ÅRSREGNSKAPET FOR REGNSKAPSÅRET 2022 - GENERELL INFORMASJON

Enheten

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

Regnskapsår

Årsregnskapets periode:	01.01.2022 - 31.12.2022

Konsern

Morselskap 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:	10.05.2023

Grunnlag for avgivelse

År 2022: Årsregnskapet er elektronisk innlevert

År 2021: Tall er hentet fra elektronisk innlevert årsregnskap fra 2022

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Brønnøysundregistrene, 19.06.2024

Resultatregnskap

Beløp i: NOK	Note	2022	2021
RESULTATREGNSKAP			
Inntekter			
Salgsinntekt	2, 3	1 755 078 000	2 052 090 000
Annen driftsinntekt		1 214 000	431 000
Sum inntekter		**1 756 292 000**	**2 052 521 000**
Kostnader			
Endring i beholdning av varer under tilvirkning og ferdig tilvirkede varer	4	-263 043 000	-76 760 000
Varekostnad	3, 4	1 055 118 000	1 351 000 000
Lønnskostnad	5, 6	556 443 000	562 055 000
Avskrivning	7, 8	3 197 000	
Nedskrivning av varige driftsmidler og immaterielle eiendeler	7, 8	-250 524 000	-63 650 000
Annen driftskostnad	3, 5, 9	279 282 000	389 963 000
Sum kostnader		**1 380 474 000**	**2 162 608 000**
Driftsresultat		**375 818 000**	**-110 087 000**
Finansinntekter og finanskostnader			
Inntekt på inv. i datterselskap og tilknyttet selskap	10	170 805 000	294 558 000
Annen finansinntekt	11	56 756 000	69 151 000
Sum finansinntekter		**227 561 000**	**363 709 000**
Nedskrivning av finansielle eiendeler	10	55 263 000	
Rentekostnad til foretak i samme konsern	3	8 353 000	3 996 000
Annen finanskostnad	11	59 460 000	61 646 000
Sum finanskostnader		**123 076 000**	**65 642 000**
Netto finans	11	**104 485 000**	**298 067 000**
Ordinært resultat før skattekostnad		**480 303 000**	**187 980 000**
Skattekostnad på ordinært resultat	12	44 000	132 000
Ordinært resultat etter skattekostnad		**480 260 000**	**187 848 000**
Årsresultat		**480 260 000**	**187 848 000**

Resultatregnskap

Beløp i: NOK	Note	2022	2021
Overføringer og disponeringer			
Overføringer annen egenkapital	13	480 260 000	187 848 000
Sum overføringer og disponeringer		**480 260 000**	**187 848 000**

Balanse

Beløp i: NOK	Note	2022	2021
BALANSE - EIENDELER			
Anleggsmidler			
Immaterielle eiendeler			
Varige driftsmidler			
Tomter, bygninger og annen fast eiendom	8	94 110 000	
Maskiner og anlegg	8	245 587 000	115 417 000
Driftsløsøre, inventar, verktøy, kontormaskiner ol	8	45 047 000	1 183 000
Sum varige driftsmidler		**384 744 000**	**116 600 000**
Finansielle anleggsmidler			
Investering i datterselskap	10	410 243 000	550 651 000
Sum finansielle anleggsmidler		**410 243 000**	**550 651 000**
Sum anleggsmidler		**794 987 000**	**667 251 000**
Omløpsmidler			
Varer			
Sum varer	4	**1 378 352 000**	**837 738 000**
Fordringer			
Kundefordringer	15	455 797 000	490 000 000
Andre fordringer	15	131 309 000	7 286 000
Sum fordringer		**587 106 000**	**497 286 000**
Bankinnskudd, kontanter og lignende			
Sum bankinnskudd, kontanter og lignende	16	**137 202 000**	**116 646 000**
Sum omløpsmidler		**2 102 660 000**	**1 451 670 000**
SUM EIENDELER		**2 897 648 000**	**2 118 922 000**

BALANSE - EGENKAPITAL OG GJELD

Egenkapital

Balanse

Beløp i: NOK	Note	2022	2021
Innskutt egenkapital			
Aksjekapital	13, 14	183 554 000	183 554 000
Overkurs	13	906 939 000	797 817 000
Sum innskutt egenkapital		**1 090 493 000**	**981 371 000**
Opptjent egenkapital			
Annen egenkapital	13	300 923 000	
Sum opptjent egenkapital		**300 923 000**	
Sum egenkapital		**1 391 416 000**	**981 371 000**
Sum langsiktig gjeld		**0**	**0**
Kortsiktig gjeld			
Leverandørgjeld	15	333 960 000	210 936 000
Skyldige offentlige avgifter	16	32 669 000	45 463 000
Annen kortsiktig gjeld	15, 17	1 139 603 000	881 152 000
Sum kortsiktig gjeld		**1 506 232 000**	**1 137 551 000**
Sum gjeld		**1 506 232 000**	**1 137 551 000**
SUM EGENKAPITAL OG GJELD		**2 897 648 000**	**2 118 922 000**

Brønnøysundregistrene

ÅRSREGNSKAP FOR REGNSKAPSÅRET 2022 - GENERELL INFORMASJON

Journalnummer:	2023 403506

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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
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Brønnøysundregistrene, 25.05.2023

Brønnøysundregistrene
Postadresse: Postboks 900, 8910 Brønnøysund
Telefon: 75 00 75 00
E-post: firmapost@brreg.no Internett: www.brreg.no
Organisasjonsnummer: 974 760 673

Organisasjonsnr: 997 016 238
BERGEN ENGINES AS

RESULTATREGNSKAP

Beløp i: NOK	Note	2022	2021
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BERGEN ENGINES AS

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Organisasjonsnr: 997 016 238
BERGEN ENGINES AS

NOTEOPPLYSNINGER - SELSKAP

- alle poster oppgitt i hele tall

Note
14

Antall aksjer og aksjeeiere

Aksjeklasse	Ant. aksjer	Pålydende	Bokført verdi
Ordinary shares	1835540.00	100.00	183554000.00

Aksjeeiere - fritekst	Antall	Eierandel	Aksjeklasse
Langley Holdings PLC	1835540.00	100.00%	Ordinary shares

Sum	Sum antall	Sum eierandel
	1835540.00	100.00%

Note
5

Lønn og ytelser

Lønn	Årets	Fjorårets
	459942471000.00	461112725000.00

Arbeidsgiveravgift	Årets	Fjorårets
	69281359000.00	66657606000.00

Pensjonskostnader	Årets	Fjorårets
	27798666000.00	31281230000.00

Andre ytelser	Årets	Fjorårets
	-579293000.00	3002959000.00

Sum lønnskostnader	Årets	Fjorårets
	556443203000.00	562054520000.00

The managing director received a total compensation of 2,880t NOK, of which 1,104k NOK was bonus related. He is included in the management bonus scheme of the group, but no bonus was paid under that scheme in 2022.The managing director has a termination period of six months, and subsequently six months severance pay. The board has not received remuneration in 2022.

Note

Ytelser til revisjon

Revisjon	Årets	Fjorårets
	786040000.00	

Andre tjenester	Årets	Fjorårets
	861460000.00	6418000000.00

Sum godtgjørelse til revisor	Årets	Fjorårets
	1647500000.00	6418000000.00

Bergen Engines AS have changed auditor from PWC to BDO during 2022.

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

Navn og adresse	Eierandel	Stemmeandel	Egenkapital	Resultat
Bergen Engines Italia S.r.l	100.00%	100.00%	103084316.00	36947774.00
Bergen Engines Espania S.l	100.00%	100.00%	175171798.00	70184589.00
Bergen Engines Denmark AS	100.00%	100.00%	54834797.00	22110076.00
Bergen Engines India tl*	100.00%	99.00%	98525398.00	-10551194.00
Bergen Engines Ltd	100.00%	100.00%	4870800.00	-12139140.00
Bergen Engines BV	100.00%	100.00%	30103267.00	-5561066.00
Bergen Engines Bangladesh tl	100.00%	100.00%	43747292.00	2146925.00
Bergen Engines Mexico S.de R.L de C.V**	100.00%	100.00%	-4283630.00	482398.00
Bergen Engines Mexico Adminstration S.**	100.00%	100.00%	709982.00	-289523.00
Bergen Engines Inc***	100.00%	100.00%		

Share owners' percentage includes indirect ownership through subsidiaries. * Figures per 31.03.22 **Unaudited figures *** Established in 2022 Bergen Engines AS established Bergen Engines Inc in 2022 with a capital injection of NOK 879.
Virksomheten inngår i konsolideringen til morselskapets konsernregnsk.: Ja

Navn	Forretningskontor
Bergen Engines AS	Hordvikneset 125 5108 HORDVIK 1201 Bergen

Datterselskap er utelatt fra konsolideringen: Nei

Omløpsmidler	Startdato	Sluttdato	Endring

Skattemessig fremf.undersk.	Startdato	Sluttdato	Endring

Kortsiktig gjeld	Startdato	Sluttdato	Endring

Bergen Engines AS

Annual Report 2022

Board of Directors' Report

Annual accounts
- Income statement
- Balance sheet
- Cash flow statement
- Notes

Auditors' Report

Board of Directors' Report 2022

Bergen Engines AS
Adress: Hordvikneset 125, 5108 HORDVIK, Norway
Org.no: 997016238 MVA
Business: Production of medium speed engines

The business
Bergen Engines AS is a 100% subsidiary of Langley Holdings plc with headquarters in UK. Langley Holdings plc provides world class engineering solutions and has 5,339 employees globally.

Bergen Engines AS is a manufacturing and service company of large medium speed reciprocating engines for the marine energy and propulsion market (Marine), as well as for the power generation market (Power Gen). The route to market for Marine products has previously been through Kongsberg Maritime AS, but from mid-2022 Bergen Engines AS and its subsidiaries are serving the marine market directly. The original equipment (OE) Power generator sales is steered by the Bergen Engines AS PowerGen Sales organization.

In 2022, 64% of Bergen Engines AS revenue was obtained through aftermarket activities (AM), consisting mainly of engineering services and sale and installation of spare parts. The remaining 36% of the revenues was obtained through OE 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.

Bergen Engines AS' office- and production facilities has earlier been organized as a separate legal entity, Bergen Engines Property Company AS. Bergen Engines Property Company AS was merged with Bergen Engines AS, going into effect from 1 January 2022. Bergen Engines AS' headquarters is placed in Bergen, Norway, with subsidiaries in Denmark, India, Italy, Spain, USA, Mexico, the Netherlands, the United Kingdom and Bangladesh.

Going concern
The financial statement is prepared on a going concern basis. Bergen Engines AS has an equity ratio of 47% and net working capital of 596m per year-end 2022. Last year's capital injection of 1,000m, combined with positive results in 2022, have further strengthened the solidity of the company.

Future operational cash flows outlooks are positive as we expect stabilization of the marine market, as well as a continued order intake in the land market.

With effect from 30 June 2022, Bergen Engines AS terminated its trading agreement with Kongsberg Maritime AS. The Board of Directors is of the opinion that the former agreement was more favourable to Kongsberg Maritime AS than for Bergen Engines AS, and after establishing several partnerships during 2022, it is believed that this decision will strengthen the marine business for Bergen Engines AS. Bergen Engines AS will continue trading engines with Kongsberg Maritime AS on a case-by-case basis, but the exclusivity is discontinued. Bergen Engines AS can now freely target, and be approached by designers, system integrators, shipyards, and owners within the Marine market. Overall, the Board of Directors anticipate that these changes will lead to improved profitability for, as well as better services for the customers.

Bergen Engines AS

Operational Review
Total sales revenues decreased by 14,5% in 2022, compared to 2021. New sales revenue decreased by 44,4%, whilst aftermarket sales revenue increased with 23,2%. In terms of output, the engine factory delivered 43 engines in 2022, compared to 68 engines in 2021. The Bergen site, the foundry business included, had a result from operating activities of 125,3m. Based on a turnover of 1756m this gives a gross profit of 7,1%, excluding reversed impairment.

As a result of termination of the previous trading agreement between Bergen Engines AS and Kongsberg Maritime AS, Bergen Engines AS repurchased the Kongsberg Maritime AS inventory in Helmond. In this transaction Bergen Engines AS bought back inventory in the Netherland and compensated Kongsberg Maritime AS for loss of financial benefit/profit in the period up until 31 March 2024, which was the contractual expiry date.

Based on an overall assessment, the business is expecting a positive future cash flow from operations. Based on positive results in 2022, and positive budgets the coming years, Bergen Engines AS has made a 100% reversal of all previously impaired fixed assets.

The order book as of 31 December 2022 was at 1060m. This is a decrease of 46,9% from 2021 (1966m). The main reason for the reduction was a principle change in 2022. New sales projects are now booked as order intake when Bergen Engines AS has received the first payment from the customer, whilst previously projects were booked as orders on signing of the contract. 974,6m of the order book at year end 2021 would not justify as order book in 2022. Included in the order book is 12engines intended for a nuclear power plant in Turkey. The project has a total contract value of 309,6m. The order book for AM, 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 and there is a 3100 MW installed capacity worldwide in the PowerGen application. The combination of these two markets will generate service and maintenance needs during the whole engine lifecycle.

Total investments in fixed assets were at 15,0m in 2022, mainly due to costs relating to finalizing the installation of a new block milling machine. After the capital expenditure freeze in 2022, the company now has the financial solidity/backing to perform profitable investments for the future. Bergen Engines AS has decided to impair 90% of the investments in Bergen Engines Mexico (55,3m) after operational deficits in Mexico in 2022, negative equity at year end and governmental issues in granting new permits for projects in the region. Investment in one new subsidiary in the US of 0,9m enables an expansion to new markets.

Bergen Engines Property Company AS merged with Bergen Engines AS with effect from 1 January 2022. This transaction led to a reduction of equity of 70,3m, as the book value carried forward in Bergen Engines AS was lower than the original investment in the company. The deferred tax asset in the property company was not carried forward in Bergen Engines AS after the merger.

After a reassessment of the value of the fixed assets, previously impaired assets have been reversed. This caused a positive effect on the income statement of 250,5m in 2022.

Profit for 2022 was 480m, compared to 187m in 2021. The profit includes impairment reversal of 250,5m and dividends and group contributions of 170,8m. The net cash flow from operating activities was negative by 565m, due to a significant inventory increase in 2022 and paying the transaction price to Kongsberg Maritime AS after ending the trading agreement in June 2022. The cash and cash equivalents at the end of the year was 137m, an increase from 117m compared to start of the year.

Bergen Engines AS

R&D activities 2022

2022 has been a year with increased focus on alternative low and zero-carbon fuels for engines and on hybrid renewable power generation applications. Bergen Engines AS has had a great progress in developing their engines to run on various potential future fuels to make the engines greener, whilst continuing to serve the traditional markets and customers. The company are working hard towards a sustainable future and knows that their natural gas engines can function as a bridging solution towards a zero-emission future, where hydrogen plays a key role. Through 2022 Bergen Engines AS has progressed with intensive testing of a hydrogen blend in the natural gas test engine in the company's test facilities. The Ammonia Zero Emission (AMAZE) project was also kick-started, which over time will help Bergen Engines AS develop the technology for a high-pressure multifuel engine with ammonia as the primary fuel.

Hydrogen enrichment/blending

Prompted by the global intention to reduce further climate change, a growing number of customers are not only enquiring about but demanding that the engines are capable of handling partial amounts of hydrogen blended with the natural gas fuel feed.

During the first half of 2022 the B35:40L3 test engine in Bergen was run with a hydrogen blend in the natural gas fuel flow. Several engine configurations have been investigated, and the capabilities of the gas engine to operate with hydrogen blending has been verified. The hydrogen storage and dosing system, together with the mixing control and engine control system gave stable and safe operation of the engine at all load levels with no restrictions on transient load capabilities. Testing has been done with various blends on various loads with great success, demonstrating the engine capability. Engine efficiency is maintained, and greenhouse gas emissions are consistently reduced.

The test program has resulted in a commercial engine specification for the B36:45 engine with hydrogen addition up to 15%. The two first engines with this specification have already been produced and will be delivered to the customer in 2023. The customers show great interest in the hydrogen programme, and late in 2022 a full-scale demonstration of hydrogen blend for a B36:45L6 engine was performed at a customer site in Spain.

Zero carbon emissions with ammonia

In April 2021 Bergen Engines AS 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 their engines. The project is named AMAZE and was awarded 15m from the RCN. Vår Energi ASA has also joined the project team for the duration of the project. The project is coordinated and followed up closely by project meetings and steering committee meetings through the project duration.

The AMAZE project is a research project, which had its kick off in 2022. The project has seven main activities covering aspects of combustion modelling (H1), investigation of spray patterns with ammonia injection (H2), experimental engine tests (H3), development of fuel injector for ammonia (H4), engine development (H5) and ammonia operational safety (H6).

Several activities were started in 2022. Focusing on understanding published models with a perspective of continuous combustion and investigated suitable modelling and simulation tools. Some preliminary testing was done in the lab and test rig. A new energy systems laboratory at SINTEF Ocean is under construction, where extensive research and testing will take place as part of the project. Selection of the type and size of the injector has been done in collaboration with the supplier. Initial work on safety instructions is prepared.

Bergen Engines AS

GPO Status
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. The development work was finalized in 2022, and the first engines are under installation in the vessel.

Akkuyu Status
The main technical challenge in this project was to develop a design that could withstand demanding seismic requirements. At the event of an earthquake, the engines must be able to operate afterwards in case emergency power is needed. The challenge here was to predict how much the genset itself will shake, and how much it will move relative to the ground. Then to design the genset and the connections to the off-genset systems to withstand this movement. This required comprehensive and advanced computer modelling and special designs. The development work in the project was finalized in 2022.

Outlook for 2023
Bergen Engines AS completed a solid financial year in 2022. A restructuring of the business was finalized, which has proven to be a success. Revenues in 2023 is expected to be on the same level as the 2022 actuals, with the same revenue mix between AM and OE (60/40). This was, and will continue to be, a driver for improved project margins in 2022, which is expected to continue into 2023.

The business has been impacted by several world economic events the last couple of years. The Covid-19 pandemic aftermath and the ongoing war between Russia and Ukraine has led to significant logistics disruptions, delayed production, increased lead times for essential parts and significant inflation in important markets, especially in Europe. These circumstances have forced the business to continuously look for alternatives and monitor the supply closely to ensure that the impact on production is minimized. At the same time Bergen Engines AS is experiencing increased prices on raw materials and spare parts, as well as an increase in energy prices. For Bergen Engines AS, being an energy-intensive engine manufacturer, naturally the energy situation in the world has significant local effect. However, the margins have been maintained as Bergen Engines AS adjusted their prices accordingly.

The Board of Directors strongly believes the company is on course to a double-digit profit percentage by 2024. A successful restructure and improved margins within all segments, driven by the new route-to-market strategy in the commercial maritime market, should further strengthen the profitability during the coming years. In addition, a major part of new sales to the PowerGen market includes a service agreement, which in order will increase revenues and profits from the AM part of the business in future years.

All investments, except those related to HSE requirements, were temporarily put on hold in 2022. Bergen Engines AS has now the financial solidity/backing to perform profitable investments for the future.

As a large global exporter, the business is exposed to geopolitical risk. The Board of Directors is closely monitoring this risk and will take immediate action when required.

Looking further forward, the Board of Directors is confident that the termination of the agreement with Kongsberg Maritime AS is deemed to increase both the profitability and the market share in the marine market. Relationships with designers, system integrators, shipyards, and shipowners in the marine market will be further strengthened to facilitate growth in the market. Establishing world-wide service partnerships and having effective distribution networks in key markets throughout the world, is essential to have a successful transfer from the old trading agreement with Kongsberg Maritime AS.

By their nature, these statements involve risk and uncertainty, and several factors can impact and result in other outcomes in the actual results or developments.

Bergen Engines AS

Risk Management and Corporate Governance

Bergen Engines AS is operated based on well-defined processes, and a set of delegated authorities approved by Bergen Engines AS shareholder. The Company has a clear Anti Bribery- and Corruption policy (ABC) which is in accordance with policy and procedures set by 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 2022. 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 individuals and claims made towards individuals serving in their capacity as Directors or Officers 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. Historically, when a downturn occurs in the marine market, it has 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, Bergen Engines AS is naturally exposed to global risks such as global inflation and supply chain issues caused by the aftermath of Covid-19 and the ongoing war in Eastern Europe. The company is also exposed to applicable international sanctions and other geopolitical risks. These sanctions have been extended throughout 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. The procurement 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 payments in contracts can generate distinct changes in working capital requirements. In general, Bergen Engines AS see that the liquidity risk has increased due to the uncertainty in the market caused by the war in Ukraine, energy shortage and inflation. This risk is mitigated by requiring some prepayment terms for some customers. Short and mid-term liquidity is available from Langley Holdings plc at short notice, if and when needed.

Bergen Engines AS

Health, Safety and the Environment
After the transition of ownership to Langley Holding plc, Bergen Engines AS has shifted to standalone HSE Management. The process was successfully completed, and Bergen Engines AS ISO 14001:2015 (Environment) & ISO 45001:2018 (Health & Safety) certificates were issued by Bureau Veritas on 31.03.2022, with a validity until 17.12.2023. The company performs regular audits to verify employees HSE-performance. Injuries are measured by using the Total Reportable Injury rate (TRIR). The TRIR rate for Bergen Engines AS (incl. its subsidiaries) was 0,93. The local target was 0.30. 8 TRI's was reported in 2022, where 6 of these were "Lost Time Injuries" (LTI). This is an increase from previous years, however the severity on incidents has not increased.

The development is monitored closely to ensure that opportunities for improvement are raised to the management at an early stage. There were reported 10 first aid Injuries in Bergen Engines AS for 2022.

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

Bergen Engines AS emissions into the external environment are monitored in line with local municipality and government standards. The business is currently in the process of updating its emission permits, which is expected to be finalized in 2023. In 2022 Bergen Engines AS had no environmental incidents.

Gender equality and discrimination
Bergen Engines continuously work to ensure equal rights and/or opportunities to all, regardless of gender, age, religion and ethnic background. The company's assessment on this topic, together with the gender pay gap report, will be made available on the company's official website.

Transparency act
Bergen Engines AS actively work to reduce the overall risk of violation of human rights and secure decent working conditions within its complete value chain. The formal assessment, including risk assessments, will be made available on the company's official website before 1st July.

Hordvikneset, 10 May 2023.

Board of Directors of Bergen Engines AS.

William Anthony Langley
Chairman

Imad Omran Munthir
Board member

Lisa Hella Ulvatn
Board member

Kenneth Pedersen
Board member

Jon Erik Røv
Board member

Bergen Engines AS

Income statement 01.01-31.12

Amounts in NOK thousand	Note	2022	2021
Revenue			
Sales revenue	2, 3	1 755 078	2 052 090
Other operating income		1 214	431
Total revenue		1 756 292	2 052 521
Operating expenses			
Changes in stocks of work in progress and finished goods	4	-263 043	-76 760
Cost of stocks	3, 4	1 055 118	1 351 000
Payroll expenses	5, 6	556 443	562 055
Depreciation of tangible and intangible fixed assets	7, 8	3 197	0
Write-down on tangible and intangible fixed assets	7, 8	-250 524	-63 650
Other operating expenses	3, 5, 9	279 282	389 963
Total operating expenses		1 380 474	2 162 608
Operating result		375 818	-110 087
Financial income and expenses			
Income from investments in subsidiaries and associated companies	10, 11	170 805	294 558
Other financial income	11	56 756	69 151
Write-down on other financial assets	10, 11	55 263	0
Interest paid to group companies	3	8 353	3 996
Other financial expenses	11	59 460	61 646
Net financial items	11	104 485	298 067
Ordinary result before tax		480 303	187 980
Tax on ordinary result	12	44	132
Net profit or loss for the year		**480 260**	**187 848**
Allocated as follows			
Transferred to other equity	13	480 260	187 848

Bergen Engines AS

Balance sheet as of December 31

Amounts in NOK thousand	Note	2022	2021
Fixed assets			
Tangible assets			
Land, buildings and other real property	8	94 110	0
Machinery and plant	8	245 587	115 417
Fixtures and fittings, tools, office machinery etc.	8	45 047	1 183
Total tangible assets		384 744	116 600
Financial assets			
Investments in subsidiaries	10	410 243	550 651
Total financial assets		410 243	550 651
Total fixed assets		794 987	667 251
Current assets			
Inventories	4	1 378 352	837 738
Receivables			
Trade receivables	15	455 797	490 000
Other receivables	15	131 309	7 286
Total accounts receivable		587 106	497 286
Cash and cash equivalents	16	137 202	116 646
Total current assets		2 102 660	1 451 670
Total assets		2 897 648	2 118 922

Bergen Engines AS

Balance sheet as of December 31

Amounts in NOK thousand	Note	2022	2021
Equity			
Paid-in capital			
Share capital	13, 14	183 554	183 554
Share premium reserve	13	906 939	797 817
Total paid-in capital		1 090 493	981 371
Retained earnings			
Other equity	13	300 923	0
Total retained earnings		300 923	0
Total equity		1 391 416	981 371
Liabilities			
Current liabilities			
Trade creditors	15	333 960	210 936
Public duties payable	16	32 669	45 463
Other short-term liabilities	15, 17	1 139 603	881 152
Total current liabilities		1 506 232	1 137 551
Total liabilities		1 506 232	1 137 551
Total equity and liabilities		2 897 648	2 118 922

31 December 2022
Hordvikneset, 10 May 2023

William Anthony Langley
Chairman

Imad Omran Munthir
Board member

Lisa Hella Ulvatn
Board member

Kenneth Pedersen
Board member

Jon Erik Røv
Board member

Bergen Engines AS

Cash flow statement 01.01-31.12

Amounts in NOK thousand	Note	2022	2021
Cash flow from operating activities			
Ordinary result before tax	13	480 303	187 980
Taxes paid	12	-44	-131
Depreciation and amortisation		3 197	0
Reversal of impairment of assets	7, 8	-250 524	-63 650
Changes in inventories, trade receivables and trade payables		-383 386	-21 735
Items classified as investing or financing activities		-170 805	-294 558
Changes in other current balance sheet items		-299 508	40 751
Impairment of investment		55 263	0
Net cash flow from operating activities		-565 503	-151 343
Cash flow from investing activities			
Investment in tangible and intangible fixed assets	7, 8	-14 789	-52 951
Net assets acquired through merger		9 763	0
Investment in subsidiaries	10	-879	-61 406
Dividend and group contribution from subsidiaries	10	170 805	313 527
Net cash flow from investing activities		164 900	199 170
Cash flow from financing activities			
Capital injection	13	0	1 000 000
Proceeds from issuance of short-term debt		421 142	0
Net change in bank overdraft		0	-911 931
Dividends paid	13	0	-100 000
Other changes		17	0
Net cash flow from financing activities		421 159	-11 931
Net change in cash and cash equivalents		20 556	35 896
Cash and cash equivalents as of 01.01		116 646	80 750
Cash and cash equivalents as of 31.12		137 202	116 646

Bergen Engines AS

Notes to the accounts for 2022

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, , with its registered business address in Retford, United Kingdom. The group accounts for Langley Holdings plc 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 is 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 the 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 is 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 2022

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-incidental 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 based on 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 labour 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 provisions 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 2022

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 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 based on 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 is not 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 include 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 the disclosure of contingent assets and liabilities on the balance sheet date. Actual results can differ from

Bergen Engines AS

Notes to the accounts for 2022
Amounts in NOK thousand

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 several 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 revenues

	2022	2021
By business area		
New Sales - on Land	299 094	844 613
Aftermarket - on Land	563 104	428 368
New Sales - at Sea	319 959	292 631
Aftermarket - at Sea	556 181	480 467
Other business	16 740	6 011
	1 755 078	2 052 090
Geographical distribution		
Europe	1 258 049	1 089 749
Asia and Middle East	349 591	775 788
Americas	94 958	139 377
Africa	52 480	47 176
	1 755 078	2 052 090

Bergen Engines AS

Notes to the accounts for 2022
Amounts in NOK thousand

Note 3 - Related parties

	2022	2021
a) Sales		
Group companies (Langley Holdings plc)	336	41 331
Subsidiaries	422 594	358 613
	422 930	399 944

Bergen Engines AS was acquired by Langley Holdings plc from Rolls-Royce plc on 31.12.2021. The 2021 sales figures from Group companies above includes Rolls-Royce companies and are not directly comparable to the 2022 numbers.

Of the total intercompany activity above 98,5m is relating to New Sales (23,3%), and 323,7m is relating to Aftermarket activities (76,7%).

	2022	2021
b) Purchases		
Group companies (Rolls Royce Group)	26 219	95 106
Subsidiaries	73 364	92 213
	99 583	187 319

Bergen Engines AS was acquired by Langley Holdings plc from Rolls-Royce plc on 31.12.2021. The 2021 purchase figures from Group companies above includes Rolls-Royce companies and are not directly comparable to the 2022 numbers.

	2022	2021
c) Financial items		
Interest on short-term borrowings from parent company*	8 353	3 996

*2021 numbers equal the Interest to Rolls-Royce Power Systems AG. 2022 numbers equal the interest on short-term borrowings from Langley Holdings plc accumulated during 2022.

	2022	2021
d) Operating expenses		
Rent paid to Bergen Property Co. AS	0	28 667

Bergen Engines AS and Bergen Engines Property Company AS merged with accounting effect from 1 January 2022. During 2022 we have not booked any intercompany rent in the financial statement of Bergen Engines AS.

Bergen Engines AS

Notes to the accounts for 2022
Amounts in NOK thousand

Note 4 - Inventories
Amounts in NOK thousand

Book value	**2022**	**2021**
Raw materials	351 282	319 501
Work in progress	275 851	138 250
Finished goods - Engine	170 416	76 694
Finished goods - Spare Parts*	580 803	303 293
Total	1 378 352	837 738

As part of the agreement with Kongsberg Maritime AS, Bergen Engines AS also committed to repurchase existing Kongsberg Maritime AS inventory in Helmond (Netherlands). The parties agreed on a repurchase price and Bergen Engines AS has booked the spare parts back into inventory including the premium. The original cost price of the inventory was 80,8m and the repurchase premium was 92,3m. As per 31.12.2022 approximately 40% of this premium has been booked into the income statement. The remaining will be booked at actual consumption of the repurchased inventory. This decision to end the trading agreement with Kongsberg Maritime has led to an increase of inventory levels in 2022.

During 2022 Bergen Engines AS purchased raw materials and started building 27 engines originally intended for a specific project. This order was officially cancelled in 2022. Bergen Engines AS has decided to continue building these engines and expect to find other, profitable projects for them during 2023. The decision to continue building the 27 engines has increased the stocks of work in progress and completed goods during 2022. These levels are expected to be gradually reduced as the engines are delivered to other projects during the coming years.

Cost of inventory	**2022**	**2021**
Raw materials	396 515	379 716
Work in progress	275 851	155 011
Finished goods - Engine	170 416	92 694
Finished goods - Spare Parts	607 492	306 209
Total	1 450 274	933 630

Difference in Book value and Cost of inventory is the obsolete provisions as per 31.12.2022.

Bergen Engines AS

Notes to the accounts for 2022
Amounts in NOK thousand

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

Wage costs	**2022**	**2021**
Salaries	459 942	461 113
Payroll tax	69 281	66 658
Pension costs	27 799	31 281
Other payments	-579	3 003
Total payroll expenses	556 443	562 055

The total number of full time equivalent in the company during the year:	609	

Management remuneration

The Managing Director received a total compensation of 2,880k, of which 1,104k was bonus related. The Managing Director has a termination period of six months, and subsequently six months' severance pay.

The Board of Directors has not received remuneration in 2022.

Auditor fee has been divided as follows	**2022**
Statutory audit fee BDO	786
Statutory audit fee PWC	830
Audit handover PWC	30
Other services	1
Total	1 648

VAT is not included in the auditor fees.

Bergen Engines AS has replaced PWC with BDO as auditor during 2022.

Bergen Engines AS

Notes to the accounts for 2022
Amounts in NOK thousand

Note 6 - Pensions

Amounts in NOK thousand

Bergen Engines AS 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 adheres with the requirements set out in the law.

Defined contribution plan
The company has established a defined contribution pension scheme. As of 31 December 2022, 604 employees were covered by the plan. Deposits to the pension fund are recognized as payroll expenses. Prepaid contributions are being accrued for. The contributions recognized as expenses were 30m in 2022. In addition, there are costs related to employers' national insurance contributions. There are no payments to a pension premium fund in 2022, and by year-end there is no pension premium fund balance.

Note 7 - Intangible assets

	R & D	Software	Leasehold impr.	Total
Acquisition cost at 01.01.	232 410	90 704	5 833	328 947
IB Correction	839	-2 046	0	-1 207
Purchased intangibles	244	0	0	244
Reclassifications	0	0	-5 833	-5 833
Acquisition cost 31.12.	233 493	88 658	0	322 151
Acc. amortization at 31.12.	-23 031	-62 438	0	-85 470
Acc. write-downs 31.12.	-210 462	-26 219	0	-236 681
Net carrying amount at 31.12.	0	0	0	0
Useful economic life	Up to 15 years	Up to 7 years		
Amortization plan	Linear	Linear		

The reclassification of 5,8m is a direct effect of the 2022 merger with Bergen Engines Property Company AS. This is leasehold improvements on buildings, now locatedin Bergen Engines AS balance sheet.

Bergen Engines AS 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 labour force. Sustainable engineering on previously developed engine types during the year has been expensed.

Based on good results in 2022 and expected positive future cash flows from operations, Bergen Engines AS has reversed all prior year's impairment of fixed assets in 2022. However, the business has not included reversal of the prior year's impairment of intangible assets in the 2022 impairment assessment.

Bergen Engines AS

Notes to the accounts for 2022
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	116 600	1 007 019
IB Correction	46 854	0	8 286	0	55 140
Merger BEPCAS	132 411	0	0	0	132 411
	317 750	509 437	250 783	116 600	1 194 570
Purchased fixed assets	0	0	0	15 016	15 016
Reclassifications	1 641	119 645	760	-116 213	5 833
Acquisition cost 31.12.	319 390	629 082	251 543	15 404	1 215 420
Acc. depreciation 31.12.	-225 280	-398 900	-206 496	0	-830 675
Acc. write-downs 31.12.	-87 059	-117 197	-46 267	0	-250 524
Reversed write-downs 31.12.	87 059	117 197	46 267	0	250 524
Net carrying amount at 31.12.	94 110	230 183	45 047	15 404	384 744
Depreciation for the year	-437	-2 760	0	0	-3 197
Useful economic life	Up to 33 years	Up to 15 years	Up to 5 years		
Depreciation	Linear	Linear	Linear		

The fair value of property, plant and equipment has been revaluated by examining market values less sales costs. Through a cautious assessment of the values of the company's fixed assets, a further impairment reversal has been made. Bergen Engines AS has as of 31.12.2022 made a full fixed asset impairment reversal of 250,5m, following last year 64m reversal.

Depreciation for the year relates to the assets reversed last year and assets transferred to Bergen Engines AS after the merger with Bergen Engines Property Company AS from 1. January 2022.

Note 9 - Operating expenses

	2022	2021
Freight and transportation costs	47 306	47 060
Energy costs	38 882	18 293
Property rent	7 985	35 079
Rental of machinery, fixtures and fittings	10 947	9 870
Repair & maintenance, including tools and operating materials	12 996	7 982
IT costs	33 863	11 837
External services	102 953	151 325
Cost of travel, subsistence, car etc.	32 358	20 436
Insurance	13 292	6 222
Other expenses	-21 299	81 861
Total	279 282	389 963

Bergen Engines AS finished the restructuring of the business following the change in ownership 31.12.2021. The effects of this restructuring are reflected in the numbers above.

Bergen Engines Property Company AS merged with Bergen Engines AS with effect 1 January 2022, explaining the significant decrease in property rent.

IT costs, management charges and business liability insurance costs, are paid by the Head Office and recharged back to the subsidiaries, based on a reasonable allocation key.

Bergen Engines AS

Notes to the accounts for 2022

Amounts in NOK thousand

Bergen Engines AS experienced significantly higher energy costs during 2022. The effect is expected to continue into 2023.

Other expenses include changes in provisions. The key drivers in 2022 were significantly lower provisions for warranty costs and loss-making provisions on new sales deliveries. High uncertainty on specific warranty issues per 31.12.2021 has been followed up with effective actions during 2022, reducing both actual costs and expected future costs. Loss-making provisions last year were estimated at a time of high uncertainty. Producer price indexes in Europe, and especially Germany, increased significantly during fourth quarter 2021. Bergen Engines AS naturally have significant lead time between confirming a new sales order, purchasing the raw materials and eventually producing the engines. Expected price increases within this lead time was reflected in last year's provisions. Looking retrospectively the actual cost increases in Bergen Engines AS have been considerably lower than expected and the result of this is that provisions last year was too high.

Bergen Engines AS

Notes to the accounts for 2022

Amounts in NOK thousand

Note 10 - Investment in subsidiaries and associates

Company	Location	Share owners	Profit 2021	Equity 31.12.21	Book value 31.12.22
Bergen Engines Italia S.r.l	Italy	100 %	36 948	103 084	60 424
Bergen Engines Espana S.l	Spain	100 %	70 185	175 172	170 830
Bergen Engines Denmark AS	Denmark	100 %	22 110	54 835	611
Bergen Engines India tl*	India	100 %	-10 551	98 525	124 213
Bergen Engines Ltd	Great Britain	100 %	-12 139	4 871	5 025
Bergen Engines BV	The Netherlands	100 %	-5 561	30 103	28 367
Bergen Engines Bangladesh tl	Bangladesh	100 %	2 147	43 747	13 751
Bergen Engines Mexico S.de R.L de C.V**	Mexico	100 %	482	-4 284	6 141
Bergen Engines Mexico Administration S.**	Mexico	100 %	-290	710	2
Bergen Engines Inc***	United States	100 %	0	0	879
Total			103 331	506 764	410 243

Share owners' percentage includes indirect ownership through subsidiaries.

* Figures per 31.03.22
**Unaudited figures
*** Established in 2022

Bergen Engines AS established Bergen Engines Inc in 2022 with a capital injection of 879k.

Note 11 - Financial items

	2022	2021
Financial income		
Income from subsidiaries	170 805	294 558
Other interest income	1 715	11
Exchange rate gains (realized/unrealized)	55 041	69 128
Other financial income	0	12
Total	227 561	363 709
Financial expenses		
Interest expenses to group companies	8 353	3 996
Other interest expenses	3 064	5 177
Exchange rate loss (realized/unrealized)	56 396	56 469
Impairment shares in subsidiaries*	55 263	0
	123 076	65 642
Net financial items	104 485	298 067

* Bergen Engines AS impaired 90% of the investment in Mexico in 2022

Bergen Engines AS

Notes to the accounts for 2022
Amounts in NOK thousand

Note 12 - Income taxes
Amounts in NOK thousand

Income tax expenses	**2022**	**2021**
Withholding tax	44	132
Total income tax expense	44	132

Tax base estimation	**2022**	**2021**
Ordinary result before tax	480 303	187 980
Permanent differences	275	150
3% of dividends received (outside EØS)	0	634
Write-down on shares and other security expensed this year	55 263	0
Permanent differences	-170 805	-269 145
Group contribution	0	-25 414
Change in temporary differences	-489 059	-30 950
General income	-124 023	-136 745
Group contribution	0	25 414
Tax base	-124 023	-111 331

Temporary differences outlined	**2022**	**2021**
Tangible and intangible assets	-130 560	-452 650
Inventories	31 020	-52 481
Receivables	-16 557	-25 165
Provisions	-205 534	-293 036
Total	-321 631	-823 332
Taxable loss carried forward	-1 904 675	-1 780 652
Group interest carried forward	-195 614	-195 614
Basis for calculation of deferred tax asset	-2 421 919	-2 799 598
Differences not included in calculating deferred tax	-2 421 919	-2 799 598
Deferred tax asset / liability	0	0

Bergen Engines AS

Notes to the accounts for 2022

Amounts in NOK thousand

Change in temporary differences	2022	2021
Tangible and intangible assets	-279 135	-129 072
Inventories	-83 501	30 497
Receivables	-8 608	14 593
Provisions	-87 501	50 716
Time options	0	2 316
Effect of merger	12 642	0
Total	-446 103	-30 950

Effective tax rate	2022
Expected income taxes, statutory tax rate 22%	105 667
Unrecognized deferred tax asset (change)	-80 308
Permanent differences (22%)	-25 359
Withholding tax	44
Income tax expense	44

Bergen Engines AS 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 2022
Amounts in NOK thousand

Note 13 - Owners' equity
Amounts in NOK thousand

	Share capital	Share premium	Other equity	Total
Owners' equity 01.01.	183 554	797 817	0	981 371
Profit for the year	0	0	480 260	480 260
Effect of merger with BE Property Co.	0	7 039	-77 341	-70 302
Other effects	0	0	87	87
Past year losses	0	102 083	-102 083	0
Owner's equity 31.12.	183 554	906 939	300 923	1 391 416

Bergen Engines Property Company AS merged with Bergen Engines AS with effect 1 January 2022. The transaction is booked as a Parent-subsidiary (upstream merger) with accounting continuity. The equity effect of this merger in Bergen Engines AS is reflected in the numbers above.

Note 14 - 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 %

Note 15 - Intercompany balance with group and associated companies
Amounts in NOK thousand

Receivables	2022	2021
Short-term loans to group companies	72 479	0
Accounts receivables	114 387	72 719
Other receivables	5 459	0
Total intercompany receivables	192 325	72 719

Bergen Engines AS

Notes to the accounts for 2022

Amounts in NOK thousand

Payables	2022	2021
Trade creditors	51 920	68 055
Short-term loans from group companies	38 340	74 596
Short-term loan	421 142	0
Total intercompany payables	511 402	142 651

During 2022 Bergen Engines AS purchased raw materials and started building 27 engines originally intended for a specific project. The order was officially cancelled in 2022. The company has decided to continue building the engines and expect to find other, profitable projects for them during 2023. The short-term working capital demand has been funded using loans from Langley Holding plc accumulating to 40m EURO per 31.12.2022.

Note 16 - Bank deposit

	2022
Restricted bank deposits related to employee tax	21 009

Note 17 - Specification of other short-term liabilities

	2022	2021
Prepayment debtors	268 261	377 614
Warranty provision	131 813	172 340
Other short-term payables to group companies	421 142	3 255
Accrued costs for project deliveries	30 991	42 958
Other provisions and accruals for group company liabilities	0	12 905
Onerous contracts	21 586	26 246
Other short-term liabilities	99 132	80 140
Goods received not invoiced	74 135	52 897
Accrued Holiday Pay	54 203	64 844
Other advance payments/payables to group companies	38 340	47 953
Total	1 139 603	881 152

Bergen Engines AS

Notes to the accounts for 2022
Amounts in NOK thousand

Note 18 - Contingent liabilities

Guarantees
Contingent liabilities exists in respect of guarantees provided by the Bergen Engines AS in the ordinary course of business for product delivery, performance, and reliability. Per 31 December 2022, these guarantees amounted to approximately 151,2m.

Bergen Engines AS still has a few open guarantees that has been draw on Rolls-Royce Power Systems AG's credit facility. These guarantees will be closed as soon as possible, latest at expiration date). Per 31 December 2022, these guarantees amounted to approximately 234,7m.

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 equity ratio is 48%, and net working capital was 596m per 31.12.2022. The significant increase in working capital during 2022 of reason already explained. 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. The company have increased credit risk in 2022 after ending the trading agreement with Kongsberg Maritime AS. The increased number of trading partners in the commercial marine market are effectively managed trough continuously monitoring and controlling credit terms and credit limits.

Interest risk
The Company undertakes no hedging of interest rates.

Exchange rate risk
The main business inflows and outflows are in NOK and EUR. Bergen Engines AS 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.

Purchase side exposures are assessed and hedged dependent on material net exposure under the different currencies and could potentially be converted 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.

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.

BDO AS
Inger Bang Lunds vei 4
5059 Bergen

Independent Auditor's Report

To the Annual Shareholders meeting of Bergen Engines AS

Opinion

We have audited the financial statements of Bergen Engines AS.

The financial statements comprise:	In our opinion:
• The balance sheet as at 31 December 2022 • The income statement for 2022 • Statement of cash flows for the year that ended 31 December 2022 • Notes to the financial statements, including a summary of significant accounting policies	• 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 2022, 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 relevant laws and regulations in Norway 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 other information. The other information comprises the Board of Directors' report. Our opinion on the financial statements does not cover the other information.

In connection with our audit of the financial statements, 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, 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.

Opinion on the Board of Directors' report

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

- is consistent with the financial statements and

BDO

- contains the information required by applicable statutory requirements.

Responsibilities of the Board of Directors and the Managing Director 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 and using 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 the 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

BDO AS

Alexander Amundsen
State Authorised Public Accountant
(This document is signed electronically)

PENNEO

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"Med min signatur bekrefter jeg alle datoer og innholdet i dette dokument."

Alexander Amundsen
State Authorised Public Accountant
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IP: 77.16.xxx.xxx
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Skatteetaten

Vår dato	Din/Deres dato	Saksbehandler
26.07.2022		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, sktfvl. § 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 engelspråklige 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.

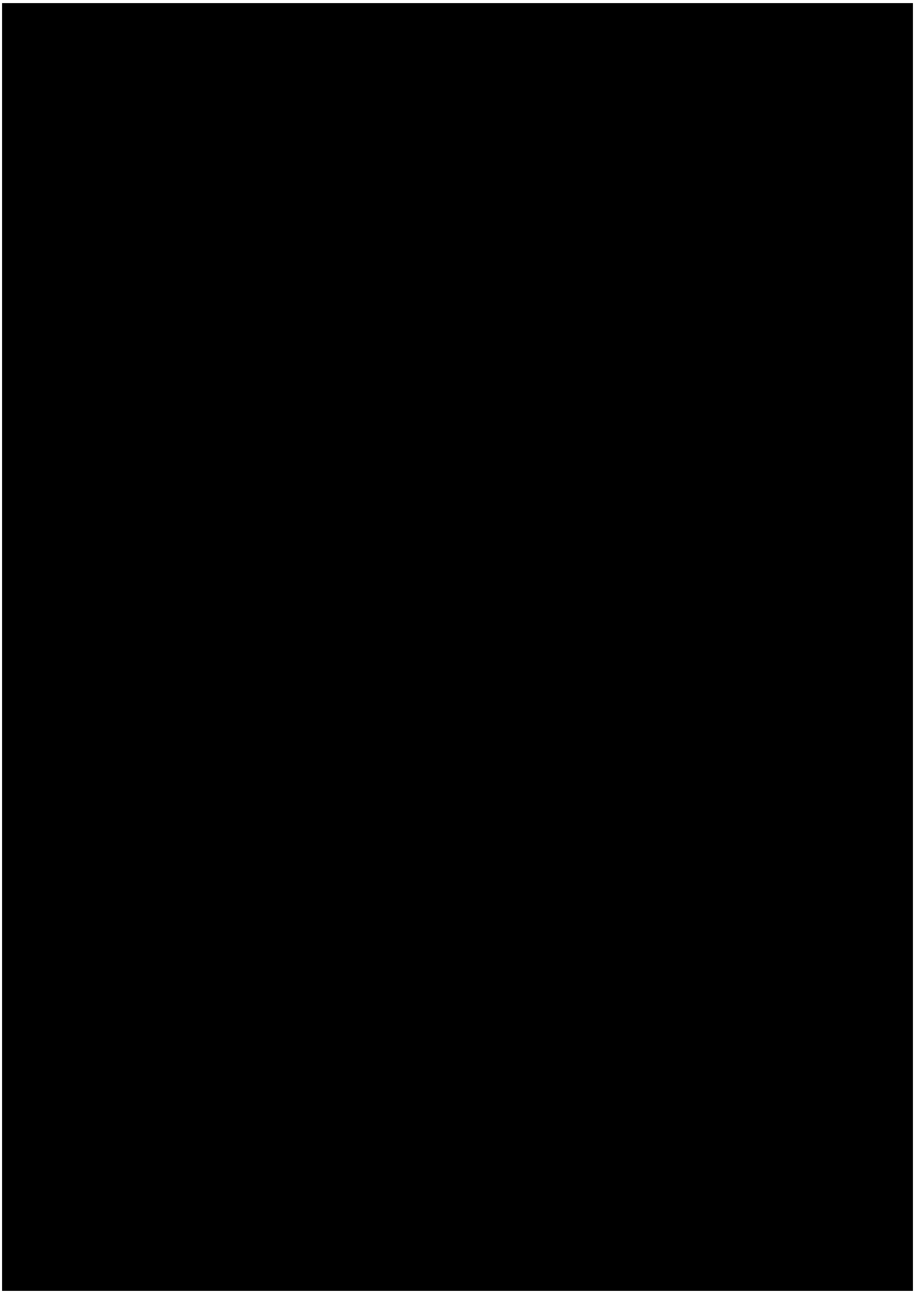
Vennligst oppgi vår referanse ved henvendelse i saken.

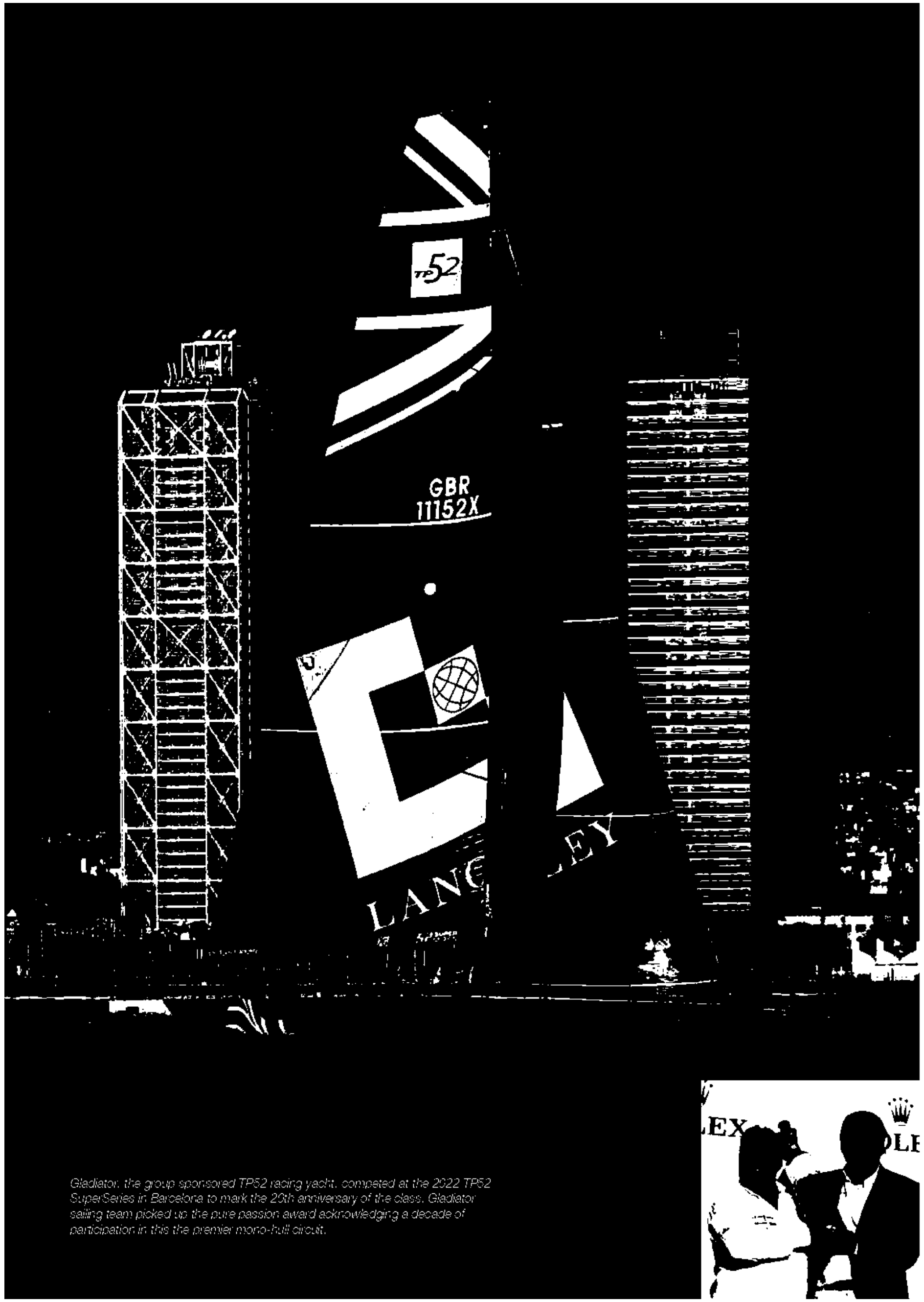
Med hilsen

Kit M. Midttun
Underdirektør
Innsats, storbedrift
Skatteetaten

Kjetil Solbø Zahl

Dokumentet er elektronisk godkjent og har derfor ikke håndskrevne signaturer.





Gladiator, the group sponsored TP52 racing yacht, competed at the 2022 TP52 SuperSeries in Barcelona to mark the 20th anniversary of the class. Gladiator sailing team picked up the pure passion award acknowledging a decade of participation in this the premier mono-hull circuit.

Contents

LANGLEY

Group Profile

IFRS Annual Report and Accounts 2022

At a glance

LANGLEY

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 5,300 people worldwide.

3
Principal Divisions

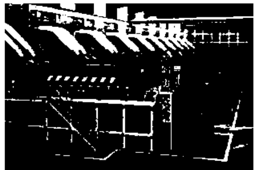
90+
Subsidiaries

€1.2bn
Revenues

18
Manufacturing Sites

5,330
Employees

langleyholdings.com



Power Solutions

Revenues

Employees

1

Print Technologies

Revenues

Employees

2

Other Industrials

Revenues

Employees

3

ON LAND. *The Power of 10: A scaleable microgrid power solution comprising 10MW genset modules.*

LANGLEY

Power Solutions Division

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.

POWER SOLUTIONS DIVISION

BERGEN ENGINES
ON LAND. AT SEA.
PILLER Power Systems
Nothing protects quite like Piller
MarelliMotori
Powering the future®
We have the power.

5

Bergen Engines

Est. 1855

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 1855. 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

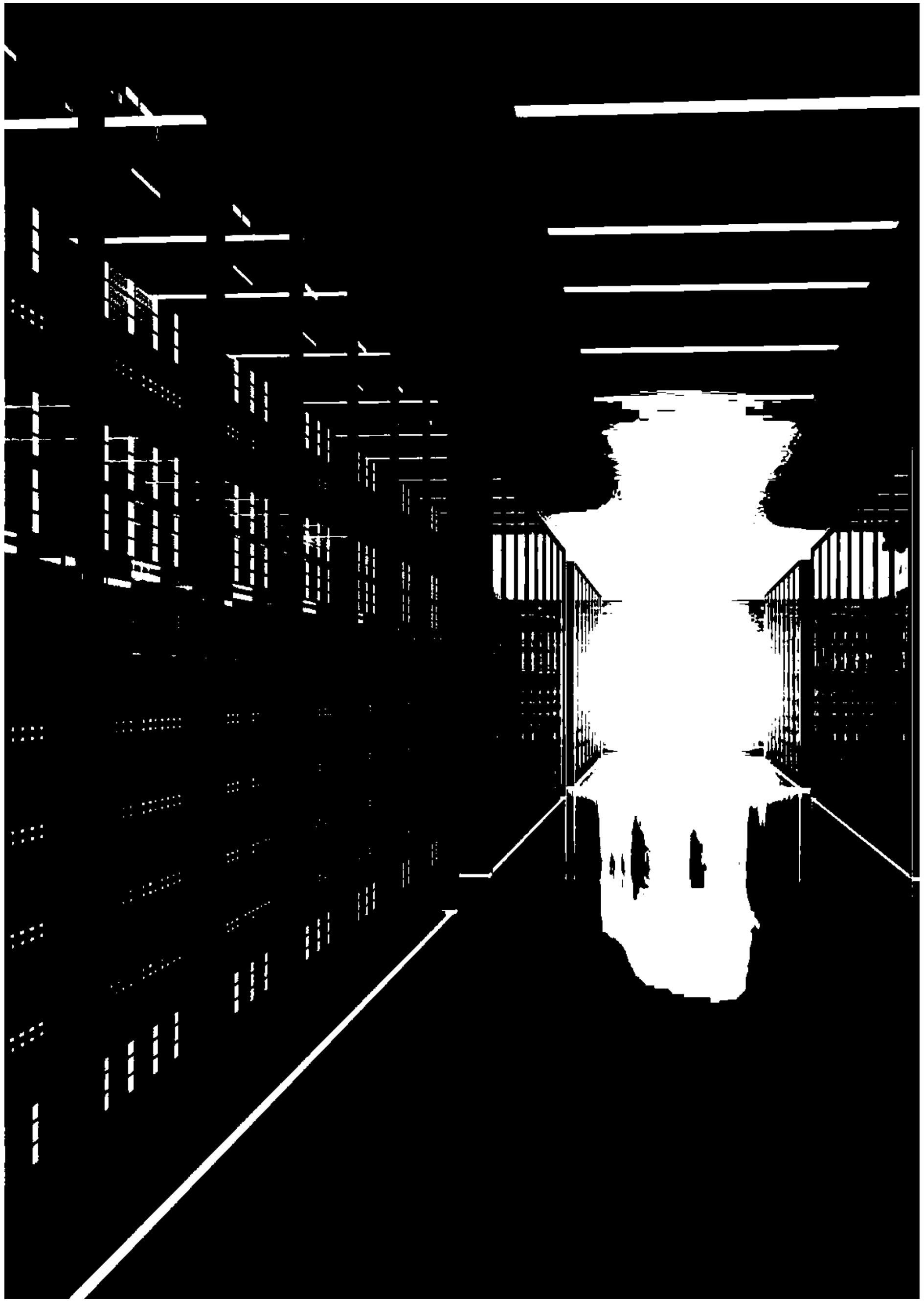
BERGEN ENGINES

ON LAND. AT SEA.

POWER SOLUTIONS DIVISION

6

AT SEA. *The icebreaker R/V Laura Bassi powered by Bergen engines set a new record for the southernmost point ever reached by ship in 2022.*



LANGLEY

Piller

Est. 1909

Piller Power Systems is Europe's leading producer of uninterruptible power supply (UPS) systems for mission-critical power applications such as data centres (shown) and semi-conductor manufacturing. 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 Texas-based flywheel UPS specialist.

piller.com

PILLER
Power Systems
Nothing protects quite like Piller

Active Power

Est. 1996

Active Power designs and produces battery free flywheel UPS modules for data centres, healthcare, industrial and manufacturing applications.

The company is headquartered and manufactures in Austin TX.

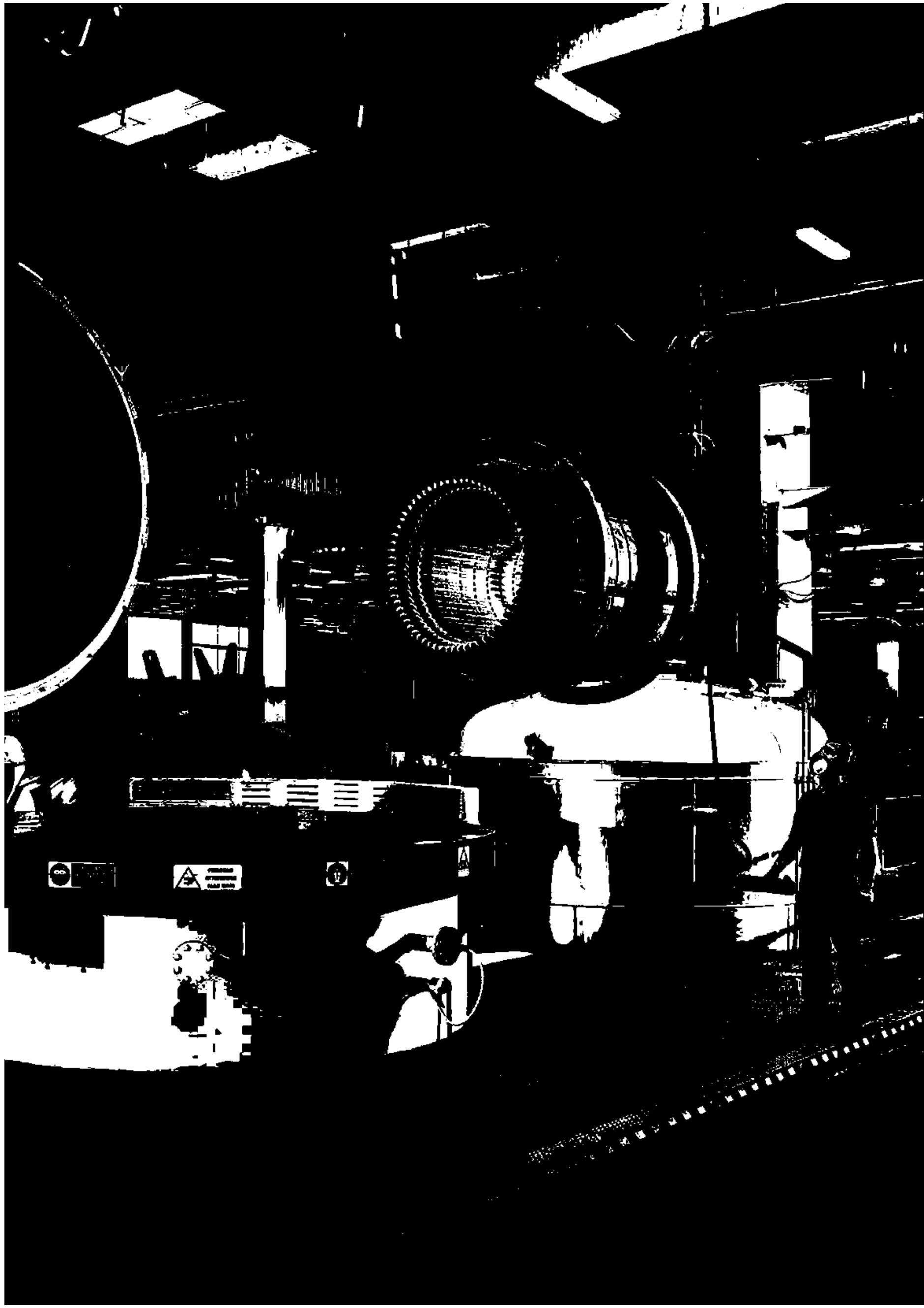
Active Power protects mission critical applications in more than 50 countries with over 5000 flywheel-based UPS modules installed worldwide

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

activepower.com

ACTIVE POWER
DRIVEN BY MOTION

POWER SOLUTIONS DIVISION



Marelli Motori

Est. 1891

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

The company is headquartered in Arzignano, near Verona, and has extensive manufacturing facilities in Italy with subsidiaries in Germany, Malaysia, South Africa and the USA. The Marelli Motori group was acquired by Langley in 2019.

marellimotori.com

In 2022 Marelli Motori developed a 10MW generator to pair with Bergen's 15000hp V20 gas engine.

MarelliMotori
Powering the future®

POWER SOLUTIONS DIVISION

11

LANGLEY

Print Technologies Division

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

PRINT TECHNOLOGIES DIVISION

manroland sheetfed

DRUCK CHEMIE

PRINT LIQUIDS TECHNOLOGY

blueprint

PCO

13

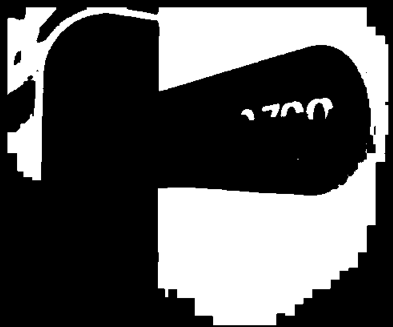
Manroland Sheetfed

Est. 1871

Manroland Sheetfed is a leading German manfacturer of offset litho sheetfed 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.

manrolandsheetfed.com



manroland

WE ARE PRINT.

PRINT TECHNOLOGIES DIVISION

14

Druck Chemie

Est. 1971

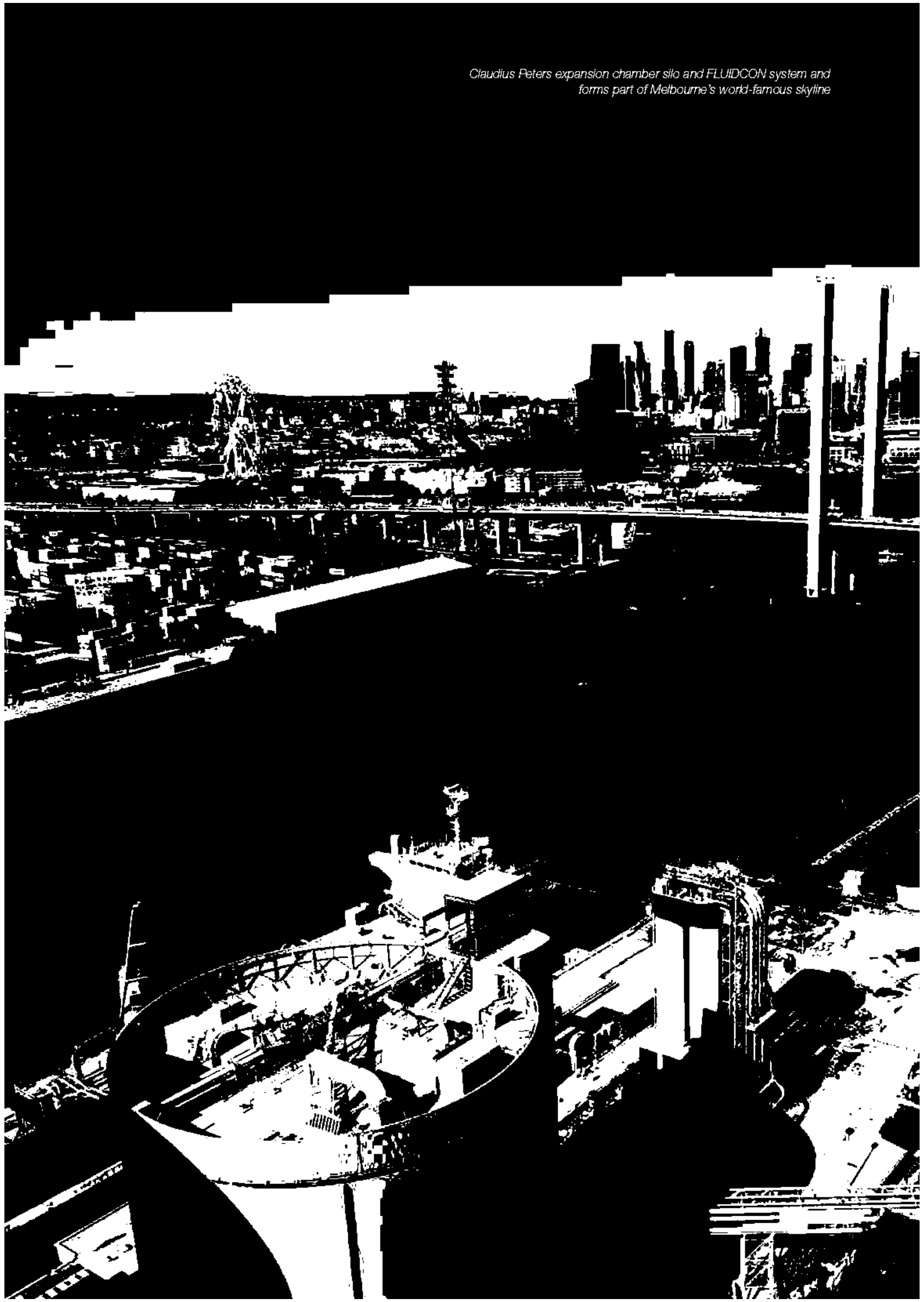
Druck Chemie is the leading German producer of chemicals, consumables and services to the printing and graphics industry.

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, BluePrint Products and HiTech Chemicals, in December 2020 and Dutch producer PCO Europe in 2023.

druckchemie.com

DRUCK CHEMIE
PRINT LIQUIDS TECHNOLOGY



Claudius Peters expansion chamber silo and FLUIDCON system and forms part of Melbourne's world-famous skyline

LANGLEY

Other Industrials

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

CLAUDIUS PETERS

ARO WELDING TECHNOLOGIES

Bradman Lake Group Integrated Packaging Technology

READER CEMENT PRODUCTS

CLARKE CHAPMAN

Revenues

Employees

3

Claudius Peters

Est. 1906

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 Technologies

Est. 1949

LANGLEY

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 Château-du-Loir 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 and the use of electrification all led to strong demand for ARO welding technology in 2022.

arotechnologies.com

ARO WELDING TECHNOLOGIES

Bradman Lake

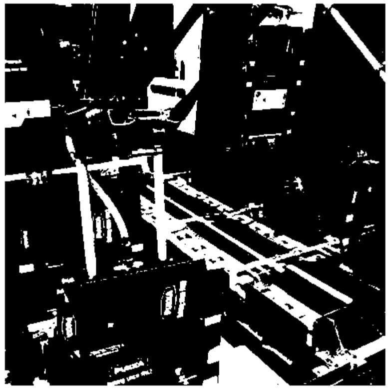
Est. 1909

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



In 2022 Bradman Lake was awarded the prestigious Queens Award for Enterprise.

Bradman Lake Group
Integrated Packaging Technology

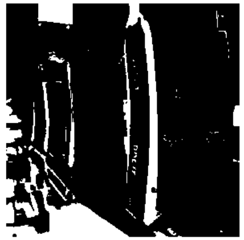
Reader Cement

Est. 1985

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

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

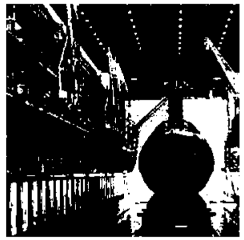
Clarke Chapman

Est. 1864

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

The company'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



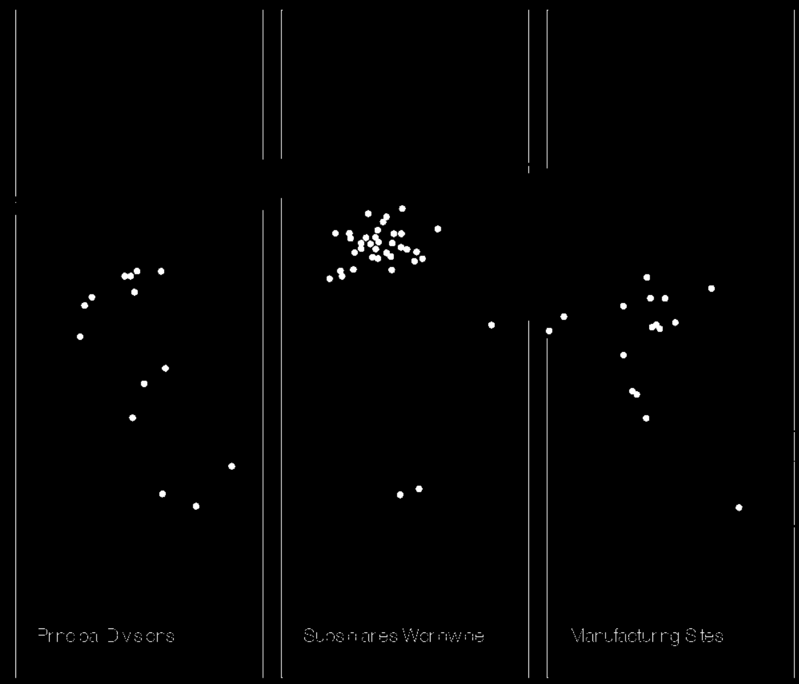
CLARKE CHAPMAN

LANGLEY

Global Locations

LANGLEY

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. Chengdu. Guangzhou. Hong Kong. Shanghai. Shenzhen. Wuhan **Columbia** Bogota **Croatia** Zagreb **Czech Republic** Prague. Kuřim **Denmark** Ballerup. Norresundby **Finland** Vantaa **France** Château-du-Loir. Mulhouse. Paris. Soppe-Le-Bas **Germany** Augsburg. Elze. Frankfurt. Hamburg. Hanover. Stuttgart **Hungary** Budapest **India** Mumbai. New Delhi **Indonesia** Jakarta **Ireland** Dublin **Italy** Arzignano. Bergamo. Genova. Milan **Japan** Saitama **Malaysia** Shah Alam **Mexico** Huimilpan. Puebla **Netherlands** Amsterdam. Helmond. Zwijndrecht **Norway** Hordvik **Peru** Lima **Poland** Nadarzyn. Gniezno **Portugal** Sintra **Romania** Bucharest. Sibiu **Russia** Moscow **Slovakia** Bratislava **Slovenia** Ljubljana **South Africa** Cape Town. Johannesburg **Spain** Barcelona. Madrid. Tarragona **Sweden** Fjärås. 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. Westmont IL **Venezuela** Caracas



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IFRS Annual Report & Accounts 2022

Company Information

IFRS Report & Accounts 2022

LANGLEY

DIRECTORS:	A J Langley – Chairman B J Langley W A Langley M J Neale
COMPANY SECRETARY:	P Sexton
REGISTERED OFFICE:	Enterprise Way Retford Nottinghamshire DN22 7HH United Kingdom
REGISTERED IN ENGLAND NUMBER:	1321615
AUDITOR:	Saffery Champness LLP 71 Queen Victoria Street London EC4V 4BE United Kingdom
PRINCIPAL BANKERS:	Barclays Bank plc PO Box 3333 One Snowhill Snowhill Queensway Birmingham B4 6GN United Kingdom Deutsche Bank AG Adolphsplatz 7 20457 Hamburg Germany Commerzbank AG Sand 5-7 21073 Hamburg Germany

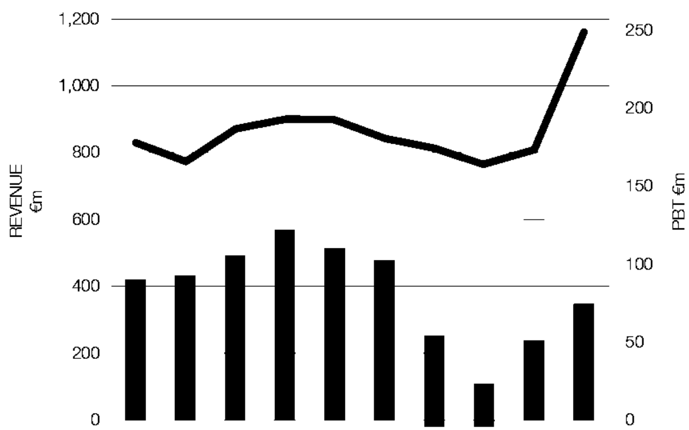
Key Highlights

Year Ended 31 December 2022

	Year ended 31 December 2022 €'000	Year ended 31 December 2021 €'000 As restated
REVENUE	1,172,485	814,627
PROFIT BEFORE TAXATION	75,727	128,568
NON RECURRING GAIN	-	78,013
NET ASSETS	844,238	814,424
CASH AND CASH EQUIVALENTS	240,901	290,988
ORDERS ON HAND	900,051	797,880
	No.	**No.**
EMPLOYEES	5,330	5,339

LANGLEY

10 Year Trading Summary



	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
PBT Total	91	101	107	123	112	104	56	24	129	76
Non-Recurring Gain/(Loss)	0	7	0	0	0	0	(4)	(4)	78	0
Revenue	834	779	875	901	904	848	820	767	815	1.172

Chairman's Review

Year Ended 31 December 2022

In the year ended 31st December 2022, the group recorded a profit before tax of €75.7 million (2021: €128.6 million) on revenues of €1.172 billion (2021: €814.6 million). At the year-end the group's cash stood at € 240.9 million (2021: €291.0 million), net assets were €844.2 million (2021: €814.4 million) and orders on hand €900.0 million (2021: €797.9 million). The group had nil net debt (2021: nil) and there were no shareholder dividends during the period (2021: nil). .

Forward

The economic recovery that followed the hammer-blow delivered by Covid-19, continued into 2022 and brought with it new challenges.

Sharp increases in producer prices that began towards the end of 2021 continued into 2022 and through the year and inflation not seen since the 1980s is, for the time being at least, the new normal.

What this has meant for those of our businesses producing equipment with very long lead times, where contracts were agreed prior to these increases, is significant margin erosion.

However, the majority of those contracts have now worked through and overall margin quality gradually improved as the year progressed. As the legacy diminishes still further, I expect further improvement in 2023.

Supply chain lead times were a major headache for all our businesses in 2022, although the situation is now improving.

Higher than normal absenteeism added to burden. Covid-19, although no longer the serious health threat that it was, is still widespread, possibly more so than at the height of the pandemic.

On the whole our businesses have managed to work through these difficulties and our management met the challenges 2022 brought with it well.

Since the beginning of 2022, following the acquisition of Norwegian engine builder Bergen Engines AS from Rolls-Royce, the group may now be broadly categorised into three principal divisions:

Power Solutions   Print Technologies   Other Industrials

LANGLEY

Power Solutions

The Power Solutions Division accounted for just over half of the group's near €1.2bn revenues and around two thirds of its 2022 profits.

The Power Solutions Division comprises:

Bergen Engines (Norway)   **Marelli Motori (Italy)**   **Piller Power Systems (Germany)**

Revenue 2022: € 534 million (2021: €270 million)
Forecast Revenue 2023: € 687 million
Orders on hand: € 661 million (2021: €550 million)
Employees: 2,269

Bergen Engines

On 31st December 2021, the group acquired the entire share capital of Bergen Engines AS from Rolls Royce plc. From its headquarters and manufacturing plant in Bergen, Norway, Bergen Engines produces very large diesel and gas engines, mainly for power generation applications in the marine industry and land-based microgrid applications. The company has sales and service subsidiaries in the USA, Mexico, Spain, Italy, the Netherlands, Denmark, the UK, Bangladesh and India. The Indian subsidiary is also a plant engineering outpost.

During more than two decades of Rolls-Royce stewardship, Bergen Engines became synonymous with the renowned reputation of Rolls-Royce. During that time the company has built numerous power plants up to 200MW. It is a high quality asset and a welcome addition to the group .

"...numerous power plants up to 200MW."

Going forward, Bergen Engines is the central column, not only of the Power Solutions Division, but also of the group's net zero strategy, working closely with Marelli Motori and Piller Power Systems to offer power solutions in the rapidly emerging hybrid renewables microgrid sector, whilst continuing to serve its traditional markets.

"...a successful first year's trading."

During the year, the business underwent light restructuring and an extensive review of operations, processes and procedures. I am pleased to report that Bergen Engines had a successful first year's trading under Langley stewardship, returning to positive territory after a number of loss making years. A large portion of the turnaround is attributable to cost savings and the full benefit of these will only be fully realised in 2023.

The Bergen Engines AS facility in Norway.

Chairman's Review (continued)

Year Ended 31 December 2022

Piller Power Systems

Piller Group GmbH, our German producer of mission-critical electrical equipment, along with its overseas sales and service subsidiaries in the USA, the UK, France, Italy, Spain, Singapore and Australia, was the largest single contributor to the group trading result in 2022.

"...largest single contributor to the group trading result in 2022."

An all-time record high order intake in 2021 was surpassed once again in 2022, as demand for Piller's highly acclaimed power conditioning systems continued to soar, particularly in mission-critical industrial applications such as semiconductor manufacturing and for data centres. The order intake reached a new record level during our 18-year stewardship.

Piller's expertise in power stabilisation and backup technology lends itself well to the challenge of harmonising and conditioning multiple energy sources and during the year, Piller developed its technology for microgrid applications.

"...order intake reached a new record level..."

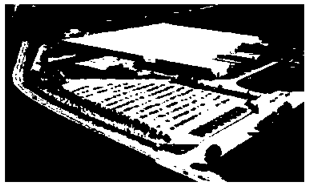
Integrated Power Conditioning Technology (IPCT) promises "clean" power based on proven technology in modules up to 10MW. Thereafter in multiples of up to several hundred megawatts in conjunction with Bergen engines and Marelli Motori generators for microgrid applications.

Active Power Inc, based in Austin, Texas, which is focused on power conditioning at the lower end of Piller's range, also had another good year, accounting for some 15% of Piller group profits. The strong US dollar and Russian sanctions dampened the export sales of Active Power but this was compensated by strong home market demand with notable new customers including Mayo Clinic and Tesla.

"...notable new customers including Mayo Clinic and Tesla."

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, before residual non-cash impairments. The business suffered badly from margin erosion due to increases in costs which could not be passed on in 2022. Current costs are now being reflected in selling prices and I expect an improved performance in 2023.



The Marelli Motori factory in Arzignano, northern Italy.

During 2022 Marelli worked closely with Bergen Engines to optimally match their generators to the power output of Bergen's engine range. Prior to our ownership, the two companies often paired their products into generator sets and both are widely recognised for their premium quality and reliability.

LANGLEY

During my visit to the Norwegian factory last month, I was pleased to witness the successful testing of Marelli's 10MW generator coupled to a 15,000hp hydrogen-ready Bergen gas engine; an impressive sight and a seminal moment I feel.

The 10MW hydrogen-ready gas fired generator module, together with Piller's Integrated Power Conditioning Technology (IPCT) is set to be the core building block of our Power Solution Division's microgrid offering.

"...core building block of microgrid offering."

Print Technologies

The Print Technologies Division comprises of:

Manroland Sheetfed GmbH (Germany) **Druck Chemie GmbH (Germany)**
BluePrint Products NV (Belgium) **PCO Europe BV (Belgium) acquired January 2022**

Revenue 2022: € 361.3 million (2021: €300.0 million)
Forecast Revenue 2023: € 407.7 million
Orders on hand: € 85.4 million (€112.2 million)
Employees: 1,728 (1,726)

Manroland Sheetfed

Manroland Sheetfed GmbH, together with its market organisation of over 40 sales and service subsidiaries worldwide, is the largest of the group's operating organisations and the German factory our largest single manufacturing footprint.

"...largest single manufacturing footprint."

2022 continued to be dogged by supply chain issues. With a modern offset litho printing press comprising over 3,000 components, these are amongst the most complex machines manufactured by the group. Shortages of critical components caused multiple production bottlenecks that seriously hampered deliveries from the factory, pushing the business deep into negative territory. The market organisation companies performed profitably, more or less as expected, but could only partially compensate the shortfall.

During the year, a detailed review of the headquarters operations identified significant scope for working practice improvements and excessive non-productive labour in the manufacturing organisation.

"Changes in production management now made..."

Changes in production management have now been made and a restructuring plan to reduce non-productive employees by 120 persons is currently being implemented, along with a supplementary tariff agreement.

Chairman's Review (continued)

Year Ended 31 December 2022

Over 80% of these staff reductions have been achieved voluntarily, mainly by early retirement and no compulsory redundancies are being made in the direct workforce.

"...over 80% of staff reductions achieved voluntarily"

Apprentice intake is being maintained and those apprentices completing the training programme are continuing to be offered permanent positions.

The reorganisation, which will be completed in this first quarter of 2023, will not only streamline the organisation, but also significantly reduce the age profile of the workforce.

The exceptional restructuring cost for the reorganisation was provided in 2022 and with a healthy order backlog at the year end, 2023 looks set to be a much improved year for Manroland.

Druck Chemie Group

Druck Chemie – our print chemicals producer, based near Stuttgart in Germany - together with its distribution subsidiaries in Belgium, Czech Republic, France, Italy, Poland, Spain Switzerland and Brazil – had another successful year.

"...another successful year"

BluePrint Products BV, the Belgian wholesale print chemical producer acquired in 2020 and now part of the Druck Chemie group, more or less hit its revenue target but suffered margin erosion from higher input costs to fall short on PBT, although the business was well into positive territory.

In January this year, Druck Chemie acquired PCO Europe BV, which is currently being relocated to BluePrint's Kruibeke production facility in Belgium.

Overall a satisfactory year for the Druck Chemie group

Other Industrials

Other areas of group activity include materials handling, automotive, packaging, construction and commercial property holding. Overall the division made a solid contribution to the 2022 result.

"a solid contribution to the 2022 result."

Revenue 2022: € 277.2million (€250.5 million)
Forecast Revenue 2023: € 296.4 million
Orders on hand: € 153.7million (€136.0 million)
Employees: 1,333 (1,330)

LANGLEY

Materials Handling

Claudius Peters Group GmbH (Germany)
Clarke Chapman Group Ltd (UK)

Automotive

ARO Welding Technologies SAS (France)

Packaging

Bradman Lake Ltd (UK)

Construction & Property

Reader Cement Products Ltd (UK)
Oakdale Homes Ltd (UK)
Various property holding entities (Global)

Claudius Peters

Claudius Peters Group GmbH, the plant machinery builder, has some of the longest lead time contracts in the group and was hit hardest by margin erosion in 2022. The outposts in Spain, Italy, the UK and Brazil were more or less in line with budgets and Claudius Peters Americas in Dallas, TX, did particularly well. Claudius Peters China also exceeded its budget although the French subsidiary fell short of its target.

The plant and machinery business in Germany underperformed significantly, due in part to supply chain related margin erosion but also due to its high cost base and inefficient working. The unions and works council have thus far resisted management attempts to address changes in working practices and the board is currently considering restructuring the business if satisfactory progress is not made soon. This unacceptable situation has gone on long enough.

Claudius Peters' aerospace division, which manufactures aircraft stringers for Airbus, made a solid contribution, which, together with the outposts and a healthy machinery aftermarket, pulled the overall 2022 group result back to virtually break even.

The company has produced these critical components since the very beginning of the Airbus programme in 1983 and during the year the company renewed its long-standing supply partnership agreement with Airbus for a further five years.

"...Airbus agreement renewed for a further five years."

Hopefully management will make progress with tangible improvements to the plant machinery business, restructuring is not the preferred option but either way I do expect a better result this year.

Chairman's Review (continued)

Year Ended 31 December 2022

Clarke Chapman

Clarke Chapman Group Ltd, our specialist materials handler, principally to the UK nuclear sector, and service provider to the UK rail network, performed satisfactorily and on budget.

Strong order intake, including renewal of a long term maintenance contract for Network Rail and a major order, in Clarke Chapman terms, for Sellafield, the UK nuclear waste processing, storage and decommissioning facility, underpin the business's for 2023 and beyond.

"...rail and nuclear contracts underpin the business for 2023 and beyond."

Another satisfactory year for the business that we acquired, also from from Rolls-Royce, in 2000.

ARO Welding Technologies

ARO Welding Technologies SAS – our French producer of resistance welding machines to the automotive sector – saw good performances from the French and US manufacturing businesses, albeit on volumes much reduced from the heady years before the pandemic.

ARO outposts in Mexico, Brasil, the UK, Slovakia and Germany were more or less in line with budgets while ARO China did considerably better than plan, remarkable considering the Covid situation in China. ARO Benelux, which handles business with Russia, understandably fell short of its mark but still managed to post a positive result.

A good performance by the ARO group.

"a good performance by the ARO group."

Bradman Lake

Bradman Lake Group Ltd, our packaging machinery business, had another successful year. Food packaging, its principal market, remained buoyant in 2022 and both revenue and PBT targets were exceeded at the Bristol and Beccles business units in the UK, and at Rockhill SC in the USA.

With healthy order books at year-end on both sides of the pond, 2023 is expected to see a continuation of the good performance of the business we acquired in 2007.

"In 2022 Bradman Lake was awarded the prestigious Queens Award for Enterprise."

Bradman Lake has now contributed positively to the group for over a decade.

Reader Cement Products

Reader Cement Products Ltd, the UK cement blending and packing specialist, had another record year, its third in a row.

An outstandingly good performance from this, the business that was transformed five years ago from the remnants of the mining business that Langley was founded upon into the UK's leading independent producer of blended cement products.

"... third record year in a row."

Oakdale Homes

Oakdale Homes Ltd, the small local house builder, which also harks back to the group's very beginnings, posted a positive result for the year, due largely to a long-held land disposal during the period. Nevertheless, the underlying result was also positive.

The business is slowly being wound down and no further developments commenced.

Commercial Property

Over 95% of the group's manufacturing, warehousing and office footprint, amounting to over a million square metres, together with commercial investment properties let to third parties, are owned outright by the group.

"... over one million square metre footprint"

2022 saw the first year of full occupancy of Senefelderhaus, the former headquarters building of Manroland AG, acquired along with the printing press business in 2012. Between 2017 and 2022 the six-storey Senefelderhaus was redeveloped and let, floor-by-floor, along with other surplus buildings acquired at the time, to the German Federal Police. Today the Senefelderhaus is the main regional Bundespolizei training academy, accommodating over 2,000 students and teachers.

Senefelderhaus, the former Manroland AG headquarters building redeveloped and let to the German Federal Police.

In the UK, surplus land at Clarke Chapman , which was redeveloped into a business park a few years ago, continues to be largely fully occupied. Two of the larger units were let to the National Health Service and transformed into a CL3 laboratory for Covid-19 testing during the pandemic. Over 80 million Covid tests have since been carried out there. Now no longer required, options are currently under discussion to take the units back ahead of the lease expiry in 2025.

"Over 80 million Covid tests..."

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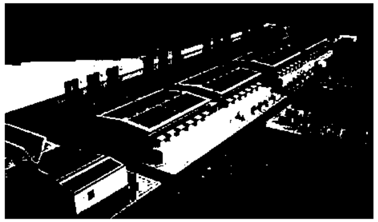
Chairman's Review (continued)

Year Ended 31 December 2022

Sustainability



Our Power Solutions Division is central to the group's ambitions to reduce global carbon emissions. Whereas all of our management are conscious of minimising the impact our own operations have on the environment and continually seek to minimise that impact, the Power Solutions Division is uniquely positioned as part of the clean energy transition, manufacturing the infrastructure that generates the electricity itself.

"...multiple engine power plants up to 200MW."

From this unique position, the group can make a far greater sustainability contribution..

Bergen Engines is already working on the AMAZE (Ammonia Zero Emissions) project, a joint initiative with the Norwegian government to develop ammonia as an alternative to oil for ship engines and during the year, first full scale hydrogen blend trials successfully took place at a customer co-generation site in Spain.

Although virtually carbon free, most hydrogen production uses as much natural gas energy as the hydrogen energy it produces. So-called "green hydrogen" is currently produced in relatively minute quantities and requires a huge amount of energy. Dedicated green hydrogen production, powered by hybrid wind and solar renewables, together with a series of 10MW gas engine generators for times when the wind does not blow and the sun is not shining to power the process continually, is just one possibility.

"...first full scale hydrogen trials took place at customer co-generation in Spain.."

Other large electricity consumers, such as data centres semiconductor manufacturers and mines are also candidates for hybrid renewable microgrids.

The 10MW "building block", utilising Bergen gas engines, Marelli generators and Piller IPCT, is proven technology adapted to the clean energy transition.

Russia / Ukraine Conflict

Like many people, I am deeply saddened by the human cost of conflict between Russia and Ukraine.

From a business perspective the region represents an important, although not a critical market for the group, normally accounting for around 10% of group activity.

Sanctions imposed progressively since the outbreak of hostilities in February 2022 mean that business with Russian entities is now all but impossible.

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.

In February last year I wrote that Covid restrictions were relaxing exponentially and as the year progressed, one by one, governments proclaimed the pandemic officially over.

We have all become weary of Covid restrictions and whilst it is common sense to exercise caution with any transmissible illness, Covid no longer poses the threat to health that it did and there is now no requirement across the group to observe any restrictions that are not legally required.

Conclusion and Outlook

If 2021 was the year in which the world began to look back on the Coronavirus pandemic, 2022 was the year in which it started to count the cost.

A whiplash of economic activity brought with it inflation unprecedented in over four decades and successive interest rate hikes as central banks across the western world grappled with a phenomenon not experienced in a generation. Towards the end of the year there were signs of inflation slowing but for the most part wage inflation has not yet added to the cycle.

In 2022 group revenues grew by some 40% on the previous year to almost €1.2 billion. Passing the billion mark in November was a significant milestone for the group I founded in 1975. I suspect the next billion of revenues will come much sooner.

"In 2022 group revenues grew by some 40% on the previous year to almost €1.2 billion….. a significant milestone"

Chairman's Review (continued)

Year Ended 31 December 2022

Profits have lagged behind somewhat, due to various factors already mentioned, but the foundations are now laid upon which the next stage can be built.

The Bergen Engines acquisition bedded in well and looking forward, the group has excellent growth prospects, especially in the Power Solutions Division.

The current year started with an order backlog of €900 million, which was more or less equal to 75% total 2022 revenues. This was largely due the acquisition of Bergen Engines but also in part due to growth in the existing group.

"...the foundations are now laid upon which the next stage can be built."

Overall, considering the headwinds encountered, the 2022 result was satisfactory. With an order backlog of €900 million and the negatives much diminished, 2023 looks set to be a year where profits begin to catch up with the step-change in revenue seen in 2022.

Anthony J Langley
Chairman
20th February 2023

Directors' Report

Year ended 31 December 2022

LANGLEY

The Directors present their report together with the audited Accounts of the Group for the year ended 31 December 2022.

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 €46,895,000 (2021 – €106,798,000).

Dividends of €nil were paid to the ordinary shareholder during the year (2021 – €nil). 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 46 days (2021 – 39 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 2022 Ordinary shares of £1 each	At 31 Dec 2021 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 2022

Langley Holdings Plc is committed to reducing its environmental impact and promoting energy efficiency. We have invested in installing LED lighting throughout our facility, which has reduced our energy consumption. We will continue to explore and invest in new technologies and practices that will help us reduce our energy usage and decrease our carbon footprint.

Energy usage has been calculated based on gas and electricity meter readings. Fuel used in respect of both business mileage and vehicles owned by the Group have been taken from mileage readings.

Energy consumption derives from the following fuel types:

	Consumption (KwH)	Consumption %	Equivalent greenhouse emission (tonnes)	Greenhouse gas emissions (%)
31 December 2022				
Transportation (derv/petrol)	63,010	38.92	15,099	43.48
Natural gas	46,920	28.98	8,594	24.75
Electricity	51,977	32.10	11,036	31.77
Total	**161,907**	**100.00**	**34,729**	**100.00**
31 December 2021				
Transportation (derv/petrol)	78,763	48.77	18,874	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**

Intensity ratio:

	2022	2021
Total energy consumption (KwH)	161,907	161,505
Associated GHG emissions (tCO_2e)	34,729	35,802
Turnover excluding dividends from subsidiaries (€'000)	10,155	7,444
Intensity ratio (tCO_2eper €'000)	3.42	4.81

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 CO_2 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

Directors' Report (continued)

Year ended 31 December 2022

LANGLEY

- 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, Saffery 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

20th February 2023

Strategic Report

Year ended 31 December 2022

The Directors present their Strategic Report for the year ended 31 December 2022 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 Disclosures

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 2022

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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 Group'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.

(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 2022

	2022 €'000	2021 €'000
Orders on hand	900,051	797,880
Cash held	240,901	290,988

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
20th February 2023

Langley Holdings PLC
Registered in England and Wales
Company number 01321615

Independent Auditor's Report to the Member

LANGLEY

Year ended 31 December 2022

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 2022 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..

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 2022 and of the Group's profit for the period then ended;
- the Group and the Parent Company financial statements have been properly prepared in accordance with UK-adopted international accounting standards;
- 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 2022

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 13, 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.

Independent Auditor's Report to the Member (continued)

Year ended 31 December 2022

LANGLEY

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 2022

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

Independent Auditor's Report to the Member (continued)

Year ended 31 December 2022

LANGLEY

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 purpose. 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 Saffery Champness LLP

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

20th February 2023

Consolidated Income Statement

Year ended 31 December 2022

	Notes	2022 €'000	2021 €'000 Restated
REVENUE	2	1,172,485	814,627
Cost of sales		(821,005)	(569,291)
GROSS PROFIT		351,480	245,336
Distribution costs		(80,304)	(57,224)
Administrative expenses		(202,884)	(159,742)
Other income	3	6,703	22,360
Gain on a bargain purchase		-	78,013
OPERATING PROFIT	4	74,995	128,743
Finance income	5	1,467	240
Finance costs	6	(735)	(415)
PROFIT BEFORE TAXATION		75,727	128,568
Income tax expense	10	(28,832)	(21,770)
PROFIT FOR THE YEAR		46,895	106,798

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

* Restatement – See note 38 for further details on the restatement of the prior year income statement

The notes on pages 58 to 123 form part of these accounts

Consolidated Statement of Other Comprehensive Income

LANGLEY

Year ended 31 December 2022

	Notes	2022 €'000	2021 *As restated €'000
Profit for the year		46,895	106,470
Other comprehensive income:			
Items which will not be reclassified to profit and loss			
Re-measurement loss on defined benefit pension schemes	9	263	291
Deferred tax relating to re-measurement	28	(21)	7
		242	298
Items which may be reclassified to profit and loss			
Exchange differences on translation of foreign operations	35	(17,323)	21,066
Other comprehensive income for the year		(17,081)	21,364
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		29,814	128,162

* Restatement – See note 38 for further details on the restatement of the prior year income statement

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

The notes on pages 58 to 123 form part of these accounts

Consolidated Statement of Financial Position

Year ended 31 December 2022

NON-CURRENT ASSETS	Note	2022 €'000	2021 *As restated €'000	2020 *As restated €'000
Intangible assets	11	18,370	16,292	17,672
Property, plant and equipment	12	296,971	315,670	194,700
Investments	13	14	14	14
Investment properties	14	62,576	64,626	55,604
Trade and other receivables	15	4,924	5,704	3,272
Deferred income tax assets	28	32,526	32,236	34,950
		415,381	434,542	306,212
CURRENT ASSETS				
Inventories	16	434,999	325,766	188,625
Trade and other receivables	17	274,766	257,414	159,400
Current income tax recoverable	19	5,857	7,281	5,960
Cash and cash equivalents	20	240,901	290,988	287,963
		956,523	881,449	641,948
CURRENT LIABILITIES				
Current borrowings	24	62	56	721
Current income tax liabilities	23	8,490	9,507	10,697
Trade and other payables	21	397,382	339,986	176,866
Provisions	22	26,787	47,187	19,324
		432,721	396,736	207,608
NET CURRENT ASSETS		523,802	484,713	434,340
TOTAL ASSETS LESS CURRENT LIABILITIES		939,183	919,255	740,552
NON-CURRENT LIABILITIES				
Provisions	22	10,651	1,805	792
Long term borrowings	24	62	117	177
Trade and other payables	25	29,579	48,346	18,213
Retirement benefit obligations	26	12,288	13,489	13,322
Non-current income tax liabilities	27	131	1,219	-
Deferred income tax liabilities	28	42,234	39,855	21,786
		94,945	104,831	54,290
NET ASSETS		844,238	814,424	686,262
EQUITY				
Share capital	33	71,227	71,227	71,227
Merger reserve	34	4,491	4,491	4,491
Retained earnings	35	768,520	738,706	610,544
TOTAL EQUITY		844,238	814,424	686,262

* Restatement – See note 38 for further details on the restatement of the prior year income statement.

Approved by the Board of Directors, and authorised for issue on 20th February 2023 and signed on its behalf by

ANTHONY J LANGLEY
Director

BERNARD J LANGLEY
Director

The notes on pages 58 to 123 form part of these accounts

LANGLEY

Consolidated Statement of Changes in Equity

Year ended 31 December 2022

	Share Capital €'000	Merger Reserve €'000	Revaluation Reserve *As restated €'000	Retained Earnings* *As restated* €'000	Total *As restated €'000
AT 1 JANUARY 2021 (As previously stated)	71,227	4,491	27,436	604,024	707,178
Effect of restatement (note 38)	-	-	(27,436)	6,520	(20,916)
AT 1 JANUARY 2021 (As stated)	71,227	4,491	-	610,544	686,262
Profit for the year	–	–	-	106,798	106,798
Currency exchange difference arising on retranslation	–	–	-	21,066	21,066
Re-measurement of defined benefit schemes net of deferred tax	–	–	-	298	298)
TOTAL COMPREHENSIVE INCOME	-	–	-	128,162	128,162
Dividends paid	–	–	–	–	–
AT 31 DECEMBER 2021 (As stated)	71,227	4,491	-	738,706	814,424
Profit for the year	–	–	-	46,895	46,895
Currency exchange difference arising on retranslation	–	–	-	(17,323)	(17,323)
Re-measurement of defined benefit schemes net of deferred tax	–	–	-	242	242
TOTAL COMPREHENSIVE INCOME	-	–	-	29,814	29,814
Dividends paid	–	–	–	–	–
AT 31 DECEMBER 2022	71,227	4,491	-	768,520	844,238

* Movements in foreign currency translation reserves are detailed in note 35.

** Restatement – See note 38 for further details on the restatement of the prior year income statement

The notes on pages 58 to 123 form part of these accounts

Company Statement of Financial Position

Year ended 31 December 2022

	Note	2022 €'000	2022 €'000	2021 €'000	2021 €'000
NON-CURRENT ASSETS					
Property, plant and equipment	12		15,501		17,465
Investments	13		167,636		174,092
Investment properties	14		12,464		13,133
			195,601		204,690
CURRENT ASSETS					
Inventories	16	28		9	
Trade and other receivables	17	313,871		223,914	
Current income tax recoverable	19	1,467		3,686	
Cash and cash equivalents	20	39,276		87,606	
		354,642		315,215	
CURRENT LIABILITIES					
Trade and other payables	21	14,208		3,607	
		14,208		3,607	
NET CURRENT ASSETS			340,434		311,608
Total assets less current liabilities			536,035		516,298
NON-CURRENT LIABILITIES					
Deferred income tax liabilities	28		351		360
NET ASSETS			535,684		515,938
EQUITY					
Share capital	33		71,227		71,227
Merger reserve	34		4,491		4,491
Retained earnings	35		459,966		440,220
TOTAL EQUITY			535,684		515,938

During the year ended 31 December 2022, the Company generated a profit of €35,713,000 (2021 – €13,417,000).

Approved by the Board of Directors, and authorised for issue on 20th February 2023 and signed on its behalf by

ANTHONY J LANGLEY
Director

BERNARD J LANGLEY
Director

The notes on pages 58 to 123 form part of these accounts

Company Statement of Changes in Equity

LANGLEY

Year ended 31 December 2022

	Share Capital €'000	Merger Reserve €'000	Retained Earnings* €'000	Total €'000
AT 1 JANUARY 2021	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 COMPREHENSIVE INCOME	–	–	39,453	39,453
AT 31 DECEMBER 2021	71,227	4,491	440,220	515,938
Profit for the year	–	–	35,713	35,713
Currency exchange differences arising on retranslation	–	–	(15,967)	(15,967)
TOTAL OTHER COMPREHENSIVE INCOME	–	–	19,746	19,746
AT 31 DECEMBER 2022	71,227	4,491	459,966	535,684

* Movements in foreign currency translation reserves are detailed in note 35.

The notes on pages 58 to 123 form part of these accounts

Consolidated Statement of Cash Flows

Year ended 31 December 2022

	Note	2022 €'000	2022 €'000	2021 €'000	2021 €'000
CASH FLOWS FROM OPERATING ACTIVITIES					
Cash generated from operations	36		10,927		74,065
Bank and loan interest paid			(491)		(273)
Interest received			1,467		240
Income taxes paid			(27,442)		(17,224)
NET CASH (USED IN) / GENERATED FROM OPERATING ACTIVITIES			(15,539)		56,808
CASH FLOWS FROM INVESTING ACTIVITIES					
Cash acquired on business combinations		-		34,896	
Purchase of business combination	13	2,594		(91,529)	
Purchase of intangible assets	11	(6,727)		(878)	
Purchase of property, plant and equipment	12	(10,870)		(8,579)	
Proceeds from sale of property, plant and equipment		(72)		4,449	
NET CASH USED IN INVESTING ACTIVITIES			(15,075)		(61,641)
CASH FLOWS FROM FINANCING ACTIVITIES					
Repayment of bank loans		(49)		(725)	
Principal payment of lease liabilities		(3,598)		(2,094)	
NET CASH USED IN FINANCING ACTIVITIES			(3,647)		(2,819)
Net decrease in cash and cash equivalents			(34,261)		(7,652)
Cash and cash equivalents at 1 January 2022			290,988		287,963
Effects of exchange rate changes on cash and cash equivalents			(15,826)		10,677
Cash and cash equivalents at 31 December			240,901		290,988
CASH AND CASH EQUIVALENTS CONSISTS OF:					
Cash in hand, at bank and short-term deposits	20		240,901		290,988

The notes on pages 58 to 123 form part of these accounts

Company Statement of Cash Flows

Year ended 31 December 2022

	Note	2022 €'000	2022 €'000	2021 €'000 *As restated	2021 €'000 *As restated
CASH FLOWS FROM OPERATING ACTIVITIES					
Cash used in operations	36		19,566		5,136
Interest received			8,676		4,844
Interest expense			(31)		(19)
Income taxes paid			(785)		(816)
NET CASH GENERATED IN OPERATING ACTIVITIES			27,426		9,145
CASH FLOWS FROM INVESTING ACTIVITIES					
Purchase of property, plant and equipment	12	(407)		(214)	
Loans (made to) / repaid by group entities		(94,994)		17,009	
Purchase of investments	13	2,594		(91,529)	
Dividends received from investments		25,799		12,896	
Proceeds from sale of property, plant and equipment		49		81	
NET CASH USED IN INVESTING ACTIVITIES			(66,959)		(61,757)
CASH FLOWS FROM FINANCING ACTIVITIES					
NET CASH USED IN FINANCING ACTIVITIES			–		–
Net decrease in cash and cash equivalents			(39,533)		(52,612)
Cash and cash equivalents at 1 January			87,606		125,816
Effects of exchange rate changes on cash and cash equivalents			(8,797)		14,402
Cash and cash equivalents at 31 December			39,276		87,606
CASH AND CASH EQUIVALENTS CONSISTS OF:					
Cash in hand, at bank and short-term deposits	20		39,276		87,606

*Restatement – Management has reclassified movements on intercompany loans as 'investing' activities rather than 'operating' activities, and has restated the comparative figures in line with this reclassification. There is no net impact on cash flows.

The notes on pages 58 to 123 form part of these accounts

1 **ACCOUNTING POLICIES**

a **Basis of preparation**

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

The Accounts of both the Group and the Company have been prepared in accordance with the Companies Act 2006 and international Accounting Standards (IAS) as adopted by the United Kingdom.

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

Adoption of new and revised standards

During the financial year, the Group has adopted the following new IFRSs (including amendments thereto) and IFRIC interpretations, that became effective for the first time.

- Reference to the Conceptual Framework (Amendments to IFRS 3 Business Combinations)
- Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16)
- Onerous Contracts – Costs of Fulfilling a Contract (Amendments to IAS 37 Provisions, Contingent Liabilities and Contingent Assets)
- Annual improvements 2018-2020 cycle

The adoption has not had any material impact on the disclosures or amounts reported in the financial statements..

Standards issued but not yet effective:

At the date of authorisation of these financial statements, the following standards and interpretations relevant to the Group and which have not yet been applied in these financial statements, were in issue but not yet effective.

- Disclosure of Accounting Policies (Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2 Making Materiality Judgements)
- Definition of Accounting Estimates (Amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors)
- Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12 Income Taxes)

Each of the above is effective for periods beginning on or after 1 January 2023.

The directors are evaluating the impact that these standards will have on the financial statements of the Group

Notes to the Accounts (continued)
Year ended 31 December 2022

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1 **ACCOUNTING POLICIES (*continued*)**

At the date of authorisation of these financial statements, the following standards and interpretations relevant to the Group and which have not been applied in these financial statements, have not been endorsed for use in the UK and will not be adopted until such time as endorsement is confirmed.

- Classification of Liabilities as Current or Non-Current, Non-current Liabilities with Covenants: amendments to IAS 1
- Lease Liability in a Sale and Leaseback (Amendments to IFRS 16)

The directors are evaluating the impact that these standards will have on the financial statements of 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 2022 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.

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.

1 ACCOUNTING POLICIES (*continued*)

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 wherever 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, net of depreciation and any impairment provision.

Freehold land	– not depreciated
Freehold buildings	– 25 to 50 years straight line
Vehicles	– 4 to 20 years straight line
Plant and machinery	– 4 to 20 years straight line
Computers	– 3 to 8 years straight line
Right-of-use assets	– Straight line over the lease term

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 the revaluation 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.

1 ACCOUNTING POLICIES (*continued*)

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 and contract assets 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.

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	– average cost is used in divisions where the prices of inputs fluctuate, and first in first out is used in divisions where the cost of inputs generally increases steadily. This method results in a better matching of costs and revenue and results in a more accurate value of stock at the year-end
Finished goods	– cost of raw materials, spares and machinery construction including 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.

Notes to the Accounts (continued)

Year ended 31 December 2022

1 ACCOUNTING POLICIES *(continued*

j Revenue recognition

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 which are typically indistinct 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.

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 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.

Notes to the Accounts (continued)

Year ended 31 December 2022

LANGLEY

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. Monetary amounts in these financial statements are rounded to the nearest €1,000.

The average exchange rate during the year was €1.17 (2021 - €1.17, 2020 – €1.12) to the Pound Sterling. The opening exchange rate was €1.19 (2021 – €1.10, 2020 – €1.17) to the Pound Sterling and the closing exchange rate was €1.13 (2021– €1.19, 2020– €1.10) to the Pound Sterling.

Notes to the Accounts (continued)

Year ended 31 December 2022

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 changes 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

Notes to the Accounts (continued)

Year ended 31 December 2022

LANGLEY

1 ACCOUNTING POLICIES *(continued)*

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 as asset of a similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

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 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 or reductions to the provisions.

Notes to the Accounts (continued)

Year ended 31 December 2022

1 ACCOUNTING POLICIES *(continued)*

q Provisions *(continued)*

Onerous contracts are recognised when management identify that an agreement will be loss 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.

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 UK-adopted international accounting standards 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 and output methods 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 capital contracts in the year totalled €595,661,000. The Group's policies for the recognition of revenue and profit are set out above

Notes to the Accounts (continued)

Year ended 31 December 2022

LANGLEY

1 ACCOUNTING POLICIES *(continued)*

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

Key sources of estimation uncertainty

i *Investment property valuation*

Determining the fair value of investment properties requires significant estimates to be made, with reference to third party information and market conditions. The valuation of investment properties is disclosed in note 14.

ii *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.

iii *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 rates. 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. The incremental borrowing rate used for discounting right of use assets is based on the expected interest rate available to the Group to borrow on similar terms for a similar period as the lease.

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 2022

2 REVENUE

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

	2022 €'000	2021 €'000 As restated
Revenue from construction contracts	595,661	529,078
Aftermarket	576,824	285,549
	1,172,485	814,627

The categories presented above have been changed to align with the categories used by management to monitor performance.

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

An analysis of the Group's revenue by geographical region is as follows:

	2022 €'000	2021 €'000
UK	94,739	89,475
Germany	180,515	139,754
Other Europe	427,681	248,450
North America	169,843	124,552
South & Central America	36,782	20,712
Asia	224,766	162,238
Australia & Africa	38,159	29,446
	1,172,485	814,627

Notes to the Accounts (continued)

Year ended 31 December 2022

LANGLEY

3 OTHER INCOME

	2022 €'000	2021 €'000
Other operating income	6,703	14,620
Gain on revaluation of investment properties (note 14)	-	7,740
Total other income	6,703	22,360

4 OPERATING PROFIT

	2022 €'000	2021 *As restated €'000
Operating profit has been arrived at after charging / (crediting):		
Directors' emoluments (note 7)	1,348	691
Depreciation of owned assets (note 12)	19,947	17,575
Depreciation of right-of-use assets (note 12)	3,769	2,467
Loss on revaluation of investment properties (note 14)	1,330	-
Impairment of owned assets (note 12)	2,551	-
Reversal of impairment of owned assets (note 12)	(3,004)	(1,812)
Amortisation of intangibles (note 11)	4,452	2,052
Government grants	(701)	(5,967)
Research and development costs	17,463	8,040
Profit on sale of property, plant, and equipment	(765)	(262)
Fees payable to the Group's auditor for the audit of the Group's Accounts	181	159
Fees payable to the Group's auditor and its associates for other services		
– the auditing of Subsidiary Accounts	177	159
– all other services	134	124
Fees paid by subsidiaries to secondary auditors for other services		
– the auditing of Subsidiary Accounts	1,378	1,037
– other services relating to taxation compliance	282	139
– all other services	96	124
Impairment of trade receivables	646	1,806
Impairment of inventories	(1,055)	1,164
Cost of inventories recognised as an expense (included in cost of sales)	561,819	343,156
Other gains	(2,594)	(78,013)
Net gain on foreign currency translation	(2,767)	(1,724)

Notes to the Accounts (continued)

Year ended 31 December 2022

5 FINANCE INCOME

	2022 €'000	2021 €'000
Bank interest receivable	645	240
Other interest	822	-
	1,467	240

6 FINANCE COSTS

	2022 €'000	2021 €'000
Interest relating to lease liabilities	244	142
Other interest	491	273
	735	415

7 KEY MANAGEMENT PERSONNEL COMPENSATION

	2022 €'000	2021 €'000
Salaries and short-term employee benefits	1,529	776
Post-employment benefits	3	4
	1,532	780

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

Directors' emoluments

	2022 €'000	2021 €'000
Aggregate emoluments as Directors of the Company	1,345	687
Value of Group pension contributions to money purchase schemes	3	4
	1,348	691
Emoluments of the highest paid Director	533	239
	No.	**No.**
Number of Directors who are accruing benefits under money purchase pension schemes	2	2

Notes to the Accounts (continued)

Year ended 31 December 2022

LANGLEY

8 EMPLOYEE NUMBERS AND COSTS

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

	2022 No.	2021 No.
Management, office and sales	2,620	2,160
Manufacturing and direct labour	2,710	2,117
	5,330	4,277

The aggregate payroll costs of these persons were as follows:

	2022 €'000	2021 €'000 As restated
Wages and salaries	304,418	224,597
Social security costs	60,989	49,953
Other pension costs	6,921	3,536
Restructuring costs	5,553	6,470
	377,881	284,556

The aggregate payroll costs were restated in the prior year to include the restructuring costs that were disclosed in the operating profit note.

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

	2022 No.	2021 No.
Management, office and sales	21	25

The aggregate payroll costs of these persons were as follows:

	2022 €'000	2021 €'000
Wages and salaries	1,844	1,255
Social security costs	255	87
Other pension costs	88	72
	2,187	1,414

9 POST-EMPLOYMENT BENEFITS

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

	2022 €'000	2021 €'000
Statement of financial position obligations for:		
Defined pension benefits	(10,264)	(10,868)
Post-employment medical benefits	(2,024)	(2,621)
Liability in the statement of financial position	(12,288)	(13,489)
Income statement (charge)/credit included in operating expenses for:		
Defined pension benefits	(248)	(489)
Post-employment medical benefits	145	133
	(103)	(356)
Re-measurements (charge)/credit for:		
Defined pension benefits	263	291
Post-employment medical benefits	394	32
	657	323

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:

	2022 €'000	2021 €'000
Present value of funded obligations	(12,636)	(19,573)
Fair value of plan assets	13,781	21,512
Net surplus on funded plans	1,145	1,939
Present value of unfunded obligations	(9,793)	(10,295)
Total deficit of defined benefit pension plans	(8,648)	(8,356)
Impact of asset ceiling	(1,616)	(2,512)
Liability in the statement of financial position	(10,264)	(10,868)

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:

	2022 €'000	2021 €'000
Current service cost	269	444
Past service cost	–	–
Net interest income/cost	(21)	45
	248	489

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

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:

	2022 €'000	2021 €'000
Gain from changes in financial assumptions	6,388	1,078
Gain from changes in demographic assumptions	45	140
Experience (losses)/gains	(757)	123
Return on assets, excluding interest income	(6,247)	1,319
Exchange adjustments	(32)	85
Change in the effect of the asset ceiling excluding interest income	866	(2,454)
	263	291

Changes in present value of obligations:

	2022 €'000	2021 €'000
Present value of obligations at start of the year	(29,868)	(29,535)
On acquisition	-	(1,050)
Current service cost	269	444
Interest cost	(351)	(197)
Actuarial (loss)/gain on scheme liabilities based on:		
- Changes in financial assumptions	6,389	1,078
- Changes in demographic assumptions	45	140
- Changes in experience	(757)	124
- Benefits paid	1,074	644
Plan contributions	(2)	(9)
Exchange differences	772	(1,507)
Present value of obligation at end of the year	(22,429)	(29,868)

Notes to the Accounts (continued)
Year ended 31 December 2022

LANGLEY

9 POST-EMPLOYMENT BENEFITS *(continued)*

a) Defined benefit pension schemes *(continued)*

Changes in the fair value of scheme assets:

	2022 €'000	2021 €'000
Fair value of scheme assets at the start of the year	21,512	18,898
Interest income	375	237
Re-measurement of scheme assets	(6,247)	1,319
Contributions by employers	34	79
Benefits paid	(1,013)	(560)
Exchange differences	(880)	1,539
Fair value of scheme assets at the end of the year	13,781	21,512

The significant actuarial assumptions were as follows:

	2022		2021	
	UK	**Eurozone**	**UK**	**Eurozone**
Rate of increase in salaries	–	3.5%	–	1.83%
Discount rate	4.75-4.90%	1.00-4.50%	1.80-1.90%	0.80-1.63%
Inflation	3.10-3.45%	5.75-7.00%	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 2022 was 2..3 -2.45%.

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:

	2022	2021
Retiring at the end of the reporting period:		
Male	22 – 23 years	22 years
Female	24 - 25 years	24 - 25 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 2022

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 1.8 – 2.0	Increase obligation by 1.8 – 2.0
Inflation	0.25%	Increase obligation by 0.1 – 1.3%	Decrease obligation by 0.1 – 1.3%
Life expectancy	1 year	Increase obligation by 3.0 – 3.3%	Decrease obligation by 3.0 – 3.3%

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:

	2022 €'000	2021 €'000
Present value of unfunded obligations	(2,024)	(2,621)
Liability in the statement of financial position	(2,024)	(2,621)

Notes to the Accounts (continued)

Year ended 31 December 2022

LANGLEY

9 POST-EMPLOYMENT BENEFITS *(continued)*

b) Post-employment medical benefits *(continued)*

Changes in the present value of defined benefit obligations:

	2022 €'000	2021 €'000
Present value of obligation at the start of the year	(2,621)	(2,662)
The amount recognised in the income statement:		
Current service cost	(138)	(121)
Past service cost	-	4
Interest expense	(7)	(16)
	(145)	(133)
Re-measurements of the net defined benefit liability to be shown in other comprehensive income:		
Gain from change in demographic assumptions	62	61
Gain/(loss) from change in financial assumptions	332	(29)
	394	32
Other movement	92	18
Payments from scheme contributions – benefit payments	285	206
Exchange differences	(29)	(82)
Present value of obligations at the end of the year	(2,024)	(2,621)

c) Post-employment benefits (pension and medical)

Schemes' assets are comprised as follows:

	2022 Total €'000	2022 %	2021 Total €'000	2021 %
Equity instruments	**5,354**	**39%**	**14,791**	**69%**
Equities and equity funds	2,270		6,048	
Diversified growth fund	3,084		8,743	
Debt instruments	**3,869**	**28%**	**2,488**	**11%**
Government	34		41	
Corporate bonds (investment grade)	3,835		2,447	
Other	**2,918**	**21%**	**4,084**	**19%**
Cash and cash equivalents	**1,640**	**12%**	**149**	**1%**
Total	13,781	100%	21,512	100%

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 increase 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 2022 consist of equities and bonds, although the Group also invests in property, liability-driven investments, and cash.

The last triennial valuations were completed on 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.

Notes to the Accounts (continued)
Year ended 31 December 2022

LANGLEY

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 2023 are €34,000. 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, totaled €6,673,000 (2021– €3,054,000).

10 INCOME TAX EXPENSE

(a) Charge for the year	2022 **€'000**	2021 **€'000**
Current income tax:		
UK corporation tax at 19% (2021 – 19%)	5,397	2,135
Overseas tax	19,512	13,871
Adjustments to prior year UK tax	668	695
Adjustments to prior year overseas tax	1,589	(1,094)
Other	-	25
Total current taxation	27,166	15,632
Deferred income tax:		
Movement in overseas deferred tax	1,020	5,966
Movement in UK deferred tax	646	172
Total deferred taxation	1,666	6,138
Income tax expense	28,832	21,770

Notes to the Accounts (continued)

Year ended 31 December 2022

10 INCOME TAX EXPENSE *(continued)*

(b) Factors affecting tax expense	2022 €'000	2021 €'000
Profit before taxation	75,727	128,568
Profit before taxation multiplied by the standard rate of tax of 19% (2021 – 19 %)	14,388	24,428
Expenses not deductible for tax purposes	933	2,073
Effect of foreign tax rates	(971)	(2,622)
Utilisation of brought forward losses	(1,768)	-
Deferred tax assets not recognised	16,145	16,704
Income not taxable	90	(17,121)
Other overseas taxes	3,051	3,653
Adjustment to tax charge in previous period	2,201	(388)
Timing differences	(5,251)	(4,907)
Exchange adjustment	14	(50)
Tax expense	28,832	21,770

(c) Factors that may affect future tax charges

The Group had UK tax losses of approximately €4,876,000 at 31 December 2022 (2021 – €6,644,000) available for carry forward against future trading profits. In addition, the Claudius Peters Group had overseas tax losses of approximately €15,859,000 at 31 December 2022 (2021 – €8,674,000), the Manroland Group €169,542,000 (2021 – €182,748,000), the Druck Chemie Group €5,291,000 (2021 – €6,254,000), the Bradman Lake Group €nil (2021 – €397,000), the Marelli Group €73,788,000 (2021 – €66,710,000) and the Bergen Engines Group €208,172,000 (2021 - €174,815,000) available for carry forward against future trading profits.

Notes to the Accounts (continued)

Year ended 31 December 2022

LANGLEY

11 INTANGIBLE ASSETS

GROUP	Positive Goodwill €'000	Patents and Licences €'000	Customer Contracts €'000	Total €'000
Cost				
At 1 January 2022	10,122	11,136	5,646	26,904
Additions	-	6,727	-	6,727
Disposal	-	(225)	-	(225)
Exchange adjustment	(187)	(1)	-	(188)
At 31 December 2022	9,935	17,637	5,646	33,218
Aggregate impairment and amortisation				
At 1 January 2022	-	9,483	1,129	10,612
Amortisation charge for the year	-	3,323	1,129	4,452
Disposal	-	(222)	-	(222)
Exchange adjustment	–	6	–	6
At 31 December 2022	-	12,590	2,258	14,848
Net book values				
At 31 December 2022	9,935	5,047	3,388	18,370
At 31 December 2021 as restated	10,122	1,653	4,517	16,292

Notes to the Accounts (continued)

Year ended 31 December 2022

11 INTANGIBLE ASSETS *(continued)*

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	10,274	1,752	5,646	17,672

Notes to the Accounts (continued)

Year ended 31 December 2022

LANGLEY

12 PROPERTY, PLANT AND EQUIPMENT

GROUP	Freehold Land & Buildings €'000	Plant & Machinery €'000	Vehicles €'000	Computers €'000	Total €'000
Cost					
At 1 January 2022 (as restated)	293,431	217,189	62,147	44,218	616,985
Additions – right-of-use assets	4,864	-	358	-	5,222
Additions – owned assets	1,475	6,153	2,349	892	10,869
Disposals	(11,014)	(3,995)	(3,052)	(1,156)	(19,217)
Exchange adjustments	(4,540)	(795)	(2,004)	(854)	(8,193)
At 31 December 2022	284,216	218,552	59,798	43,100	605,666
Depreciation					
At 1 January 2022 (as restated)	89,503	138,152	32,657	41,003	301,315
Charge for the year – owned assets	4,698	9,870	4,258	1,121	19,947
Charge for the year – right-of-use assets	3,312	163	294	-	3,769
Impairments	849	1,702	-	-	2,551
Reversal of impairments	-	-	(2,882)	(122)	(3,004)
Disposals	(5,403)	(2,556)	(2,245)	(832)	(11,036)
Exchange adjustments	(775)	(1,898)	(1,039)	(1,135)	(4,847)
At 31 December 2022	92,184	145,433	31,043	40,035	308,695
Net book amount					
At 31 December 2022	192,032	73,119	28,755	3,065	296,971
At 31 December 2021 (as restated)	203,928	79,037	29,490	3,215	315,670

Notes to the Accounts (continued)

Year ended 31 December 2022

12 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 2021 as restated	175,262	151,542	56,162	18,771	401,737
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	-
Exchange adjustments	5,058	3,036	3,410	854	12,358
At 31 December 2021 (as restated)	293,431	217,189	62,147	44,218	616,985
Depreciation					
At 1 January 2021 as restated	65,963	94,693	30,059	16,322	207,037
Charge for the year – owned assets as restated	3,852	8,440	4,188	1,095	17,575
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 (as restated)	89,503	138,152	32,657	41,003	301,315
Net book amount					
At 31 December 2021 (as restated)	203,928	79,037	29,490	3,215	315,670
At 31 December 2020 (as restated)	109,299	56,849	26,103	2,449	194,700

Notes to the Accounts (continued)

Year ended 31 December 2022

LANGLEY

12 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 2022	20,256	7,729	2,211	387	30,583
Additions	-	249	149	9	407
Disposals	-	(392)	(152)	(14)	(558)
Exchange adjustments	(1,031)	(393)	(113)	(20)	(1,557)
At 31 December 2022	19,225	7,193	2,095	362	28,875
Depreciation					
At 1 January 2022	5,773	5,138	1,870	337	13,118
Disposals	-	(385)	(152)	(13)	(550)
Charge for the year – owned assets	655	640	199	28	1,522
Exchange adjustments	(315)	(283)	(108)	(10)	(716)
At 31 December 2022	6,113	5,110	1,809	342	13,374
Net book amount					
At 31 December 2022	13,112	2,083	286	20	15,501
At 31 December 2021	14,483	2,591	341	50	17,465
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)	(354)
Exchange adjustments	1,596	557	189	19	2,361
At 31 December 2021	20,256	7,729	2,211	387	30,583

Notes to the Accounts (continued)

Year ended 31 December 2022

12 PROPERTY, PLANT AND EQUIPMENT *(continued)*

COMPANY	Freehold Land & Buildings €'000	Plant & Machinery €'000	Vehicles €'000	Computers €'000	Total €'000
Depreciation					
At 1 January 2021	4,615	4,152	1,747	320	10,834
Disposals	-	(11)	(312)	(4)	(327)
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

Included within plant and machinery are assets under construction totaling €375,000 (2021: €396,000) which have not been depreciated. Included within freehold land and buildings is land with a carrying value of €15,108,000 (2021: €15,362,000) 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 prior years, an impairment was recognised in order to align the valuation with this report. In the current year and prior 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 partially reversed the impairment charge in both 2022 and 2021

Notes to the Accounts (continued)

Year ended 31 December 2022

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13 NON-CURRENT INVESTMENTS

	Group Shares in unlisted undertakings €'000	Company Shares in group undertakings €'000
COST		
At 1 January 2022	14	195,762
Capitalisation of loan balance	-	5,000
Working capital adjustment on previous acquisitions	-	(2,594)
Exchange adjustment	–	(9,964)
At 31 December 2022	14	188,204
IMPAIRMENT		
At 1 January 2022	–	21,670
Exchange adjustment	–	(1,102)
At 31 December 2022	–	20,568
CARRYING AMOUNT		
At 31 December 2022	14	167,636
At 31 December 2021	14	174,092

A list of unlisted subsidiary companies at 31 December 2022 is provided in note 39

14 INVESTMENT PROPERTIES

	Group 2021 €'000	2021 €'000
Balance at the beginning of the year	64,626	55,604
Revaluation	(1,330)	7,740
Exchange adjustments	(720)	1,282
Balance at the end of the year	62,576	64,626

Notes to the Accounts (continued)

Year ended 31 December 2022

14 INVESTMENT PROPERTIES *(continued)*

	Company	
	2022	2021
	€'000	**€'000**
Balance at the beginning of the year	13,133	11,926
Exchange adjustments	(669)	1,207
Balance at the end of the year	12,464	13,133

During the year, the group received rental income from their investment properties totaling €5,149,000 (2021 – €4,604,000).

15 NON-CURRENT TRADE AND OTHER RECEIVABLES

	Group	
	2022	2021
	€'000	**€'000**
Trade and other receivables	2,269	4,354
Other receivables	1,851	692
Pension scheme prepayment	804	658
	4,924	5,704

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 17.

16 INVENTORIES

	Group		Company	
	2022	2021	2022	2021
	€'000	**€'000**	**€'000**	**€'000**
Raw materials	164,649	121,106	–	–
Work in progress	142,444	106,556	–	–
Finished goods	127,906	98,104	28	9
	434,999	325,766	28	9

Notes to the Accounts (continued)

Year ended 31 December 2022

LANGLEY

17 CURRENT TRADE AND OTHER RECEIVABLES

	Group		Company	
	2022	2021	2022	2021
	€'000	**€'000**	**€'000**	**€'000**
Trade receivables	173,130	168,146	271	287
Retentions	3,818	3,740	-	-
Contract assets (note 18)	26,876	28,994	-	-
Amounts owed by Group undertakings	-	-	312,153	222,159
Directors' current accounts	396	615	396	615
Other receivables	16,127	17,950	4	3
VAT recoverable	10,451	7,596	572	503
Prepayments	43,968	30,373	475	347
	274,766	257,414	313,871	223,914

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	
	2022	2021
	€'000	**€'000**
Balance at beginning of the year	15,651	12,645
On acquisition	-	3,346
Exchange differences	(33)	119
Charge for the year	887	17
Unused amounts reversed	(2,452)	(476)
Balance at end of the year	14,053	15,651

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.

Notes to the Accounts (continued)

Year ended 31 December 2022

17 CURRENT TRADE AND OTHER RECEIVABLES *(continued)*

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

	Past due but not impaired				
	<30 days €'000	31-60 days €'000	61-90 days €'000	91-120 days €'000	>121 days €'000
Group					
2022	149,616	9,486	4,186	2,987	9,127
2021	146,853	8,103	4,951	1,302	11,291
Company					
2022	-	5	18	-	248
2021	14	-	-	4	269

18 CONTRACT ASSETS AND LIABILITIES

Group	**Current**	
	2022 €'000	2021 €'000
Contract assets	26,876	28,994
Contract Liabilities	(785)	(2,093)
Total	26,091	26,901

At the year-end the directors believe that no provision for impairment losses against contract assets is required due to the creditworthiness of companies dealt with. All contract assets and liabilities are expected to be released within the next 12 months.

Notes to the Accounts (continued)

Year ended 31 December 2022

LANGLEY

19 CURRENT INCOME TAX RECOVERABLE

	Group		Company	
	2022 €'000	2021 €'000	2022 €'000	2021 €'000
Income tax	5,857	7,281	1,467	3,686

20 CASH AND CASH EQUIVALENTS

	Group		Company	
	2022 €'000	2021 €'000	2022 €'000	2021 €'000
Cash in hand, at bank and short term deposits	240,901	290,988	39,276	87,606

21 CURRENT TRADE AND OTHER PAYABLES

	Group		Company	
	2022 €'000	2021 €'000	2022 €'000	2021 €'000
Trade payables	102,617	81,688	453	677
Other payables	19,229	14,981	128	24
Other taxes and social security	9,709	9,304	70	53
Accruals and deferred income	112,380	92,986	283	177
VAT payable	6,696	8,157	-	-
Amounts owed to Group undertakings	-	-	12,502	1,967
Payments on account	141,866	125,855	-	-
Contract liabilities (note 18)	785	2,093	-	-
Directors' loan account	772	709	772	709
Lease liabilities	3,328	4,213	–	–
	397,382	339,986	14,208	3,607

Notes to the Accounts (continued)

Year ended 31 December 2022

22 PROVISIONS

GROUP	Warranty Provision €'000	Other Provision €'000	Total €'000
Balance at 1 January 2022	31,707	17,285	48,992
Additional provision recognised	13,226	8,683	21,909
Provision utilised during the year	(9,172)	(2,191)	(11,363)
Provision released during year	(7,831)	(13,506)	(21,337)
Foreign exchange difference	(703)	(60)	(763)
Balance at 31 December 2022	27,227	10,211	37,438
Current	18,378	8,409	26,787
Non-current	8,849	1,802	10,651
Balance at 1 January 2021	13,687	6,429	20,116
Additional provision recognised	10,709	2,338	13,047
Acquisition	17,339	13,095	30,434
Provision utilised during the year	(7,973)	(3,953)	(11,926)
Provision released during year	(2,243)	(625)	(2,868)
Foreign exchange difference	188	1	189
Balance at 31 December 2021	31,707	17,285	48,992
Current	30,807	16,380	47,187
Non-current	900	905	1,805

The warranty provision is arrived at using estimates from historical warranty data. The other provision includes specific claims, redundancy and restructuring provisions. The provisions are expected to be utilised over the period 2023 to 2025.

There were no provisions in the Company.

Notes to the Accounts (continued)

Year ended 31 December 2022

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23 CURRENT INCOME TAX LIABILITIES

	Group 2022 €'000	Group 2021 €'000	Company 2022 €'000	Company 2021 €'000
Income tax	8,490	9,507	-	-

24 BORROWINGS

	Group 2022 €'000	Group 2021 €'000
Loans – current	62	56
Loans – non-current	62	117
Total	124	173

25 NON-CURRENT TRADE AND OTHER PAYABLES

	Group 2022 €'000	Group 2021 €'000
Trade payables	433	430
Accruals and deferred income	15,746	29,763
Other	43	60
Lease liabilities	13,357	18,093
	29,579	48,346

26 RETIREMENT BENEFIT OBLIGATIONS

GROUP	2022 €'000	2021 €'000
At 1 January 2022	13,489	13,322
Ceiling opening balance	23	23
On acquisition	-	1,055
Total expense recognised in the Income Statement in the year	(103)	(356)
Actuarial gains – financial assumptions	(6,720)	(1,049)
Actuarial gains – demographic assumptions	(107)	(201)
Actuarial losses/(gains) – experience	757	(124)
Return on assets	6,247	(1,319)
Interest expense	11	2
Changes in the effect of asset ceiling	(947)	2,467
Contributions paid	(67)	(88)
Payments from the plan	(346)	(290)
Exchange differences	74	70
At 31 December 2022	12,288	13,489
UK defined benefit pension schemes	–	–
Overseas unfunded defined benefit pension obligations	10,264	10,868
Overseas unfunded medical benefits obligations	2,024	2,621
Retirement benefit obligation in balance sheet	12,288	13,489

27 NON-CURRENT TAX LIABILITIES

	Group		Company	
	2022 €'000	2021 €'000	2022 €'000	2021 €'000
Other corporation tax overseas	131	1,219	–	–
	131	1,219	–	–

Notes to the Accounts (continued)
Year ended 31 December 2022

LANGLEY

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	
	2022 €'000	2021 As restated €'000	2022 €'000	2021 €'000
Deferred tax assets	32,526	32,236	–	–
Deferred tax liabilities	(42,234)	(39,855)	(351)	(360)
	(9,708)	(7,619)	(351)	(360)

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

	Group		Company	
	2022 €'000	2021 As restated €'000	2022 €'000	2021 €'000
At 1 January 2022	(7,619)	13,154	(360)	(329)
Income Statement expense	(1,672)	(6,138)	(9)	(4)
On acquisition	(564)	(14,743)	-	-
Release to equity on actuarial loss	(21)	7	-	-
Exchange differences	168	101	18	(27)
At 31 December 2022	(9,708)	(7,619)	(351)	(360)

Notes to the Accounts (continued)

Year ended 31 December 2022

28 DEFERRED INCOME TAX *(continued)*

GROUP

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

	Accelerated tax depreciation €'000	Tax losses €'000	Other short-term temporary differences €'000	Retirement benefit obligations €'000	Fair value gains €'000	Total €'000
At 1 January 2021 (as restated)	3,762	(21,140)	(3,476)	(2,741)	10,441	(13,154)
Charge/(credit) to income statement	(169)	6,806	(1,285)	90	696	6,138
On acquisition	5	-	(847)	-	15,585	14,743
Recognised in equity regarding re-measurement of defined benefit scheme	-	-	-	(7)	-	(7)
Exchange differences	(49)	17	(94)	11	14	(101)
At 31 December 2021 (as restated)	3,549	(14,317)	(5,702)	(2,647)	26,736	7,619
Gross assets	(394)	(14,830)	(14,365)	(2,647)	-	(32,236)
Gross liabilities	3,943	513	8,663	-	26,736	39,855
(Credit)/charge to income statement	695	(1,606)	2,869	-	(292)	1,666
On acquisition	-	-	564	-	-	564
Recognised in equity regarding re-measurement of defined benefit scheme	-	-	-	21	-	21
Exchange differences	(62)	-	(15)	239	(324)	(162)
At 31 December 2022	4,182	(15,923)	(2,284)	(2,387)	26,120	9,708
Gross assets	(361)	(16,352)	(13,426)	(2,387)	-	(32,526)
Gross liabilities	4,543	429	11,142	-	26,120	42,234

Notes to the Accounts (continued)

Year ended 31 December 2022

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28 DEFERRED INCOME TAX *(continued)*

COMPANY

	Accelerated capital allowances €'000
At 1 January 2021	329
Credit to income statement	4
Exchange differences	27
At 31 December 2021	360
Credit to income statement	9
Exchange differences	(18)
At 31 December 2022	351

Unprovided deferred taxation

	Group 2021 €'000	Group 2020 €'000	Company 2021 €'000	Company 2020 €'000
Other short term differences	99,775	44,568	–	–
Tax losses	16,889	104	–	–
Retirement benefit obligation	234	129	–	–
	116,898	44,801	–	–

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

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	
	2022	2021	2022	2021
	€'000	**€'000**	**€'000**	**€'000**
Financial assets measured at amortised cost	224,467	224,975	317,822	222,950
Financial liabilities measured at amortised cost	265,745	225,815	13,855	3,263

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
		€'000		**€'000**		**€'000**
2021	+20%	(3,611)	+20%	(3,650)	+20%	(15,296)
	-20%	5,278	-20%	4,503	-20%	(4,091)
2020	+20%	(3,391)	+20%	(2,459)	+20%	(45)
	-20%	5,087	-20%	3,689	-20%	67

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 €240,901,000 (2021 – €290,988,000) and interest earned on cash balances averaged 0.21% (2021 – 0.08%) 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 favorable 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 2022

31 FAIR VALUE MEASUREMENTS

As at 31 December 2022 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 **Recurring fair value measurements**	**Level 1** 2022 **€'000**	**Level 2** 2022 **€'000**	**Level 3** 2022 **€'000**	**Total** 2022 **€'000**
Freehold property – Investment properties	-	62,576	-	62,576

COMPANY **Recurring fair value measurements**	**Level 1** 2022 **€'000**	**Level 2** 2022 **€'000**	**Level 3** 2022 **€'000**	**Total** 2022 **€'000**
Freehold property – Investment properties	-	12,464	-	12,464

GROUP **Recurring fair value measurements**	**Level 1** 2021 **€'000**	**Level 2** 2021 **€'000**	**Level 3** 2021 **€'000**	**Total** 2021 **€'000**
Freehold property – Investment properties	-	64,626	-	64,626

COMPANY **Recurring fair value measurements**	**Level 1** 2021 **€'000**	**Level 2** 2021 **€'000**	**Level 3** 2021 **€'000**	**Total** 20212 **€'000**
Freehold property – Investment properties	-	13,133	-	13,133

Notes to the Accounts (continued)

Year ended 31 December 2022

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31 FAIR VALUE MEASUREMENTS (continued)

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 2022 **€'000**	Valuation technique	Significant input
Investment properties – Freehold property	62,576	Rental yields	Expected future rental income

COMPANY	Fair value at 31 Dec 2022 **€'000**	Valuation technique	Significant input
Investment properties – Freehold property	12,464	Rental yields	Significant input

GROUP	Fair value at 31 Dec 2021 **€'000**	Valuation technique	Significant input
Investment properties – Freehold property	64,626	Rental yields	Expected future rental income

COMPANY	Fair value at 31 Dec 2021 **€'000**	Valuation technique	Significant input
Investment properties – Freehold property	13,133	Rental yields	Expected future rental income

Notes to the Accounts (continued)

Year ended 31 December 2022

32 RELATED PARTY TRANSACTIONS

At 31 December 2022, the Directors of the Company and their close family were owed €376,000 by the Company (2021 – €94,000 owed by the Company). The maximum overdrawn balance during the year was €90,000 (2021 – €35,043,000).

During the year, the Company invoiced management charges of €7,464,000 (2021 – €4,923,000) and provided funding to Group companies with the following amounts due to/(due from) at the year end.

	Amount due to/(due from) at the year end 2022 €'000	2021 €'000
COMPANY		
The ARO group of companies	481	-
The Bradman Lake group of companies	63	39
The Claudius Peters group of companies	29,379	30,886
The Piller group of companies	497	604
The Manroland group of companies	106,769	70,405
CPVA GmbH	608	1,322
The Druck Chemie group of companies	18,540	19,132
Retford Investments LLC	16,834	17,076
Langley Aviation Limited	24,756	22,332
The Marelli group of companies	66,877	49,717
Bergen Engines Limited	41,202	-
Other group companies	(6,354)	8,679
	299,652	220,192

During the year, Langley Aviation Limited invoiced the Company €1,776,000 (2021 – €1,132,000) in respect of the use of aircraft.

During the year, the Company received interest on loans to other Group companies of €8,463,000 (2021 – €4,778,000) and dividends from other Group companies of €25,799,000 (2021 – €12,896,000).

Transactions with related parties are at market value and are unsecured. The company has recorded a €nil impairment of receivables relating to amounts owed by subsidiary undertakings during the year (2021 – €714,000) and reversed €nil (2021 – €16,000) 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 2022

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33 SHARE CAPITAL

	2022 €'000	2021 €'000
Authorised:		
60,100,010 ordinary shares of £1 each	71,227	71,227

	2022 €'000	2021 €'000
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 Sheetfed Holdings Limited. The transaction qualified for merger relief under section 612 of the Companies Act 2006.

35 RETAINED EARNINGS

Included within the retained earnings of the Group are foreign currency translation deficits of €23,954,000 (2021 –

€6,631,000) included within the retained earnings for the Company is €19,496,000 (2021 – €3,530,000) of foreign currency translation deficits.

The net currency exchange difference arising on retranslation in the year was a loss of €17,323,000 (2021 – a gain of €21,066,000) for the Group and a loss of €15,967,000 (2021 – a gain of €26,036,000) 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.

Notes to the Accounts (continued)

Year ended 31 December 2022

36 CASH GENERATED FROM OPERATIONS

GROUP	2022 €'000	2021 €'000 *As restated
Profit before taxation	75,727	128,240
Depreciation	23,716	20,370
Loss on sale of property, plant, and equipment	765	262
Amortisation of intangibles	4,452	2,052
Interest income	(1,467)	(240)
Revaluation of investment properties	1,330	(7,740)
Impairment of fixed assets	(454)	(1,812)
Interest expense	735	415
Other gains	(2,594)	(78,013)
Increase in inventories	(109,233)	(36,681)
Increase in trade and other receivables	(16,572)	(22,413)
Decrease in trade and other payables	32,693	68,496
Movement in retirement benefit obligations	(938)	(642)
Foreign exchange translation adjustments	2,767	1,771
Cash generated from operations	10,927	74,065

COMPANY	2022 €'000	2021 €'000 *As restated
Profit before taxation	38,708	13,712
Depreciation of property, plant, and equipment	1,522	1,597
Impairment of investments	-	6,293
Profit on sale of property, plant, and equipment	(41)	(53)
Dividend income received	(25,799)	(12,896)
Interest income	(8,676)	(4,844)
Interest expense	31	19
Increasein inventories	(19)	(1)
Decrease in trade and other receivables	37	551
Increase / (decrease) in trade and other payables	10,601	(465)
Foreign exchange translation adjustments	3,202	1,223
Cash generated from operations	19,566	5,136

*Restatement – Management has reclassified movements on intercompany loans as 'investing' activities rather than 'operating' activities, and has restated the comparative figures in line with this reclassification. There is no net impact on cash flows.

Notes to the Accounts (continued)

Year ended 31 December 2022

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37 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 12. Interest charges relating to lease liabilities are disclosed in note 6.

	2022 €'000	2021 €'000
Interest expense (included in finance cost)	244	142
Expenses relating to short term leases	577	575
Expenses relating to low value assets	529	483
Cash outflow for leases	3,597	2,641

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 2022 is broken down as follows:

	Freehold Land & Buildings	Plant & Machinery	Vehicles	Computers	Total
Cost	**€'000**	**€'000**	**€'000**	**€'000**	**€'000**
At 1 January 2022 (as restated)	29,900	644	2,082	-	32,626
Additions	4,864	-	358	-	5,222
Disposals	(8,815)	(180)	(1,047)	-	(10,042)
Exchange differences	(51)	(4)	(9)	-	(64)
At 31 December 2022	25,898	460	1,384	-	27,742
Depreciation					
At 1 January 2022 (as restated)	6,611	41	850	-	7,502
Charge for the year	3,312	163	294	-	3,769
Disposals	(2,114)	-	(438)	-	(2,552)
Exchange differences	183	(1)	-	-	182
At 31 December 2022	7,992	203	706	–	8,901
Carrying value					
At 31 December 2022	17,906	257	678	-	18,841
At 31 December 2021 (as restated)	23,289	603	1,232	-	25,124

The brought forward figures were restated to remove intergroup right of use assets incorrectly disclosed in the prior year, the restatement had no impact to reported profit, balance sheets or cash flow statements.

37 LEASES *(continued)*

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

	2022	2021
	€'000	**€'000**
Due within 1 year	3,338	4,214
Due within 2-5 years	6,336	7,038
Due after more than 5 years	7,011	11,053
	16,685	22,305

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38 PRIOR PERIOD ADJUSTMENT

Changes to the consolidated statement of financial position

		As at 31 December 2021		
		Previously reported	Adjustment	As restated
NON-CURRENT ASSETS	**Note**	**€'000**	**€'000**	**€'000**
Intangible assets		16,292	-	16,292
Property, plant, and equipment	(i)	340,735	(25,065)	315,670
Investments		14	-	14
Investment properties		64,626	-	64,626
Trade and other receivables		5,704	-	5,704
Deferred income tax assets		32,236	-	32,236
		459,607	(25,065)	434,542
CURRENT ASSETS				
Inventories		325,766	-	325,766
Trade and other receivables		257,414	-	257,414
Current income tax recoverable		7,281	-	7,281
Cash and cash equivalents		290,988	-	290,988
		881,449	-	881,449
CURRENT LIABILITIES				
Current borrowings		56	-	56
Current income tax liabilities		9,507	-	9,507
Trade and other payables		339,986	-	339,986
Provisions		47,187	-	47,187
		396,736	-	396,736
NET CURRENT ASSETS		484,713	-	484,713
TOTAL ASSETS LESS CURRENT LIABILITIES		944,320	(25,065)	919,255
NON-CURRENT LIABILITIES				
Provisions		1,805	-	1,805
Long term borrowings		117	-	117
Trade and other payables		48,346	-	48,346
Retirement benefit obligations		13,489	-	13,489
Non-current income tax liabilities		1,219	-	1,219
Deferred income tax liabilities	(i)	43,652	(3,797)	39,855
		108,628	(3,797)	104,831
NET ASSETS		835,692	(21,268)	814,424
EQUITY				
Share capital		71,227		71,227
Merger reserve		4,491		4,491
Revaluation reserve	(i)	27,966	(27,966)	-
Retained earnings	(i)	732,008	6,698	738,706
TOTAL EQUITY		835,692	(21,268)	814,424

38 PRIOR PERIOD ADJUSTMENT *(continued)*

Changes to the consolidated income statement

		As at 31 December 2021		
	Note	Previously reported €'000	Adjustment €'000	As restated €'000
REVENUE		814,627	-	814,627
Cost of sales		(569,291)	-	(569,291)
GROSS PROFIT		245,336	-	245,336
INet operating expenses	(ii)	(116,921)	116,921	-
Distribution costs	(ii)	-	(57,224)	(57,224)
Administrative expenses	(i) & (ii)	-	(159,742)	(159,742)
Other income	(ii)	-	22,360	22,360
Gain on a bargain purchase	(ii)	-	78,013	78,013
OPERATING PROFIT		128,415	328	128,743
Finance income		240	-	240
Finance costs		(415)	-	(415)
PROFIT BEFORE TAXATION		128,240	328	128,568
Income tax expense		(21,770)	-	(21,770)
PROFIT FOR THE YEAR		106,470	328	106,798

Reconciliation of changes to equity

		31 December 2021 €'000	1 January 2021 €'000
Equity as previously reported		835,692	707,178
Adjustments to prior years	(i)	(21,268)	(20,916)
Effect of restatement of equity		814,424	686,262

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38 PRIOR PERIOD ADJUSTMENT *(continued)*

Changes to the consolidated income statement

		31 December 2021 €'000
Profit as previously reported		106,470
Effect on restatement on profit	(i)	328
Profit as adjusted		106,798

Notes

(i) The directors have amended the accounting policy for property, plant and equipment to align with industry standards and regulatory requirements. The policy now states that property, plant, and equipment is held at cost, net of depreciation and any impairment provision (previously held at cost of purchase or valuation, net of depreciation and any impairment provision). Any revaluations and associated deferred tax previously posted have been reversed. A transfer from the revaluation reserve to retained earnings was also necessitated where the revaluation arose on acquisition of a subsidiary and represented an acquisition fair value adjustment.

(ii) In the year ended December 2021, the Group presented net operating expenses on the face of the consolidated income statement with Note 3 providing further analysis. The Financial Reporting Council (FRC) undertook a desktop limited scope review of the group's 2021 annual report and accounts which identified that net operating expenses were not stated in accordance with IAS 1 "Presentation of Financial Statements". Following the review by the FRC, it was agreed that the prior year comparatives for the group's 2022 annual report and accounts would be restated to present items of income and expenditure on a gross basis in accordance with IAS 1.
The restatement resulted in distribution costs of €57.2m, administrative expenses of €160.1m, other income of €22.4m and the gain on a bargain purchase of €78.0m being presented gross on the face of the restated consolidated income statement. This adjustment was presentational in nature and had no impact to reported profit, balance sheets or cash flow statements.

Notes to the Accounts (continued)
Year ended 31 December 2022

39 SUBSIDIARY UNDERTAKINGS

A list of wholly owned unlisted subsidiary companies at 31 December 2022 is provided below. The registered office of each subsidiary is detailed in italics.

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

Notes to the Accounts (continued)
Year ended 31 December 2022

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39 SUBSIDIARY UNDERTAKINGS *(continued)*

Company	Country of Registration	Principal Activity
Oakdale Homes Limited *Enterprise Way, Retford, Nottinghamshire, DN22 7HH*	England	House builders
Oakdale Properties Limited *Enterprise Way, Retford, Nottinghamshire, DN22 7HH*	England	Residential property
Claudius Peters Group GmbH *Schanzenstraße 40, DE-21614, Buxtehude*	Germany	Parent company (see below)
Piller Holding GmbH *Abgunst 24, 37520 Osterode*	Germany	Parent company (see below)
Piller Management GmbH *Abgunst 24, 37520 Osterode*	Germany	Dormant Subsidiary
Pressure Engineering International Limited *Enterprise Way, Retford, Nottinghamshire, DN22 7HH*	England	Dormant Subsidiary
Langley Aviation Limited *Enterprise Way, Retford, Nottinghamshire, DN22 7HH*	England	Aircraft Transport
ARO Welding Technologies SAS *1, Avenue de Tours, BP 40161, Château du Loir, 72500 Montval-sur-Loir*	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 *48500 Structural Drive, Chesterfield Township, MI 4805*	USA	
Bradman Lake Group Limited *Common Lane North, Beccles, Suffolk, NR34 9BP*	England	Parent company (see below)
Bergen Engines AS *Hordvikneset 125, Hordvik, Norway*	Norway	Parent company (see below)

Notes to the Accounts (continued)

Year ended 31 December 2022

39 SUBSIDIARY UNDERTAKINGS *(continued)*

The following companies are wholly owned unlisted subsidiaries of ARO Welding Technologies SAS, at 31 December 2022:

Company	Country of Registration	Principal Activity
ARO Welding Technologies AB *AB Timotejvägen, 7 439 71, Fjärås*	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, Willenhall, Wolverhampton, WV13 3XA*	England	
ARO Welding Technologies SA-NV *Koningin Astridlaan 61, 1780 Wemmel*	Belgium	
ARO Welding Technologies s.r.o *Karloveská 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 Quanli Second Road, WEDZ, Wuhan, Hubei, 430056, Wuhan*	China	
ARO Welding Technologias Ltda *Rua das Figueiras 474 – 3° andar Bairro Jardim, 09080-300 – Santo André SP São Paulo*	Brazil	

Notes to the Accounts (continued)

Year ended 31 December 2022

LANGLEY

39 SUBSIDIARY UNDERTAKINGS *(continued)*

The following companies are wholly owned unlisted subsidiaries of The Clarke Chapman Group Limited, at 31 December 2022:

Company	Country of Registration	Principal Activity
Clarke Chapman Facilities Management Limited *Office 104 Golborne Enterprise Park Kid Glove Road Golborne Warrington Cheshire WA3 3GR*	England	Provision of facilities management services
Clarke Chapman Aftermarket Limited *PO Box 9, Saltmeadows Road, Gateshead, Tyne & Wear, NE8 1SW*	England	Dormant subsidiary
Clarke Chapman Machining Limited *PO Box 9, Saltmeadows Road, Gateshead, Tyne & Wear, NE8 1SW*	England	Dormant subsidiary
Clarke Chapman Manufacturing Ltd *PO Box 9, Saltmeadows Road, Gateshead, Tyne & Wear, NE8 1SW*	England	Dormant subsidiary
Mackley Pumps Limited *PO Box 9, Saltmeadows Road, Gateshead, Tyne & Wear, NE8 1SW*	England	Dormant subsidiary
Cowans Sheldon Limited *PO Box 9, Saltmeadows Road, Gateshead, Tyne & Wear, NE8 1SW*	England	Dormant subsidiary
Wellman Booth Limited *Unit 2, Kirkfield Industrial & Commercial Centre, Kirk Lane, Yeadon, Leeds, LS19 7LX*	England	Dormant subsidiary
Stothert and Pitt Limited *1-9 Yelverton Road, Brislington, Bristol, BS4 5HP*	England	Dormant subsidiary
Butterley Limited *Enterprise Way, Retford, Nottinghamshire, DN22 7HH*	England	Dormant subsidiary

The following companies are wholly owned unlisted subsidiaries of Bradman Lake Group Limited, at 31 December 2022:

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	

39 SUBSIDIARY UNDERTAKINGS *(continued)*

The following companies are wholly owned unlisted subsidiaries of Claudius Peters Group GmbH, at 31 December 2022.

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 Illzach*	France	
Claudius Peters (Italiana) S.r.l. *Via Verdi 2 1-24121 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 (Americas) Inc *445 W. President George Bush Hwy Richardson, TX 75080*	USA	
Claudius Peters do Brasil Ltda *Rua das Figueiras, 474 - 3 ° andar - Bairro Jardim 09080-300 - Santo André / SP*	Brazil	
Claudius Peters Romania srl *Str. Oituz 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	

Notes to the Accounts (continued)
Year ended 31 December 2022

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39 SUBSIDIARY UNDERTAKINGS *(continued)*

Company	Country of Registration	Principal Activity
Claudius Peters Automation *Str. Oituz Nr. 25C, et 2 550337 Sibiu*	Romania	
Claudius Peters Romania srl *Str. Oituz Nr. 25C, et 2 550337 Sibiu*	Romania	
Plant and Machinery Technical Germany Services GmbH *Schanzenstraße 40 DE-21614 Buxtehude*	Germany	

The following company is a wholly owned unlisted subsidiary of Piller Holding GmbH, at 31 December 2022:

Company	Country of Registration	Principal Activity
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 2022:

Company	Country of Registration	Principal Activity
Piller Australia Pty Limited *2/3 Salisbury 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	

Notes to the Accounts (continued)
Year ended 31 December 2022

39 SUBSIDIARY UNDERTAKINGS *(continued)*

Company	Country of Registration	Principal Activity
Piller Italia S.r.l. *Centro Direzionale Colleoni Palazzo Pegaso 3 Viale Colleoni 25 20864 Agrate Brianza (MB)*	Italy	
Piller Iberica SL *U, Paseo de la Habana, 202 Bis Bj E-28036 Madrid*	Spain	
Piller Power Singapore Pte. Limited *25 International Business Park #01-65/66 German Centre Singapore 609916*	Singapore	
Piller Germany GmbH & Co KG *Abgunst 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 UK Ltd. *Unit 1.2, Lauriston Business Park, Pitchill, Evesham, Worcestershire WR11 8SN*	England	Dormant Subsidiary

Notes to the Accounts (continued)
Year ended 31 December 2022

LANGLEY

39 SUBSIDIARY UNDERTAKINGS *(continued)*

The following companies are investments held by Sheetfed Holdings Limited and its subsidiaries, at 31 December 2022:

Company	Country of Registration	Percentage Ownership	Principal Activity
Manroland Sheetfed GmbH *Muehlheimer Strasse 341, 63075 Offenbach am Main*	Germany	100%	Note 1
Manroland Deutschland GmbH *Muehlheimer Strasse 341, 63075 Offenbach am Main*	Germany	100%	Note 2
Manroland Used Equipment GmbH *Muehlheimer Strasse 341, 63075 Offenbach am Main*	Germany	100%	Note 2
Manroland Sheetfed (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. *Mariano 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 Serviços 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 C1265AEQ 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 *Valimotie 22, 01510 Vantaa*	Finland	100%	Note 2
Manroland Nordic Sverige AB *Nohabgatan 12H, Byggnad 33, SE-461*	Sweden	100%	Note 2

39 SUBSIDIARY UNDERTAKINGS ***(continued)***

Company	Country of Registration	Percentage Ownership	Principal Activity
Manroland Inc *800 East Oak Hill Drive, Westmont, Illinois, 60559*	USA	100%	Note 2
Manroland Sheetfed 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 8G3*	Canada	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, Niizo-Minami, Toda-shi, Saitama 335-0026*	Japan	100%	Note 2
Manroland (Korea) Ltd *2F, Gaya Building,570-1 Yeonnam-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, Taishi 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, Hong Kou District, Shanghai*	China	100%	Note 2

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39 SUBSIDIARY UNDERTAKINGS ***(continued)***

Company	Country of Registration	Percentage Ownership	Principal Activity
Manroland Printing Equipment (Shenzhen) Ltd *Room 101-106, Block C, Huahan 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. Ziduri Intre Vii 19, Corp C, Parter, Spatiu C-5, Sector 2, Bucuresti, 023321*	Romania	100%	Note 2
Manroland Magyarorzag Kft. *Táblás u. 36-38 1097 Budapest*	Hungary	100%	Note 2
Manroland Polska Sp. z.o.o *Wolica Aleja Katowicka 11 PL-05 830 Nadarzyn*	Poland	100%	Note 2
Manroland Czech s.r.o *Prumyslova 10/1428, Praha 10, 102 00*	Czech Republic	100%	Note 2
Manroland France S.A.S *Bat. M1 Les Aralias Paris Nord II 66 rue des Vanesses CS 53290 Villepinte 95958 Roissy CDG Cedex*	France	100%	Note 2
Manroland Swiss A.G. *Schöneich 1, 6265 Roggliswil*	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 Sintra*	Portugal	100%	Note 2
Manroland Italia S.r.l. *Via Lambretta 2 20090 Segrate (MI)*	Italy	100%	Note 2

Notes to the Accounts (continued)
Year ended 31 December 2022

39 SUBSIDIARY UNDERTAKINGS ***(continued)***

Company	Country of Registration	Percentage Ownership	Principal Activity
Manroland Benelux N.V. *Koningin Astridlaan, 61 1780 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 Sheetfed (Thailand) Co. Ltd *22/6 Ladprao Soi 21, Jomphol, Jatujak Bangkok 10900*	Thailand	100%	Note 2
Manroland Nordic Danmark ApS *Lautruphøj 1-3 2750, Ballerup, Hovedstaden Denmark*	Denmark	100%	Note 2
DC Druck Chemie GmbH *Wiesenstraße 10 D-72119 Ammerbuch-Altingen*	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 Apartdo 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 Kuřim*	Czech Republic	100%	Note 5
DC Druck Chemie SAS *(Est) Route de Bretten F-68780 Soppe 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 Tirso, 12 20098 San Giuliano Milanese (MI)*	Italy	100%	Note 5
DC Druck Chemie Benelux BV *Gerstdijk 7 NL-5704 RG Helmond*	Belgium	100%	Note 5

Notes to the Accounts (continued)
Year ended 31 December 2022

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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 Roggliswil*	Switzerland	100%	Note 5
Hi-Tech Chemicals BV *Zwaluwbeekstraat 14, 9150 Kruibeke*	Belgium	100%	Note 5
BluePrint Products NV *Zwaluwbeekstraat 14, 9150 Kruibeke*	Belgium	100%	Note 5
Press Chem UK Limited *Unit 14b, Shuttleworth Mead Business Park, Mead Way, Padiham, 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

Notes to the Accounts (continued)

Year ended 31 December 2022

39 SUBSIDIARY UNDERTAKINGS *(continued)*

The following companies are wholly owned unlisted subsidiaries of Marelli Motori SPA at 31 December 2022:

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, Pinxton, Nottinghamshire, NG16 6HX*	England	100%	
Marelli Motori Central Europe GmbH *Heilswannenweg 50, 31008 Elze*	Germany	100%	

Notes to the Accounts (continued)

Year ended 31 December 2022

LANGLEY

39 SUBSIDIARY UNDERTAKINGS *(continued)*

The following companies are wholly owned unlisted subsidiaries of Bergen Engines AS at 31 December 2022:

Company	Country of Registration	Percentage Ownership	Principal Activity
Bergen Engines B.V. *Werfdijk 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 AS. *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 Granduer, 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 Morrone, 16161, Genoa Italy*	Italy	100%	
Bergen Engines S.L. *Calle Dinamarca s/n (esquina Calle Alemania), Poligono Industrial de Constanti, 43120 Constanti, Tarragona, Spain*	Spain	100%	
Bergen Engines Mexico *Boulevard Adolfo Ruiz Cortinez 3642-403, Fracc Costa de Oro, Verzcruz CP 94299 6, Mexico*	Mexico	100%	
Bergen Engines Mexico Administration *Boulevard Adolfo Ruiz Cortinez 3642-403, Fracc Costa de Oro, Verzcruz 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 (07525468)
Marelli UK Limited (01787809)
Clarke Chapman Facilities Management Limited (04120701)
ARO Welding Technologies Limited (02184159
Claudius Peters (UK) Limited (01148578)
Druck Chemie UK Limited (SC131877)

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, sktfvl. § 3-1, sktbl. § 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

Side 1 / 2

Kit M. Midttun
Underdirektør
Innsats, storbedrift
Skatteetaten

Kjetil Solbø Zahl

Dokumentet er elektronisk godkjent og har derfor ikke håndskrevne signaturer.

Side 2 / 2

Bergen Engines AS

Notes to the accounts for 2022

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 is 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 2022

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-incidental 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 labour 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 provisions 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 2022

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 is not 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 include 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 2022

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

	2022	2021
By business area		
New Sales - on Land	299 094	844 613
Aftermarket - on Land	563 104	428 368
New Sales - at Sea	319 959	292 631
Aftermarket - at Sea	556 181	480 467
Other business	16 740	6 011
	1 755 078	2 052 090
Geographical distribution		
Europe	1 258 049	1 089 749
Asia and Middle East	349 591	775 788
Americas	94 958	139 377
Africa	52 480	47 176
	1 755 078	2 052 090

Bergen Engines AS

Notes to the accounts for 2022

Amounts in NOK thousand

Note 3 - Related parties

	2022	2021
a) Sales		
Group companies (Langley Holdings Plc)	336	41 331
Subsidiaries	422 594	358 613
	422 930	399 944

Bergen Engines AS was acquired by Langley Holdings Plc from Rolls-Royce Plc on 31.12.2021. The 2021 sales figures from Group companies above includes Rolls-Royce companies and are not directly comparable to the 2022 numbers.

Of the total intercompany activity above 98,508,000 NOK is relating to New Sales (23,3%), and 323,727,000 NOK is relating to Aftermarket activities (76,7%).

	2022	2021
b) Purchases		
Group companies (Rolls Royce Group)	26 219	95 106
Subsidiaries	73 364	92 213
	99 583	187 319

Bergen Engines AS was acquired by Langley Holdings Plc from Rolls-Royce Plc on 31.12.2021. The 2021 purchase figures from Group companies above includes Rolls-Royce companies and are not directly comparable to the 2022 numbers.

	2022	2021
c) Financial items		
Interest on short-term borrowings from parent company*	8 353	3 996

*2021 numbers equal the Interest to Rolls-Royce Power Systems AG. 2022 numbers equal the interest on short-term borrowings from Langley Holdings Plc accumulated during 2022.

	2022	2021
d) Operating expenses		
Rent paid to Bergen Property Co. AS	0	28 667

Bergen Engines AS and Bergen Engines Property Company AS merged with accounting effect from 1. January 2022. During 2022 we have not booked any intercompany rent in the financial statement of Bergen Engines AS.

Bergen Engines AS

Notes to the accounts for 2022

Amounts in NOK thousand

Note 4 - Inventories

Amounts in NOK thousand

Book value	**2022**	**2021**
Raw materials	351 282	319 501
Work in progress	275 851	138 250
Finished goods - Engine	170 416	76 694
Finished goods - Spare Parts*	580 803	303 293
Total	1 378 352	837 738

As part of the agreement with Kongsberg Maritime AS, Bergen Engines AS also committed to re-purchase existing Kongsberg inventory in Helmond (Netherlands). The parties agreed on a re-purchase price and Bergen Engines AS have booked the spare parts back into inventory including the premium. The original cost price of this inventory was 80,8m and the re-purchase premium was 92,3m. As per 31.12.2022 approximately 40% of this premium have been booked into the Income statement. The remaining shall be booked at actual consumption of the re-purchased inventory. This decision to end the trading agreement with Kongsberg Maritime has increased inventory levels during 2022.

During 2022 Bergen Engines AS have purchased raw materials and started building the 27 engines originally intended to the Malmych project. This signed order was officially cancelled in 2022 due to UK sanctions. The company has decided to continue building the engines and expect to find other, profitable projects for them during 2023. The decision to continue building the 27 engines have increased the stocks of work in progress and finished goods during 2022. These levels are expected to be gradually reduced as the engines are delivered to other projects in the coming years.

Cost of inventory	**2022**	**2021**
Raw materials	396 515	379 716
Work in progress	275 851	155 011
Finished goods - Engine	170 416	92 694
Finished goods - Spare Parts	607 492	306 209
Total	1 450 274	933 630

Difference in Book value and Cost of inventory is the obsolete provisions as per 31.12.2022.

Bergen Engines AS

Notes to the accounts for 2022

Amounts in NOK thousand

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

Wage costs	**2022**	**2021**
Salaries	459 942	461 113
Payroll tax	69 281	66 658
Pension costs	27 799	31 281
Other payments	-579	3 003
Total payroll expenses	556 443	562 055

The total number of full time equivalent in the company during the year:	609	

Management remuneration

The managing director received a total compensation of 2,880t NOK, of which 1,104k NOK was bonus related. He is included in the management bonus scheme of the group, but no bonus was paid under that scheme in 2022.The managing director has a termination period of six months, and subsequently six months severance pay.

The board has not received remuneration in 2022.

Auditor fee has been divided as follows	**2022**
Statutory audit fee BDO	786
Statutory audit fee PWC	830
Audit handover PWC	30
Other services	1
Total	1 648

VAT is not included in the auditor fees.

Bergen Engines AS have changed auditor from PWC to BDO during 2022.

Bergen Engines AS

Notes to the accounts for 2022

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 2022, 604 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 30 m in 2022. In addition, there are costs to employers' national insurance contributions. There are no payments to a pension premium fund in 2022, and by year-end there is no pension premium fund balance.

Note 7 - Intangible assets

	R & D	Software	Leasehold impr.	Total
Acquisition cost at 01.01.	232 410	90 704	5 833	328 947
Purchased intangibles	244	0	0	244
Change due to incorrect IB	839	-2 046	0	-1 207
Reclassifications	0	0	-5 833	-5 833
Acquisition cost 31.12.	233 493	88 658	0	322 151
Acc. amortization at 31.12.	-23 031	-62 438	0	-85 470
Acc. write-downs 31.12.	-210 462	-26 219	0	-236 681
Net carrying amount at 31.12.	0	0	0	0
Useful economic life	Up to 15 years	Up to 7 years		
Amortization plan	Linear	Linear		

The reclassification of 5,833,000 NOK is a direct effect of the 2022 merger with Bergen Engines PropertyCO AS. This is leasehold improvements on buildings now in Bergen Engines AS balance sheet.

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 labour. Sustainable engineering on previously developed engine types during the year has been expensed.

Based on good results in 2022 and expected positive future cash flows from operations Bergen Engines AS have reversed all prior year's impairment of fixed assets in 2022. However, the business has not included reversal of prior year impairment of intangible assets in the 2022 impairment assessment.

Bergen Engines AS

Notes to the accounts for 2022

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	116 600	1 007 019
Merger BEPCAS	132 411	0	0	0	132 411
	270 896	509 437	242 497	116 600	1 139 430
Purchased fixed assets	0	0	0	15 016	15 016
Reclassifications	1 641	119 645	760	-116 213	5 833
Change due to incorrect IB	46 854	0	8 286	0	55 140
Acquisition cost 31.12.	319 390	629 082	251 543	15 404	1 215 420
Acc. depreciation 31.12.	-225 280	-398 900	-206 496	0	-830 675
Acc. write-downs 31.12.	-87 059	-117 197	-46 267	0	-250 524
Reversed write-downs 31.12.	87 059	117 197	46 267	0	250 524
Net carrying amount at 31.12.	94 110	230 183	45 047	15 404	384 744
Depreciation for the year	-437	-2 760	0	0	-3 197
Useful economic life	Up to 33 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, a further impairment reversal has been made. Bergen Engines AS have per 31.12.2022 made a full fixed asset impairment reversal of 250,5m, following last year 64m reversal.

Depreciation for the year relates to the assets reversed last year and assets transferred to Bergen Engines AS after the merger with Bergen Engines Property Company AS from 1. January 2022.

Note 9 - Operating expenses

	2022	2021
Freight and transportation costs	47 306	47 060
Energy costs	38 882	18 293
Property rent	7 985	35 079
Rental of machinery, fixtures and fittings	10 947	9 870
Repair & maintenance, including tools and operating materials	12 996	7 982
IT costs	33 863	11 837
External services	102 953	151 325
Cost of travel, subsistence, car etc.	32 358	20 436
Insurance	13 292	6 222
Other expenses	-21 299	81 861
Total	279 282	389 963

Bergen Engines AS have finished the restructuring of the business following the change in ownership 31.12.2021. The effects of this restructuring are reflected in the numbers above.

Bergen Engines AS

Notes to the accounts for 2022

Amounts in NOK thousand

Bergen Engines Property Company AS have merged with Bergen Engines AS with effect 1. January 2022 explaining the significant decrease in property rent.

IT costs, management charges and business liability insurance, in Norway and in the regions, are costed by the head office and recharged back to the subsidiaries based on a reasonable allocation key.

Bergen Engines AS have experienced significantly higher energy costs during 2022. These effects are expected to continue into 2023.

Other expenses include changes in provisions. The main driver in 2022 is significantly lower provisions for warranty costs and loss-making provisions on new sales deliveries. High uncertainty on specific warranty issues per 31.12.2021 have been followed up with effective actions during 2022 reducing both actual costs and the expected future costs from the same. Loss-making provisions last year was estimated at a time of high uncertainty. Producer price indexes in Europe, and especially Germany, increased significantly during fourth quarter 2021. Bergen Engines AS have significant lead times between confirmed order, purchasing the raw materials and producing the engines. Looking retrospective the actual cost increases in Bergen Engines AS affecting the traded projects in 2022 have been considerably lower than expected same time last year resulting in the loss-making provisions was too high per 31.12.2021.

Bergen Engines AS

Notes to the accounts for 2022
Amounts in NOK thousand

Note 10 - Investment in subsidiaries and associates

Company	Location	Share owners	Profit 2021	Equity 31.12.21	Book value 31.12.22
Bergen Engines Italia S.r.l	Italy	100 %	36 948	103 084	60 424
Bergen Engines Espania S.l	Spain	100 %	70 185	175 172	170 830
Bergen Engines Denmark AS	Denmark	100 %	22 110	54 835	611
Bergen Engines India tl*	India	100 %	-10 551	98 525	124 213
Bergen Engines Ltd	Great Britain	100 %	-12 139	4 871	5 025
Bergen Engines BV	The Netherlands	100 %	-5 561	30 103	28 367
Bergen Engines Bangladesh tl	Bangladesh	100 %	2 147	43 747	13 751
Bergen Engines Mexico S.de R.L de C.V**	Mexico	100 %	482	-4 284	6 141
Bergen Engines Mexico Adminstration S.**	Mexico	100 %	-290	710	2
Bergen Engines Inc***	United States	100 %	0	0	879
Total			103 331	506 764	410 243

Share owners' percentage includes indirect ownership through subsidiaries.

* Figures per 31.03.22
**Unaudited figures
*** Established in 2022

Bergen Engines AS established Bergen Engines Inc in 2022 with a capital injection of NOK 879.

Note 11 - Financial items

	2022	2021
Financial income		
Income from subsidiaries	170 805	294 558
Other interest income	1 715	11
Exchange rate gains (realized/unrealized)	55 041	69 128
Other financial income	0	12
Total	227 561	363 709
Financial expenses		
Interest expenses to group companies	8 353	3 996
Other interest expenses	3 064	5 177
Exchange rate loss (realized/unrealized)	56 396	56 469
Impairment shares in subsidiaries*	55 263	0
	123 076	65 642
Net financial items	104 485	298 067

* Bergen Engines AS have impaired 90% of the investment in Mexico in 2022

Bergen Engines AS

Notes to the accounts for 2022
Amounts in NOK thousand

Note 12 - Income taxes
Amounts in NOK thousand

Income tax expenses	**2022**	**2021**
Withholding tax	44	132
Total income tax expense	44	132

Tax base estimation	**2022**	**2021**
Ordinary result before tax	480 303	187 980
Permanent differences	275	150
3% of dividends received (outside EØS)	0	634
Write-down on shares and other security expensed this year	55 263	0
Permanent differences	-170 805	-269 145
Group contribution	0	-25 414
Change in temporary differences	-489 059	-30 950
General income	-124 023	-136 745
Group contribution	0	25 414
Tax base	-124 023	-111 331

Temporary differences outlined	**2022**	**2021**
Tangible and intangible assets	-130 560	-452 650
Inventories	31 020	-52 481
Receivables	-16 557	-25 165
Provisions	-205 534	-293 036
Total	-321 631	-823 332
Taxable loss carried forward	-1 904 675	-1 780 652
Group interest carried forward	-195 614	-195 614
Basis for calculation of deferred tax asset	-2 421 919	-2 799 598
Differences not included in calculating deferred tax	-2 421 919	-2 799 598
Deferred tax asset / liability	0	0

Bergen Engines AS

Notes to the accounts for 2022

Amounts in NOK thousand

Change in temporary differences	2022	2021
Tangible and intangible assets	-322 090	-129 072
Inventories	-83 502	30 497
Receivables	-8 608	14 593
Provisions	-87 502	50 716
Time options	0	2 316
Effect of merger	12 642	0
Total	-489 059	-30 950

Effective tax rate	2022
Expected income taxes, statutory tax rate 22%	105 667
Unrecognized deferred tax asset (change)	-80 308
Permanent differences (22%)	-25 359
Withholding tax	44
Income tax expense	44

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.

Note 13 - Owners' equity

Amounts in NOK thousand

	Share capital	Share premium	Other equity	Total
Owners equity 01.01.	183 554	797 817	0	981 371
Profit for the year	0	0	480 260	480 260
Effect of merger with BE Property Co.	0	7 039	-77 341	-70 302
Other effects	0	0	87	87
Past year losses	0	102 083	-102 083	0
Owner's equity 31.12.	183 554	906 939	300 923	1 391 416

Bergen Engines Property Company AS have merged with Bergen Engines AS with effect 1. January 2022. The equity effect of this merger in Bergen Engines AS is reflected in the numbers above.

Bergen Engines AS

Notes to the accounts for 2022

Amounts in NOK thousand

Note 14 - 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 %

Bergen Engines AS

Notes to the accounts for 2022

Amounts in NOK thousand

Note 15 - Intercompany balance with group and associated companies

Amounts in NOK thousand

Receivables	**2022**	**2021**
Short-term loans to group companies	72 479	0
Accounts receivables	114 387	72 719
Other receivables	5 459	0
Total intercompany receivables	192 325	72 719

Payables	**2022**	**2021**
Trade creditors	51 920	68 055
Short-term loans from group companies	38 340	74 596
Short-term loan	421 142	0
Total intercompany payables	511 402	142 651

During 2022 Bergen Engines AS have purchased raw materials and started building the 27 engines originally intended to the Malmych project in Russia. This signed order was officially cancelled in 2022 due to UK sanctions. The company has decided to continue building the engines and expect to find other, profitable projects for them during 2023. The short-term working capital demand has been funded using loans from Langley Holding PLC accumulating to 40m euros per 31.12.2022. These loans are expected to be repaid during first half 2023 when the company sign orders and receives down payments for the engines currently in the build line.

Note 16 - Bank deposit

	2022
Restricted bank deposits related to employee tax	21 009

Note 17 - Specification of other short-term liabilities

	2022	**2021**
Prepayment debtors	268 261	377 614
Warranty provision	131 813	172 340
Other short-term payables to group companies	421 142	3 255
Accrued costs for project deliveries	30 991	42 958
Other provisions and accruals for group company liabilities	0	12 905
Onerous contracts	21 586	26 246
Other short-term liabilities	99 132	80 140

Bergen Engines AS

Notes to the accounts for 2022

Amounts in NOK thousand

Goods received not invoiced	74 135	52 897
Accrued Holiday Pay	54 203	64 844
Other advance payments/payables to group companies	38 340	47 953
Total	1 139 603	881 152

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. On 31 December 2022, these guarantees amounted to approximately 151.2m NOK.

Bergen Engines AS still have open guarantees in the old RRPS credit facility. These guarantees will be closed when they expire according to their terms (as the actual projects are closed). On 31 December 2022, these guarantees amounted to approximately 234,7m NOK.

Bergen Engines AS

Notes to the accounts for 2022

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 equity ratio is 48%, and net working capital was 596m per 31.12.2022. The significant increase in working capital during 2022 of reason already explained. 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. The company have increased credit risk in 2022 after ending the trading agreement with Kongsberg Maritime AS. The increased number of trading partners in the commercial marine market are effectively managed trough continuously monitoring and controlling credit terms and credit limits.

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.

Purchase side exposures are assessed and hedged dependent on material net exposure under the different currencies and could potentially be converted 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.

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.

Bergen Engines AS

Cash flow statement 01.01-31.12

Amounts in NOK thousand	Note	2022	2021
Cash flow from operating activities			
Ordinary result before tax	13	480 303	187 980
Taxes paid	12	-44	-131
Depreciation and amortisation		3 197	0
Reversal of impairment of assets	7, 8	-250 524	-63 650
Changes in inventories, trade receivables and trade payables		-383 386	-21 735
Items classified as investing or financing activities		-170 805	-294 558
Changes in other current balance sheet items		-299 508	40 751
Impairment of investment		55 263	0
Net cash flow from operating activities		-565 503	-151 343
Cash flow from investing activities			
Investment in tangible and intangible fixed assets	7, 8	-14 789	-52 951
Net assets acquired through merger		9 763	0
Investment in subsidiaries	10	-879	-61 406
Dividend and group contribution from subsidiaries	10	170 805	313 527
Net cash flow from investing activities		164 900	199 170
Cash flow from financing activities			
Capital injection	13	0	1 000 000
Proceeds from issuance of short-term debt		421 142	0
Net change in bank overdraft		0	-911 931
Dividends paid	13	0	-100 000
Other changes		17	0
Net cash flow from financing activities		421 159	-11 931
Net change in cash and cash equivalents		20 556	35 896
Cash and cash equivalents as of 01.01		116 646	80 750
Cash and cash equivalents as of 31.12		137 202	116 646

Bergen Engines AS

Board of Directors' report 2022

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 UK. Langley Holdings plc provides world class engineering solutions and has 5,339 employees globally.

Bergen Engines AS is a manufacturing and service company of large medium speed reciprocating engines for the marine energy and propulsion market (Marine), as well as for the power generation market (Power Gen). The route to market for Marine products has previously been through Kongsberg Maritime AS, but from mid-2022 Bergen Engines AS and its subsidiaries are serving the marine market directly. The original equipment (OE) Power generator sales is steered by the Bergen Engines AS PowerGen Sales organization.

In 2022, 64% of Bergen Engines AS revenue was obtained through aftermarket activities (AM), consisting mainly of engineering services and sale and installation of spare parts. The remaining 36% of the revenues was obtained through OE 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.

Bergen Engines AS' office- and production facilities has earlier been organized as a separate legal entity, Bergen Engines Property Company AS. Bergen Engines Property Company AS was merged with Bergen Engines AS, going into effect from 1 January 2022. Bergen Engines AS' headquarters is placed in Bergen, Norway, with subsidiaries in Denmark, India, Italy, Spain, USA, Mexico, the Netherlands, the United Kingdom and Bangladesh.

Going concern
The financial statement is prepared on a going concern basis. Bergen Engines AS has an equity ratio of 47% and net working capital of 596m per year-end 2022. Last year's capital injection of 1,000m, combined with positive results in 2022, have further strengthened the solidity of the company. Bergen Engines AS experienced short-term funding needs in 2022, due to continuous production of engines to stock and termination of the trading agreement with Kongsberg Maritime AS for the commercial marine market. Langley Holdings plc has proven their willingness and ability to provide short-term support to Bergen Engines AS, that enables 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 stabilization of the marine market, as well as a continued order intake in the land market.

With effect from 30 June 2022, Bergen Engines AS terminated its trading agreement with Kongsberg Maritime AS. The Board of Directors is of the opinion that the former agreement was more favourable to Kongsberg Maritime AS than for Bergen Engines AS, and after establishing several partnerships during 2022, it is believed that this decision will strengthen the marine business for Bergen Engines AS. Bergen Engines AS will continue trading engines with Kongsberg Maritime AS on a case-by-case basis, but the exclusivity is discontinued. Bergen Engines AS can now freely target, and be approached by designers, system integrators, shipyards, and owners within the Marine market. Overall, the Board of Directors anticipate that these changes will lead to improved profitability for, as well as better services for the customers.

Operational Review

Bergen Engines AS

Total sales revenues decreased by 14,5% in 2022, compared to 2021. New sales revenue decreased by 44,4%, whilst aftermarket sales revenue increased with 23,2%. In terms of output, the engine factory delivered 43 engines in 2022, compared to 68 engines in 2021. The Bergen site, the foundry business included, had a result from operating activities of 125,3m. Based on a turnover of 1756m this gives a gross profit of 7,1%, excluding reversed impairment.

As a result of termination of the previous trading agreement between Bergen Engines AS and Kongsberg Maritime AS, Bergen Engines AS repurchased the Kongsberg Maritime AS inventory in Helmond. In this transaction Bergen Engines AS bought back inventory in the Netherland and compensated Kongsberg Maritime AS for loss of financial benefit/profit in the period up until 31 March 2024, which was the contractual expiry date. The total transaction was summarized to a total of 223m. After completing the repurchase of the inventory, a total of 173m, was booked as inventory and agreed booked into the Income statement based on actual consumption of the repurchased spare parts. The compensation for loss of profits in Kongsberg Maritime AS, a total of 50m, has been expensed in full in the financial statement for 2022.

Based on an overall assessment, the business is expecting a positive future cash flow from operations. Based on positive results in 2022, and positive budgets the coming years, Bergen Engines AS has made a 100% reversal of all previously impaired fixed assets.

The order book as of 31 December 2022 was at 1060m. This is a decrease of 46,9% from 2021 (1966m). The main reason for the reduction was a principle change in 2022. New sales projects are now booked as order intake when Bergen Engines AS has received the first payment from the customer, whilst previously projects were booked as orders on signing of the contract. 974,6m of the order book at year end 2021 would not justify as order book in 2022. Included in the order book is 12engines intended for a nuclear power plant in Turkey. The project has a total contract value of 309,6m. The order book for AM, 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 and there is a 3100 MW installed capacity worldwide in the PowerGen application. The combination of these two markets will generate service and maintenance needs during the whole engine lifecycle.

Total investments in fixed assets were at 15,0m in 2022, mainly due to costs relating to finalizing the installation of a new block milling machine. After the capital expenditure freeze in 2022, the company now has the financial solidity/backing to perform profitable investments for the future. Bergen Engines AS has decided to impair 90% of the investments in Bergen Engines Mexico (55,3m) after operational deficits in Mexico in 2022, negative equity at year end and governmental issues in granting new permits for projects in the region. Investment in one new subsidiary in the US of 0,9m enables an expansion to new markets.

Bergen Engines Property Company AS merged with Bergen Engines AS with effect from 1 January 2022. This transaction led to a reduction of equity of 70,3m, as the book value carried forward in Bergen Engines AS was lower than the original investment in the company. The deferred tax asset in the property company was not carried forward in Bergen Engines AS after the merger.

After a reassessment of the value of the fixed assets, previously impaired assets have been reversed. This caused a positive effect on the income statement of 250,5m in 2022.

Profit for 2022 was 480m, compared to 187m in 2021. The profit includes impairment reversal of 250,5m and dividends and group contributions of 170,8m. The net cash flow from operating activities was negative by 565m, due to a significant inventory increase in 2022 and paying the transaction price to Kongsberg Maritime AS after ending the trading agreement in June 2022. The cash and cash equivalents at the end of the year was 137m, an increase from 117m compared to start of the year.

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R&D activities 2022

2022 has been a year with increased focus on alternative low and zero-carbon fuels for engines and on hybrid renewable power generation applications. Bergen Engines AS has had a great progress in developing their engines to run on various potential future fuels to make the engines greener, whilst continuing to serve the traditional markets and customers. The company are working hard towards a sustainable future and knows that their natural gas engines can function as a bridging solution towards a zero-emission future, where hydrogen plays a key role. Through 2022 Bergen Engines AS has progressed with intensive testing of a hydrogen blend in the natural gas test engine in the company's test facilities. The Ammonia Zero Emission (AMAZE) project was also kick-started, which over time will help Bergen Engines AS develop the technology for a high-pressure multifuel engine with ammonia as the primary fuel.

Hydrogen enrichment/blending

Prompted by the global intention to reduce further climate change, a growing number of customers are not only enquiring about but demanding that the engines are capable of handling partial amounts of hydrogen blended with the natural gas fuel feed.

During the first half of 2022 the B35:40L3 test engine in Bergen was run with a hydrogen blend in the natural gas fuel flow. Several engine configurations have been investigated, and the capabilities of the gas engine to operate with hydrogen blending has been verified. The hydrogen storage and dosing system, together with the mixing control and engine control system gave stable and safe operation of the engine at all load levels with no restrictions on transient load capabilities. Testing has been done with various blends on various loads with great success, demonstrating the engine capability. Engine efficiency is maintained, and greenhouse gas emissions are consistently reduced.

The test program has resulted in a commercial engine specification for the B36:45 engine with hydrogen addition up to 15%. The two first engines with this specification have already been produced and will be delivered to the customer in 2023. The customers show great interest in the hydrogen programme, and late in 2022 a full-scale demonstration of hydrogen blend for a B36:45L6 engine was performed at a customer site in Spain.

Zero carbon emissions with ammonia

In April 2021 Bergen Engines AS 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 their engines. The project is named AMAZE and was awarded 15m from the RCN. Vår Energi ASA has also joined the project team for the duration of the project. The project is coordinated and followed up closely by project meetings and steering committee meetings through the project duration.

The AMAZE project is a research project, which had its kick off in 2022. The project has seven main activities covering aspects of combustion modelling (H1), investigation of spray patterns with ammonia injection (H2), experimental engine tests (H3), development of fuel injector for ammonia (H4), engine development (H5) and ammonia operational safety (H6).

Several activities were started in 2022. Focusing on understanding published models with a perspective of continuous combustion and investigated suitable modelling and simulation tools. Some preliminary testing was done in the lab and test rig. A new energy systems laboratory at SINTEF Ocean is under construction, where extensive research and testing will take place as part of the project. Selection of the type and size of the injector has been done in collaboration with the supplier. Initial work on safety instructions is prepared.

GPO Status

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. The development work was finalized in 2022, and the first engines are under installation in the vessel.

Akkuyu Status

The main technical challenge in this project was to develop a design that could withstand demanding seismic requirements. At the event of an earthquake, the engines must be able to operate afterwards in case emergency power is needed. The challenge here was to predict how much the genset itself will shake, and how much it will move relative to the ground. Then to design the genset and the connections to the off-genset systems to withstand this movement. This required comprehensive and advanced computer modelling and special designs. The development work in the project was finalized in 2022.

Outlook for 2023

Bergen Engines AS completed a solid financial year in 2022. A restructuring of the business was finalized, which has proven to be a success. Revenues in 2023 is expected to be on the same level as the 2022 actuals, with the same revenue mix between AM and OE (60/40). This was, and will continue to be, a driver for improved project margins in 2022, which is expected to continue into 2023.

The business has been impacted by several world economic events the last couple of years. The Covid-19 pandemic aftermath and the ongoing war between Russia and Ukraine has led to significant logistics disruptions, delayed production, increased lead times for essential parts and significant inflation in important markets, especially in Europe. These circumstances have forced the business to continuously look for alternatives and monitor the supply closely to ensure that the impact on production is minimized. At the same time Bergen Engines AS is experiencing increased prices on raw materials and spare parts, as well as an increase in energy prices. For Bergen Engines AS, being an energy-intensive engine manufacturer, naturally the energy situation in the world has significant local effect. However, the margins have been maintained as the business has proven itself effective in passing on the cost increases to its customers.

During 2022 Bergen Engines AS continued manufacturing engines for projects with uncertain delivery caused by the sanctions imposed by various entities in relation to the war between Ukraine and Russia. The planned delivery of 27 engines to Russia was cancelled before year end, but the production of these engines continues into 2023 and it is expected that these engines will be used for other profitable projects during 2023. Six of the 27 engines were finished at year end, and one engine is currently in production. Also, a significant portion of required raw materials to produce the remaining engines have already been purchased, leading to a significant increase in inventory during 2022. This increase in working capital was funded by a 40m EUR short-term loan from Langley Holdings plc. Bergen Engines AS expects to repay the loan in full, as the company plan to sign new orders and receive prepayments that can cover the increased material costs that have occurred during 2022.

The Board of Directors strongly believes the company is on course to a double-digit profit percentage by 2024. A successful restructure and improved margins within all segments, driven by the new route-to-market strategy in the commercial maritime market, should further strengthen the profitability during the coming years. In addition, a major part of new sales to the PowerGen market includes a service agreement, which in order will increase revenues and profits from the AM part of the business in future years.

All investments, except those related to HSE requirements, were temporarily put on hold in 2022. Bergen Engines AS has now the financial solidity/backing to perform profitable investments for the future.

As a large global exporter, the business is exposed to geopolitical risk. The Board of Directors is closely monitoring this risk and will take immediate action when required.

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Looking further forward, the Board of Directors is confident that the termination of the agreement with Kongsberg Maritime AS is deemed to increase both the profitability and the market share in the marine market. Relationships with designers, system integrators, shipyards, and shipowners in the marine market will be further strengthened to facilitate growth in the market. Establishing world-wide service partnerships and having effective distribution networks in key markets throughout the world, is essential to have a successful transfer from the old trading agreement with Kongsberg Maritime AS.

By their nature, these statements involve risk and uncertainty, and several factors can impact and result in other outcomes in the actual results or developments.

Risk Management and Corporate Governance
Bergen Engines AS is operated based on well-defined processes, and a set of delegated authorities approved by Bergen Engines AS shareholder. The Company has a clear Anti Bribery- and Corruption policy (ABC) which is in accordance with policy and procedures set by 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 2022. 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 individuals and claims made towards individuals serving in their capacity as Directors or Officers 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. Historically, when a downturn occurs in the marine market, it has 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, Bergen Engines AS is naturally exposed to global risks such as global inflation and supply chain issues caused by the aftermath of Covid-19 and the ongoing war in Eastern Europe. The company is also exposed to applicable international sanctions and other geopolitical risks. These sanctions have been extended throughout 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. The procurement 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 payments in contracts can generate distinct changes in working capital requirements. In general, Bergen Engines AS see that the liquidity risk has increased due to the uncertainty in the market caused by the war in Ukraine, energy shortage and inflation. This risk is mitigated by requiring some prepayment terms for some customers. Short and mid-term liquidity is available from Langley Holdings plc at short notice, if and when needed.

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Health, Safety and the Environment
After the transition of ownership to Langley Holding plc, Bergen Engines AS has shifted to standalone HSE Management. The process was successfully completed, and Bergen Engines AS ISO 14001:2015 (Environment) & ISO 45001:2018 (Health & Safety) certificates were issued by Bureau Veritas on 31.03.2022, with a validity until 17.12.2023. The company performs regular audits to verify employees HSE-performance. Injuries are measured by using the Total Reportable Injury rate (TRIR). The TRIR rate for Bergen Engines AS (incl. its subsidiaries) was 0,93. The local target was 0.30. 8 TRI's was reported in 2022, where 6 of these were "Lost Time Injuries" (LTI). This is an increase from previous years, however the severity on incidents has not increased.

The development is monitored closely to ensure that opportunities for improvement are raised to the management at an early stage. There were reported 10 first aid Injuries in Bergen Engines AS for 2022.

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

Bergen Engines AS emissions into the external environment are monitored in line with local municipality and government standards. The business is currently in the process of updating its emission permits, which is expected to be finalized in 2023. In 2022 Bergen Engines AS had no environmental incidents.

Gender equality and discrimination
Bergen Engines AS 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 2022 were as follows:

Of a total of 613 (682) employees at year end, 87 (96) were women 14,2% (14,1%) and 526 (586) were men 85,8% (85,9%).

There were in total 3 (2) employees 0,49% (0,3%) that held temporary positions at 31 December 2022. 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 3 (2) temporary employees, one was male, and the other was female.

The average amount of paternity leave taken by men was at 8,9 (12,2) weeks and the average amount of maternity leave taken by women was (24,3) 21,7 weeks.

One member of the Board of Directors was female.

Activities completed in 2022 to address risks of discrimination and lack of inclusion in the workplace (four-step activity report):

<u>Determining risks</u>
The overall number of women in the company is low, with only 14,2% of the employees being women. This is unchanged from the previous year. A male dominated working environment can potentially increase risks of harassment between co-workers, but Bergen Engines AS has no evidence of such occurring. In contrary

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women are respected and included in all areas where they work, and they are represented in all departments in the company. There are risks that some see the company as less attractive due to being a male dominated industry and company. Hence, there is a risk that the company meets a barrier to increase the share of women, especially in the short term.

The company is influenced by the social demographic conditions in which it operates and has 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. Bergen Engines AS has no evidence of any racism or similar in the company.

The risks of discrimination in this regard lies in the 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 exclusion due to disabilities is considered low as areas and offices space have been implemented in a manner to enhance accessibility for all employees. 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 working hours. The risk of “unwanted” part-time work is insignificant and is an ignorable 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 foundry. These fields have historically been dominated by men and still are. This influences the company's ability to recruit women into these fields.

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 have a financial 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 Langley Holdings plc, the working language in the company is both English and Norwegian.

Activities in 2022 addressing the risks

The company was acquired 1 January 2022 and went through a restructuring process. Even though there was no mandatory training in that period, the company held focus on creating awareness of inclusion and non-discrimination in every area. Such as 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. Not only learn the language, but also to learn more about Norwegian culture and to better understand the behaviours of their fellow employees. The company has a welfare club which organises and facilitates different activities, such as hiking, skiing, handball, and Christmas parties. The focus is to create inclusion and a good working environment. In addition, a way for our non-native employees to get to learn more about the Norwegian culture.

The company used social media in 2022 to post articles and stories whereby women were shown in pictures.

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Especially the apprentices. Bergen Engines AS has sent female apprentices to education fairs to increase awareness among other young females, and to highlight that technical fields may be a good working opportunity for them too. At these fairs, the young potential future apprentices can speak to female apprentices already employed by the company and learn more about how it is to be employed here, and what they do. When the media has visited the company, Bergen Engines AS has included equal numbers of both genders, to reduce the risk that women may see the company as male dominated.

By doing this, the company`s aim was to show all employees the value of 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 has a code of conduct which brings up topics such as: being at our best, act with integrity and to create an environment in which everyone feels like it is safe to speak up.

The company has a zero-tolerance policy on harassment. This whistleblowing procedure aims to uncover any censurable conditions within the business. Employees may give notification anonymously, internally or to a public authority.

Assessment of the work completed in 2022

Increasing the share of women is determined to be a process that will take many years, due to the work being primarily technically oriented. It is encouraging to see that there has been increase in 2022 of both women apprentices and women in leadership positions. Bergen Engines AS has in total 30 apprentices, with the split of 9 female apprentices and 21 men. The number of female engineers that are completing their studies and are applying for jobs is also increasing. It is expected that over the coming years one will see more women applicants to these positions, which should increase the number of women employees.

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

Continued work on awareness of; an inclusive working environment and zero tolerance policy for harassment of any sort is vital. 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 March 2023
Board of Bergen Engines AS

William Anthony Langley Chairman	Imad Omran Munthir Board member	Lisa Hella Ulvatn Board member	Kenneth Pedersen Board member
Jon Erik Røv			

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Board member and Managing Director