AND OTHER PAYABLES

	Group		Company	
	2021 €'000	2020 €'000	2021 €'000	2020 €'000
Trade payables	81,688	45,906	677	709
Other payables	14,981	8,882	24	509
Other taxes and social security	9,304	9,023	53	52
Accruals and deferred income	92,966	62,963	177	331
VAT payable	8,157	6,172	-	-
Amounts owed to Group undertakings	-	-	1,967	1,670
Payments on account	125,855	36,095	-	-
Amounts due on construction contracts	2,083	4,741	-	-
Directors' loan account	709	801	709	801
Lease liabilities	4,213	2,483	-	-
	339,986	176,866	3,607	4,072

22 PROVISIONS

GROUP	Warranty Provision		Other Provision		Total €'000
	€'000	€'000	€'000	€'000	
Balance at 1 January 2021	13,687	6,429	6,429	20,116	
Additional provision recognised	10,709	2,338	2,338	13,047	
Acquisition	17,339	13,095	13,095	30,434	
Provision utilised during the year	(7,973)	(3,953)	(3,953)	(11,926)	
Provision released during year	(2,243)	(625)	(625)	(2,868)	
Foreign exchange difference	188	1	1	189	
Balance at 31 December 2021	31,707	17,285	17,285	48,992	
Current	30,807	16,380	16,380	47,187	
Non-current	900	905	905	1,805	

22 PROVISIONS (continued)

	Warranty Provision		Other Provision		Total €'000
	€'000	€'000	€'000	€'000	
Balance at 1 January 2020	12,414	5,291	5,291	17,705	
Additional provision recognised	9,110	4,901	4,901	14,011	
Acquisition	956	-	-	956	
Provision utilised during the year	(5,633)	(3,578)	(3,578)	(9,211)	
Provision released during year	(2,775)	(175)	(175)	(2,950)	
Foreign exchange difference	(385)	(10)	(10)	(395)	
Balance at 31 December 2020	13,687	6,429	6,429	20,116	
Current	12,935	6,389	6,389	19,324	
Non-current	752	40	40	792	

The warranty provision is arrived at using estimates from historical warranty data. The other provision includes specific claims, redundancy and restructuring provisions. Following the acquisition of Bergen Engines AS, the group assumed the obligation to honour the warranties for previous sales, valued at €17,339,000.

Other provisions include €12,412,000 that was recognised on acquisition of Bergen Engines AS in relation related to a to onerous contracts, previously entered, that the group has the obligation to fulfil. There were no provisions in the Company.

23 CURRENT INCOME TAX LIABILITIES

	Group		Company	
	2021 €'000	2020 €'000	2021 €'000	2020 €'000
Income tax	9,507	10,697	-	-

24 BORROWINGS

	Group		Company	
	2021 €'000	2020 €'000	2021 €'000	2020 €'000
Loans - current	-	-	56	721
Loans - non-current	-	-	117	177
Total	-	-	173	898

Notes to the Accounts (continued) Year ended 31 December 2021

Notes to the Accounts (continued) Year ended 31 December 2021



25 NON-CURRENT TRADE AND OTHER PAYABLES

	Group	
	2021 €'000	2020 €'000
Trade payables	430	521
Accruals and deferred income	29,763	11,943
Other	60	–
Lease liabilities	18,083	5,749
	48,346	18,213

26 RETIREMENT BENEFIT OBLIGATIONS

	GROUP	
	2021 €'000	2020 €'000
At 1 January 2021	13,322	14,066
Ceiling opening balance	23	–
On acquisition	1,055	–
Total expense recognised in the Income Statement in the year	(356)	(153)
Actuarial losses/(gains) – financial assumptions	(1,049)	2,141
Actuarial gains – demographic assumptions	(201)	8
Actuarial (gains)/losses – experience	(124)	7
Return on assets	(1,319)	(811)
Interest expense	2	–
Changes in the effect of asset ceiling	2,467	(1,128)
Contributions paid	(89)	(63)
Payments from the plan	(290)	(580)
Exchange differences	47	(165)
At 31 December 2021	13,489	13,322
UK defined benefit pension schemes	–	229
Overseas unfunded defined benefit pension obligations	10,888	10,431
Overseas unfunded medical benefits obligations	2,621	2,662
Retirement benefit obligation in balance sheet	13,489	13,322

27 NON-CURRENT TAX LIABILITIES

	Group		Company	
	2021 €'000	2020 €'000	2021 €'000	2020 €'000
Other corporation tax overseas	1,219	–	–	–
	1,219	–	–	–

28 DEFERRED INCOME TAX

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes relate to the same fiscal authority.

	Group		Company	
	2021 €'000	2020 €'000	2021 €'000	2020 €'000
Deferred tax assets	32,236	34,950	–	–
Deferred tax liabilities	(43,652)	(25,509)	(360)	(329)
	(11,416)	9,441	(360)	(329)

The net movement on the deferred income tax account is as follows:

	Group		Company	
	2021 €'000	2020 €'000	2021 €'000	2020 €'000
At 1 January 2021	9,441	(1,919)	(329)	(305)
Income Statement (expense)/credit	(6,138)	11,108	(4)	(24)
On acquisition	(14,743)	–	–	–
Movement on revaluation	(74)	345	–	–
Release to equity on actuarial loss	7	45	–	–
Exchange differences	91	(138)	(27)	–
At 31 December 2021	(11,416)	9,441	(360)	(329)

Notes to the Accounts (continued) Year ended 31 December 2021

Notes to the Accounts (continued) Year ended 31 December 2021



28 DEFERRED INCOME TAX (continued)

GROUP

The movement in net deferred tax assets and liabilities during the year is as follows:

	Accelerated tax depreciation	Tax losses	Other short-term temporary differences	Retirement benefit obligations	Fair value gains	Total
	€'000	€'000	€'000	€'000	€'000	€'000
At 1 January 2020	4,503	(15,142)	(1,729)	(2,784)	17,071	1,919
Charge/(credit) to income statement	(871)	(5,968)	(1,611)	(12)	(2,846)	(11,108)
On acquisition	-	-	-	-	-	-
Transfer to revaluation	-	-	-	-	(345)	(345)
Recognised in equity regarding re-measurement of defined benefit scheme	-	-	-	(45)	-	(45)
Movement on revaluation	-	-	-	-	-	-
Exchange differences	(70)	(30)	(136)	100	274	138
At 31 December 2020	3,762	(21,140)	(3,476)	(2,741)	14,154	(9,441)
Gross assets	(224)	(21,140)	(10,845)	(2,741)	-	(34,950)
Gross liabilities	3,986	-	7,369	-	14,154	25,509
(Credit)/charge to income statement	(169)	6,806	(1,285)	90	686	6,138
On acquisition	5	-	(847)	-	15,585	14,743
Transfer to revaluation reserve	-	-	-	-	74	74
Recognised in equity regarding re-measurement of defined benefit scheme	-	-	-	(7)	-	(7)
Exchange differences	(40)	17	(94)	11	15	(91)
At 31 December 2021	3,558	(14,317)	(5,702)	(2,647)	30,524	11,416
Gross assets	(394)	(14,830)	(14,365)	(2,647)	-	(32,236)
Gross liabilities	3,952	513	8,663	-	30,524	43,652

96

IFRS ANNUAL REPORT & ACCOUNTS 2021

28 DEFERRED INCOME TAX (continued)

COMPANY

	Accelerated capital allowances	
	€'000	€'000
At 1 January 2020		305
Credit to income statement		24
Exchange differences		-
At 31 December 2020		329
Credit to income statement		4
Exchange differences		27
At 31 December 2021		360
Unprovided deferred taxation		
	Group	Company
	2021	2020
	€'000	€'000
Other short term differences	44,568	40,758
Tax losses	104	212
Retirement benefit obligation	129	170
	44,801	41,140

Deferred tax has been calculated at the rate expected to apply at the time at which temporary differences are forecast to reverse, based on tax rates which have been substantively enacted at the balance sheet date.

No deferred tax asset has been recognised in respect of the above accelerated tax depreciation, other short term temporary differences, tax losses and retirement benefit obligations because there is uncertainty as to whether the Group will have sufficient relevant taxable profits to utilise these assets in the near future.

97

IFRS ANNUAL REPORT & ACCOUNTS 2021

Notes to the Accounts (continued)

Year ended 31 December 2021



Notes to the Accounts (continued)

Year ended 31 December 2021

29 CONTINGENT LIABILITIES

The Company has guaranteed the bank facilities of UK subsidiaries and is party to a Group VAT registration. In view of net cash position held with the same UK bank within the Group, the Directors believe that the likelihood of the guarantees being invoked is remote, therefore no contingent liability has been disclosed in these Accounts.

30 FINANCIAL INSTRUMENTS

The Group and parent Company's principal financial instruments that arise directly from their operations are detailed below:

	Group		Company	
	2021	2020	2021	2020
Financial assets measured at amortised cost	€ 000	€ 000	€ 000	€ 000
	224,975	144,921	222,950	240,674
Financial liabilities measured at amortised cost	225,815	126,296	3,263	4,019

The main purpose of these financial instruments is to fund the operations of the Group and the parent Company, as well as to manage their working capital, liquidity and surplus funds.

The main risks arising from the Group's financial instruments are foreign currency risk, credit risk and interest rate risk. Liquidity risk is not considered to be a main risk to the Group given the Group's cash and cash equivalents balances being considerably higher than any bank borrowings.

Foreign currency risk

The Group is exposed to foreign currency risk on sales, purchases and borrowings that are denominated in a currency other than the functional currencies of individual Group entities (which are principally sterling, euro and US dollars). The Group publishes its Consolidated Accounts in euro and as a result, it is subject to foreign currency exchange translation risk in respect of the results and underlying net assets of its operations where the euro is not the functional currency of that operation.

Financial risk

The following table demonstrates the sensitivity to a reasonably possible change in the sterling to euro, US dollar to euro and other currencies to euro exchange rate, with all other variables held constant, of the Group's profit before tax due to changes in the fair value of monetary assets and liabilities:

30 FINANCIAL INSTRUMENTS (continued)

	Increase / decrease in sterling rate	Effect on profit before tax	Increase / decrease in US Dollar rate	Effect on profit before tax	Increase / decrease in other exchange rates	Effect on profit before tax
2021	+20%	(3,391)	+20%	(2,459)	+20%	(45)
	-20%	5,087	-20%	3,689	-20%	67
2020	+20%	(680)	+20%	1,543	+20%	(197)
	-20%	1,020	-20%	(2,315)	-20%	296

Credit risk

The Group trades only with recognised, creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debt is not significant.

With respect to credit risk arising from the other financial assets of the Group, comprising of cash and cash equivalents, the Group's exposure to credit risk arises from default of the counterparty with a maximum exposure equal to the carrying amounts of these instruments.

The amount that best represents the Group's maximum exposure to credit risk at the end of the reporting period without taking account of any collateral held or other credit enhancements is expected to be the total value of trade receivables and contract assets.

Interest rate risk

The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's money on deposit. Cash balances as at year end total €290,968,000 (2020 – €287,963,000) and interest earned on cash balances averaged 0.08% (2020 – 0.34%) during the year.

Capital risk management

The Group defines capital as being share capital plus reserves and manages capital to ensure adequate resources are retained for continued growth of the Group. Access to capital includes the retention of cash on deposit and availability of funding through agreed capital facilities. Long term deposits are used to obtain more favourable rates of return only when adequate cash resources are maintained on shorter term deposit for the Group's working capital requirements.

Notes to the Accounts (continued) Year ended 31 December 2021



Notes to the Accounts (continued) Year ended 31 December 2021

31 FAIR VALUE MEASUREMENTS

As at 31 December 2021 there were no significant differences between book values and fair values of financial assets and liabilities.

The following table categorises the Group's assets and liabilities held at fair value by the lowest level of the significant inputs used in determining their fair value:

- 1) Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1)
 - 2) Inputs other than quoted prices included within level 1 that are observable either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2)
 - 3) Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3)
- The level in the fair value hierarchy within which the fair value measurement is categorised in its entirety is determined on the basis of the lowest level input that is significant to the fair value measurement in its entirety. For this purpose, the significance of an input is assessed against the fair value measurement in its entirety. If a fair value measurement uses observable inputs that require significant adjustment based on unobservable inputs, that measurement is a level 3 measurement.

GROUP	Level 1 2021 €'000	Level 2 2021 €'000	Level 3 2021 €'000	Total 2021 €'000
Recurring fair value measurements				
Freehold property – P, P and E	–	199,056	–	230,895
Freehold property – Investment properties	–	64,826	–	64,826
	–	263,882	–	295,321
COMPANY				
Recurring fair value measurements				
Freehold property – P, P and E	–	14,482	–	14,482
Freehold property – Investment properties	–	13,133	–	13,133
	–	27,615	–	27,615

31 FAIR VALUE MEASUREMENTS (continued)

GROUP	Level 1 2020 €'000	Level 2 2020 €'000	Level 3 2020 €'000	Total 2020 €'000
Recurring fair value measurements				
Freehold property – P, P and E	–	133,938	–	133,938
Freehold property – Investment properties	–	55,604	–	55,604
	–	189,542	–	189,542
COMPANY				
Recurring fair value measurements				
Freehold property – P, P and E	–	14,045	–	14,045
Freehold property – Investment Properties	–	11,926	–	11,926
	–	25,971	–	25,971

For valuations based on a valuation technique the following information is provided about the technique used and significant inputs:

GROUP	Fair value at 31 Dec 2021 €'000	Valuation technique	Significant input
Property, plant and equipment – Freehold property	199,056	Market comparable approach	Market price per square metre for comparable properties
Investment properties – Freehold property	64,826	Rental yields	Expected future rental income
COMPANY			
	Fair value at 31 Dec 2021 €'000	Valuation technique	Significant input
Property, plant and equipment – Freehold property	14,482	Market comparable approach	Market price per square metre for comparable properties
Investment properties – Freehold property	13,133	Valuation technique	Significant input

Notes to the Accounts (continued) Year ended 31 December 2021

Notes to the Accounts (continued) Year ended 31 December 2021



31 FAIR VALUE MEASUREMENTS (continued)

GROUP	Fair value at 31 Dec 2020 € 000	Valuation technique	Significant input
Property, plant and equipment – Freehold property	133,938	Market comparable approach	Market price per square metre for comparable properties
Investment properties – Freehold property	55,604	Rental yields	Expected future rental income
COMPANY	Fair value at 31 Dec 2020 € 000	Valuation technique	Significant input
Property, plant and equipment – Freehold property	14,045	Market comparable approach	Market price per square metre for comparable properties
Investment properties – Freehold property	11,926	Rental yields	Expected future rental income

32 RELATED PARTY TRANSACTIONS

At 31 December 2021, the Directors of the Company and their close family were owed €105,000 by the Company (2020 – €979,000 owed to the Company). The maximum overdrown balance during the year was €35,043,000 (2020 – €3,511,311).

During the year, the Company invoiced management charges of €4,923,000 (2020 – €3,471,000) and provided funding to Group companies with the following amounts outstanding at the year end.

	Amount outstanding at the year end 2021 € 000	€ 000
COMPANY		
The ARO group of companies	-	(321)
The Baddman Lake group of companies	39	38
The Claudius Peters group of companies	30,886	29,112
The Piller group of companies	804	38,169
The Manroland group of companies	70,405	55,763
CPVA GmbH	1,322	1,050
The Duck Chemie group of companies	19,132	18,628
Reiford Investments LLC	17,076	16,720
Langley Aviation Limited	22,532	20,563
The Marelli group of companies	49,717	47,579
Other group companies	8,679	9,680
	220,192	237,201

During the year, Langley Aviation Limited invoiced the Company €1,132,000 (2020 – €623,000) in respect of the use of aircraft.

During the year, the Company received interest on loans to other Group companies of €4,778,000 (2020 – €8,583,000) and dividends from other Group companies of €12,896 (2020 – €nil).

Transactions with related parties are at market value and are unsecured. The company has recorded a €714,000 impairment of receivables relating to amounts owed by subsidiary undertakings during the year (2020 – €6,754,000) and reversed €16,000 (2020 – €6,000) against previous impairments.

The Company and Group are controlled by A. J. Langley, a Director of the Company.

Transactions between subsidiaries have been eliminated on consolidation and are disclosed in the individual company accounts.

Notes to the Accounts (continued)

Year ended 31 December 2021

Notes to the Accounts (continued)

Year ended 31 December 2021



33 SHARE CAPITAL

	2021	2020
	€'000	€'000
Authorised:		
60,100,010 ordinary shares of £1 each	71,227	71,227
Allotted, issued and fully paid:		
60,100,010 ordinary shares of £1 each	71,227	71,227

34 MERGER RESERVE

The merger reserve arose during the year ended 31 December 2013 on the business combination with Sheefield Holdings Limited. The transaction qualified for merger relief under section 612 of the Companies Act 2006.

35 REVALUATION RESERVE

This reserve is used to reflect changes in the fair value of assets, net of deferred tax, as indicated in note 1(e). It is not available for the payment of dividends.

36 RETAINED EARNINGS

Included within the retained earnings of the Group are foreign currency translation deficits of €6,631,000 (2020 – €27,697,000) included within the retained earnings for the Company is €3,530,000 (2020 – €29,566,000) of foreign currency translation deficits.

The net currency exchange difference arising on retranslation in the year was a gain of €21,066,000 (2020 – a loss of €18,187,000) for the Group and a gain of €26,036,000 (2020 – a loss of €19,034,000) for the Company. The foreign currency translation reserve contains the accumulated foreign currency translation differences arising when the accounts of the Company and Group operations are translated from their own functional currency to the euro, being the presentation currency for the group accounts.

37 CASH GENERATED FROM OPERATIONS

GROUP	2021	2020
	€'000	€'000
Profit before taxation	128,240	24,047
Depreciation	20,370	23,859
Profit on sale of property, plant and equipment	262	(910)
Amortisation of intangibles	2,052	850
Interest income	(240)	(1,041)
Revaluation / impairment of fixed assets	(9,552)	2,256
Interest expense	415	542
Other gains	(78,013)	–
Decrease / (increase) in inventories	(36,661)	27,886
Decrease in trade and other receivables	(22,413)	25,282
Decrease in trade and other payables	88,496	(18,101)
Movement in retirement benefit obligations	(642)	(973)
Foreign exchange translation adjustments	1,771	(2,261)
Cash generated from operations	74,065	81,536
COMPANY	2021	2020
	€'000	€'000
(Loss) / profit before taxation	13,712	(6,066)
Depreciation of property, plant and equipment	1,597	1,673
Impairment of investments	6,293	7,395
Profit on sale of property, plant and equipment	(53)	(173)
Dividend income received	(12,896)	–
Interest income	(4,844)	(8,855)
Interest expense	19	–
Decrease in inventories	(1)	(3)
(Increase) / decrease in trade and other receivables	17,560	(7,201)
Increase in trade and other payables	(465)	377
Foreign exchange translation adjustments	1,223	1,531
Cash (used in) / generated from operations	22,145	(11,342)

Notes to the Accounts (continued) Year ended 31 December 2021

Notes to the Accounts (continued) Year ended 31 December 2021



38 LEASES

The group holds various leases primarily in relation to building for use in the trade. Depreciation charged on right-of-use assets is disclosed in note 13. Interest charges relating to lease liabilities are disclosed in note 6.

	2021	2020
	€'000	€'000
Expenses relating to short term leases	575	697
Expenses relating to low value assets	483	385
Cash outflow for leases	2,641	3,730

The weighted average incremental borrowing rate applied to lease liabilities recognised in the consolidated statement of financial position at the date of initial application was 1%.

The carrying value of right-of-use assets at 31 December 2021 is broken down as follows:

	Freehold Land & Buildings	Plant & Machinery	Vehicles	Computers	Total
Cost	€'000	€'000	€'000	€'000	€'000
At 1 January 2021	23,043	76	61	-	23,180
On acquisition	3,359	-	2,011	-	5,370
Additions	13,015	-	10	-	13,025
Disposals	(1,911)	-	-	-	(1,911)
Exchange differences	215	-	-	-	215
At 31 December 2021	37,721	76	2,082	-	39,879
Depreciation					
At 1 January 2021	5,525	4	37	-	5,566
Charge for the year	2,433	13	21	-	2,467
On acquisition	1,460	-	-	-	1,460
Disposals	(1,763)	-	-	-	(1,763)
Exchange differences	129	-	-	-	129
At 31 December 2021	7,784	17	58	-	7,859
Carrying value					
At 31 December 2021	29,937	59	2,024	-	32,020
At 31 December 2020	17,518	72	24	-	17,614

38 LEASES (continued)

Lease liabilities in relation to right-of-use assets fall due as follows:

	2021	2020
	€'000	€'000
Due within 1 year	4,214	2,483
Due within 2-5 years	7,038	4,442
Due after more than 5 years	11,053	1,307
	22,305	8,232



Notes to the Accounts (continued)
Year ended 31 December 2021

39 SUBSIDIARY UNDERTAKINGS

A list of wholly owned unlisted subsidiary companies at 31 December 2021 is provided below. The registered office of each subsidiary is detailed in italics.

Company	Country of Registration	Principal Activity
Reford Investments LLC <i>3050 Southcross Blvd Rock Hill, SC 29730</i>	United States of America	Holder of real estate for other group companies
Marcell Motori SPA <i>Via Sabbionara 1 36071 Arzignano (VI)</i>	Italy	Design and manufacture of generators and electronic motors
CPWA GmbH <i>Muehlheimer Strasse 341, 63075 Offenbach am Main</i>	Germany	Property rental
Sheeted Holdings Limited <i>Enterprise Way, Reford, Nottinghamshire, DN22 7HH</i>	England	Parent company (see below)
Mikenboard Limited <i>Enterprise Way, Reford, Nottinghamshire, DN22 7HH</i>	England	Dormant Subsidiary
H Q Engineers Limited <i>Enterprise Way, Reford, Nottinghamshire, DN22 7HH</i>	England	Dormant Subsidiary
JND Wefco Limited <i>Enterprise Way, Reford, Nottinghamshire, DN22 7HH</i>	England	Dormant Subsidiary
Sail Cruising Limited <i>13 Church Street, St Johns, Antigua</i>	Antigua	Dormant Subsidiary
The Clarke Chapman Group Limited <i>PO Box 9, Saltmeadows Road, Gateshead, Tyne & Wear, NE8 1SW</i>	England	Design, manufacture, maintenance, refurbishment and repair of cranes and other mechanical handling equipment
JND Technologies Limited <i>Enterprise Way, Reford, Nottinghamshire, DN22 7HH</i>	England	Design, manufacture and refurbishment of process plant, road tankers and cementitious grouts
Reader Cement Products Limited <i>Enterprise Way, Reford, Nottinghamshire, DN22 7HH</i>	England	Processing of cementitious grouts

39 SUBSIDIARY UNDERTAKINGS (continued)

Company	Country of Registration	Principal Activity
Oakdale Homes Limited <i>Enterprise Way, Reford, Nottinghamshire, DN22 7HH</i>	England	House builders
Oakdale Properties Limited <i>Enterprise Way, Reford, Nottinghamshire, DN22 7HH</i>	England	Residential property
Claudius Peters Group GmbH <i>Schenzerstraße 40, DE-21614, Buxtehude</i>	Germany	Parent company (see below)
Pillar Holding GmbH <i>Abgünst 24, 37520 Osterode</i>	Germany	Parent company (see below)
Pillar Management GmbH <i>Abgünst 24, 37520 Osterode</i>	Germany	Dormant Subsidiary
Pressure Engineering International Limited <i>Enterprise Way, Reford, Nottinghamshire, DN22 7HH</i>	England	Dormant Subsidiary
Langley Aviation Limited <i>Enterprise Way, Reford, Nottinghamshire, DN22 7HH</i>	England	Aircraft Transport
ARO Welding Technologies SAS <i>1, Avenue de Tours, BP 40161, Château du Loir, 72500 Montval-sur-Loir</i>	France	All of the companies are involved in the design, manufacture, maintenance, repair and/or distribution of resistance welding equipment and control systems.
ARO Welding Technologies Inc <i>48500 Structural Drive, Chesterfield Township, MI 4806</i>	USA	Parent company (see below)
Bradman Lake Group Limited <i>Common Lane North, Beccles, Suffolk, NR34 9BP</i>	England	Parent company (see below)

Notes to the Accounts (continued)

Year ended 31 December 2021



Notes to the Accounts (continued)

Year ended 31 December 2021

40 SUBSIDIARY UNDERTAKINGS (continued)

The following companies are wholly owned unlisted subsidiaries of ARO Welding Technologies SAS, at 31 December 2021:

Company	Country of Registration	Principal Activity
ARO Welding Technologies AB AB Tmotsvägen, 7 439 71, Flåds	Sweden	All of the companies are involved in the design, manufacture, maintenance, repair and/or distribution of resistance welding equipment and control systems.
ARO Welding Technologies SA de CV 43B Sur 4720 Estrella del Sur C.P. 72190 Puebla, Pue	Mexico	
ARO Welding Technologies SAU C/Cuzco, 26-28, nave 2 08030 Barcelona	Spain	
ARO Welding Technologies Limited Unit 15, Planetary Industrial Estate, Planetary Road, Wiltonhall, Wolverhampton, WV13 3XA	England	
ARO Welding Technologies SA-NV Koninigin Astridaan 61, 1780 Wommel	Belgium	
ARO Welding Technologies s.r.o Karlovska 63 84104 Bratislava	Slovakia	
ARO Welding Technologies GmbH Senefelderstraße 4 86368 Gersthofen	Germany	
ARO Welding Technologies (Wuhan) Co. Ltd Building N°1, 1st Floor, 2045 Innovation Valley WEDBI 101 Quantii Second Road, WEDZ, Wuhan, Hubei, 430056, Wuhan	China	
ARO Welding Technologies Ltda Rua das Figueiras 474 - 3º andar Bairro Jardim, 09080-300 - Santo André SP São Paulo	Brazil	

40 SUBSIDIARY UNDERTAKINGS (continued)

The following companies are wholly owned unlisted subsidiaries of The Clarke Chapman Group Limited, at 31 December 2021:

Company	Country of Registration	Principal Activity
Clarke Chapman Facilities Management Limited Office 104 Gorbome Enterprise Park Kid Glove Road Gorbome Warrington Cheshire W43 3GR	England	Provision of facilities management services
Clarke Chapman Aftermarket Limited PO Box 9, Salmeadows Road, Gateshead Tyne & Wear, NE8 1SW	England	Dormant subsidiary
Clarke Chapman Machining Limited PO Box 9, Salmeadows Road, Gateshead Tyne & Wear, NE8 1SW	England	Dormant subsidiary
Clarke Chapman Manufacturing Ltd PO Box 9, Salmeadows Road, Gateshead Tyne & Wear, NE8 1SW	England	Dormant subsidiary
Mackley Pumps Limited PO Box 9, Salmeadows Road, Gateshead Tyne & Wear, NE8 1SW	England	Dormant subsidiary
Cowans Sheldon Limited PO Box 9, Salmeadows Road, Gateshead Tyne & Wear, NE8 1SW	England	Dormant subsidiary
Wellman Booth Limited Unit 2, Kirkfield Industrial & Commercial Centre, Kirk Lane, Yeatton, Leeds, LS19 7LX	England	Dormant subsidiary
Stoother and Pitt Limited 1-9 Yelverton Road, Brislington, Bristol, BS4 5HP	England	Dormant subsidiary
Butterley Limited Enterprise Way, Relford, Nottinghamshire, DN22 7HH	England	Dormant subsidiary

The following companies are wholly owned unlisted subsidiaries of Bradman Lake Group Limited, at 31 December 2021:

Company	Country of Registration	Principal Activity
Bradman-Lake Limited Common Lane North, Beccles, Suffolk NR34 9BP	England	Both of the companies are involved in the design and manufacture of packaging equipment.
Bradman-Lake Inc 3050 Southcross Boulevard, Rock Hill, SC 29730	USA	



Notes to the Accounts (continued) Year ended 31 December 2021

39 SUBSIDIARY UNDERTAKINGS (continued)

The following companies are wholly owned unlisted subsidiaries of Claudius Peters Group GmbH, at 31 December 2021.

Company	Country of Registration	Principal Activity
Claudius Peters Projects GmbH Claudius Peters Projects GmbH, Schanzenstraße 40, DE-21614 Buxtehude	Germany	All of the companies are involved in the design, manufacture, maintenance, refurbishment and repair of materials processing and handling equipment.
Claudius Peters Technologies SAS Claudius Peters Technologies SAS 34, Avenue de Suisse, F-68316 Ilzach	France	
Claudius Peters (Italiana) srl Via Verdi 2 I-24121 Bergamo	Italy	
Claudius Peters (Iberica) SA Paseo de la Habana 202 bis, 28036 Madrid	Spain	
Claudius Peters (China) Limited Unit 1705-1706, 17/F Laws Commercial Plaza, 788 Cheung Sha Wan Road, Lai Chi Kok, Kowloon	Hong Kong	
Claudius Peters (UK) Limited Unit 10, Thatcham Business Village, Colthrop Way, Thatcham, Berkshire, RG19 4LW	England	
Claudius Peters (Americae) Inc 445 W. President George Bush Hwy Richardson, TX 75080	USA	
Claudius Peters do Brasil Ltda Rua das Figueiras, 474 - 3º andar - Bairro Jardim 09060-300 - Santo André / SP	Brazil	
Claudius Peters Romania srl Str. Oltuz Nr. 25C, et 2 550337 Sibiu	Romania	
Claudius Peters (Beijing) Machinery Services Limited 7/G Hong Kong Macau Centre No 2 Chaoyangmen Bei Da Jie, Beijing, 100027	China	
Claudius Peters India Pvt. Limited Unit 408, 4th Floor, Peninsula Plaza A/16 Fun Republic Lane Off Link Road, Andheri West Mumbai 400 053	India	

112

IFRS ANNUAL REPORT & ACCOUNTS 2021

39 SUBSIDIARY UNDERTAKINGS (continued)

The following company is a wholly owned unlisted subsidiary of Piller Holding GmbH, at 31 December 2021:

Company	Country of Registration	Principal Activity
Claudius Peters (Asia Pacific) Pte Ltd 25 International Business Park #01-65/66 German Centre Singapore 608916	Singapore	
Claudius Peters Automation srl Str. Oltuz Nr. 25C, et 2 550337 Sibiu	Romania	
Plant and Machinery Technical Germany Services GmbH Schanzenstraße 40 DE-21614 Buxtehude	Germany	
Piller Group GmbH Abgunst 24, 37520 Osterode	Germany	See below
The following companies are wholly owned unlisted subsidiaries of Piller Group GmbH and its subsidiaries at 31 December 2021:		
Piller Australia Pty Limited 2/3 Salfisbury Road, Castle Hill, NSW 2154 Sydney	Australia	All of the companies are involved in producing electrical machinery, specialising in high capacity uninterruptible power supply (UPS) systems. The Group is also involved in the production of converters for aircraft ground power and naval military applications.
Piller France SAS 1 Avenue du Président Pompidou CS 70073 - BAT A F-92508 Rueil-Malmaison Cedex	France	
Piller USA Inc 45 Wes Warren Drive, Middletown, New York 10941-2047	USA	
Piller UK Limited Westgate, Phoenix Way, Cirencester, Gloucestershire, GL7 1RY	England	

113

IFRS ANNUAL REPORT & ACCOUNTS 2021

Notes to the Accounts (continued)

Year ended 31 December 2021



Notes to the Accounts (continued)

Year ended 31 December 2021

39 SUBSIDIARY UNDERTAKINGS (continued)

Company	Country of Registration	Principal Activity
Piller Italia Srl Centro Direzionale Colleoni Palazzo Pegaso 3 Viale Colleoni 25 20854 Agrate Brianza (MB)	Italy	
Piller Iberica SL U, Paseo de la Habana, 202 Bis B/E-28036 Madrid	Spain	
Piller Power Singapore Pte. Limited 25 International Business Park #01-65/66 German Centre Singapore 608916	Singapore	
Piller Germany GmbH & Co KG Abgussstr. 24, 37520 Osterode	Germany	
Power India Pvt Ltd B-4, 2nd Floor, Plot No. 422, Nav Bhavana Premises, Co-op Society Ltd, S V Savarkar Marg, Prabhadevi Mumbai, Maharashtra 400025	India	
Piller Power Beijing Co. Ltd. Rm 506-7, Tower A, COFCO Plaza, 8 Jianguomen Nei Ave, Beijing	China	
Active Power HongKong (Holding) A95, Unit A, s/f, Hung To Centre, 94-96 How Ming Street, Kwun Tong, Kowloon	Hong Kong	Dormant Subsidiary
Active Power UK Ltd Unit 1.2, Lauriston Business Park, Pitch1, Evesham, Worcestershire WR11 8SN	England	Dormant Subsidiary

114

IFRS ANNUAL REPORT & ACCOUNTS 2021

39 SUBSIDIARY UNDERTAKINGS (continued)

The following companies are investments held by Sheefed Holdings Limited and its subsidiaries, at 31 December 2021:

Company	Country of Registration	Percentage Ownership	Principal Activity
Manroland Sheefed GmbH Muehlheimer Strasse 34.1, 63075 Offenbach am Main	Germany	100%	Note 1
Manroland Deutschland GmbH Muehlheimer Strasse 34.1, 63075 Offenbach am Main	Germany	100%	Note 2
Manroland Used Equipment GmbH Muehlheimer Strasse 34.1, 63075 Offenbach am Main	Germany	100%	Note 2
Manroland Sheefed (UK) Limited 1st Floor, Southerton House, Boundary Business Court, 92-94 Church Road, Mitcham, Surrey, CR4 3TD	England	100%	Note 2
Manroland Latina S.A. Martino Sanchez, Fontecilla No.374, Las Condes, Santiago de Chile, 7550296	Chile	100%	Note 2
Manroland Latina S.A. de C.V. Av. Rio San Joaquin, No. 6107, Col. Popo, Del. Miguel Hidalgo, C.P.11480, Mexico City	Mexico	99.9%	Note 2
Manroland do Brasil Servicos Ltda Rua das Figueiras, 474 - 3 andar Edificio Eiffel Bairro Jardim, 09080-300, Santo Andre, SP	Brazil	99.9%	Note 2
Manroland Latina S.A. Av. Regimiento de Patricios 1054 C.1265AEC CABA, Buenos Aires	Argentina	100%	Note 2
Manroland Latina S.A.C Los Geranios No.328 Lince, Lima	Peru	100%	Note 2
PT Manroland Indonesia Management Building 2nd Floor, Jl Buncit Raya Kav.100, Jakarta	Indonesia	100%	Note 2
Manroland Thailand Ltd 22/6 Ladprao Soi 21 Jomphol, Jatujak-Bangkok 10900	Thailand	100%	Note 2
Manroland Nordic Finland Oy Valimiehe 22, 01510 Vantaa	Finland	100%	Note 2
Manroland Nordic Sverige AB Nohabgatan 12H, Byggnad 33, SE-461	Sweden	100%	Note 2

115

IFRS ANNUAL REPORT & ACCOUNTS 2021

Notes to the Accounts (continued)

Year ended 31 December 2021



Notes to the Accounts (continued)

Year ended 31 December 2021

39 SUBSIDIARY UNDERTAKINGS (continued)

Company	Country of Registration	Percentage Ownership	Principal Activity
Manroland Nordic Danmark A/S Lautrupvej 1-3, DK-2750 Ballerup	Denmark	100%	Note 2
Manroland Inc 800 East Oak Hill Drive, Westmont, Illinois, 60559	USA	100%	Note 2
Manroland Sheerfed Pvt Ltd A-15, Phase - II, Naraina Industrial Area, New Delhi - 110028	India	100%	Note 2
Manroland Canada Inc 120 Jevlan Dr., Unit #3 Vaughan, ON L4L 8C3	Canada	100%	Note 2
Manroland Western Europe Group B.V. Kuiperbergweg 50 NL-1101 AG Amsterdam Zuidtoest Postbus 61007 NL-1005 HA Amsterdam	Netherlands	100%	Note 2
Manroland Österreich GmbH IZ NO-Süd, Strasse 16, Objekt 70/1, Wiener Neudorf 2355	Austria	100%	Note 2
Manroland Malaysia Sdn. Bhd Unit 315, Laman Seri Industrial Park, Persiaran Sukan, Seksyen 13, 40000 Shah Alam, Selangor Darul Ehsan	Malaysia	100%	Note 2
Manroland Japan Co. Ltd 2-3-4, Nizo-Minami, Toda-shi, Saitama 335-0026	Japan	100%	Note 2
Manroland (Korea) Ltd 2F, Gaya Building, 570-1 Yeomnam-dong Mapo-Gu, Seoul 121-869	Korea	100%	Note 2
Manroland (Taiwan) Ltd 17F-9, No. 738, Chung Cheng Road Chung-Ho District, New Taipei City, 23511	Taiwan	100%	Note 2
Manroland (China) Limited 7/F, Capella HTR, Kwun Tong, Kowloon, Hong Kong	China	100%	Note 2
Guangzhou Printcom Printing Supplies Co. Ltd 1/F, 11# Building, Standard Industrial Garden, Falshi Industrial Park, Dongchung Town, Panyu District, 511475, Guangzhou	China	100%	Note 2
Manroland Printing Equipment (Shanghai) Co. Ltd Room 901, Bld A, Hongkou Plaza, No. 388, West Jiang Wan Rd, Hongkou District, Shanghai	China	100%	Note 2

116

IFRS ANNUAL REPORT & ACCOUNTS 2021

39 SUBSIDIARY UNDERTAKINGS (continued)

Company	Country of Registration	Percentage Ownership	Principal Activity
Manroland Printing Equipment (Shenzhen) Ltd Room 101-106, Block C, Huahua Chuangxin Park, LangShan Road, Nanshan District, Shenzhen	China	100%	Note 2
Manroland Bulgaria EOOD Business Park Sofia 1 Mladost 4, Blok 14, Sofia 1715.	Bulgaria	100%	Note 2
Manroland Adriatic d.o.o. Kovinska 4A, 10000 Zagreb	Croatia	100%	Note 2
Manroland ROMANIA S.R.L. Str. Zăduri Intre Vii 19, Corp C, Parter, Spatiu C-5, Sector 2, Bucuresti, 023321	Romania	100%	Note 2
Manroland Magyarorazag Kft. Tábkás u. 36-38 1097 Budapest	Hungary	100%	Note 2
Manroland Polska Sp. z o.o Wolica Aleja Katowicka 11 PL_05 830 Naderzyn	Poland	100%	Note 2
Manroland Czech s.r.o Pumyslova 10/1428, Praha 10, 102 00	Czech Republic	100%	Note 2
Manroland France S.A.S Bat. M1 Les Aralius Paris Nord II 66 rue des Vanesses CS 53290 Villepinte 95958 Robsy CDG Cedex	France	100%	Note 2
Manroland Swiss A.G. Schöneich 1, 6265 Roggfliswil	Switzerland	100%	Note 2
Manroland Ireland Ltd Unit N2, North Ring Business Park, Santry, Dublin 9	Ireland	100%	Note 2
Manroland Iberica Sistemas S.L. Centro de Negocios Eisenhower Avda. Sur Aeropuerto de Barajas, 24 - Edif. 5 - 5º C 28042 Madrid	Spain	100%	Note 2
Manroland Iberica Sistemas LDA Rua de Pé de Mouro Polígono Empresarial Pé de Mouro, 19 2710-335 Sítima	Portugal	100%	Note 2
Manroland Italia S.R.L. Via Lambretta 2, 20090 Segrate (MI)	Italy	100%	Note 2

117

IFRS ANNUAL REPORT & ACCOUNTS 2021

Notes to the Accounts (continued)

Year ended 31 December 2021



Notes to the Accounts (continued)

Year ended 31 December 2021

39 SUBSIDIARY UNDERTAKINGS (continued)

Company	Country of Registration	Percentage Ownership	Principal Activity
Manroland Benelux N.V. Koningin Astridlaan, 61 1790 Wemmel	Belgium	100%	Note 2
Manroland Nordic Norge A/S Postboks 473 N-1473 Lørenskog	Norway	100%	Note 2
Manroland Southern Africa (PTY) Ltd 15 Manhattan Street, Airport Industria, Cape Town 7490	South Africa	100%	Note 2
Manroland IP GmbH Muehlheimer Strasse 341, 63075 Offenbach am Main	Germany	50%	Note 4
Manroland Sheefed (Thailand) Co. Ltd 22/6 Ladprao Soi 21, Jomphoi, Jatujak Bangkok 10900	Thailand	100%	Note 2
DC Druck Chemie GmbH Wesenstraße 10 D-72119 Ammerbuch-Allingen	Germany	100%	Note 5
DC Green France SAS (Ouest) Route du Prouau F-44980 Ste Luce Sur Loire	France	100%	Note 5
DC Iberica SL Spain C/ Tresols 11 bajos Aparado de correos 109 E-08850 Gava (Barcelona)	Spain	100%	Note 5
DC Druck Chemie Polska Sp.z o.o. Spichrzowa 16 62-200 Gniezno	Poland	100%	Note 5
DC Druck Chemie s.r.o K.AMP 1294 664 34 Kufřin	Czech Republic	100%	Note 5
DC Druck Chemie SAS (Est) Route de Bretten F-68780 Soppes le Bas	France	100%	Note 5
DC Druck Chemie UK Limited 10th Floor, 133 Finnieston Street, Glasgow, G3 8HB	Scotland	100%	Note 5
DC Druck Chemie Italia S.R.L Via Triso, 12 20098 San Giuliano Milanese (MI)	Italy	100%	Note 5
DC Druck Chemie Benelux BV Geestdijk 7 NL-5704-RG Helmond	Belgium	100%	Note 5

118

IFRS ANNUAL REPORT & ACCOUNTS 2021

39 SUBSIDIARY UNDERTAKINGS (continued)

Company	Country of Registration	Percentage Ownership	Principal Activity
DC Druck Chemie Brazil LTDA Rua Rosa Belmir Ramos 151 13.275-400 Valinhos / Sao Paulo	Brazil	100%	Note 5
DC Druck Chemie AG Schöneich CH-6265 Roggfliswil	Switzerland	100%	Note 5
Hi-Tech Chemicals BV Zwavelweelstraat 14, 9150 Kruitbeke	Belgium	100%	Note 5
BluePrint Products NV Zwavelweelstraat 14, 9150 Kruitbeke	Belgium	100%	Note 5
Press Chem UK Limited Unit 14b, Shuttleworth Mead Business Park, Mead Way, Padtham, Burnley, Lancashire, BB12 7NG	England	100%	Dormant

Note 1: The design, manufacture and sale of sheetfed offset litho printing presses and aftermarket services

Note 2: The sale of sheetfed offset litho printing presses and aftermarket services

Note 3: Property rental

Note 4: Intellectual Property

Note 5: The development, manufacture and supply of chemical and technical products and accessories for the printing industry, as well as providing waste processing and recycling services

119

IFRS ANNUAL REPORT & ACCOUNTS 2021



Notes to the Accounts (continued)

Year ended 31 December 2021



Notes to the Accounts (continued)

Year ended 31 December 2021

39 SUBSIDIARY UNDERTAKINGS (continued)

The following companies are wholly owned unlisted subsidiaries of Marelli Motori SPA at 31 December 2020:

Company	Country of Registration	Percentage Ownership	Principal Activity
Marelli USA Inc 220 Norcross Parkway, Suite 290 Norcross GA 30071	USA	100%	All of the companies are involved in the design, and manufacture of generators and electric motors.
Marelli Motori Asia Sdn Bhd Lot 1-8, Persiaran Jubli Perak, Seksyen 22, 40300 Shah Alam, Selangor D.E.	Malaysia	100%	
Marelli Asia Pacific Sdn Bhd Lot 1-8, Persiaran Jubli Perak, Seksyen 22, 40300 Shah Alam, Selangor D.E.	Malaysia	100%	
Marelli Motori South Africa Ltd (Pty) Unit 2, Corner Director & Megawatt Road, Spartan Ext 23, Kempton Park 1619 Gauteng	South Africa	100%	
Marelli UK Ltd Kirkby Lane, Pritton, Nottinghamshire, NG16 6HX	England	100%	
Marelli Motori Central Europe GmbH Heilswannenweg 50, 31008 Elze	Germany	100%	

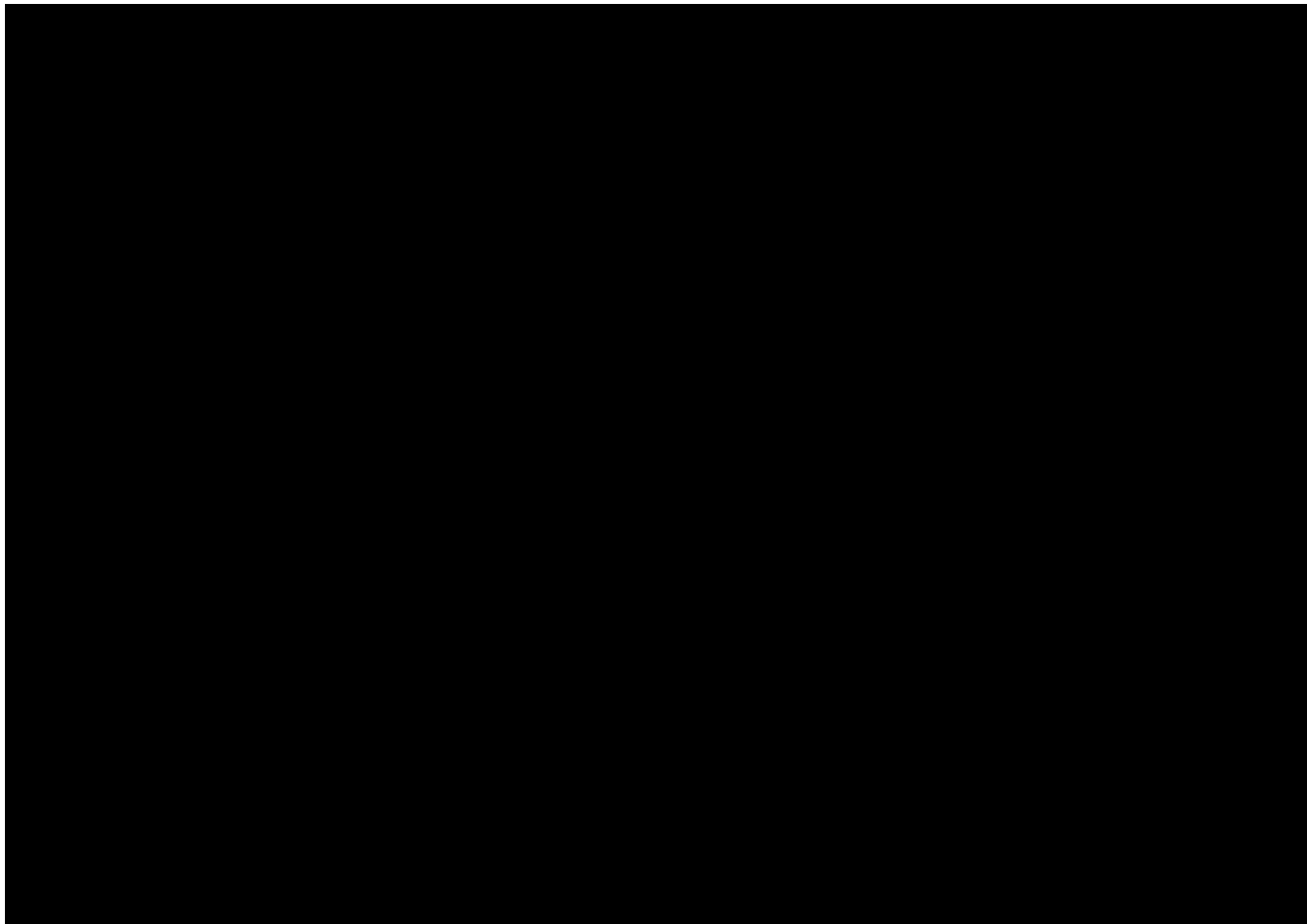
39 SUBSIDIARY UNDERTAKINGS (continued)

The following companies are wholly owned unlisted subsidiaries of Marelli Motori SPA at 31 December 2020:

Company	Country of Registration	Percentage Ownership	Principal Activity
Bergen Engines B.V. Werfijk 2, 3195HV Pernis, Rotterdam, Netherlands	Netherlands	100%	All of the companies are involved in the design, manufacture and sale of reciprocating gas and diesel engines.
Bergen Engines Denmark A/S Nørresundby, Amalienborgvej 39, Denmark	Denmark	100%	
Bergen Engines India Private Limited 52-b (2nd Floor), Okhla Industrial Estate, Phase III, New Delhi 110020, India	India	100%	
Bergen Engines Bangladesh Private Limited Green Grandeur, 6th Floor, Plot n.58 E, Kamal Ataturk Avenue Banani, C/A Dhaka, 1213, Bangladesh	Bangladesh	100%	
Bergen Engines Limited Moor Lane, Derby, Derbyshire, DE24 8BJ	England	100%	
Bergen Engines SRL 13 Via Castel Morone, 16161, Genoa Italy	Italy	100%	
Bergen Engines S.L. Calle Dinamarca s/n (esquina Calle Alemania), Poligono Industrial de Constanzi, 43120 Constanzi, Tarragona, Spain	Spain	100%	
Bergen Engines PropertyCo AS Hordkneset 125, N-5018, Hordvik, Bergen 1201, Norway	Norway	100%	
Rolls-Royce Mexico S. de R.L. de C.V. Boulevard Adolfo Ruiz Cortinez 3642-403, Fracc. Costa de Oro, Veracruz CP 94299 6, Mexico	Mexico	100%	
Rolls-Royce Mexico Administration S. de R.L. de C.V. Boulevard Adolfo Ruiz Cortinez 3642-403, Fracc. Costa de Oro, Veracruz CP 94299 6, Mexico	Mexico	100%	

The following subsidiaries have taken exemption from audit under s479a of Companies Act 2006:

Reader Cement Products Limited (03025049)
Oakdale Homes Limited (02922110)
Oakdale Properties Limited (07625468)
Marell UK Limited (01787809)
Clarke Chapman Facilities Management Limited (04120701)
ARO Welding Technologies Limited (02184159)
Claudius Peters (UK) Limited (01148578)





Skatteetaten

Vår dato
26.07.2022

Din/Deres dato

Saksbehandler
Kjetil Solbø Zahl

800 80 000
Skatteetaten.no

Din/Deres referanse

Telefon

Org.nr
974761076

Vår referanse
2022/5639523

Postadresse
Postboks 9200 Grønland
0134 OSLO

U.off. offl. § 13, sctfv. § 3-1, sctbl. § 3-2

BERGEN ENGINES AS
Postboks 3, Hylkje
5877 BERGEN

Fritak for konsernregnskapsplikt for Bergen Engines AS, org.nr. 997 016 238

Vi viser til deres brev av 12. juli 2022 hvor dere søker om fritak fra plikten til å utarbeide konsernregnskap for Bergen Engines AS.

Bergen Engines AS er morselskap i et underkonsern hvor Langley Holdings Plc er det ultimate morselskapet og er hjemmehørende i UK. Konsernregnskap utarbeides av Langley Holdings Plc på engelsk språk etter IFRS, hvor Bergen Engines AS med datterselskaper er omfattet.

Skattekontoret finner med hjemmel i regnskapsloven av 17. juni 1998 nr. 56 § 3-7 fjerde ledd å kunne gi tillatelse til at det gjøres unntak for konsernregnskapsplikten for Bergen Engines AS. Det forutsettes at Langley Holdings Plc utarbeider konsernregnskap som omfatter den regnskapspliktige og dennes datterselskaper. Det legges til grunn at dette konsernregnskapet er utarbeidet i samsvar med IFRS og at kravene i regnskapsloven § 3-7 med forskrifter for øvrig følges. Bestemmelsene i regnskapsloven kapittel 8 gjelder tilsvarende for dette konsernregnskapet.

Når det gjelder hvilket språk morselskapet skal utarbeide konsernregnskapet på, vises det til forskrift av 7. september 2006 nr. 1062 til utfylling og gjennomføring mv. av regnskapsloven. Det følger av § 3-7-1 at konsernregnskapet foruten norsk, kan være på svensk, dansk eller engelsk.

Kopi av dette brev må sendes Regnskapsregisteret i Brønnøysund sammen med årsregnskapet mv. Det påligger den regnskapspliktige å dokumentere ved dette brev at tillatelsen er gitt.

Vennligst oppgi vår referanse ved henvendelse i saken.

Med hilsen



Kit M. Midttun
Underdirektør
Innsats, storbedrift
Skatteetaten

Kjetil Solbø Zahl

Dokumentet er elektronisk godkjent og har derfor ikke håndskrevne signaturer.



Bergen Engines AS

Annual report 2021

Board of directors' report

Annual accounts

- **Income statement**
- **Balance sheet**
- **Cash flow statement**
- **Notes**

Auditors' report



Bergen Engines AS

Board of directors' report 2021

Bergen Engines AS

Adress: Hordvikneset 125, 5108 HORDVIK

Org.nr: 997016238 MVA

Business: Production of medium speed engines

The business

Bergen Engines AS is a 100% subsidiary of Langley Holdings plc with headquarters in the UK. Langley Holdings provides world class engineering solutions and has over 5,000 employees globally.

BEAS is involved in the manufacturing and service of large medium speed reciprocating engines for the marine energy and propulsion market as well as for the power generation market. BEAS serves 2 key markets, land power generation (PowerGen) and the marine power business (Marine). The route to market for Marine products is through Kongsberg, while the original equipment (OE) Power gen sales is steered by the BEAS PowerGen Sales organization.

In 2021, 44% of BEAS revenue came from aftermarket (AM), comprising mainly of engineering services and the sale and installation of spare parts, while 56% came from original equipment manufacturing. Aftermarket revenue may be contracted on either a time and material basis or through long term service agreements, the latter being more common in the PowerGen market.

A foundry is also part of BEAS and it produces parts for BEAS engines, as well as some external sale. The Company's head office and its registered address is in Bergen and there are overseas subsidiaries in Denmark, India, Italy, Spain, the Netherlands, the United Kingdom and Bangladesh.

Going concern

The financial statement is prepared on a going concern basis. BEAS has an equity ratio of 46% and net working capital of 314m per year-end 2021. The capital increase of 1 000m in July 2021 restored the equity, which is considered sufficient in terms of the risk and scope of the company's business.

If necessary, Langley Holdings will arrange ongoing financial support to BEAS to enable the company to continue to trade and meet its liabilities as they fall due.

Future operational cash flows are dependent on new order intake and the stabilization of the marine market, as well as continued order intake in the land market.

The Board will continuously monitor the situation in both in Eastern Europe and with Covid-19 and the impact this will have on Bergen Engines AS. If necessary, the Board will take immediate action - in order to reduce the impact on revenue, costs, and cash. On this basis, the enclosed financial statements have been completed on a going concern basis.

On April 1st 2022, BEAS terminated its exclusive trading agreement with Kongsberg for the Marine market. The Board is of the opinion that the agreement was more favourable to Kongsberg than for BEAS and consequently believes that this move will strengthen the Marine business for BEAS. BEAS will still trade engines with Kongsberg on a case-by-case basis, but the exclusivity is now over and BEAS can now freely approach and be approached by designers, system integrators, shipyards, and owners in the Marine market. Overall the Board believes that this will give better profitability for BEAS and better services for the customers in this market.

Operational Review

Total sales revenues increased by 16% in 2021 compared to 2020. The sales revenue increased by 20% in OE and 10% in AM. In terms of output, the Bergen Engines engine factory delivered 68 engines in 2021 compared to 68 engines in 2020. The Bergen site, combining the engines business with the foundry, had a



Bergen Engines AS

result from operating activities of -173m excluding reversal of Impairment on a turnover of 2052m and hence a return on sales on a gross profit margin of -8% excluding reversed impairment.

Covid-19 also led to lower revenue and order intake, and the business utilized temporary layoff to reduce costs. Beyond utilizing the national layoff schemes provided by the Norwegian Government, BEAS did not apply for or receive any monetary compensation for the impact of Covid-19 from the Norwegian State. The engine factory has remained open throughout the year, while home office has been utilized for the office workers for a large period of the year.

Based on an overall assessment, the business is expecting positive future cash flow from operations, however, this is dependent on order intake. Based on a modest revaluation of the values of fixed assets, an impairment reversal of 64m was made in 2021.

The order book at 31 December 2021 was 1 966m, an decrease of 9% from 2020 (2 147m 2020). The decrease is mainly related to a significant project which never materialized. Included in the Order Book is all 27 engines to Malmyzh project in Russia with a total value of 636m which now is at risk due to the sanctions placed on Russia by the Norwegian Government, the European Union, the United Kingdom, and the United States of America. Aftersales order book relating to long term service agreements is somewhat unchanged since last year.

Approximately 3000 engines are in operation for propulsion and power generation in the marine segment. There is 3100 MW installed capacity worldwide in the PowerGen application. The combined fleet currently in operation will generate service and maintenance needs across the engine lifecycle.

Total investments in fixed assets were 52m in 2021, mainly on installation of a new block milling machine. After a reassessment of the value of the fixed assets, previously impaired assets have been reversed, causing a positive effect on the income statement of 64m in 2021. Investments in two new subsidiaries in Mexico of 61m enables for an expansion to new markets.

Profit for 2021 was 187m, compared to a loss of 377m in the previous year. The profit of the year includes impairment reversal of 64m and dividends and group contributions of 295m. Net cash flow from operating activities was negative 151m. The cash and cash equivalents at the end of the year was 1.17m, an increase of 36m from the start of the year.

R&D activities 2021

2021 was an exciting year for product development. We saw the bulk of the work and the successful customer approval of the GPO project (Gas Protected Operation) - engines for a special purpose vessel with the German Federal Agency for Water Management as the end customer. Most of the work on the Akkuyu project was also done this year. These are emergency gensets for the Turkish Akkuyu nuclear power plant, with the main development focused on analysis and design solutions for seismic requirements and control system. In addition, we upgraded our laboratory test facilities to handle hydrogen enrichment of the natural gas fuel feed and started testing, and we were awarded 15 million NOK in public support for a technology study and demonstration of utilizing ammonia as fuel to achieve zero carbon emissions. We also had a breakthrough on quality improvement of the power pack (piston and piston rings, liner and head) of the B36:45.

GPO

The purpose of this project was to develop an engine for a vessel that could operate in an environment with combustible gasses. The objective for the engine development was to create a system and engine design that enabled the engine to protect itself and shut down in the event of induction of combustible gasses together with the air to the engine.

To achieve this several design features had to be added to the engine, together with new control strategies. The customer required this to be proven by full scale testing.



Bergen Engines AS

After comprehensive internal testing, the acceptance test was conducted with the customer and key stakeholders present during the last weeks of October. All the testing was successful, and the feedback from the customer was that the results were beyond all their expectations and that it was very impressive.

Akkuyu

The main technical challenge in this project was to develop a design that can withstand the demanding seismic requirements. At the event of an earthquake the engine must be able to operate afterwards in case emergency power is needed. The challenge is then to predict how much the genset itself will shake and how much it will move relative to the ground, and then to design the genset and the connections to the off-genset systems to withstand this movement.

It requires comprehensive and advanced computer modelling and special designs of flexible couplings to the genset, lube oil, fuel, cooling water and such, which again requires specialized suppliers. Due to special safety requirements for nuclear power plants parts of our standard scope of delivery was put on our customer, for them to get approval for. This required changes to our control strategies and thereby prompted substantial work in that area.

At the end of the year, all main technical challenges were solved and the project is on plan to deliver as per contract (subject to export control).

Hydrogen enrichment/blending

Prompted by the world's intention to reduce further climate change, a growing number of customers for our land business are both enquiring about and requiring that the engines are capable of handling partial amounts of hydrogen blended with the natural gas fuel feed (10 to 15 % by volume). This poses two main challenges, stable engine operation and mechanical integrity/durability. The former due to hydrogens extremely high flame speed and flammability and the latter due to hydrogens negative impact on material strength, called hydrogen embrittlement.

To solve these challenges, we started upgrading our engine lab test facilities to handle hydrogen enrichment. This proved to be comprehensive in terms of safety approvals and put both extra cost and duration on the upgrade project. All approvals and upgrades were completed in early November, and engine testing was started. At the end of the year test had been successfully run with 15 % hydrogen at nominal full load for a B35:40 gas engine. Initial material investigations were completed, and specific engine parts identified for further mechanical integrity investigations.

Zero carbon emissions with ammonia

In April 2021 we filed an application to the Research Council of Norway (RCN), together with our consortium partners Equinor, SINTEF Ocean, SINTEF Energy, RISE Fire Research and the Norwegian University of Science and Technology, for public support for a project to investigate a specific combustion technology for using ammonia as fuel for our engines. The project is named AMAZE (Ammonia Zero Emission) and was awarded 15 million NOK from the RCN.

The project will start in January 2022 and conclude at the end of 2024, with engine testing to start in the second half of 2023.

Combustion of ammonia does not form any CO₂ and due to its relative high energy density compared to hydrogen, it is considered a promising energy carrier for marine transport in a carbon free economy.

Outlook for 2022

Original expectation was to increase revenue with approx 10-20% from 2021. With the situation in Russia it's unlikely that the contracts can be delivered according to the plan and ~50m of revenue and ~7,7m profit will in best case shift to 2023. The change is due to the current situation and sanctions in Russia as a result of the war in Ukraine. It is likely that delays in shipments in Aftermarket will negatively impact the AM revenue. On the other hand we have increased the expectations of deliveries to Australia that should more than compensate for the AM shortfall in Russia. Langley Holdings Plc have issued a policy to suspend taking on all



Bergen Engines AS

new obligations related to Russia which is now in effect in Bergen Engines AS.

Under new ownership by Langley Holdings Plc, a comprehensive restructuring program has been launched that aims to improve profitability considerably. Together with a change in the trading model the Board expects 2022 to be the first steps towards a health double digit profit percentage by 2024. The majority of engines delivered to PowerGen included a Service Agreement which will increase the revenues and profits from the Aftermarket part of the business in future years.

The business is still impacted by Covid-19 relating to supply of parts for production and Spares in the aftermath of the pandemic the raw material demand is much higher than the capacity which increases lead times, and the business has continuously had to look for alternatives and monitor supply to ensure that the production impact is minimized. The risk caused by Covid-19 is further reduced compared with prior year, as most countries have relaxed or removed its restrictions. Temporary layoff will still be utilized as a measure, depending on the scope of the restrictions, as well as dependent on the order book. Any measures given from the government will be considered for the benefit of BEAS.

Investments will to a large extent stop in 2022, except for HSE requirements, as the culmination of the investments by Rolls-Royce was made in 2021 with the large new block milling machine being operational at the end of 2021.

In H1 2022 further short-term funding from Langley Holdings may be required since the large 27 engine order has been put in production without any prepayments being received. The majority of advance payments is expected from Q2 and onwards. A capital increase of 1.000m was performed by RRPS on 8th of July 2021 and the company has now a solid equity.

Except for current and potential sanctions to Russia, there are no indications that there will be changes in the statutory and legal requirements that will affect the business operations in Norway to any notable degree. As a large exporter of equipment world-wide the business is exposed to geopolitical risk. The Board is closely monitoring the situation with Russia and will take immediate action when required.

The termination of the exclusivity agreement with Kongsberg is deemed to increase the profitability and also increase the market share in the Marine market in the long term. Relationships with designers, system integrators, shipyards, and shipowners in the Marine market will be further developed to facilitate growth in this market.

By their nature, these statements involve risk and uncertainty, and several factors could cause material differences to the actual results or developments.

Risk Management and Corporate Governance

BEAS is operated based on well-defined processes and a set of delegated authorities approved by the BEAS Shareholders. The Company has a clear Anti Bribery and Corruption policy which is in line with the policy and procedures of Langley Holdings Plc.

Langley Holdings Plc has an extended Director's and Officer's Liability Insurance that covers all subsidiaries of Langley Holdings Plc. Per the policy, Bergen Engines AS and its Directors and Officers were automatically included in the policy as part of Langley Holdings Plc on 31. December 2021. The policy covers all loss arising from a claim made to the company, including losses resulting from a Security Claim, and all legal representation expenses, defence costs, bail bonds, extradition costs, crisis costs, public relations costs and more for individuals and claims made towards individuals serving in their capacity as Directors or Officer of the company. For Bergen Engines AS, this includes (but may not be limited to) all members of the Board of Directors, the Managing Director, and the CFO. Subsequently, all similar roles of subsidiaries of Bergen Engines AS are also covered.



Bergen Engines AS

Market Risk

The business is exposed to the cyclical nature of the Marine market. Downturns in the Marine market have historically been compensated for by larger load in the PowerGen sector. The strategic aim is to increase market position in countries where the PowerGen business is expanding. Being an international business, BEAS is exposed to the closing of borders due to Covid-19, as well as the global supply chain issues seen across the globe in the spring of 2022.

Financial Risks

The company is using a natural hedging strategy, assessing the expected inflows and outflows of foreign currencies. The net currency exposure is hedged on a per basis assessment. The main inflows and outflows are in EUR and NOK.

An assessment of hedging of sales in foreign currencies are assessed and hedged dependent on the net exposure and the timeframe to delivery under the relevant currency, at the time a committed bid is given to the customer. Hedges are done via Langley Holdings Plc, using time option contracts. All hedges held with Rolls-Royce group treasury was drawn down before 31. December 2021. The purchase side exposures are assessed and hedged dependent on materiality of net exposure under the different currencies and are converted at least twice a year to Norwegian Kroner to allow some flexibility given the uncertainty of the cash flow. These are generally related to purchases in USD, GBP, CHF and DKK.

The company undertakes no hedging of interest rates.

The business is exposed to liquidity risk as the timing of milestone payments on contracts can generate distinct changes in working capital requirements. Short term liquidity is available from Langley Holdings Plc at short notice if and when needed.

Health, Safety and the Environment

With the transition from Rolls-Royce Plc ownership to Langley Holding Plc the company went through a transition phase with regards to transfer to standalone HSE Management. This was completed successfully, and Bergen Engines has been awarded standalone certificates toward ISO 14001:2015 (Environment) & ISO 45001:2018 (Health & Safety) valid until 17.12.2023 by Bureau Veritas. The working environment is good with flexible working conditions in place. The company undergoes regular audits to verify the employees' health, safety, and environment performance. Injuries are measured within the company using the Total Reportable Injury rate (TRIR). TRIR rate for BEAS was 0,30. Our local target was 0.30, and we performed better than RRPS' target which was 0.60 for 2021. This mean that we had 2 TRI's in Bergen in 2021. Both of these were "Lost Time Injuries" (LTI). There were 8 First Aid Injuries in BEAS.

the absence rate due to sickness for the Bergen site was 6,1%, excluding Covid-19 related absence

Our emissions into the external environment are monitored in line with local municipality and state standards. The business is updating its emission permits together with authorities, with the assistance of a third party. In 2021 BEAS had no environmental incidents.



Bergen Engines AS

Gender equality and discrimination

BEAS promotes a working environment offering equal rights, equal treatment and equal opportunities to all regardless of gender, religion and ethnic background. It is an important aim that all employees experience equal possibilities regarding professional and personal development.

Pursuant to the law prohibiting discrimination based on disability (the Norwegian Anti-Discrimination and Accessibility Act), the company has investigated risks of discrimination and non-equality and put measures in place to address these.

The state of gender equality at 31. December 2021 were as follows:

Of a total of 682 employees at year end, 96 were women (14,1%) and 586 were men (85,9%).

There were in total 2 employees (0,3%) that held temporary positions at 31. December 2021. The company also had 30 apprentices but since this is a fixed term training program the company does not count these as temporary positions.

Of the 2 temporary employees, one was male and the other was female.

The average amount of paternity leave taken by men were 12,2 weeks and the average amount of maternity leave taken by women were 21,7 weeks.

One of the Board members were female.

Activities completed in 2021 to address risks of discrimination and lack of inclusion in the workplace (four-step activity report):

Determining risks

Regarding gender equality overall the number of women in the company is low with only 14,1% women. A male dominated working environment may increase risks of harassment between workers, but we have no evidence of such. On the contrary women are respected and included in all areas where they work. There are risks however that potential applicants for positions in the company do not apply for jobs because of the belief that the company has a strong male-dominated culture. Because of this, there is a risk that we may find it difficult to increase the share of women.

The company is influenced by the social demographic conditions in which it operates and have been seeing an increase in the number of employees with origins outside of Norway especially from EU countries due to the Schengen-agreement of free movement of labour which the company benefits from. The company also has employees from countries outside the EU, dominated by employees from India. We have no evidence of any racism or similar in the company.

The risks of discrimination in this regard lies in ability to communicate with colleagues, having shared interests and cultural similarities. Misunderstandings of culture and behaviour associated with that is likely to be the primary risks of potential discrimination for Bergen Engines.

The risks of inclusion due to disabilities is considered low as areas and offices space has been implemented in a manner to enhance accessibility for all. It is also the company's policy to make reasonable workplace accommodations to meet the needs for employees with hearing or sight impairment. No evidence has been found of discrimination towards employees with disabilities, but periods of Covid-19 lockdowns may have made it more challenging for people with hearing or sight impairments.

The number of part-time workers is low, they are predominantly a result of the employee's own request to reduce work. The risk of "unwanted" part-time work is insignificant and is no risk.



Bergen Engines AS

Analysis of reasons of risks

The low share of women is likely stemming from the fact that the company has positions in technical fields like engineering, machining, piping, and electro. These fields have historically been dominated by men which influences the company's ability to recruit women into these fields. At the same time, we see the opposite in areas traditionally held by women like HR where we see that there are mostly only women in the company (one man).

For the employees of foreign origin, it may be difficult to adapt to Norwegian culture and to communicate well if the language skills are limited. When arriving in Norway there are language courses provided by the Government, but which has a cost. For some employees, the cost on top of the fact that the courses are held outside normal working hours may reduce the likelihood of attendance. Another reason may be that the employees think of their stay in Norway as only temporary and do not see the need to learn the language if they will leave later. Being owned by Rolls-Royce and later Langley Holdings, the working language in the company is both English and Norwegian. In many positions there is no need for Norwegian to be able to do the job and therefore some employees may not bother to learn Norwegian.

Activities in 2021 addressing the risks

The company completed several activities in 2021 to increase equality and decrease the risks of discrimination. The major activity was a larger course pack developed by Rolls-Royce and rolled out globally across all their companies called "inclusion is everyone's business". All employees in BEAS underwent this training except for a few that were on long term sick leave or were on paternity/maternity leave. The company believes that raising awareness of the risks in everyday interactions with all its employees is key to combat discrimination and to raise inclusion. The company wanted to show all employees the value a good working environment and to ensure that everyone understands that every employee is required to do their part in keeping the working environment safe, equal, diverse, and inclusive.

The company also held focus on equality and diversity during recruitment in both job postings and during interviews. As far as time allowed, interviews were held with a minimum of two employees from the company to reduce the risk of discrimination by the individuals interviewing on the behalf of the company.

The company encourages non-native workers to attend courses in Norwegian to learn the Norwegian language to not only learn the language but also to learn more about Norwegian culture to better understand the behaviours of their fellow employees.

The company also used social media in 2021 to post articles and stories whereby women were shown in pictures, especially the apprentices. We have sent women apprentices to education fairs to increase awareness with young women that technical fields may be a good working opportunity also for them. At these fairs, the young potential future apprentices can speak to women apprentices already employed by the company and learn more about how it is to be employed by the company and what the work is. When media has been visiting the company, we have also tried to include an equal number of genders to also reduce the risks that women may see the company as male dominated.

The company also had a 24/7 hotline to report misconduct on any other employee through an anonymous reporting line provided by Rolls-Royce in 2021.

Assessment of the work completed in 2021

Increasing the share of women is determined as a process that will take many years because the work is primarily technically oriented. It is very encouraging to see that there has been increase in



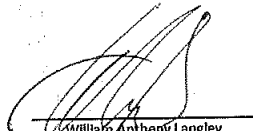

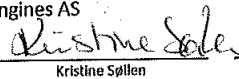

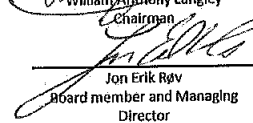

Bergen Engines AS

2022 of both women apprentices and women in leadership positions. The number of women engineers that are completing their studies and are applying for jobs are also increasing, and it is expected that over the coming years we will see more women applicants also to these positions which should increase the number of women employees.

The company believes that visibility of the women we have is key to recruit more. Therefore, the activities with education fairs, portraying women on social media, and including them in traditional media stories are essential in creating pride for the women already employed and increasing the availability of women applicants for the jobs we advertise.

Continued work on awareness of an inclusive working environment is necessary and a zero tolerance for harassment of any sort. The company will use any means available to it to address and deal with any such behaviour should it occur. It is important for the rest of the company to see that swift action will be taken so that no one is afraid of speaking up.

Hordvikneset, 21 June 2022
Board of Bergen Engines AS

 William Anthony Langley Chairman	 Ethel Sebestyen Board member	 Kristine Sjøllen Deputy Board member	 Ronny Ørsnes Fosse Board member
 Jon Erik Røv Board member and Managing Director	 Sondre J. Worsøe Board member		



Bergen Engines AS

Income statement 01.01-31.12

Amounts in NOK thousand	Note	2021	2020
Revenue			
Sales revenue	2, 3	2 052 090	1 776 911
Other operating income		431	6 369
Total revenue		<u>2 052 521</u>	<u>1 783 280</u>
Operating expenses			
Changes in stocks of work in progress and finished goods	4	-76 760	-62 461
Cost of stocks	3, 4	1 351 000	1 223 343
Payroll expenses	5, 6	562 055	531 986
Write-down on tangible and intangible fixed assets	7, 8	-63 650	92 798
Other operating expenses	3, 5, 9	389 963	360 273
Total operating expenses		<u>2 162 608</u>	<u>2 145 940</u>
Operating result		<u>-110 087</u>	<u>-362 659</u>
Financial income and expenses			
Income from investments in subsidiaries and associated companies	10	294 558	61 766
Other financial income	11	69 151	93 143
Interest paid to group companies	3	3 996	35 119
Other financial expenses	11	61 646	133 739
Net financial items	11	<u>298 067</u>	<u>-13 949</u>
Ordinary result before tax		<u>187 980</u>	<u>-376 608</u>
Tax on ordinary result	12	132	115
Net profit or loss for the year		<u>187 848</u>	<u>-376 723</u>
Allocated as follows			
Uncovered losses	15	<u>187 848</u>	<u>-376 723</u>



Bergen Engines AS

Balance sheet as of December 31

Amounts in NOK thousand

	Note	2021	2020
Fixed assets			
<i>Tangible assets</i>			
Machinery and plant	8	115 417	0
Fixtures and fittings, tools, office machinery etc.	8	1 183	0
Total tangible assets		<u>116 600</u>	<u>0</u>
<i>Financial assets</i>			
Investments in subsidiaries	10	550 651	508 213
Total financial assets		<u>550 651</u>	<u>508 213</u>
Total fixed assets		<u>667 251</u>	<u>508 213</u>
Current assets			
Inventories	4	<u>837 738</u>	<u>1 037 113</u>
<i>Receivables</i>			
Trade receivables	13	490 000	322 187
Other receivables		7 286	20 017
Total accounts receivable		<u>497 286</u>	<u>342 205</u>
Cash and cash equivalents	14	<u>116 646</u>	<u>80 750</u>
Total current assets		<u>1 451 670</u>	<u>1 460 067</u>
Total assets		<u>2 118 922</u>	<u>1 968 281</u>



Bergen Engines AS

Balance sheet as of December 31

Amounts in NOK thousand	Note	2021	2020
Equity			
<i>Paid-in capital</i>			
Share capital	15, 16	183 554	183 454
Share premium reserve	15	797 817	0
Total paid-in capital		<u>981 371</u>	<u>183 454</u>
<i>Retained earnings</i>			
Other equity	15	0	-289 931
Total retained earnings		<u>0</u>	<u>-289 931</u>
Total equity		<u>981 371</u>	<u>-106 477</u>
Liabilities			
<i>Current liabilities</i>			
Trade creditors	13	210 936	264 232
Public duties payable	14	45 463	39 317
Other short-term liabilities	13, 17	881 152	1 771 210
Total current liabilities		<u>1 137 551</u>	<u>2 074 758</u>
Total liabilities		<u>1 137 551</u>	<u>2 074 758</u>
Total equity and liabilities		<u>2 118 922</u>	<u>1 968 281</u>

31 December 2021

Hordvikneset, 21 June 2022

 William Anthony Cangley Chairman	 Ethel Sebestyén Board member	 Kristine Spillen Deputy Board member	 Ronny Ørsnes Fosse Board member
 Jon Erik Rødv Board member and Managing Director	 Sondre J. Wjersøe Board member		

**Bergen Engines AS****Cash flow statement 01.01-31.12**

Amounts in NOK thousand	Note	2021	2020
Cash flow from operating activities			
Ordinary result from tax	15	187 848	-376 608
Taxes paid	12	-131	-115
Impairment of assets	7, 8	-63 650	92 798
Changes in inventories, trade receivables and trade payables		-21 735	111 453
Items classified as investing or financing activities		-294 558	-61 766
Changes in other current balance sheet items		40 751	61 928
Net cash flow from operating activities		<u>-151 475</u>	<u>-172 310</u>
Cash flow from investing activities			
Investment in tangible and intangible fixed assets	7, 8	-52 951	-92 798
Investment in subsidiaries	10	-61 406	0
Dividend and group contribution from subsidiaries	10	313 527	61 766
Net cash flow from investing activities		<u>199 170</u>	<u>-31 032</u>
Cash flow from financing activities			
Capital injection	15	1 000 000	0
Net change in bank overdraft		-911 931	206 481
Dividends paid	15	-100 000	0
Net cash flow from financing activities		<u>-11 931</u>	<u>206 481</u>
Net change in cash and cash equivalents		35 764	3 139
Cash and cash equivalents as of 01.01		<u>80 750</u>	<u>77 611</u>
Cash and cash equivalents as of 31.12		<u>116 514</u>	<u>80 750</u>



Bergen Engines AS

Notes to the accounts for 2021

Amounts in NOK thousand

Note - 1 Accounting Principles

The financial statements are prepared in accordance with the current Norwegian Accounting Act and generally accepted accounting principles (NGAAP).

Group accounts

Bergen Engines AS is 100% owned by the UK company Langley Holdings plc. The Company is ultimately consolidated by Langley Holdings plc, with business address in Retford, United Kingdom. The group accounts for Langley Holdings can be obtained at www.langleyholdings.com. Bergen Engines AS has, in accordance with the Norwegian Accounting Act § 3-7, opted not to prepare group accounts.

Subsidiaries

The cost method is applied for investments in subsidiaries. The cost price is increased when funds are added through capital increases or when group contributions are made to subsidiaries. Dividends received are initially reported as income. Dividends exceeding the portion of retained equity after the purchase, are recognized as a reduction in purchase cost.

Write down to fair value will be carried out if the reduction in value is caused by circumstances which may not be regarded as incidental, and deemed necessary by generally accepted accounting principles. Write downs are reversed when the cause of the initial write down are no longer present.

Sales revenue

Sales of products (both original equipment and spare parts) are recognized when the significant risks and rewards of ownership of the goods are transferred to the customer, the sales price agreed and the receipt of payment can be assured – this is generally on delivery.

Sales of services are recognized by reference to the stage of completion based on services performed to date or service is recognized when the service has been completed, as the related costs can be measured reliably.

Power generation

Revenue from sale of goods is recognized in the income statement once delivery has taken place and risk has been transferred. Revenue from providing commissioning service is recognized when the commissioning service has been completed, and the related costs can be measured reliably.

Marine

Revenue from the sale of goods in the marine segment is recognized in the income statement once delivery has taken place and risk has been transferred.

Aftermarket Marine and Power generation

Aftermarket revenue consists of maintenance work in agreement with service contracts, sale of parts and service deliveries. Service carried out outside of service contracts is recognized proportionally with progress or service is recognized when the service has been completed, as the related costs can be measured reliably. Revenue from spare parts sales are recognized at delivery, when risk has been transferred. Revenue from service contracts is recognized in accordance with the operation of the engine the service agreement is related to.

Costs of goods and services

Costs of goods sold are matched to revenues and recognized in the same period. Costs not assigned to specific revenues are recognized as expense when incurred.



Bergen Engines AS

Notes to the accounts for 2021

Amounts in NOK thousand

Balance sheet classification and assessment

Net current assets comprise creditors due within one year, and entries related to goods circulation. Other entries are classified as fixed assets and/or long term creditors.

Current assets are valued at the lower of acquisition cost and fair value. Short term creditors are recognized at nominal value.

Fixed assets are valued by the cost of acquisition, in the case of non-incidentally reduction in value the asset will be written down to the fair value amount. Long term creditors are recognized at nominal value.

Bank overdraft is offset against cash and cash equivalents since the bank overdraft is in fact connected to the ordinary bank account. Comparable figures and the cash flow statement are changed accordingly.

Trade and other receivables

Trade receivables and other current receivables are recorded in the balance sheet at nominal value less provisions for doubtful debts. Provisions for doubtful debts are calculated on the basis of individual assessments and a general provision

Inventories

Raw materials and purchased spare parts are recognized on a weighted average cost basis. Work in progress is recognized at the lower of cost and net realizable value on a weighted average cost basis. Cost comprises direct materials and, where applicable, direct labor costs and those overheads, including depreciation of property, plant and equipment that have been incurred in bringing the inventories to their present location and condition. Finished goods are recognized at standard cost. Costs of assembly of original equipment is recognized based on standard hours. Net realizable value represents the estimated selling prices less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

Provisions

Provisions are recognized when the Company has a present obligation as a result of a past event, and it is probable that the Company will be required to settle that obligation. Provisions are measured at the Directors' best estimate of the expenditure required to settle the obligation at the balance sheet date, and are discounted to present value where the effect is material.

Onerous contracts

If a contract becomes loss-making, the total estimated loss on this contract will be recognized in the income statement at the time the loss is identified. The loss is calculated based on cost that can be directly attributed to one particular contract, non-volume dependent overhead costs are omitted from the calculation.

Warranty

Warranty provision are based on individual assessments of the registered warranty claims in addition to a general warranty provision based on expected cost.

Monetary items in a foreign currency

Transactions denominated in currencies other than the entity's functional currency are recorded at the exchange rate at the date of the transaction. Monetary items denominated in foreign currencies are translated at the exchange rate at the balance sheet date. Exchange differences arising from foreign exchange transactions and the retranslation of monetary items at the year-end, are recognized in the income statement.



Bergen Engines AS

Notes to the accounts for 2021

Amounts in NOK thousand

Property, plant and equipment

Property, plant and equipment is capitalized and depreciated over the estimated useful economic life. Direct maintenance costs are expensed as incurred, whereas improvements and upgrading are assigned to the acquisition cost and depreciated along with the asset. If carrying value of a non-current asset exceeds the estimated recoverable amount, the asset is written down to the recoverable amount. The recoverable amount is the greater of the net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value.

Research and development

Expenditure incurred on research and development is distinguished as relating either to a research phase or to a development phase.

All research phase expenditures are charged to the income statement. Development expenditure is capitalized as an internally generated intangible asset only if it meets strict criteria, relating in particular to technical feasibility and generation of future economic benefits.

Expenditure capitalized is amortized over its useful economic life, up to a maximum of 15 years from the entry into service of the product.

Operating leases

Payments made and rentals received under operating lease arrangements are charged/credited to the income statement on a straight-line basis.

Software

The cost of acquiring software that is not specific to an item of property, plant and equipment is classified as an intangible asset and amortized over its useful economic life, up to a maximum of seven years.

Pensions

Defined contribution scheme

The company makes deposits to a pension fund for pension on mandatory, contract or voluntary basis. The company has no further payment obligation once these deposits are paid. Deposits are recognized as payroll costs when due.

Income tax

Tax expenses in the profit and loss account comprise both tax payable for the accounting period and changes in deferred tax. Deferred tax is calculated at 22 per cent on the basis of existing temporary differences between accounting profit and taxable profit together with tax deductible deficits at the year end. Temporary differences both positive and negative, are balanced out within the same period. Deferred tax assets are recorded in the balance sheet to the extent it is more likely than not that the tax assets will be utilized.

To what extent group contribution not is registered in the profit and loss, the tax effect of group contribution is posted directly against the investment in the balance.

Cash flow statement

The cash flow statement is presented using the indirect method. Cash and cash equivalents includes cash, bank deposits and other short term highly liquid placement with original maturities of three months or less.

Use of estimates

The preparation of the financial statements requires management to make estimates and assumptions that affect the reported amounts in the profit and loss statement, the measurement of assets and liabilities and



Bergen Engines AS

Notes to the accounts for 2021

Amounts in NOK thousand

the disclosure of contingent assets and liabilities on the balance sheet date. Actual results can differ from these estimates.

In applying the accounting policies, estimates are made in many areas as usually expected; the actual outcome may differ from that calculated. The key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing material adjustment to the carrying amounts of assets and liabilities within the next financial year are set out below. The estimation of the relevant assets and liabilities involves the combination of a number of assumptions.

Forecast and discount rate

The carrying values of a number of items on the balance sheet are dependent on the estimates of future cash flows arising from the Company's operations, in particular: The assessment of whether the goodwill and other Intangible assets is impaired is dependent of the present value of the future cash flows expected to be generated by the business.

Provisions

As described in the accounting policy, the Company measures provisions using the directors' best estimate of the expenditure required to settle the obligation at the balance sheet date. These estimates take account of information available and different possible outcomes. Contingent losses that are probable and quantifiable is expensed as occurred.

Note 2 - Sales revenue

	2021	2020
<i>By business area</i>		
Power Gen Medium Speed - new sales	844 613	522 449
Power Gen Medium Speed - aftermarket	428 368	354 462
Marine Medium Speed - new sales	292 631	426 368
Marine Medium Speed - aftermarket	480 467	465 043
Other	6 011	8 590
	<u>2 052 090</u>	<u>1 776 911</u>
<i>Geographical distribution</i>		
Europe	1 089 749	1 402 830
Asia and Middle East	775 788	170 548
Americas	139 377	126 751
Africa	47 176	76 783
	<u>2 052 090</u>	<u>1 776 911</u>



Bergen Engines AS

Notes to the accounts for 2021

Amounts in NOK thousand

Note 3 - Related parties

	2021	2020
<i>a) Sales</i>		
Group companies (Rolls-Royce Group)	41 331	72 383
Subsidiaries	<u>358 613</u>	<u>251 620</u>
	<u>399 944</u>	<u>324 003</u>

Group companies also includes companies within the Rolls-Royce Group. The subsidiaries, as specified in note 8, are under the Langley Holdings Group per 31 December 2021.

<i>b) Purchases</i>		
Group companies (Rolls Royce Group)	95 106	57 102
Subsidiaries	<u>92 213</u>	<u>164 018</u>
	<u>187 319</u>	<u>221 121</u>

Group companies also includes companies within the Rolls-Royce Group. The subsidiaries, as specified in note 8, are under the Langley Holdings Group per 31 December 2021.

<i>c) Financial Items</i>		
Interest on long term borrowings from parent company*	3 996	35 119

*Interest to Rolls-Royce Power Systems AG

<i>d) Operating expenses</i>		
Rent paid to Bergen PropertyCo AS	28 667	27 964

Bergen Engines AS rents factory buildings and offices at Hordvikneset from Bergen Engines PropertyCo AS. The rental agreement is indefinite, and can be cancelled with one years notice.



Bergen Engines AS

Notes to the accounts for 2021

Amounts in NOK thousand

Note 4 - Inventories

Amounts in NOK thousand

<i>Book value</i>	2021	2020
Raw materials	319 501	396 063
Work in progress	138 250	193 866
Finished goods	92 694	130 869
Commodities (spare parts)	287 293	316 315
Total	<u>837 738</u>	<u>1 037 113</u>

<i>Cost of inventory</i>	2021	2020
Raw materials	379 716	443 494
Work in progress	155 011	209 166
Finished goods	92 694	130 869
Commodities (spare parts)	306 209	337 033
Total	<u>933 630</u>	<u>1 120 562</u>



Bergen Engines AS

Notes to the accounts for 2021

Amounts in NOK thousand

Note 5 - Payroll expenses, number of employees and loans to employees and auditor's fee

<i>Wage costs</i>	2021	2020
Salaries	461 113	439 774
Payroll tax	66 658	67 339
Pension costs	31 281	31 615
Other payments	3 003	-6 742
Total payroll expenses	<u>562 055</u>	<u>531 986</u>

The total number of full time equivalent in the company during the year:

571

Management remuneration

The managing director received a total compensation of tNOK 2 490, of which tNOK 775 was extraordinary retention bonus, and other benefits were tNOK 134. He is included in the management bonus scheme of the group, but no bonus was paid under that scheme in 2021. The managing director has a termination period of 6 months, and subsequently 6 months severance pay.

The board has not received remuneration in 2021.

Auditor fee has been divided as follows

2021

Statutory audit fee PWC	6 397
Other services	21
Total	<u>6 418</u>

VAT is not included in the auditor fees.



Bergen Engines AS

Notes to the accounts for 2021

Amounts in NOK thousand

Note 6 - Pensions

Amounts in NOK thousand

The Company is required to have an occupational pension scheme in accordance with the Norwegian law on required occupational pension ("lov om obligatorisk tjenestepensjon"). The Company's pension scheme meets the requirements of the law.

Defined contribution plan

The company has established a defined contribution pension scheme. As of 31 December 2021, 666 employees were covered by the plan. Deposits to the pension fund are recognized as payroll expenses. Prepaid contributions are accrued for. The contributions recognized as expenses were NOK 31 m in 2021. In addition, there are costs to employers' national insurance contributions. There are no payments to a pension premium fund in 2021, and by year-end there is no pension premium fund balance.

Note 7 - Intangible assets

	R & D	Software	Total
Acquisition cost at 01.01.	232 410	96 537	704 653
Acquisition cost 31.12.	232 410	96 537	704 653
Acc.amortization at 31.12.	-12 545	-25 942	-332 774
Acc.write-downs 31.12.	-219 865	-70 594	-371 879
Net carrying amount at 31.12.	0	0	0

Useful economic life	Up to 15 years	Up to 7 years
Amortization plan	Lineær	Lineær

BEAS is developing large medium speed reciprocating engines for the marine energy and propulsion market as well as for the power generation market, mainly through inhouse engineering capacity, as well as hired labor. Sustainable engineering on previously developed engine types during the year has been expensed.

Due to losses incurred in previous years, an impairment review has been undertaken. Based on an overall assessment, the business is expecting positive future cash flow from operations, however, this is dependent on order intake. Due to uncertainties in future cashflow, previous year impairment has been continued in 2021.



Bergen Engines AS

Notes to the accounts for 2021

Amounts in NOK thousand

Note 8 - Fixed assets

Amounts in NOK thousand

	Land, buildings, fixtures	Plant and equipment	Tools, office machinery etc	Asset under construction	Total
Acquisition cost 01.01.	138 485	509 437	242 497	85 210	975 629
Purchased fixed assets	0	0	0	52 951	52 951
Reclassification	0	0	1 183	-1 183	0
Acquisition cost 31.12.	138 485	509 437	243 680	136 978	1 028 580
Acc.depreciation 31.12.	-34 234	-324 371	-176 340	0	-534 945
Acc.write-downs 31.12.	-104 250	-185 066	-67 340	-84 027	-440 684
Reversed write-downs 31.12.	0	0	0	63 649	63 649
Net carrying amount at 31.12.	0	0	0	116 600	116 600
Write-downs for the year	0	0	0	-63 649	-63 649
Useful economic life	Up to 20 years	Up to 15 years	Up to 5 years		
Depreciation	Linear	Linear	Linear		

The fair value of property, plant & equipment has been revaluated by examining market values less sales costs. Through a cautious assessment of the values of the company's fixed assets, an impairment reversal has been made. 64m of previously impaired assets, mainly a new large portal milling machine, has been reversed in 2021.

Note 9 - Operating expenses

	2021	2020
Freight and transportation costs	47 060	50 611
Energy, fuel and power	18 293	9 136
Rent	35 079	35 517
Rental of machinery, fixtures and fittings	9 870	8 657
Tools, fixtures, fittings and operating materials	16 859	15 778
Repair and maintenance	2 960	2 909
External services	151 325	172 786
Cost of travel, subsistence, car etc.	20 436	15 242
Insurance	6 222	7 982
Other expenses	81 861	41 654
Total	389 963	360 273



Bergen Engines AS

Notes to the accounts for 2021

Amounts in NOK thousand

Note 10 - Investment in subsidiaries and associates

Company	Location	Share owners	Profit 2020	Equity 31.12.20	Book value 31.12.21
Bergen Engines Italia S.r.l	Italy	100 %	31 023	160 354	60 424
Bergen Engines Espania S.l	Spain	100 %	30 221	167 118	170 830
Bergen Engines Denmark AS	Denmark	100 %	16 012	57 178	611
Bergen Engines India tl*	India	100 %	6 934	128 010	124 213
Bergen Engines Ltd	Great Britain	100 %	1 241	22 566	5 025
Bergen Engines BV	The Netherlands	100 %	-26 450	37 284	28 367
Bergen Engines PropertyCo AS	Norway	100 %	17 921	19 985	86 024
Bergen Engines Bangladesh tl	Bangladesh	100 %	2 553	40 793	13 751
Bergen Engines Mexico S.de R.L de C.V**	Mexico	100 %	-7 376	-70 375	61 404
Bergen Engines Mexico Administration S.**	Mexico	100 %	335	1 506	2
Total			72 414	564 419	550 651

Share owners percentage includes indirect ownership through subsidiaries.

* Figures per 31.03.21

**Unaudited figures

Bergen Engines AS purchased 99% of Bergen Engines Mexico S.de R de CV from Rolls-Royce Overseas Holdings Ltd for tNOK 2, and capitalised the company through a capital injection of 61m in November 2021.

Note 11 - Financial Items

	2021	2020
<i>Financial income</i>		
Income from subsidiaries	294 558	61 766
Other interest income	11	191
Exchange rate gains (realized/unrealized)	69 128	92 867
Other financial income	12	85
Total	363 709	154 909
<i>Financial expenses</i>		
Interest expenses to group companies	3 996	35 119
Other interests expenses	5 177	9 903
Exchange rate loss (realized/unrealized)	56 469	123 837
	65 642	168 859
Net financial items	298 067	-13 949



Bergen Engines AS

Notes to the accounts for 2021

Amounts in NOK thousand

Note 12 - Income taxes

Amounts in NOK thousand

	2021	2020
<i>Income tax expenses</i>		
Withholding tax	132	115
Total income tax expense	132	115
<i>Tax base estimation</i>		
Ordinary result before tax	187 980	-376 608
Permanent differences	150	201
Permanent differences	-269 145	-36 967
Group contribution	-25 414	-24 799
Change in temporary differences	-30 950	44 777
General income	-137 378	-393 396
Limitation of deduction for interest between related	0	44 818
Group contribution	25 414	24 799
Tax base	-111 965	-323 778
<i>Temporary differences outlined</i>		
Tangible and intangible assets	-452 650	-581 721
Inventories	-52 481	-21 984
Receivables	-25 165	-10 571
Time options	0	2 316
Provisions	-293 036	-242 320
Total	-823 332	-854 282
Taxable loss carried forward	-1 781 285	-1 669 320
Group interest carried forward	-195 614	-195 614
Basis for calculation of deferred tax asset	-2 800 231	-2 719 216
Differences not included in calculating deferred tax	-2 800 231	-2 719 216
Deferred tax asset / liability	0	0



Bergen Engines AS

Notes to the accounts for 2021

Amounts in NOK thousand

<i>Change in temporary differences</i>	2021	2020
Tangible and intangible assets	-129 072	35 233
Inventories	30 497	-7 401
Receivables	14 593	6 427
Provisions	50 716	7 002
Time options	2 316	3 515
Total	<u>-30 950</u>	<u>44 777</u>

<i>Effective tax rate</i>	2021
Expected income taxes, statutory tax rate 22%	41 356
Unrecognized deferred tax asset (change)	17 824
Permanent differences (22%)	-59 179
Withholding tax	132
Income tax expense	<u>132</u>

Effective tax rate	0,1 %
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The Company is expecting future profitability, however, due to the current market situation and uncertainties in future cash flow estimations, the deferred tax asset is not recognized in the balance sheet.



Bergen Engines AS

Notes to the accounts for 2021

Amounts in NOK thousand

Note 13 - Intercompany balance with group and associated companies

Amounts in NOK thousand

<i>Receivables</i>	2021	2020
Accounts receivables	72 719	93 055
<i>Payables</i>	2021	2020
Trade creditors	68 055	76 972
Other short-term to group companies	74 596	915 112
Total intercompany payables	<u>142 651</u>	<u>992 084</u>

The 2021 intercompany figures shows balances within the Langley Holdings Group, while the 2020 figures shows balances within the Rolls Royce Holdings Group.

Note 14 - Bank deposit

	2021
Restricted bank deposits related to employee tax	20 020

Note 15 - Owner's equity

Amounts in NOK thousand

	Share capital	Share premium	Other equity	Total
Owners equity 01.01.	183 454	0	-289 931	-106 477
Profit for the year	0	0	187 848	187 848
Additional dividend during the year	0	-100 000	0	-100 000
Debt Conversion/ capital injection	100	999 900	0	1 000 000
Past year losses	0	-102 083	102 083	0
Owner's equity 31.12.	<u>183 554</u>	<u>797 817</u>	<u>0</u>	<u>981 371</u>

A capital increase of 1 000m has been performed by Rolls-Royce Power Systems AG on 8th of July 2021. Dividend was paid to Rolls-Royce Power Systems AG in December 2021.



Bergen Engines AS

Notes to the accounts for 2021

Amounts in NOK thousand

Note 16 - Equity

Share capital:

	Number of shares	Face value	Book value
Ordinary shares	1 835 540	100	183 554

Shareholders per 31.12:

	Ordinary shares	Ownership share	Voting rights
Langley Holdings PLC	1 835 540	100 %	100 %

A capital increase with debt conversion of 1 000m was performed by Rolls-Royce Power Systems AG on 8th of July 2021.

Note 17 - Specification of other short term liabilities

	2021	2020
Prepayment debtors	377 614	521 577
Warranty provision	172 340	117 171
Other short term payables to group companies	3 255	915 112
Accrued costs for project deliveries	42 958	32 736
Other provisions and accruals for group company liabilities	12 905	22 603
Onerous contracts	26 246	44 015
Other short term liabilities	80 140	15 930
Goods received not invoiced	52 897	48 716
Accrued Holiday Pay	64 844	53 349
Other short term payables to group companies	47 953	0
Total	<u>881 152</u>	<u>1 771 210</u>

Note 18 - Contingent liabilities

Guarantees

Contingent liabilities exists in respect of guarantees provided by the Company in the ordinary course of business for product delivery, performance and reliability.

At 31 December 2021, these guarantees amounted to 379 MNOK.



Bergen Engines AS

Notes to the accounts for 2021

Amounts in NOK thousand

Note 19 - Financial market risk

The business is operating in an international environment and is exposed to the cyclical nature of the Marine market. The power segment mainly consists of fewer and larger batch orders, and the business is dependent on securing individual contracts.

The capital injection in 2021 restored the equity in the company. The equity ratio was 47%, and net working capital was 321m per 31.12.2021. On this basis, combined with the expectation of future earnings, the enclosed financial statements have been completed on a going concern basis.

Credit and liquidity risk

The business is exposed to liquidity risk as the timing of milestone payments on contracts can generate distinct changes in working capital requirements. Short term liquidity needs are managed within the Group.

Interest risk

The Company undertakes no hedging of interest rates.

Exchange rate risk

The main business inflows and outflows are in NOK and EUR. The Company is using a natural hedging strategy, assessing the expected inflows and outflows of foreign currencies. Net currency exposure is hedged. Hedge accounting is not applied.

Sales in other currencies than NOK and EUR are assessed and hedged dependent on the net exposure of the relevant currency at the time the committed bid is given to the customer. Hedges in 2021 were done through Rolls-Royce Group Treasury, using time option contracts. All hedges held at 31.12 were drawn down at 31.12 and any new hedges will be done through Langley Holdings Plc going forward.

Purchase side exposures are assessed and hedged dependent on material net exposure under the different currencies and converted at least twice a year to NOK to allow some flexibility given the uncertainty of the cash flow. These are generally related to purchases in USD, but also to some extent, GBP, CHF and DKK.

The intragroup bank overdraft of 912m in 2020, has been repaid through capital injection with debt conversion in July 2021.

Currency options

The fair value of a financial instrument is the price at which an asset can be exchanged, or a liability settled, between knowledgeable, willing parties in an arms-length transaction. Fair values have been determined with reference to available market information at the balance sheet date.

	2021	2020
Unrealized gain/loss	0	2 316



Bergen Engines AS

Notes to the accounts for 2021

Amounts in NOK thousand

Note 20 - Subsequent events

Langley Holdings plc purchased Bergen Engines AS 31 December 2021. In an extraordinary board meeting January 27, a restructuring process was initiated. Several measures have been initiated to return the business to profitability by reducing costs, increasing margins and increasing volumes through the factory. It is also estimated reductions in headcount up to 60 positions, mainly from the white collar areas.

The restructuring process aim to increase future profitability, and has no economic implications in the financial statement for 2021.

On February 24th 2022 Russia started an invasion of neighboring country Ukraine which quickly was condemned by many other countries. Following the invasion several new economic sanctions have been imposed on Russia. Bergen Engines AS delivers spare parts to existing plants in Russia and also have a large order for 27 of the larger engine types for a Russian customer. These engines are currently in production and are scheduled to be delivered towards the end of 2022, pending export approval from the Norwegian Ministry of Foreign Affairs. There are also a few smaller prospects with Russian customers in the pipeline for outer years delivery.

The Board is closely assessing the situation with Russia on a daily basis and are taking immediate action as and when required. The current assessment is that the volume of spare parts for existing plants is not high enough to have a material impact on the Business, in the event that export/payments are blocked by sanctions. The 27 engine order that is currently being build is more or less a "standard" engine and is not bespoke to the Russian customer. The Board have determined that the Sales pipeline has a sufficient number of other projects whereby this engine type can be allocated, and production of the engines is therefore continued. The liquidity to continue production will be provided by Langley Holdings Plc.



To the General Meeting of Bergen Engines AS

Independent Auditor's Report

Opinion

We have audited the financial statements of Bergen Engines AS (the Company), which comprise the balance sheet as at 31 December 2021, the income statement and cash flow statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion

- the financial statements comply with applicable statutory requirements, and
- the financial statements give a true and fair view of the financial position of the Company as at 31 December 2021, and its financial performance and its cash flows for the year then ended in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards 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 as required by laws and regulations and the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), 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.

Other Information

The Board of Directors and the Managing Director (management) are responsible for the information in the Board of Directors' report. The other information comprises information in the annual report, but does not include the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the information in the Board of Directors' report.

In connection with our audit of the financial statements, our responsibility is to read the Board of Directors' report. The purpose is to consider if there is material inconsistency between the Board of Directors' report and the financial statements or our knowledge obtained in the audit, or whether the Board of Directors' report otherwise appears to be materially misstated. We are required to report if there is a material misstatement in the Board of Directors' report. We have nothing to report in this regard.

PricewaterhouseCoopers AS, Sandviksbodene 2A, Postboks 3984 - Sandviken, NO-5835 Bergen
T: 02316, org. no.: 987 009 713 MVA, www.pwc.no
Statsautoriserte revisorer, medlemmer av Den norske Revisorforening og autorisert regnskapsførerselskap



Independent Auditor's Report - Bergen Engines AS



Based on our knowledge obtained in the audit, it is our opinion that the Board of Directors' report

- is consistent with the financial statements and
- contains the information required by applicable legal requirements.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway, 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. The financial statements use the going concern basis of accounting insofar as it is not likely that the enterprise will cease operations.

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

For further description of Auditor's Responsibilities for the Audit of the Financial Statements reference is made to <https://revisorforeningen.no/revisjonsberetninger>

Bergen, 21 June 2022
PricewaterhouseCoopers AS

Fredrik Gabrielsen
State Authorised Public Accountant

(This document is signed electronically)

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Auditor's report

Signers:

Name	Method	Date
Gabrielsen, Fredrik	BANKID_MOBILE	2022-06-29 11:08



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Bergen Engines AS

Notes to the accounts for 2021

Amounts in NOK thousand

Note - 1 Accounting Principles

The financial statements are prepared in accordance with the current Norwegian Accounting Act and generally accepted accounting principles (NGAAP).

Group accounts

Bergen Engines AS is 100% owned by the UK company Langley Holdings plc. The Company is ultimately consolidated by Langley Holdings plc, with business address in Retford, United Kingdom. The group accounts for Langley Holdings can be obtained at www.langleyholdings.com. Bergen Engines AS has, in accordance with the Norwegian Accounting Act § 3-7, opted not to prepare group accounts.

Subsidiaries

The cost method is applied for investments in subsidiaries. The cost price is increased when funds are added through capital increases or when group contributions are made to subsidiaries. Dividends received are initially reported as income. Dividends exceeding the portion of retained equity after the purchase, are recognized as a reduction in purchase cost.

Write down to fair value will be carried out if the reduction in value is caused by circumstances which may not be regarded as incidental, and deemed necessary by generally accepted accounting principles. Write downs are reversed when the cause of the initial write down are no longer present.

Sales revenue

Sales of products (both original equipment and spare parts) are recognized when the significant risks and rewards of ownership of the goods are transferred to the customer, the sales price agreed and the receipt of payment can be assured – this is generally on delivery.

Sales of services are recognized by reference to the stage of completion based on services performed to date or service is recognized when the service has been completed, as the related costs can be measured reliably.

Power generation

Revenue from sale of goods is recognized in the income statement once delivery has taken place and risk has been transferred. Revenue from providing commissioning service is recognized when the commissioning service has been completed, and the related costs can be measured reliably.

Marine

Revenue from the sale of goods in the marine segment is recognized in the income statement once delivery has taken place and risk has been transferred.

Aftermarket Marine and Power generation

Aftermarket revenue consists of maintenance work in agreement with service contracts, sale of parts and service deliveries. Service carried out outside of service contracts is recognized proportionally with progress or service is recognized when the service has been completed, as the related costs can be measured reliably. Revenue from spare parts sales are recognized at delivery, when risk has been transferred. Revenue from service contracts is recognized in accordance with the operation of the engine the service agreement is related to.

Costs of goods and services

Costs of goods sold are matched to revenues and recognized in the same period. Costs not assigned to specific revenues are recognized as expense when incurred.



Bergen Engines AS

Notes to the accounts for 2021

Amounts in NOK thousand

Balance sheet classification and assessment

Net current assets comprise creditors due within one year, and entries related to goods circulation. Other entries are classified as fixed assets and/or long term creditors.

Current assets are valued at the lower of acquisition cost and fair value. Short term creditors are recognized at nominal value.

Fixed assets are valued by the cost of acquisition, in the case of non-incident reduction in value the asset will be written down to the fair value amount. Long term creditors are recognized at nominal value.

Bank overdraft is offset against cash and cash equivalents since the bank overdraft is in fact connected to the ordinary bank account. Comparable figures and the cash flow statement are changed accordingly.

Trade and other receivables

Trade receivables and other current receivables are recorded in the balance sheet at nominal value less provisions for doubtful debts. Provisions for doubtful debts are calculated on the basis of individual assessments and a general provision

Inventories

Raw materials and purchased spare parts are recognized on a weighted average cost basis. Work in progress is recognized at the lower of cost and net realizable value on a weighted average cost basis. Cost comprises direct materials and, where applicable, direct labor costs and those overheads, including depreciation of property, plant and equipment that have been incurred in bringing the inventories to their present location and condition. Finished goods are recognized at standard cost. Costs of assembly of original equipment is recognized based on standard hours. Net realizable value represents the estimated selling prices less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

Provisions

Provisions are recognized when the Company has a present obligation as a result of a past event, and it is probable that the Company will be required to settle that obligation. Provisions are measured at the Directors' best estimate of the expenditure required to settle the obligation at the balance sheet date, and are discounted to present value where the effect is material.

Onerous contracts

If a contract becomes loss-making, the total estimated loss on this contract will be recognized in the income statement at the time the loss is identified. The loss is calculated based on cost that can be directly attributed to one particular contract, non-volume dependent overhead costs are omitted from the calculation.

Warranty

Warranty provision are based on individual assessments of the registered warranty claims in addition to a general warranty provision based on expected cost.

Monetary items in a foreign currency

Transactions denominated in currencies other than the entity's functional currency are recorded at the exchange rate at the date of the transaction. Monetary items denominated in foreign currencies are translated at the exchange rate at the balance sheet date. Exchange differences arising from foreign exchange transactions and the retranslation of monetary items at the year-end, are recognized in the income statement.



Bergen Engines AS

Notes to the accounts for 2021

Amounts in NOK thousand

Property, plant and equipment

Property, plant and equipment is capitalized and depreciated over the estimated useful economic life. Direct maintenance costs are expensed as incurred, whereas improvements and upgrading are assigned to the acquisition cost and depreciated along with the asset. If carrying value of a non-current asset exceeds the estimated recoverable amount, the asset is written down to the recoverable amount. The recoverable amount is the greater of the net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value.

Research and development

Expenditure incurred on research and development is distinguished as relating either to a research phase or to a development phase.

All research phase expenditures are charged to the income statement. Development expenditure is capitalized as an internally generated intangible asset only if it meets strict criteria, relating in particular to technical feasibility and generation of future economic benefits.

Expenditure capitalized is amortized over its useful economic life, up to a maximum of 15 years from the entry into service of the product.

Operating leases

Payments made and rentals received under operating lease arrangements are charged/credited to the income statement on a straight-line basis.

Software

The cost of acquiring software that is not specific to an item of property, plant and equipment is classified as an intangible asset and amortized over its useful economic life, up to a maximum of seven years.

Pensions

Defined contribution scheme

The company makes deposits to a pension fund for pension on mandatory, contract or voluntary basis. The Company has no further payment obligation once these deposits are paid. Deposits are recognized as payroll costs when due.

Income tax

Tax expenses in the profit and loss account comprise both tax payable for the accounting period and changes in deferred tax. Deferred tax is calculated at 22 per cent on the basis of existing temporary differences between accounting profit and taxable profit together with tax deductible deficits at the year end. Temporary differences both positive and negative, are balanced out within the same period. Deferred tax assets are recorded in the balance sheet to the extent it is more likely than not that the tax assets will be utilized.

To what extent group contribution not is registered in the profit and loss, the tax effect of group contribution is posted directly against the investment in the balance.

Cash flow statement

The cash flow statement is presented using the indirect method. Cash and cash equivalents includes cash, bank deposits and other short term highly liquid placement with original maturities of three months or less.

Use of estimates

The preparation of the financial statements requires management to make estimates and assumptions that affect the reported amounts in the profit and loss statement, the measurement of assets and liabilities and



Bergen Engines AS

Notes to the accounts for 2021

Amounts in NOK thousand

the disclosure of contingent assets and liabilities on the balance sheet date. Actual results can differ from these estimates.

In applying the accounting policies, estimates are made in many areas as usually expected; the actual outcome may differ from that calculated. The key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing material adjustment to the carrying amounts of assets and liabilities within the next financial year are set out below. The estimation of the relevant assets and liabilities involves the combination of a number of assumptions.

Forecast and discount rate

The carrying values of a number of items on the balance sheet are dependent on the estimates of future cash flows arising from the Company's operations, in particular: The assessment of whether the goodwill and other intangible assets is impaired is dependent of the present value of the future cash flows expected to be generated by the business.

Provisions

As described in the accounting policy, the Company measures provisions using the directors' best estimate of the expenditure required to settle the obligation at the balance sheet date. These estimates take account of information available and different possible outcomes. Contingent losses that are probable and quantifiable is expensed as occurred.

Note 2 - Sales revenue

	2021	2020
<i>By business area</i>		
Power Gen Medium Speed - new sales	844 613	522 449
Power Gen Medium Speed - aftermarket	428 368	354 462
Marine Medium Speed - new sales	292 631	426 368
Marine Medium Speed - aftermarket	480 467	465 043
Other	6 011	8 590
	<u>2 052 090</u>	<u>1 776 911</u>
<i>Geographical distribution</i>		
Europe	1 089 749	1 402 830
Asia and Middle East	775 788	170 548
Americas	139 377	126 751
Africa	47 176	76 783
	<u>2 052 090</u>	<u>1 776 911</u>



Bergen Engines AS

Notes to the accounts for 2021

Amounts in NOK thousand

Note 3 - Related parties

	2021	2020
<i>a) Sales</i>		
Group companies (Rolls-Royce Group)	41 331	72 383
Subsidiaries	<u>358 613</u>	<u>251 620</u>
	<u>399 944</u>	<u>324 003</u>

Group companies also includes companies within the Rolls-Royce Group. The subsidiaries, as specified in note 8, are under the Langley Holdings Group per 31 December 2021.

<i>b) Purchases</i>		
Group companies (Rolls Royce Group)	95 106	57 102
Subsidiaries	<u>92 213</u>	<u>164 018</u>
	<u>187 319</u>	<u>221 121</u>

Group companies also includes companies within the Rolls-Royce Group. The subsidiaries, as specified in note 8, are under the Langley Holdings Group per 31 December 2021.

<i>c) Financial items</i>		
Interest on long term borrowings from parent company*	3 996	35 119

*Interest to Rolls-Royce Power Systems AG

<i>d) Operating expenses</i>		
Rent paid to Bergen PropertyCo AS	28 667	27 964

Bergen Engines AS rents factory buildings and offices at Hordvikneset from Bergen Engines PropertyCo AS. The rental agreement is indefinite, and can be cancelled with one years notice.



Bergen Engines AS

Notes to the accounts for 2021

Amounts in NOK thousand

Note 4 - Inventories

Amounts in NOK thousand

<i>Book value</i>	2021	2020
Raw materials	319 501	396 063
Work in progress	138 250	193 866
Finished goods	92 694	130 869
Commodities (spare parts)	287 293	316 315
Total	<u>837 738</u>	<u>1 037 113</u>

<i>Cost of inventory</i>	2021	2020
Raw materials	379 716	443 494
Work in progress	155 011	209 166
Finished goods	92 694	130 869
Commodities (spare parts)	306 209	337 033
Total	<u>933 630</u>	<u>1 120 562</u>



Bergen Engines AS

Notes to the accounts for 2021

Amounts in NOK thousand

Note 5 - Payroll expenses, number of employees and loans to employees and auditor's fee

<i>Wage costs</i>	2021	2020
Salaries	461 113	439 774
Payroll tax	66 658	67 339
Pension costs	31 281	31 615
Other payments	3 003	-6 742
Total payroll expenses	<u>562 055</u>	<u>531 986</u>

The total number of full time equivalent in the company during the year:

571

Management remuneration

The managing director received a total compensation of tNOK 2 490, of which tNOK 775 was extraordinary retention bonus, and other benefits were tNOK 134. He is included in the management bonus scheme of the group, but no bonus was paid under that scheme in 2021. The managing director has a termination period of 6 months, and subsequently 6 months severance pay.

The board has not received remuneration in 2021.

<i>Auditor fee has been divided as follows</i>	2021
Statutory audit fee PWC	6 397
Other services	21
Total	<u>6 418</u>

VAT is not included in the auditor fees.



Bergen Engines AS

Notes to the accounts for 2021

Amounts in NOK thousand

Note 6 - Pensions

Amounts in NOK thousand

The Company is required to have an occupational pension scheme in accordance with the Norwegian law on required occupational pension ("lov om obligatorisk tjenstepensjon"). The Company's pension scheme meets the requirements of the law.

Defined contribution plan

The company has established a defined contribution pension scheme. As of 31 December 2021, 666 employees were covered by the plan. Deposits to the pension fund are recognized as payroll expenses. Prepaid contributions are accrued for. The contributions recognized as expenses were NOK 31 m in 2021. In addition, there are costs to employers' national insurance contributions. There are no payments to a pension premium fund in 2021, and by year-end there is no pension premium fund balance.

Note 7 - Intangible assets

	R & D	Software	Total
Acquisition cost at 01.01.	232 410	96 537	704 653
Acquisition cost 31.12.	232 410	96 537	704 653
Acc.amortization at 31.12.	-12 545	-25 942	-332 774
Acc.write-downs 31.12.	-219 865	-70 594	-371 879
Net carrying amount at 31.12.	0	0	0
Useful economic life	Up to 15 years	Up to 7 years	
Amortization plan	Lineær	Lineær	

BEAS is developing large medium speed reciprocating engines for the marine energy and propulsion market as well as for the power generation market, mainly through inhouse engineering capacity, as well as hired labor. Sustainable engineering on previously developed engine types during the year has been expensed.

Due to losses incurred in previous years, an impairment review has been undertaken. Based on an overall assessment, the business is expecting positive future cash flow from operations, however, this is dependent on order intake. Due to uncertainties in future cashflow, previous year impairment has been continued in 2021.



Bergen Engines AS

Notes to the accounts for 2021

Amounts in NOK thousand

Note 8 - Fixed assets

Amounts in NOK thousand

	Land, buildings, fixtures	Plant and equipment	Tools, office machinery etc	Asset under construction	Total
Acquisition cost 01.01.	138 485	509 437	242 497	85 210	975 629
Purchased fixed assets	0	0	0	52 951	52 951
Reclassification	0	0	1 183	-1 183	0
Acquisition cost 31.12.	138 485	509 437	243 680	136 978	1 028 580
Acc.depreciation 31.12.	-34 234	-324 371	-176 340	0	-534 945
Acc.write-downs 31.12.	-104 250	-185 066	-67 340	-84 027	-440 684
Reversed write-downs 31.12.	0	0	0	63 649	63 649
Net carrying amount at 31.12.	0	0	0	116 600	116 600
Write-downs for the year	0	0	0	-63 649	-63 649
Useful economic life Depreciation	Up to 20 years Linear	Up to 15 years Linear	Up to 5 years Linear		

The fair value of property, plant & equipment has been revaluated by examining market values less sales costs. Through a cautious assessment of the values of the company's fixed assets, an impairment reversal has been made. 64m of previously impaired assets, mainly a new large portal milling machine, has been reversed in 2021.

Note 9 - Operating expenses

	2021	2020
Freight and transportation costs	47 060	50 611
Energy, fuel and power	18 293	9 136
Rent	35 079	35 517
Rental of machinery, fixtures and fittings	9 870	8 657
Tools, fixtures, fittings and operating materials	16 859	15 778
Repair and maintenance	2 960	2 909
External services	151 325	172 786
Cost of travel, subsistence, car etc.	20 436	15 242
Insurance	6 222	7 982
Other expenses	81 861	41 654
Total	389 963	360 273



Bergen Engines AS

Notes to the accounts for 2021

Amounts in NOK thousand

Note 10 - Investment in subsidiaries and associates

Company	Location	Share owners	Profit 2020	Equity 31.12.20	Book value 31.12.21
Bergen Engines Italia S.r.l	Italy	100 %	31 023	160 354	60 424
Bergen Engines Espania S.l	Spain	100 %	30 221	167 118	170 830
Bergen Engines Denmark AS	Denmark	100 %	16 012	57 178	611
Bergen Engines India tl*	India	100 %	6 934	128 010	124 213
Bergen Engines Ltd	Great Britain	100 %	1 241	22 566	5 025
Bergen Engines BV	The Netherlands	100 %	-26 450	37 284	28 367
Bergen Engines PropertyCo AS	Norway	100 %	17 921	19 985	86 024
Bergen Engines Bangladesh tl	Bangladesh	100 %	2 553	40 793	13 751
Bergen Engines Mexico S.de R.L de C.V**	Mexico	100 %	-7 376	-70 375	61 404
Bergen Engines Mexico Administration S.**	Mexico	100 %	335	1 506	2
Total			72 414	564 419	550 651

Share owners percentage includes indirect ownership through subsidiaries.

* Figures per 31.03.21

**Unaudited figures

Bergen Engines AS purchased 99% of Bergen Engines Mexico S.de R de CV from Rolls-Royce Overseas Holdings Ltd for tNOK 2, and capitalised the company through a capital injection of 61m in November 2021.

Note 11 - Financial items

	2021	2020
<i>Financial income</i>		
Income from subsidiaries	294 558	61 766
Other interest income	11	191
Exchange rate gains (realized/unrealized)	69 128	92 867
Other financial income	12	85
Total	363 709	154 909
<i>Financial expenses</i>		
Interest expenses to group companies	3 996	35 119
Other interests expenses	5 177	9 903
Exchange rate loss (realized/unrealized)	56 469	123 837
	65 642	168 859
Net financial items	298 067	-13 949



Bergen Engines AS

Notes to the accounts for 2021

Amounts in NOK thousand

Note 12 - Income taxes

Amounts in NOK thousand

<i>Income tax expenses</i>	2021	2020
Withholding tax	132	115
Total income tax expense	132	115
<i>Tax base estimation</i>	2021	2020
Ordinary result before tax	187 980	-376 608
Permanent differences	150	201
Permanent differences	-269 145	-36 967
Group contribution	-25 414	-24 799
Change in temporary differences	-30 950	44 777
General income	-137 378	-393 396
Limitation of deduction for interest between related	0	44 818
Group contribution	25 414	24 799
Tax base	-111 965	-323 778
<i>Temporary differences outlined</i>	2021	2020
Tangible and intangible assets	-452 650	-581 721
Inventories	-52 481	-21 984
Receivables	-25 165	-10 571
Time options	0	2 316
Provisions	-293 036	-242 320
Total	-823 332	-854 282
Taxable loss carried forward	-1 781 285	-1 669 320
Group interest carried forward	-195 614	-195 614
Basis for calculation of deferred tax asset	-2 800 231	-2 719 216
Differences not included in calculating deferred tax	-2 800 231	-2 719 216
Deferred tax asset / liability	0	0



Bergen Engines AS

Notes to the accounts for 2021

Amounts in NOK thousand

<i>Change in temporary differences</i>	2021	2020
Tangible and intangible assets	-129 072	35 233
Inventories	30 497	-7 401
Receivables	14 593	6 427
Provisions	50 716	7 002
Time options	2 316	3 515
Total	<u>-30 950</u>	<u>44 777</u>
<i>Effective tax rate</i>	2021	
Expected income taxes, statutory tax rate 22%	41 356	
Unrecognized deferred tax asset (change)	17 824	
Permanent differences (22%)	-59 179	
Withholding tax	132	
Income tax expense	<u>132</u>	
Effective tax rate	0,1 %	

The Company is expecting future profitability, however, due to the current market situation and uncertainties in future cash flow estimations, the deferred tax asset is not recognized in the balance sheet.



Bergen Engines AS

Notes to the accounts for 2021

Amounts in NOK thousand

Note 13 - Intercompany balance with group and associated companies

Amounts in NOK thousand

<i>Receivables</i>	2021	2020
Accounts receivables	72 719	93 055
<i>Payables</i>	2021	2020
Trade creditors	68 055	76 972
Other short-term to group companies	74 596	915 112
Total intercompany payables	<u>142 651</u>	<u>992 084</u>

The 2021 intercompany figures shows balances within the Langley Holdings Group, while the 2020 figures shows balances within the Rolls Royce Holdings Group.

Note 14 - Bank deposit

	2021
Restricted bank deposits related to employee tax	20 020

Note 15 - Owner's equity

Amounts in NOK thousand

	Share capital	Share premium	Other equity	Total
Owners equity 01.01.	183 454	0	-289 931	-106 477
Profit for the year	0	0	187 848	187 848
Additional dividend during the year	0	-100 000	0	-100 000
Debt Conversion/ capital injection	100	999 900	0	1 000 000
Past year losses	0	-102 083	102 083	0
Owner's equity 31.12.	<u>183 554</u>	<u>797 817</u>	<u>0</u>	<u>981 371</u>

A capital increase of 1 000m has been performed by Rolls-Royce Power Systems AG on 8th of July 2021. Dividend was paid to Rolls-Royce Power Systems AG in December 2021.



Bergen Engines AS

Notes to the accounts for 2021

Amounts in NOK thousand

Note 16 - Equity

Share capital:

	Number of shares	Face value	Book value
Ordinary shares	1 835 540	100	183 554

Shareholders per 31.12:

	Ordinary shares	Ownership share	Voting rights
Langley Holdings PLC	1 835 540	100 %	100 %

A capital increase with debt conversion of 1 000m was performed by Rolls-Royce Power Systems AG on 8th of July 2021.

Note 17 - Specification of other short term liabilities

	2021	2020
Prepayment debtors	377 614	521 577
Warranty provision	172 340	117 171
Other short term payables to group companies	3 255	915 112
Accrued costs for project deliveries	42 958	32 736
Other provisions and accruals for group company liabilities	12 905	22 603
Onerous contracts	26 246	44 015
Other short term liabilities	80 140	15 930
Goods received not invoiced	52 897	48 716
Accrued Holiday Pay	64 844	53 349
Other short term payables to group companies	47 953	0
Total	<u>881 152</u>	<u>1 771 210</u>

Note 18 - Contingent liabilities

Guarantees

Contingent liabilities exists in respect of guarantees provided by the Company in the ordinary course of business for product delivery, performance and reliability.

At 31 December 2021, these guarantees amounted to 379 MNOK.



Bergen Engines AS

Notes to the accounts for 2021

Amounts in NOK thousand

Note 19 - Financial market risk

The business is operating in an international environment and is exposed to the cyclical nature of the Marine market. The power segment mainly consists of fewer and larger batch orders, and the business is dependent on securing individual contracts.

The capital injection in 2021 restored the equity in the company. The equity ratio was 47%, and net working capital was 321m per 31.12.2021. On this basis, combined with the expectation of future earnings, the enclosed financial statements have been completed on a going concern basis.

Credit and liquidity risk

The business is exposed to liquidity risk as the timing of milestone payments on contracts can generate distinct changes in working capital requirements. Short term liquidity needs are managed within the Group.

Interest risk

The Company undertakes no hedging of interest rates.

Exchange rate risk

The main business inflows and outflows are in NOK and EUR. The Company is using a natural hedging strategy, assessing the expected inflows and outflows of foreign currencies. Net currency exposure is hedged. Hedge accounting is not applied.

Sales in other currencies than NOK and EUR are assessed and hedged dependent on the net exposure of the relevant currency at the time the committed bid is given to the customer. Hedges in 2021 were done through Rolls-Royce Group Treasury, using time option contracts. All hedges held at 31.12 were drawn down at 31.12 and any new hedges will be done through Langley Holdings Plc going forward.

Purchase side exposures are assessed and hedged dependent on material net exposure under the different currencies and converted at least twice a year to NOK to allow some flexibility given the uncertainty of the cash flow. These are generally related to purchases in USD, but also to some extent, GBP, CHF and DKK.

The intragroup bank overdraft of 912m in 2020, has been repaid through capital injection with debt conversion in July 2021.

Currency options

The fair value of a financial instrument is the price at which an asset can be exchanged, or a liability settled, between knowledgeable, willing parties in an arms-length transaction. Fair values have been determined with reference to available market information at the balance sheet date.

	2021	2020
Unrealized gain/loss	0	2 316



Bergen Engines AS

Notes to the accounts for 2021

Amounts in NOK thousand

Note 20 - Subsequent events

Langley Holdings plc purchased Bergen Engines AS 31 December 2021. In an extraordinary board meeting January 27, a restructuring process was initiated. Several measures have been initiated to return the business to profitability by reducing costs, increasing margins and increasing volumes through the factory. It is also estimated reductions in headcount up to 60 positions, mainly from the white collar areas.

The restructuring process aim to increase future profitability, and has no economic implications in the financial statement for 2021.

On February 24th 2022 Russia started an invasion of neighboring country Ukraine which quickly was condemned by many other countries. Following the invasion several new economic sanctions have been imposed on Russia. Bergen Engines AS delivers spare parts to existing plants in Russia and also have a large order for 27 of the larger engine types for a Russian customer. These engines are currently in production and are scheduled to be delivered towards the end of 2022, pending export approval from the Norwegian Ministry of Foreign Affairs. There are also a few smaller prospects with Russian customers in the pipeline for outer years delivery.

The Board is closely assessing the situation with Russia on a daily basis and are taking immediate action as and when required. The current assessment is that the volume of spare parts for existing plants is not high enough to have a material impact on the Business, in the event that export/payments are blocked by sanctions. The 27 engine order that is currently being build is more or less a "standard" engine and is not bespoke to the Russian customer. The Board have determined that the Sales pipeline has a sufficient number of other projects whereby this engine type can be allocated, and production of the engines is therefore continued. The liquidity to continue production will be provided by Langley Holdings Plc.



Bergen Engines AS

Cash flow statement 01.01-31.12

Amounts in NOK thousand	Note	2021	2020
Cash flow from operating activities			
Ordinary result from tax	15	187 848	-376 608
Taxes paid	12	-131	-115
Impairment of assets	7, 8	-63 650	92 798
Changes in inventories, trade receivables and trade payables		-21 735	111 453
Items classified as investing or financing activities		-294 558	-61 766
Changes in other current balance sheet items		40 751	61 928
Net cash flow from operating activities		<u>-151 475</u>	<u>-172 310</u>
Cash flow from investing activities			
Investment in tangible and intangible fixed assets	7, 8	-52 951	-92 798
Investment in subsidiaries	10	-61 406	0
Dividend and group contribution from subsidiaries	10	313 527	61 766
Net cash flow from investing activities		<u>199 170</u>	<u>-31 032</u>
Cash flow from financing activities			
Capital injection	15	1 000 000	0
Net change in bank overdraft		-911 931	206 481
Dividends paid	15	-100 000	0
Net cash flow from financing activities		<u>-11 931</u>	<u>206 481</u>
Net change in cash and cash equivalents		35 764	3 139
Cash and cash equivalents as of 01.01		<u>80 750</u>	<u>77 611</u>
Cash and cash equivalents as of 31.12		<u>116 514</u>	<u>80 750</u>



Bergen Engines AS

Board of directors' report 2021

Bergen Engines AS

Adress: Hordvikneset 125, 5108 HORDVIK

Org.nr: 997016238 MVA

Business: Production of medium speed engines

The business

Bergen Engines AS is a 100% subsidiary of Langley Holdings plc with headquarters in the UK. Langley Holdings provides world class engineering solutions and has over 5,000 employees globally.

BEAS is involved in the manufacturing and service of large medium speed reciprocating engines for the marine energy and propulsion market as well as for the power generation market. BEAS serves 2 key markets, land power generation (PowerGen) and the marine power business (Marine). The route to market for Marine products is through Kongsberg, while the original equipment (OE) Power gen sales is steered by the BEAS PowerGen Sales organization.

In 2021, 44% of BEAS revenue came from aftermarket (AM), comprising mainly of engineering services and the sale and installation of spare parts, while 56% came from original equipment manufacturing. Aftermarket revenue may be contracted on either a time and material basis or through long term service agreements, the latter being more common in the PowerGen market.

A foundry is also part of BEAS and it produces parts for BEAS engines, as well as some external sale. The Company's head office and its registered address is in Bergen and there are overseas subsidiaries in Denmark, India, Italy, Spain, the Netherlands, the United Kingdom and Bangladesh.

Going concern

The financial statement is prepared on a going concern basis. BEAS has an equity ratio of 46% and net working capital of 314m per year-end 2021. The capital increase of 1 000m in July 2021 restored the equity, which is considered sufficient in terms of the risk and scope of the company's business.

If necessary, Langley Holdings will arrange ongoing financial support to BEAS to enable the company to continue to trade and meet its liabilities as they fall due.

Future operational cash flows are dependent on new order intake and the stabilization of the marine market, as well as continued order intake in the land market.

The Board will continuously monitor the situation in both in Eastern Europe and with Covid-19 and the impact this will have on Bergen Engines AS. If necessary, the Board will take immediate action - in order to reduce the impact on revenue, costs, and cash. On this basis, the enclosed financial statements have been completed on a going concern basis.

On April 1st 2022, BEAS terminated its exclusive trading agreement with Kongsberg for the Marine market. The Board is of the opinion that the agreement was more favourable to Kongsberg than for BEAS and consequently believes that this move will strengthen the Marine business for BEAS. BEAS will still trade engines with Kongsberg on a case-by-case basis, but the exclusivity is now over and BEAS can now freely approach and be approached by designers, system integrators, shipyards, and owners in the Marine market. Overall the Board believes that this will give better profitability for BEAS and better services for the customers in this market.

Operational Review

Total sales revenues increased by 16% in 2021 compared to 2020. The sales revenue increased by 20% in OE and 10% in AM. In terms of output, the Bergen Engines engine factory delivered 68 engines in 2021



Bergen Engines AS

compared to 68 engines in 2020. The Bergen site, combining the engines business with the foundry, had a result from operating activities of -173m excluding reversal of impairment on a turnover of 2052m and hence a return on sales on a gross profit margin of -8% excluding reversed impairment.

Covid-19 also led to lower revenue and order intake, and the business utilized temporary layoff to reduce costs. Beyond utilizing the national layoff schemes provided by the Norwegian Government, BEAS did not apply for or receive any monetary compensation for the impact of Covid-19 from the Norwegian State. The engine factory has remained open throughout the year, while home office has been utilized for the office workers for a large period of the year.

Based on an overall assessment, the business is expecting positive future cash flow from operations, however, this is dependent on order intake. Based on a modest revaluation of the values of fixed assets, an impairment reversal of 64m was made in 2021.

The order book at 31 December 2021 was 1 966m, an decrease of 9% from 2020 (2 147m 2020). The decrease is mainly related to a significant project which never materialized. Included in the Order Book is all 27 engines to Malmyzh project in Russia with a total value of 636m which now is at risk due to the sanctions placed on Russia by the Norwegian Government, the European Union, the United Kingdom, and the United States of America. Aftersales order book relating to long term service agreements is somewhat unchanged since last year.

Approximately 3000 engines are in operation for propulsion and power generation in the marine segment. There is 3100 MW installed capacity worldwide in the PowerGen application. The combined fleet currently in operation will generate service and maintenance needs across the engine lifecycle.

Total investments in fixed assets were 52m in 2021, mainly on installation of a new block milling machine. After a reassessment of the value of the fixed assets, previously impaired assets have been reversed, causing a positive effect on the income statement of 64m in 2021. Investments in two new subsidiaries in Mexico of 61m enables for an expansion to new markets.

Profit for 2021 was 187m, compared to a loss of 377m in the previous year. The profit of the year includes impairment reversal of 64m and dividends and group contributions of 295m. Net cash flow from operating activities was negative 151m. The cash and cash equivalents at the end of the year was 117m, an increase of 36m from the start of the year.

R&D activities 2021

2021 was an exciting year for product development. We saw the bulk of the work and the successful customer approval of the GPO project (Gas Protected Operation) - engines for a special purpose vessel with the German Federal Agency for Water Management as the end customer. Most of the work on the Akkuyu project was also done this year. These are emergency gensets for the Turkish Akkuyu nuclear power plant, with the main development focused on analysis and design solutions for seismic requirements and control system. In addition, we upgraded our laboratory test facilities to handle hydrogen enrichment of the natural gas fuel feed and started testing, and we were awarded 15 million NOK in public support for a technology study and demonstration of utilizing ammonia as fuel to achieve zero carbon emissions. We also had a breakthrough on quality improvement of the power pack (piston and piston rings, liner and head) of the B36:45.

GPO

The purpose of this project was to develop an engine for a vessel that could operate in an environment with combustible gasses. The objective for the engine development was to create a system and engine design that enabled the engine to protect itself and shut down in the event of induction of combustible gasses together with the air to the engine.



Bergen Engines AS

To achieve this several design features had to be added to the engine, together with new control strategies. The customer required this to be proven by full scale testing.

After comprehensive internal testing, the acceptance test was conducted with the customer and key stakeholders present during the last weeks of October. All the testing was successful, and the feedback from the customer was that the results were beyond all their expectations and that it was very impressive.

Akkuyu

The main technical challenge in this project was to develop a design that can withstand the demanding seismic requirements. At the event of an earthquake the engine must be able to operate afterwards in case emergency power is needed. The challenge is then to predict how much the genset itself will shake and how much it will move relative to the ground, and then to design the genset and the connections to the off-genset systems to withstand this movement.

It requires comprehensive and advanced computer modelling and special designs of flexible couplings to the genset, lube oil, fuel, cooling water and such, which again requires specialized suppliers. Due to special safety requirements for nuclear power plants parts of our standard scope of delivery was put on our customer, for them to get approval for. This required changes to our control strategies and thereby prompted substantial work in that area.

At the end of the year, all main technical challenges were solved and the project is on plan to deliver as per contract (subject to export control).

Hydrogen enrichment/blending

Prompted by the worlds intention to reduce further climate change, a growing number of customers for our land business are both enquiring about and requiring that the engines are capable of handling partial amounts of hydrogen blended with the natural gas fuel feed (10 to 15 % by volume). This poses two main challenges, stable engine operation and mechanical integrity/durability. The former due to hydrogens extremely high flame speed and flammability and the latter due hydrogens negative impact on material strength, called hydrogen embrittlement.

To solve these challenges, we started upgrading our engine lab test facilities to handle hydrogen enrichment. This proved to be comprehensive in terms of safety approvals and put both extra cost and duration on the upgrade project. All approvals and upgrades were completed in early November, and engine testing was started. At the end of the year test had been successfully run with 15 % hydrogen at nominal full load for a B35:40 gas engine. Initial material investigations were completed, and specific engine parts identified for further mechanical integrity investigations.

Zero carbon emissions with ammonia

In April 2021 we filed an application to the Research Council of Norway (RCN), together with our consortium partners Equinor, SINTEF Ocean, SINTEF Energy, RISE Fire Research and the Norwegian University of Science and Technology, for public support for a project to investigate a specific combustion technology for using ammonia as fuel for our engines. The project is named AMAZE (Ammonia Zero Emission) and was awarded 15 million NOK from the RCN.

The project will start in January 2022 and conclude at the end of 2024, with engine testing to start in the second half of 2023.

Combustion of ammonia does not form any CO₂ and due to its relative high energy density compared to hydrogen, it is considered a promising energy carrier for marine transport in a carbon free economy.

Outlook for 2022

Original expectation was to increase revenue with approx 10-20% from 2021. With the situation in Russia it's



Bergen Engines AS

unlikely that the contracts can be delivered according to the plan and ~50m of revenue and ~7,7m profit will in best case shift to 2023. The change is due to the current situation and sanctions in Russia as a result of the war in Ukraine. It is likely that delays in shipments in Aftermarket will negatively impact the AM revenue. On the other hand we have increased the expectations of deliveries to Australia that should more than compensate for the AM shortfall in Russia. Langley Holdings Plc have issued a policy to suspend taking on all new obligations related to Russia which is now in effect in Bergen Engines AS.

Under new ownership by Langley Holdings Plc, a comprehensive restructuring program has been launched that aims to improve profitability considerably. Together with a change in the trading model the Board expects 2022 to be the first steps towards a health double digit profit percentage by 2024. The majority of engines delivered to PowerGen included a Service Agreement which will increase the revenues and profits from the Aftermarket part of the business in future years.

The business is still impacted by Covid-19 relating to supply of parts for production and Spares In the aftermath of the pandemic the raw material demand is much higher than the capacity which increases lead times, and the business has continuously had to look for alternatives and monitor supply to ensure that the production impact is minimized. The risk caused by Covid-19 is further reduced compared with prior year, as most countries have relaxed or removed its restrictions. Temporary layoff will still be utilized as a measure, depending on the scope of the restrictions, as well as dependent on the order book. Any measures given from the government will be considered for the benefit of BEAS.

Investments will to a large extent stop in 2022, except for HSE requirements, as the culmination of the investments by Rolls-Royce was made in 2021 with the large new block milling machine being operational at the end of 2021.

In H1 2022 further short-term funding from Langley Holdings may be required since the large 27 engine order has been put in production without any prepayments being received. The majority of advance payments is expected from Q2 and onwards. A capital increase of 1 000m was performed by RRPS on 8th of July 2021 and the company has now a solid equity.

Except for current and potential sanctions to Russia, there are no indications that there will be changes in the statutory and legal requirements that will affect the business operations in Norway to any notable degree. As a large exporter of equipment world-wide the business is exposed to geopolitical risk. The Board is closely monitoring the situation with Russia and will take immediate action when required.

The termination of the exclusivity agreement with Kongsberg is deemed to increase the profitability and also increase the market share in the Marine market in the long term. Relationships with designers, system integrators, shipyards, and shipowners in the Marine market will be furthered developed to facilitate growth in this market.

By their nature, these statements involve risk and uncertainty, and several factors could cause material differences to the actual results or developments.

Risk Management and Corporate Governance

BEAS is operated based on well-defined processes and a set of delegated authorities approved by the BEAS Shareholders. The Company has a clear Anti Bribery and Corruption policy which is in line with the policy and procedures of Langley Holdings Plc.

Langley Holdings Plc has an extended Director's and Officer's Liability Insurance that covers all subsidiaries of Langley Holdings Plc. Per the policy, Bergen Engines AS and its Directors and Officers were automatically included in the policy as part of Langley Holdings Plc on 31. December 2021. The policy covers all loss arising from a claim made to the company, including losses resulting from a Security Claim, and all legal representation expenses, defence costs, bail bonds, extradition costs, crisis costs, public relations costs and



Bergen Engines AS

more for individuals and claims made towards individuals serving in their capacity as Directors or Officer of the company. For Bergen Engines AS, this includes (but may not be limited to) all members of the Board of Directors, the Managing Director, and the CFO. Subsequently, all similar roles of subsidiaries of Bergen Engines AS are also covered.

Market Risk

The business is exposed to the cyclical nature of the Marine market. Downturns in the Marine market have historically been compensated for by larger load in the PowerGen sector. The strategic aim is to increase market position in countries where the PowerGen business is expanding. Being an international business, BEAS is exposed to the closing of borders due to Covid-19, as well as the global supply chain issues seen across the globe in the spring of 2022.

Financial Risks

The company is using a natural hedging strategy, assessing the expected inflows and outflows of foreign currencies. The net currency exposure is hedged on a per basis assessment. The main inflows and outflows are in EUR and NOK.

An assessment of hedging of sales in foreign currencies are assessed and hedged dependent on the net exposure and the timeframe to delivery under the relevant currency, at the time a committed bid is given to the customer. Hedges are done via Langley Holdings Plc, using time option contracts. All hedges held with Rolls-Royce group treasury was drawn down before 31. December 2021. The purchase side exposures are assessed and hedged dependent on materiality of net exposure under the different currencies and are converted at least twice a year to Norwegian Kroner to allow some flexibility given the uncertainty of the cash flow. These are generally related to purchases in USD, GBP, CHF and DKK.

The company undertakes no hedging of interest rates.

The business is exposed to liquidity risk as the timing of milestone payments on contracts can generate distinct changes in working capital requirements. Short term liquidity is available from Langley Holdings Plc at short notice if and when needed.

Health, Safety and the Environment

With the transition from Rolls-Royce Plc ownership to Langley Holding Plc the company went through a transition phase with regards to transfer to standalone HSE Management. This was completed successfully, and Bergen Engines has been awarded standalone certificates toward ISO 14001:2015 (Environment) & ISO 45001:2018 (Health & Safety) valid until 17.12.2023 by Bureau Veritas. The working environment is good with flexible working conditions in place. The company undergoes regular audits to verify the employees' health, safety, and environment performance. Injuries are measured within the company using the Total Reportable Injury rate (TRIR). TRIR rate for BEAS was 0,30. Our local target was 0.30, and we performed better than RRPS' target which was 0.60 for 2021. This mean that we had 2 TRI's in Bergen in 2021. Both of these were "Lost Time Injuries" (LTI). There were 8 First Aid Injuries in BEAS.

the absence rate due to sickness for the Bergen site was 6,1%, excluding Covid-19 related absence

Our emissions into the external environment are monitored in line with local municipality and state standards. The business is updating its emission permits together with authorities, with the assistance of a third party. In 2021 BEAS had no environmental incidents.

Gender equality and discrimination

BEAS promotes a working environment offering equal rights, equal treatment and equal opportunities to all regardless of gender, religion and ethnic background. It is an important aim that all employees experience equal possibilities regarding professional and personal development.



Bergen Engines AS

Pursuant to the law prohibiting discrimination based on disability (the Norwegian Anti-Discrimination and Accessibility Act), the company has investigated risks of discrimination and non-equality and put measures in place to address these.

The state of gender equality at 31. December 2021 were as follows:

Of a total of 682 employees at year end, 96 were women (14,1%) and 586 were men (85,9%).

There were in total 2 employees (0,3%) that held temporary positions at 31. December 2021. The company also had 30 apprentices but since this is a fixed term training program the company does not count these as temporary positions.

If the 2 temporary employees, one was male and the other was female.

The average amount of paternity leave taken by men were 12,2 weeks and the average amount of maternity leave taken by women were 21,7 weeks.

One of the Board members were female.

Activities completed in 2021 to address risks of discrimination and lack of inclusion in the workplace (four-step activity report):

Determining risks

Regarding gender equality overall the number of women in the company is low with only 14,1% women. A male dominated working environment may increase risks of harassment between workers, but we have no evidence of such. On the contrary women are respected and included in all areas where they work. There are risks however that potential applicants for positions in the company do not apply for jobs because of the belief that the company has a strong male-dominated culture. Because of this, there is a risk that we may find it difficult to increase the share of women.

The company is influenced by the social demographic conditions in which it operates and have been seeing an increase in the number of employees with origins outside of Norway especially from EU countries due to the Schengen-agreement of free movement of labour which the company benefits from. The company also has employees from countries outside the EU, dominated by employees from India. We have no evidence of any racism or similar in the company.

The risks of discrimination in this regard lies in ability to communicate with colleagues, having shared interests and cultural similarities. Misunderstandings of culture and behaviour associated with that is likely to be the primary risks of potential discrimination for Bergen Engines.

The risks of inclusion due to disabilities is considered low as areas and offices space has been implemented in a manner to enhance accessibility for all. It is also the company's policy to make reasonable workplace accommodations to meet the needs for employees with hearing or sight impairment. No evidence has been found of discrimination towards employees with disabilities, but periods of Covid-19 lockdowns may have made it more challenging for people with hearing or sight impairments.

The number of part-time workers is low, they are predominantly a result of the employee's own request to reduce work. The risk of "unwanted" part-time work is insignificant and is no risk.

Analysis of reasons of risks

The low share of women is likely stemming from the fact that the company has positions in technical fields like engineering, machining, piping, and electro. These fields have historically been dominated



Bergen Engines AS

by men which influences the company's ability to recruit women into these fields. At the same time, we see the opposite in areas traditionally held by women like HR were see that there are mostly only women in the company (one man).

For the employees of foreign origin, it may be difficult to adapt to Norwegian culture and to communicate well if the language skills are limited. When arriving in Norway there are language courses provided by the Government, but which has a cost. For some employees, the cost on top of the fact that the courses are held outside normal working hours may reduce the likelihood of attendance. Another reason may be that the employees think of their stay in Norway as only temporary and do not see the need to learn the language if they will leave later. Being owned by Rolls-Royce and later Langley Holdings, the working language in the company is both English and Norwegian. In many positions there is no need for Norwegian to be able to do the job and therefore some employees may not bother to learn Norwegian.

Activities in 2021 addressing the risks

The company completed several activities in 2021 to increase equality and decrease the risks of discrimination. The major activity was a larger course pack developed by Rolls-Royce and rolled out globally across all their companies called "Inclusion is everyone's business". All employees in BEAS underwent this training except for a few that were on long term sick leave or were on paternity/maternity leave. The company believes that raising awareness of the risks in everyday interactions with all its employees is key to combat discrimination and to raise inclusion. The company wanted to show all employees the value a good working environment and to ensure that everyone understands that every employee is required to do their part in keeping the working environment safe, equal, diverse, and inclusive.

The company also held focus on equality and diversity during recruitment in both job postings and during interviews. As far as time allowed, interviews were held with a minimum of two employees from the company to reduce the risk of discrimination by the individuals interviewing on the behalf of the company.

The company encourages non-native workers to attend courses in Norwegian to learn the Norwegian language to not only learn the language but also to learn more about Norwegian culture to better understand the behaviours of their fellow employees.

The company also used social media in 2021 to post articles and stories whereby women were shown in pictures, especially the apprentices. We have sent women apprentices to education fairs to increase awareness with young women that technical fields may be a good working opportunity also for them. At these fairs, the young potential future apprentices can speak to women apprentices already employed by the company and learn more about how it is to be employed by the company and what the work is. When media has been visiting the company, we have also tried to include an equal number of genders to also reduce the risks that women may see the company as male dominated.

The company also had a 24/7 hotline to report misconduct on any other employee through an anonymous reporting line provided by Rolls-Royce in 2021.

Assessment of the work completed in 2021

Increasing the share of women is determined as a process that will take many years because the work is primarily technically oriented. It is very encouraging to see that there has been increase in 2022 of both women apprentices and women in leadership positions. The number of women engineers that are completing their studies and are applying for jobs are also increasing, and it is



Bergen Engines AS

expected that over the coming years we will see more women applicants also to these positions which should increase the number of women employees.

The company believes that visibility of the women we have is key to recruit more. Therefore, the activities with education fairs, portraying women on social media, and including them in traditional media stories are essential in creating pride for the women already employed and increasing the availability of women applicants for the jobs we advertise.

Continued work on awareness of an inclusive working environment is necessary and a zero tolerance for harassment of any sort. The company will use any means available to it to address and deal with any such behaviour should it occur. It is important for the rest of the company to see that swift action will be taken so that no one is afraid of speaking up.

Hordvikneset, 16 June 2022
Board of Bergen Engines AS

William Anthony Langley
Chairman

Ethel Sebestyen
Board member

Kristine Spøilen
Deputy Board member

Ronny Ørsnes Fosse
Board member

Jon Erik Røv
Board member and Managing
Director

Sondre J. Worsøe
Board member