

Årsredovisning
för
Callenberg Group AB
556676-2836

Räkenskapsåret

2022

Fastställelseintyg

Undertecknad styrelseledamot i Callenberg Group AB intygar att resultaträkningen och balansräkningen i årsredovisningen har fastställts på årsstämman den 20 juni 2023. Årsstämman beslutade att godkänna styrelsens förslag till resultatdisposition.

Jag intygar också att innehållet i årsredovisningen och revisionsberättelsen stämmer överens med originalen.

Göteborg den 20 juni 2023



Johan Sundmark

Styrelsen för Callenberg Group AB avger följande årsredovisning för räkenskapsåret 2022.

Årsredovisningen är upprättad i svenska kronor, SEK. Om inte annat särskilt anges, redovisas alla belopp i tusentals kronor (Tkr). Uppgifter inom parentes avser föregående år.

Förvaltningsberättelse

Information om verksamheten

Callenberg Group AB är moderbolag i en koncern som är en av de ledande internationella aktörerna inom el, automation och ventilationslösningar till offshore och marin industri. Bolaget skall äga och förvalta fast och lös egendom genom hel- eller delägda bolag, samt bedriva därmed förenlig verksamhet.

Bolaget har sitt säte i Göteborg.

Allmänt om verksamheten

Callenberg Group AB är moderbolag i en koncern. Bolaget äger och förvaltar aktier och andelar i Svenska och utländska bolag och är beläget i Göteborg (se not 16).

Med stöd av ÅRL 7:2 i Svenska och utländska bolag och EG-kommissionens beslut 2008-12-12 upprättas ingen koncernredovisning i den svenska koncernen. Koncernredovisning upprättas av det överordnade moderbolaget Trident Maritime Systems, LLC, USA (employer identification number 37-1714323). Koncernredovisning finns tillgänglig på adress 2011 Crystal Drive, Suite 1102, Arlington, VA 22202, USA.

Flerårsöversikt (Tkr)	2022	2021	2020	2019
Nettoomsättning	23 351	17 795	22 172	34 785
Resultat efter finansiella poster	9 005	-73 881	-211 355	15 992
Soliditet (%)	52,8	48,5	36,8	53,4

Förändringar i eget kapital

Förslag till vinstdisposition

Styrelsen föreslår att till förfogande stående vinstmedel (kronor):

balanserad vinst	217 764 686
årets vinst	8 995 362
	226 760 048

disponeras så att	
i ny räkning överföres	226 760 048

Företagets resultat och ställning i övrigt framgår av efterföljande resultat- och balansräkning med noter.

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Resultaträkning

Tkr

	Not	2022-01-01 -2022-12-31	2021-01-01 -2021-12-31
Rörelsens intäkter	1, 2		
Nettoomsättning	3	23 352	17 795
Bruttoresultat		23 352	17 795
Rörelsens kostnader			
Administrationsomkostnader	4, 5, 6	-28 666	-34 951
Övriga rörelsekostnader		-292	-181
		-28 958	-35 132
Rörelseresultat		-5 606	-17 337
Resultat från finansiella poster			
Resultat från andelar i koncernföretag	7	0	-56 559
Övriga ränteintäkter och liknande resultatposter	9, 10	30 209	30 549
Räntekostnader och liknande resultatposter	8	-15 598	-30 534
		14 611	-56 544
Resultat efter finansiella poster		9 005	-73 881
Bokslutsdispositioner	11	0	15 000
Resultat före skatt		9 005	-58 881
Skatt på årets resultat		-10	-196
Årets resultat		8 995	-59 077

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Balansräkning

Tkr

Not

2022-12-31

2021-12-31

TILLGÅNGAR

Anläggningstillgångar

Immateriella anläggningstillgångar

Koncessioner, patent, licenser, varumärken samt liknande rättigheter

12

0

3 741

0

3 741

Materiella anläggningstillgångar

Inventarier, verktyg och installationer

13

0

0

0

0

Finansiella anläggningstillgångar

Andelar i koncernföretag

14

153 969

153 969

153 969

153 969

Summa anläggningstillgångar

153 969

157 710

Omsättningstillgångar

Kortfristiga fordringar

Fordringar hos koncernföretag

3, 15

239 346

210 086

Övriga fordringar

875

650

Förutbetalda kostnader och upplupna intäkter

16

3 541

3 564

243 762

214 300

Kassa och bank

44 188

11 402

Summa omsättningstillgångar

287 950

225 702

SUMMA TILLGÅNGAR

441 919

383 412

Balansräkning

Tkr

Not

2022-12-31

2021-12-31

EGET KAPITAL OCH SKULDER

Eget kapital

Bundet eget kapital

Aktiekapital

1 100

1 100

Uppskrivningsfond

5 660

5 660

6 760

6 760

Fritt eget kapital

Fri överkursfond

621 910

621 910

Balanserad vinst eller förlust

-404 145

-345 068

Årets resultat

8 995

-59 077

226 760

217 765

Summa eget kapital

233 520

224 525

Kortfristiga skulder

Leverantörsskulder

2 482

3 437

Skulder till koncernföretag

18

204 317

153 274

Aktuella skatteskulder

197

196

Upplupna kostnader och förutbetalda intäkter

17

1 403

1 980

Summa kortfristiga skulder

208 399

158 887

SUMMA EGET KAPITAL OCH SKULDER

441 919

383 412

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Rapport över förändringar i eget kapital

Tkr

	Aktie- kapital	Bundna reserver	Fritt eget kapital	Årets resultat	Summa eget kapital
Ingående eget kapital 2021-01-01	1 100	5 660	457 150	-239 385	224 525
Resultatdisposition enligt beslut årsstämma			-239 385	239 385	0
Summa totalresultat			-239 385	239 385	0
Årets resultat 2022-12-31				8 995	8 995
Summa totalresultat				8 995	8 995
Utgående eget kapital 2022-12-31	1 100	5 660	217 765	8 995	233 520

Noter

Tkr

Not 1 Redovisnings-och värderingsprinciper (belopp i tkr om inget annat anges)

Callenberg Group ABs årsredovisning har upprättats enligt årsredovisningslagen och Bokföringsnämndens allmänna råd BFNAR 2012:1 Års och koncernredovisning (K3). Redovisningsprinciperna är oförändrade i jämförelse med föregående år.

Utländska valutor

Monetära tillgångs- och skuldposter i utländsk valuta värderas till balansdagens kurs. Transaktioner i utländsk valuta omräknas enligt transaktionsdagens avistakurs. För att minska risken vid fluktuationer i valutakurser förvärvar bolaget valutaderivat anpassade till förväntade framtida valutaflöden. Dessa framtida avtalade kurser reflekteras inte i värderingen av tillgångar eller skulder. Säkringsinstrumenten omvärderas i balansräkningen, dvs säkringsredovisning tillämpas inte.

Intäkter

Varor

Försäljning av varor redovisas när väsentliga risker och fördelar övergår från säljare till köpare i enlighet med försäljningsvillkoren. Försäljningen redovisas efter avdrag för moms och rabatter.

Tjänsteuppdrag

Tjänsteuppdrag värderas till direkta nedlagda kostnader samt skälig andel av indirekta kostnader med hänsyn tagen till återstående kostnader för färdigställande. Inkuransrisker har varvid beaktats. Tjänsteuppdrag till fast pris resultatavräknas i takt med färdigställandet enligt successiv vinstavräkning. Av den beräknade totala intäkten för ett arbete avräknas under respektive period så stor del som motsvarar de vid periodens slut upparbetade kostnadernas andel av de beräknade totala kostnaderna. Förändringen i beräknade totala intäkter och kostnader per arbete redovisas i samma period som de uppmärksammas.

Inkomstskatter

Aktuella skatter värderas utifrån de skattesatser och skatteregler som gäller på balansdagen. Fordringar och skulder nettoredovisas endast när det finns en legal rätt till kvittning. Aktuell skatt, redovisas i resultaträkningen om inte skatten än hänförlig till en händelse eller transaktion som redovisas direkt i eget kapital. Skatteeffekter av poster som redovisas direkt mot eget kapital, redovisas mot eget kapital.

På grund av sambandet mellan redovisning och beskattning särredovisas inte den uppskjutna skatteskulden som är hänförlig till obeskattade reserver.

Immateriella tillgångar

Immateriella anläggningstillgångar redovisas till anskaffningsvärde minskat med ackumulerade avskrivningar och nedskrivningar.

Avskrivningar görs linjärt över den bedömda nyttjandetiden.

Tillgångarna skrivs av på 4-8 år.

Materiella anläggningstillgångar

Materiella anläggningstillgångar redovisas till anskaffningsvärde minskat med avskrivningar. I anskaffningsvärdet ingår utgifter som direkt kan hänföras till förvärvet av tillgången.

När en komponent i en anläggningstillgång byts ut, utträngs eventuell kvarvarande del av den gamla komponenten och den nya komponentens anskaffningsvärde aktiveras.

Tillkommande utgifter som avser tillgångar som inte delas upp i komponenter läggs till anskaffningsvärdet om de beräknas ge företaget framtida ekonomiska fördelar, till den del tillgångens prestanda ökar i förhållande till tillgångens värde vid anskaffningstidpunkten.

Utgifter för löpande reparation och underhåll redovisas som kostnader.

Materiella anläggningstillgångar skrivs av systematiskt över tillgångens bedömda nyttjandeperiod. När tillgångarnas avskrivningsbara belopp fastställs, beaktas i förekommande fall tillgångens restvärde.

Bolagets mark har obegränsad nyttjandeperiod och skrivs inte av. Linjär avskrivningsmetod används för övriga typer av materiella tillgångar.

Inga låneutgifter aktiveras.

Nedskrivningar av icke-finansiella tillgångar

När det finns en indikation på att en tillgångs värde minskat, görs en prövning av nedskrivningsbehov.

Har tillgången ett återvinningsvärde som är lägre än det redovisade värdet, skrivs den ner till återvinningsvärdet. Vid bedömning av nedskrivningsbehov grupperas tillgångarna på de lägsta nivåer där det finns separata identifierbara kassaflöden (kassagenererande enheter). För tillgångar, andra än goodwill, som tidigare skrivits ner görs per varje balansdag en prövning av om återföring bör göras. I resultaträkningen redovisas nedskrivningar och återföringar av nedskrivningar i den funktion där tillgången nyttjas.

Leasingavtal

Samtliga leasingavtal där företaget är leasingtagare redovisas som operationell leasing (hyresavtal), oavsett om avtalen är finansiella eller operationella. Leasingavgiften redovisas som en kostnad linjärt över leasingperioden.

Uthyrning av kontorslokaler klassificeras som operationell leasing. Leasingintäkterna redovisas linjärt under leasingperioden.

Finansiella instrument

Finansiella instrument som redovisas i balansräkningen inkluderar värdepapper, kundfordringar och övriga fordringar samt leverantörsskulder. Instrumenten redovisas i balansräkningen när bolaget blir part i instrumentets avtalsmässiga villkor.

Finansiella tillgångar tas bort från balansräkningen när rätten att erhålla kassaflöden från instrumentet har löpt ut eller överförs och koncernen har överfört i stort sett alla risker och förmåner som är förknippade med äganderätten.

Finansiella skulder tas bort från balansräkningen när förpliktelserna har reglerats eller på annat sätt upphört.

Kundfordringar och övriga fordringar

Fordringar redovisas som omsättningstillgångar med undantag för poster med förfallodag mer än 12 månader efter balansdagen, vilka klassificeras som anläggningstillgångar. Fordringar tas upp till det belopp som förväntas bli inbetalt efter avdrag för individuellt bedömda osäkra fordringar.

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Andra långfristiga värdepappersinnehav

Posten består huvudsakligen av aktier. Innehaven innehas på lång sikt. Tillgångar ingående i posten och redovisas inledningsvis till anskaffningsvärde. I efterföljande redovisning redovisas aktierna till anskaffningsvärde med bedömning av om nedskrivningsbehov föreligger.

Leverantörsskulder

Leverantörsskulder redovisas initialt till anskaffningsvärde efter avdrag för transaktionskostnader. Skiljer sig det redovisade beloppet från det belopp som ska återbetalas vid förfallotidpunkten periodiseras mellanskillnaden som räntekostnad över lånets löptid med hjälp av instrumentets effektivränta. Härigenom överensstämmer vid förfallotidpunkten det redovisade beloppet och det belopp som ska återbetalas.

Derivatinstrument

Valutaterminkontrakt används för att skydda koncernen mot förändringar i valutakurser genom att kontrakten fastställer den kurs till vilken en tillgång eller skuld i utländsk valuta kommer att realiseras. Dessa beskrivs under stycket Utländska valutor. Valutaterminkontrakten omvärderas till det lägsta av anskaffningsvärdet och verkligt värde löpande vid varje bokslutstillfälle. Värdeförändringen redovisas i resultaträkningen i posten Räntekostnader och liknande resultatposter.

Kvittning av finansiell fordran och finansiell skuld

En finansiell tillgång och en finansiell skuld kvittas och redovisas med ett nettobelopp i balansräkningen endast då legal kvittningsrätt föreligger samt då en reglering med ett nettobelopp avses ske eller då en samtida avyttring av tillgången och reglering av skulden avses ske.

Nedskrivningsprövning av finansiella anläggningstillgångar

Vid varje balansdag bedömer bolaget om det finns någon indikation på nedskrivningsbehov i någon utav de finansiella anläggningstillgångarna. Nedskrivning sker om värdenedgången bedöms vara bestående. Nedskrivning redovisas i resultaträkningsposten Resultat från övriga värdepapper och fordringar som är anläggningstillgångar. Nedskrivningsbehovet prövas individuellt för aktier och andelar och övriga enskilda finansiella anläggningstillgångar som är väsentliga. Exempel på indikationer på nedskrivningsbehov är negativa ekonomiska omständigheter eller ogynnsamma förändringar av branschvillkor i företag vars aktier bolaget investerat i.

Aktier och andelar i dotterföretag

Aktier och andelar i dotterföretag redovisas till anskaffningsvärde efter avdrag för eventuella nedskrivningar. I anskaffningsvärdet ingår köpeskillingen som erlagts för aktierna. Eventuella kapitaltillskott och koncernbidrag läggs till anskaffningsvärdet när de uppkommer. Utdelning från dotterföretag redovisas som intäkt.

Obeskattade reserver

Obeskattade reserver redovisas med bruttobelopp i balansräkningen, inklusive den uppskjutna skatteskuld som är hänförlig till reserverna.

Bokslutsdispositioner

Förändringar av obeskattade reserver redovisas som bokslutsdispositioner i resultaträkningen. Koncernbidrag redovisas som bokslutsdispositioner.

Ersättningar till anställda

Kortfristiga ersättningar: Kortfristiga ersättningar i bolaget utgörs av lön, sociala avgifter, betald semester, betald sjukfrånvaro, sjukvård och bonus. Kortfristiga ersättningar redovisas som en kostnad och en skuld då det finns en legal eller informell förpliktelse att betala ut en ersättning.

Ersättningar efter avslutad anställning: I bolaget förekommer [såväl avgiftsbestämda som förmånsbestämda] pensionsplaner. I avgiftsbestämda planer betalar företaget fastställda avgifter till ett annat företag och har inte någon legal eller informell förpliktelse att betala något ytterligare även om det andra företaget inte kan uppfylla sitt åtagande. Bolagets resultat belastas för kostnader i takt med att de anställdas tjänster utförts.

Bolaget redovisar förmånsbestämda pensionsplaner i enlighet med K3s förenklingsregler. I bolaget förekommer bl. a. förmånsbestämda planer som innebär att pensionspremier betalas och dessa planer redovisas som avgiftsbestämda planer.

Övriga långfristiga ersättningar: I bolaget förekommer långfristiga ersättningar till anställda som varit anställda i koncernen en lång tid samt långfristiga ersättningar vid arbetsoförmåga. Övriga långfristiga ersättningar redovisas som en skuld bland övriga avsättningar och värderas till nuvärdet av förpliktelsen på balansdagen. De långfristiga ersättningarna avser främst anställdas rätt till jubileumsgåva efter 30 års tjänstgöring.

Ersättningar vid uppsägning: Ersättningar vid uppsägning utgår då bolaget beslutar att avsluta en anställning före den normala tidpunkten för anställningens upphörande eller då en anställd accepterar ett erbjudande om frivillig avgång i utbyte mot sådan ersättning. Om ersättningen inte ger företaget någon framtida ekonomisk fördel redovisas en skuld och en kostnad när företaget har en legal eller informell förpliktelse att lämna sådan ersättning. Ersättningen värderas till den bästa uppskattningen av den ersättning som skulle krävas för att reglera förpliktelsen på balansdagen.

Rapportering för verksamhetsgrenar och geografiska marknader

Föremålet för bolagets verksamhet är att bedriva konsultation, konstruktion, service, programmering av elektriska styrsystem, tillverkning och installation av elektriska anläggningar samt verkstadsproduktion inom el-tekniska området på land och marina enheter. Bolaget skall äga och förvalta fast och lös egendom genom hel- eller delägda bolag, samt bedriva därmed förenlig verksamhet.

Nyckeltalsdefinitioner

Soliditet

Eget kapital och obeskattade reserver (med avdrag för uppskjuten skatt) i förhållande till balansomslutningen.

Not 2 Uppskattningar och bedömningar

Callenberg Group AB gör uppskattningar och bedömningar om framtiden som påverkar de i bokslutet redovisade resultat- och balansposterna. Dessa bedömningar baseras på historiska erfarenheter och de olika antaganden som ledningen och styrelsen anser vara rimliga under rådande omständigheter. I de fall då det ej är möjligt att fastställa det redovisade värdet på tillgångar och skulder genom andra källor, ligger sådana uppskattningar och antaganden till grund för värderingen. Om andra antaganden görs eller andra omständigheter är för handen, kan faktiskt utfall skilja sig från dessa bedömningar.



Prövning av nedskrivningsbehov för materiella anläggningstillgångar

Callenberg Group AB har betydande värden redovisade i balansräkningen avseende finansiella anläggningstillgångar i form av aktier i dotterföretag. Bokförda värden testas för nedskrivningsbehov i enlighet med de redovisningsprinciper som beskrivs i Not 1, Redovisningsprinciper. Återvinningsvärden för tillgångarna har fastställts genom beräkning av nyttjandevärden. För dessa beräkningar måste vissa uppskattningar göras avseende framtida kassaflöden och antaganden om avkastningskrav vid val av diskonteringsränta. Uppskattningarna som bolaget har använt baserar sig på fastställda prognoser om framtida volymer och marknadsmässiga avkastningskrav. Vid bedömning av dotterföretagens framtida kassaflöden har fastställda prognoser använts samt att vald diskonteringsränta korrelerar med marknadsmässigt avkastningskrav.

Not 3 Transaktioner med närstående

Uppgifter om moderföretaget

Moderföretag i den största koncern där Callenberg Group AB är dotterföretag och koncernredovisning upprättas är Trident Maritime Systems, LLC, USA

Transaktioner med närstående som genomförts på andra än marknadsmässiga villkor

Samtliga transaktioner med närstående genomförs i enlighet med koncernens internprissättningspolicy (Transfer pricing policy).

Inköp och försäljning mellan koncernföretag

Nedan anges andelen av årets inköp och försäljning avseende koncernföretag.

	2022	2021
Inköp tkr (%)	70	57
Försäljning tkr (%)	100	100

Inköp av varor och tjänster från närstående

Inköp av varor

Koncernföretag	0	0
Summa	0	0

Inköp av tjänster

Koncernföretag	17 465	14 133
Summa	17 465	14 133

Lån till koncernföretag

Lån till koncernföretag lämnas på affärsmässiga villkor. Ränteintäkter avseende lånen uppgick till 7.475 tkr.

Övrigt

I separata noter finns upplysningar om

- löner mm till styrelse och VD
- ställda säkerheter för koncernföretag
- ansvarsförbindelser för koncernföretag

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Not 4 Avskrivningar

	2022	2021
Avskrivningar av immateriella anläggningstillgångar	3 741	3 961
	3 741	3 961

Not 5 Ersättning till revisorerna

	2022	2021
BDO Sweden AB	268	268
	268	268

Not 6 Anställda och personalkostnader

	2022	2021
Medelantalet anställda		
Kvinnor	0	0
Män	0	0
	0	0
Löner och andra ersättningar		
Övriga anställda	0	0
	0	0
Sociala kostnader		
Övriga sociala avgifter enligt lag och avtal	0	0
	0	0
Totala löner, ersättningar, sociala kostnader och pensionskostnader	0	0
Könsfördelning bland ledande befattningshavare		
Andel män i styrelsen	100 %	100 %

Not 7 Resultat från andelar i koncernföretag

	2022	2021
Erhållna utdelningar	0	46 349
Nedskrivning värde aktier i dotterbolag	0	
Resultat vid avyttringar	0	-102 908
	0	-56 559

✓

Not 8 Räntekostnader och liknande resultatposter

	2022	2021
Räntekostnader från koncernföretag	-1 129	-109
Kursdifferenser	-14 469	-30 424
	-15 598	-30 534

Not 9 Derivatinstrument

Verkliga värden på derivatinstrument uppgick på balansdagen till följande

	2022	2021
Valutaterminskontrakt - verkligt värde	0	-80
Valutaterminskontrakt - redovisat värde	0	-80

Valutaterminerna ingår i koncernens cashpool och fördelas ut på respektive dotterbolag som därmed bär vinster och förluster för sina terminer.

Not 10 Övriga ränteintäkter och liknande resultatposter

	2022	2021
Ränteintäkter koncernföretag	7 475	8 986
Ränteintäkter	0	0
Kursdifferenser	22 734	21 563
	30 209	30 549

Not 11 Bokslutsdispositioner

	2022	2021
Mottagna koncernbidrag	0	15 000
Förändring av överavskrivningar	0	0
	0	15 000

Not 12 Koncessioner, patent, licenser, varumärken samt liknande rättigheter

	2022-12-31	2021-12-31
Ingående anskaffningsvärden	31 160	31 160
Utgående ackumulerade anskaffningsvärden	31 160	31 160
Ingående avskrivningar	-27 419	-23 458
Årets avskrivningar	-3 741	-3 961
Utgående ackumulerade avskrivningar	-31 160	-27 419
Utgående redovisat värde	0	3 741

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Not 13 Inventarier, verktyg och installationer

	2022-12-31	2021-12-31
Ingående anskaffningsvärden	59	59
Utgående ackumulerade anskaffningsvärden	59	59
Ingående avskrivningar	-59	-59
Utgående ackumulerade avskrivningar	-59	-59
Utgående redovisat värde	0	0

Not 14 Andelar i koncernföretag

Bolagsnamn	Org nr	Säte
Callenberg Inc	59-2434183	Miami, USA
Callenberg A/S	10112451	Odense, Danmark
Trident BMC AB	556619-8015	Göteborg, Sweden
Callenberg AS	986 015 248	Oslo, Norge
IES Callenberg Ltd	86113	Aberdeen UK
Callenberg Tech China Co Ltd	310141400026952	Shanghai China
Callenberg B.V	63356171	Rotterdam, Nederländerna

	Kapitalan del %	Rösträttsand el %	Bokfört värde 22-12-31	Bokfört värde 21-12-31
Callenberg Inc	100	100	0	0
Callenberg A/S	100	100	0	0
Trident BMC AB	100	100	69 441	69 441
Callenberg AS	100	100	0	0
Intergrated Engineering Services Ltd	100	100	84 070	84 070
Callenberg Tehnology China Co Ltd	100	100	0	0
Callenberg B.V	100	100	458	458
		700	153 969	153 969

46

Not 15 Fordringar hos koncernföretag

	2022-12-31	2021-12-31
Trident Callenberg Holdco Norway AS	221 386	186 115
Callenberg A/S	17 857	16 907
Trident Maritime Systems, LLC, Canada.	11	79
Callenberg Technology China Co Ltd	91	48
Callenberg Inc.		132
Robichaux Automation and Control, Inc. RAACI		6 804
	239 346	210 086

Not 16 Förutbetalda kostnader och upplupna intäkter

	2022-12-31	2021-12-31
IT-kostnader	1 703	875
Övriga poster	1 838	503
	3 541	1 378

Not 17 Upplupna kostnader och förutbetalda intäkter

	2022-12-31	2021-12-31
Övriga poster	1 403	1 979
	1 403	1 979

Not 18 Skulder koncernföretag

	2022-12-31	2021-12-31
US Joiner LLC	41 480	36 079
Callenberg B.V	16 986	13 239
Callenberg AS	4 985	5 236
Trident BMC AB	102 719	65 043
Trident Maritime Systems Inc.	448	0
IES Callenberg Ltd	37 698	33 676
	204 317	153 274

Not 19 Ställda säkerheter

	2022-12-31	2021-12-31
Företagsinteckning	25 000	25 000
	25 000	25 000

Not 20 Väsentliga händelser efter räkenskapsårets slut

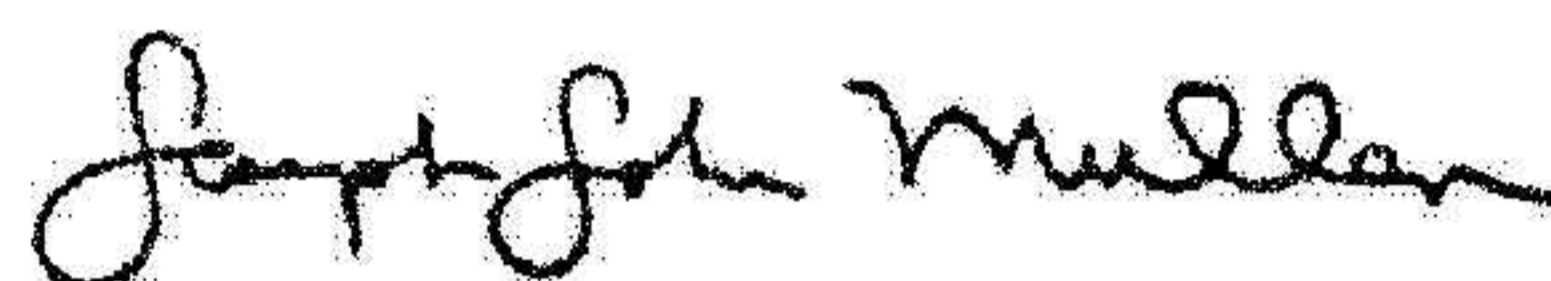
Bolaget har under kvartal ett blivit utsatt för ett IT intrång men samtliga viktiga system fungerar nu tillfredsställande.

Resultat- och balansräkningen kommer att föreläggas årsstämman.

Göteborg 2023-06-20



Thomas Eccles
Ordförande



Joseph Mullen



Johan Sundmark



Ronnie Petersson

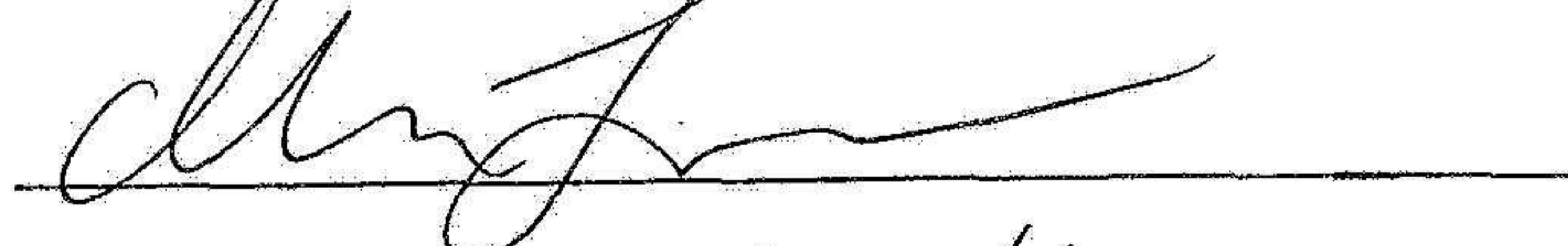
Vår revisionsberättelse har lämnats den 20 juni 2023

BDO Sweden AB



Katarina Eklund
Auktoriserad revisor

Vidymeras:



Marina Sandberg
0734020135

REVISIONSBERÄTTELSE

Till bolagsstämman i Callenberg Group AB
Org.nr. 556676-2836

Rapport om årsredovisningen

Uttalanden

Vi har utfört en revision av årsredovisningen för Callenberg Group AB för år 2022.

Enligt vår uppfattning har årsredovisningen upprättats i enlighet med årsredovisningslagen och ger en i alla väsentliga avseenden rättvisande bild av Callenberg Group ABs finansiella ställning per den 31 december 2022 och av dess finansiella resultat för året enligt årsredovisningslagen. Förvaltningsberättelsen är förenlig med årsredovisningens övriga delar.

Vi tillstyrker därför att bolagsstämman fastställer resultaträkningen och balansräkningen.

Grund för uttalanden

Vi har utfört revisionen enligt International Standards on Auditing (ISA) och god revisionsred i Sverige. Vårt ansvar enligt dessa standarder beskrivs närmare i avsnittet "Revisorns ansvar". Vi är oberoende i förhållande till Callenberg Group AB enligt god revisorsred i Sverige och har i övrigt fullgjort vårt yrkesetiska ansvar enligt dessa krav.

Vi anser att de revisionsbevis vi har inhämtat är tillräckliga och ändamålsenliga som grund för våra uttalanden.

Styrelsens ansvar

Det är styrelsen som har ansvaret för att årsredovisningen upprättas och att den ger en rättvisande bild enligt årsredovisningslagen. Styrelsen ansvarar även för den interna kontroll som den bedömer är nödvändig för att upprätta en årsredovisning som inte innehåller några väsentliga felaktigheter, vare sig dessa beror på oegentligheter eller misstag.

Vid upprättandet av årsredovisningen ansvarar styrelsen för bedömningen av bolagets förmåga att fortsätta verksamheten. Den upplyser, när så är tillämpligt, om förhållanden som kan påverka förmågan att fortsätta verksamheten och att använda antagandet om fortsatt drift. Antagandet om fortsatt drift tillämpas dock inte om styrelsen avser att likvidera bolaget, upphöra med verksamheten eller inte har något realistiskt alternativ till att göra något av detta.

Revisorns ansvar

Våra mål är att uppnå en rimlig grad av säkerhet om huruvida årsredovisningen som helhet inte innehåller några väsentliga felaktigheter, vare sig dessa beror på oegentligheter eller misstag, och att lämna en revisionsberättelse som innehåller våra uttalanden. Rimlig säkerhet är en hög grad av säkerhet, men är ingen garanti för att en revision som utförs enligt ISA och god revisionsred i Sverige alltid kommer att upptäcka en väsentlig felaktighet om en sådan finns. Felaktigheter kan uppstå på grund av oegentligheter eller misstag och anses vara väsentliga om de enskilt eller tillsammans rimligen kan förväntas påverka de ekonomiska beslut som användare fattar med grund i årsredovisningen.

Som del av en revision enligt ISA använder vi professionellt omdöme och har en professionellt skeptisk inställning under hela revisionen. Dessutom:

- identifierar och bedömer vi riskerna för väsentliga felaktigheter i årsredovisningen, vare sig dessa beror på oegentligheter eller misstag, utformar och utför granskningsåtgärder bland annat utifrån dessa risker och inhämtar revisionsbevis som är tillräckliga och ändamålsenliga för att utgöra en grund för våra uttalanden. Risker för att inte upptäcka en väsentlig felaktighet till följd av oegentligheter är högre än för en väsentlig felaktighet som beror på misstag, eftersom oegentligheter kan innefatta agerande i maskopi, förfalskning, avsiktliga utelämnanden, felaktig information eller åsidosättande av intern kontroll.

- skaffar vi oss en förståelse av den del av bolagets interna kontroll som har betydelse för vår revision för att utforma granskningsåtgärder som är lämpliga med hänsyn till omständigheterna, men inte för att uttala oss om effektiviteten i den interna kontrollen.

- utvärderar vi lämpligheten i de redovisningsprinciper som används och rimligheten i styrelsens uppskattningar i redovisningen och tillhörande upplysningar.

- drar vi en slutsats om lämpligheten i att styrelsen använder antagandet om fortsatt drift vid upprättandet av årsredovisningen. Vi drar också en slutsats, med grund i de inhämtade revisionsbevisen, om huruvida det finns någon väsentlig osäkerhetsfaktor som avser sådana händelser eller förhållanden som kan leda till betydande tvivel om bolagets förmåga att fortsätta verksamheten. Om vi drar slutsatsen att det finns en väsentlig osäkerhetsfaktor, måste vi i revisionsberättelsen fästa uppmärksamheten på upplysningarna i årsredovisningen om den väsentliga osäkerhetsfaktorn eller, om sådana upplysningar är otillräckliga, modifiera uttalandet om årsredovisningen. Våra slutsatser baseras på de revisionsbevis som inhämtas fram till datumet för revisionsberättelsen. Dock kan framtida händelser eller förhållanden göra att ett bolag inte längre kan fortsätta verksamheten.

- utvärderar vi den övergripande presentationen, strukturen och innehållet i årsredovisningen, däribland upplysningarna, och om årsredovisningen återger de underliggande transaktionerna och händelserna på ett sätt som ger en rättvisande bild.

Vi måste informera styrelsen om bland annat revisionens planerade omfattning och inriktning samt tidpunkten för den. Vi måste också informera om betydelsefulla iakttagelser under revisionen, däribland de eventuella betydande brister i den interna kontrollen som vi identifierat.

Rapport om andra krav enligt lagar och andra författningar**Uttalanden**

Utöver vår revision av årsredovisningen har vi även utfört en revision av styrelsens förvaltning för Callenberg Group AB för år 2022 samt av förslaget till dispositioner beträffande bolagets vinst eller förlust.

Vi tillstyrker att bolagsstämman disponerar vinsten enligt förslaget i förvaltningsberättelsen och beviljar styrelsens ledamöter ansvarsfrihet för räkenskapsåret.

Grund för uttalanden

Vi har utfört revisionen enligt god revisionssed i Sverige. Vårt ansvar enligt denna beskrivs närmare i avsnittet "Revisorns ansvar". Vi är oberoende i förhållande till Callenberg Group AB enligt god revisorssed i Sverige och har i övrigt fullgjort vårt yrkesetiska ansvar enligt dessa krav.

Vi anser att de revisionsbevis vi har inhämtat är tillräckliga och ändamålsenliga som grund för våra uttalanden.

Styrelsens ansvar

Det är styrelsen som har ansvaret för förslaget till dispositioner beträffande bolagets vinst eller förlust. Vid förslag till utdelning innefattar detta bland annat en bedömning av om utdelningen är försvarlig med hänsyn till de krav som bolagets verksamhetsart, omfattning och risker ställer på storleken av bolagets egna kapital, konsolideringsbehov, likviditet och ställning i övrigt.

Styrelsen ansvarar för bolagets organisation och förvaltningen av bolagets angelägenheter. Detta innefattar bland annat att fortlöpande bedöma bolagets ekonomiska situation och att tillse att bolagets organisation är utformad så att bokföringen, medelsförvaltningen och bolagets ekonomiska angelägenheter i övrigt kontrolleras på ett betryggande sätt.

Revisorns ansvar

Vårt mål beträffande revisionen av förvaltningen, och därmed vårt uttalande om ansvarsfrihet, är att inhämta revisionsbevis för att med en rimlig grad av säkerhet kunna bedöma om någon styrelseledamot i något väsentligt avseende:

- företagit någon åtgärd eller gjort sig skyldig till någon försummelse som kan föranleda ersättningsskyldighet mot bolaget, eller
- på något annat sätt handlat i strid med aktiebolagslagen, årsredovisningslagen eller bolagsordningen.

Vårt mål beträffande revisionen av förslaget till dispositioner av bolagets vinst eller förlust, och därmed vårt uttalande om detta, är att med rimlig grad av säkerhet bedöma om förslaget är förenligt med aktiebolagslagen.

Rimlig säkerhet är en hög grad av säkerhet, men ingen garanti för att en revision som utförs enligt god revisionssed i Sverige alltid kommer att upptäcka åtgärder eller försummelser som kan föranleda ersättningsskyldighet mot bolaget, eller att ett förslag till dispositioner av bolagets vinst eller förlust inte är förenligt med aktiebolagslagen.

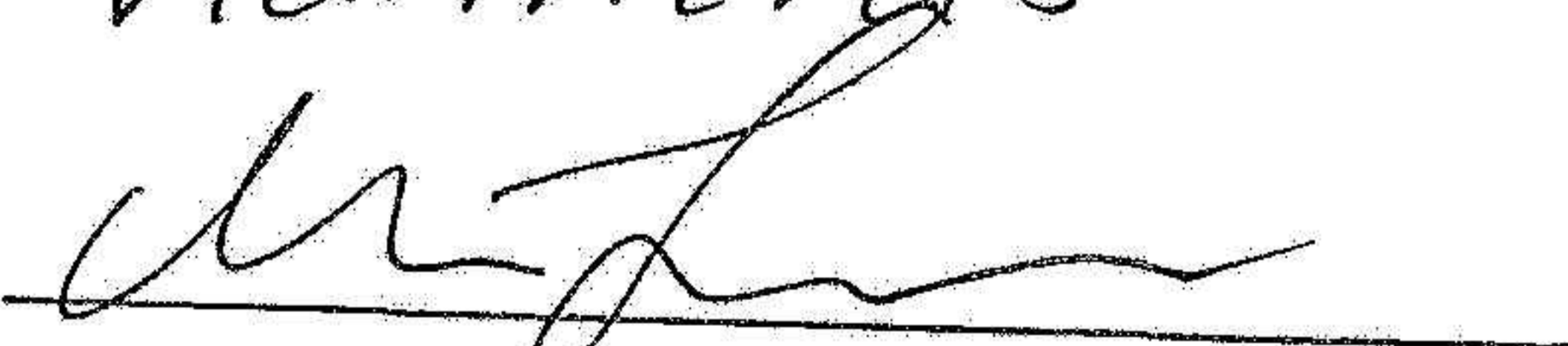
Som en del av en revision enligt god revisionssed i Sverige använder vi professionellt omdöme och har en professionellt skeptisk inställning under hela revisionen. Granskningen av förvaltningen och förslaget till dispositioner av bolagets vinst eller förlust grundar sig främst på revisionen av räkenskaperna. Vilka tillkommande granskningsåtgärder som utförs baseras på vår professionella bedömning med utgångspunkt i risk och väsentlighet. Det innebär att vi fokuserar granskningen på sådana åtgärder, områden och förhållanden som är väsentliga för verksamheten och där avsteg och överträdelser skulle ha särskild betydelse för bolagets situation. Vi går igenom och prövar fattade beslut, beslutsunderlag, vidtagna åtgärder och andra förhållanden som är relevanta för vårt uttalande om ansvarsfrihet. Som underlag för vårt uttalande om styrelsens förslag till dispositioner beträffande bolagets vinst eller förlust har vi granskat om förslaget är förenligt med aktiebolagslagen.

Göteborg den 20 juni 2023

BDO Sweden AB

Katarina Eklund

Auktoriserad revisor

Vidimeras

Marina Sandberg
0734020135

2023092207273



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2 pages

Activity log

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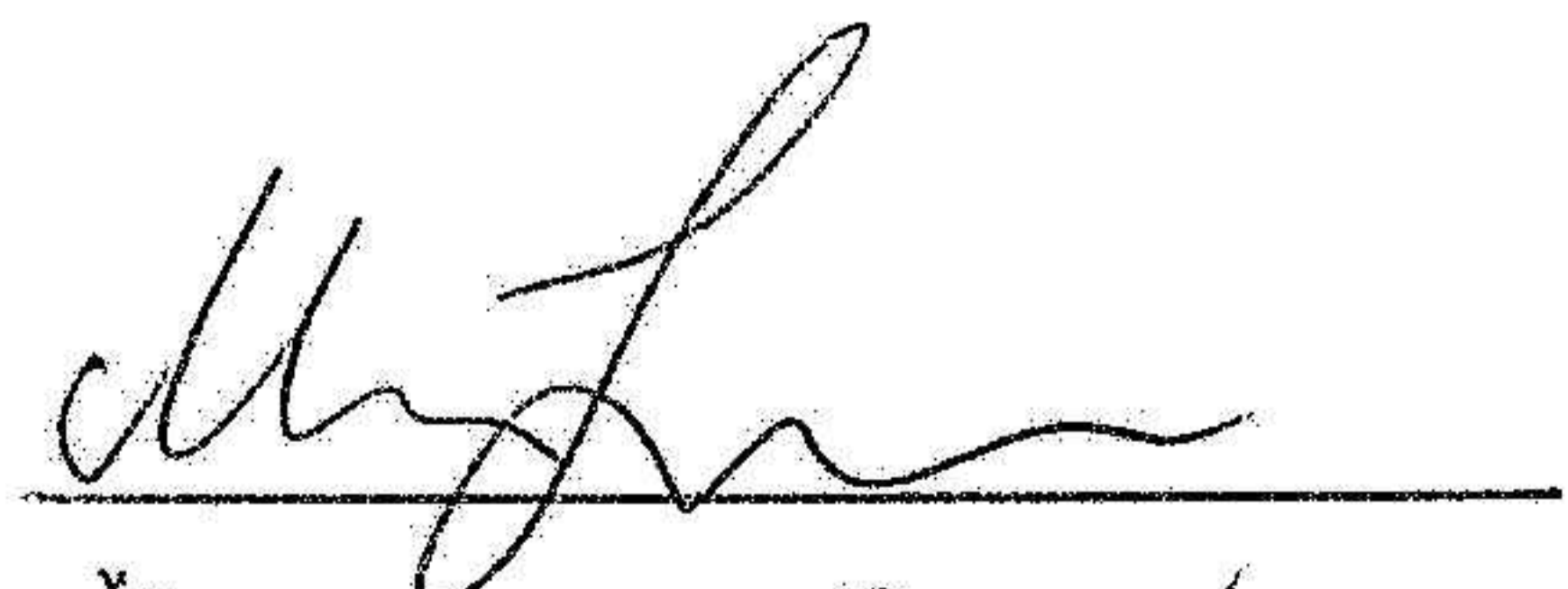
2023102601191

TMS Group Holdings, LLC and Subsidiaries

Consolidated Financial Statements

December 31, 2022 and 2021

vidimeras:



Marina Sandberg

0734020135



The report accompanying these financial statements was issued by
BDO USA, P.C., a Virginia professional service corporation, and the U.S.
member of BDO International Limited, a UK company limited by guarantee.

TMS Group Holdings, LLC and Subsidiaries

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2023102601192



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339 Sixth Avenue, 8th Floor
Pittsburgh, PA 15222

2023102601193

Independent Auditor's Report

Board of Directors
TMS Group Holdings, LLC and Subsidiaries

Opinion

We have audited the consolidated financial statements of TMS Group Holdings, LLC and its subsidiaries (the Company), which comprise the consolidated balance sheets as of December 31, 2022 and 2021, and the related consolidated statements of operations and comprehensive income (loss), changes in member's deficit, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2022 and 2021, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are required to be independent of the Company and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern within one year after the date that the consolidated financial statements are issued or available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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

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assurance but is not absolute assurance and, therefore, is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Emphasis of Matter

As discussed in Note 2 to the consolidated financial statements, in 2022, the entity adopted Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 842, Leases (ASC 842). Our opinion is not modified with respect to this matter.

As discussed in Note 3 to the consolidated financial statements, the Company acquired Aeronautical & General Instruments Holdings, LLC (AGI) and Subsidiaries on April 29, 2022. AGI and TMS Group Holdings, LLC are under common control. Accordingly, the consolidated financial statements have been retrospectively adjusted to provide comparable information by including the results of operations and financial position of AGI for both periods presented within the consolidated financial statements. Our opinion is not modified with respect to this matter.

BDO USA, P.C.

Pittsburgh, Pennsylvania

October 24, 2023

TMS Group Holdings, LLC and Subsidiaries

Consolidated Balance Sheets

2023102601195

<i>December 31,</i>	2022	2021
Assets		
Cash	\$ 31,525,626	\$ 41,558,679
Receivables, net of allowance for doubtful accounts	142,703,439	89,256,148
Inventories	31,169,272	48,800,912
Contract assets	207,281,595	187,557,574
Current income taxes refundable	1,307,967	-
Prepaid expenses	13,317,473	13,376,706
Total Current Assets	427,305,372	380,550,019
Property and equipment	38,772,209	41,293,174
Operating lease right-of-use assets	50,823,920	-
Other long-term assets	5,476,329	3,760,790
Deferred income tax assets	20,033,644	12,031,015
Intangible assets	42,110,006	49,395,028
Goodwill	51,891,660	64,754,197
Total Assets	\$ 636,413,140	\$ 551,784,223
Liabilities and Member's Deficit		
Current portion of long-term debt	\$ 3,589,899	\$ 6,561,986
Revolving line of credit	15,000,000	9,041,270
Accounts payable	149,853,354	115,094,473
Current income taxes payable, net	-	1,900,443
Accrued expenses	30,378,699	35,739,798
Current maturities of operating lease obligations	8,231,795	-
Current maturities of finance lease obligations	524,203	112,267
Contract liabilities	127,812,820	115,429,664
Total Current Liabilities	335,390,770	283,879,901
Noncurrent deferred tax liabilities	8,292,612	9,194,456
Operating lease obligations, net of current maturities	42,994,983	-
Finance lease obligations, net of current maturities	1,608,462	470,428
Long-term debt, net	357,260,694	335,043,065
Total Liabilities	745,547,521	628,587,850
Member's Deficit		
Accumulated other comprehensive income	821,611	901,754
Member's deficit	(109,955,992)	(77,705,381)
Total Member's Deficit	(109,134,381)	(76,803,627)
Total Liabilities and Member's Deficit	\$ 636,413,140	\$ 551,784,223

See accompanying notes to the consolidated financial statements.

TMS Group Holdings, LLC and Subsidiaries

Consolidated Statements of Operations and Comprehensive Income (Loss)

<i>For the Years Ended December 31,</i>	2022	2021
Net Revenue	\$ 733,821,906	\$ 668,592,401
Cost of Revenues	606,910,298	514,973,800
Amortization of Intangible Assets	7,285,023	8,953,073
	119,626,585	144,665,528
Selling, General and Administrative Expenses	106,176,703	85,747,596
Amortization of Goodwill	12,862,537	13,205,146
Operating Income	587,345	45,712,786
Other Income (Expense)		
Interest income	143,995	405,527
Interest expense	(29,784,471)	(25,051,012)
Loss on debt extinguishment	-	(46,253)
Miscellaneous (expense) income	(4,530,088)	529,361
Total Other Expense - net	(34,170,564)	(24,162,377)
(Loss) Income Before Income Tax Expense	(33,583,219)	21,550,409
Provision for Income Taxes	1,751,309	6,125,993
Net (Loss) Income	(35,334,528)	15,424,416
Other Comprehensive (Loss) Income - net of tax		
Foreign currency translation (loss) gain	(80,143)	594,834
Comprehensive (Loss) Income	\$ (35,414,671)	\$ 16,019,250

See accompanying notes to the consolidated financial statements.

2023102601196

TMS Group Holdings, LLC and Subsidiaries

Consolidated Statements of Changes in Member's Deficit

<i>For the Years Ended December 31, 2022 and 2021</i>	Accumulated Other Comprehensive Income	Member's Deficit	Total
Member's Deficit at December 31, 2020	\$ 306,920	\$ (69,219,387)	\$ (68,912,467)
Net income	-	15,424,416	15,424,416
Distributions paid	-	(24,000,000)	(24,000,000)
Foreign currency translation gain arising during the year	594,834	-	594,834
Unit-based compensation	-	89,590	89,590
Member's Deficit at December 31, 2021	901,754	(77,705,381)	(76,803,627)
Net loss	-	(35,334,528)	(35,334,528)
Foreign currency translation loss arising during the year	(80,143)	-	(80,143)
Unit-based compensation	-	3,083,917	3,083,917
Member's Deficit at December 31, 2022	\$ 821,611	\$ (109,955,992)	\$ (109,134,381)

See accompanying notes to the consolidated financial statements.

2023102601197

TMS Group Holdings, LLC and Subsidiaries

Consolidated Statements of Cash Flows

<i>For the Years Ended December 31,</i>	2022	2021
Cash (Used for) Provided by Operating Activities		
Net (loss) income	\$(35,334,528)	\$ 15,424,416
Adjustments to reconcile net (loss) income to net cash provided by operating activities		
Depreciation and amortization	28,339,298	30,562,415
Amortization of debt issuance cost	1,897,511	1,824,020
(Gain) loss on disposition of business	(448,863)	1,652,337
Loss on disposal of property and equipment	137,045	26,350
Unit-based compensation	3,083,917	89,590
Deferred income taxes	(8,544,162)	(1,669,033)
Changes in operating assets and liabilities		
Receivables - net	(54,930,686)	(9,687,161)
Inventories - net	5,426,983	(3,000,866)
Contract assets	(22,965,031)	(26,424,633)
Prepaid expenses	2,309,307	(8,027,465)
Operating lease right-of-use assets	10,195,825	-
Other assets	(4,393,247)	(2,613,670)
Accounts payable	34,655,291	40,313,335
Accrued expenses	1,284,233	741,578
Operating lease obligations	(9,615,888)	-
Contract liabilities	13,898,199	(528,534)
Income tax receivable/payable	(1,948,213)	1,351,789
Net Cash (Used for) Provided by Operating Activities	(36,953,009)	40,034,468
Cash Provided by (Used for) Investing Activities		
Acquisitions of property and equipment	(5,113,067)	(6,693,170)
Proceeds from sale of property and equipment	109,498	-
Proceeds from disposition of business	7,793,459	-
Payments made on disposition of business	-	(3,915,682)
Acquisition of businesses - net of cash acquired	-	(101,265,563)
Net Cash Provided by (Used for) Investing Activities	2,789,890	(111,874,415)

See accompanying notes to the consolidated financial statements.

TMS Group Holdings, LLC and Subsidiaries
Consolidated Statements of Cash Flows (Continued)

<i>For the Years Ended December 31,</i>	2022	2021
Cash Provided by (Used for) Financing Activities		
Proceeds from issuance of long-term debt	68,700,000	305,000,000
Payments on long-term debt	(49,723,119)	(234,168,838)
Debt issuance cost	(1,359,227)	(6,088,321)
Proceeds from revolving credit facility	31,000,000	24,265,898
Payments on revolving credit facility	(24,487,940)	(20,798,164)
Repayment of seller's note	(2,000,000)	-
Proceeds to pay long-term debt of acquiree	-	23,495,429
Member distributions	-	(24,000,000)
Payments on finance lease obligations	(228,439)	(51,742)
Net Cash Provided by Financing Activities	21,901,275	67,654,262
Effects of Exchange Rate Changes on Cash	2,228,791	(2,036,670)
Net Decrease in Cash	(10,033,053)	(6,222,355)
Cash - beginning of year	41,558,679	47,781,034
Cash - end of year	\$ 31,525,626	\$ 41,558,679

Supplemental Disclosures of Cash Flow Information

Cash paid during the year for interest	\$ 27,648,621	\$ 23,298,509
Cash paid during the year for income taxes	\$ 6,622,847	\$ 4,505,304

Supplemental Disclosures of Non-cash Investing and Financing Activities

Cash paid for amounts included in the measurement of finance lease liabilities:

Operating cash flows from finance leases	\$ 47,495	\$ 3,636
Right-of-use assets obtained in exchange for new finance lease liabilities	\$ 1,772,372	\$ 601,000

Cash paid for amounts included in the measurement of operating lease liabilities:

Right-of-use assets obtained in exchange for new operating lease liabilities	\$ 9,494,093	\$ -
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Adoption of the new standard resulted in the recording of a right-of-use asset and an operating lease liability of:

Operating lease right-of-use assets	\$ 51,703,223	\$ -
Operating lease liabilities	\$ 51,525,340	\$ -

See accompanying notes to the consolidated financial statements.

TMS Group Holdings, LLC and Subsidiaries

Notes to the Consolidated Financial Statements

1. Description of Business

Trident Maritime Systems Holdings, LLC (Trident) was formed in Delaware on October 10, 2014, and is wholly owned by TMS Group Holdings, LLC (the Direct Parent). Trident provides an array of services including interior marine vessel design, testing and installation services for both Navy and commercial applications, manufacture of metal furniture, electrical and automation shipboard systems and repair services, and the supply of HVAC, fire suppression, steering, and cargo handling systems. Pursuant to the acquisitions described in Note 3 - Acquisitions and Dispositions, Trident provides marine (including Department of Defense) energy, industrial and commercial contract manufacturing, manufacturing and distribution of equipment used in the mining and aggregates industries, naval visual landing systems, wind and speed sensor systems, expeditionary airfield lighting, aircraft and ground vehicle lights, and night vision test equipment. The following companies listed in the table below are all wholly owned subsidiaries of Trident, collectively “the Company”:

Company	Immediate Parent	State or Country
Trident Maritime Systems Holdings, LLC	TMS Group Holdings, LLC	Delaware
Lake Shore Systems Holdings, LLC	TMS Group Holdings, LLC	Delaware
Trident Maritime Systems, LLC	Trident Maritime Systems Holdings, LLC	Delaware
Trident Maritime Systems, Inc.	Trident Maritime Systems, LLC	Delaware
US Joiner Holding Co.	Trident Maritime Systems, LLC	Delaware
US Joiner LLC	US Joiner Holding Co.	Virginia
Tumbull LLC	US Joiner Holding Co.	Virginia
Hampton Machine Shop, Inc.	Trident Maritime Systems, Inc.	Virginia
Joiner Holding International S.a.r.l.	US Joiner Holding Co. Joiner Holding International S.a.r.l.	Luxembourg
Trident Maritime Systems S.r.l.	International S.a.r.l.	Italy
FM S.r.l.	Trident Maritime Systems S.r.l.	Italy
IMECO Holding Co.	Trident Maritime Systems, LLC	Delaware
Joiner International	Baltec Holdings	
Poland Sp. Z.o.o.	International S.a.r.l.	Poland
RAACI Holding Co.	Trident Maritime Systems, LLC	Delaware
Robichaux Automation and Control, Inc.	RAACI Holding Co.	Louisiana
Trident Naval Systems of Canada, Inc.	Trident Naval Systems of Canada, Inc.	British Columbia

TMS Group Holdings, LLC and Subsidiaries

Notes to the Consolidated Financial Statements (Continued)

1. Description of Business (Continued)

Company	Immediate Parent	State or Country
Trident BMC Holding Company	Trident Maritime Systems, LLC	Delaware
Trident BMC LLC	Baltec Holding Co.	Delaware/Florida
Baltec Holdings International S.a.r.l.	Baltec Holding Co.	Luxembourg
Trident BMC Sp. Z.o.o.	Baltec Holding Co.	Poland
Trident-Callenberg Holdco UK Limited	Trident Maritime Systems, LLC	United Kingdom
Trident-Callenberg Holdco Norway AS	Trident-Callenberg Holdco UK Limited	Norway
Callenberg Group AB	Trident-Callenberg Holdco Norway AS	Sweden
Callenberg AS	Callenberg Group AB	Norway
Callenberg BV	Callenberg Group AB	Netherlands
Callenberg Inc	Callenberg Group AB	USA
Trident BMC AB	Callenberg Group AB	Sweden
Callenberg A/S	Callenberg Group AB	Denmark
IES Callenberg LTD	Callenberg Group AB	United Kingdom
Trident Maritime Systems Australia Pty LTD	Trident Maritime Systems, LLC	Australia
Trident-Callenberg Holdco. US Inc.	Trident Maritime Systems, LLC	Delaware
Baltec Marine Shanghai Co., LTD.	Baltec Marine LLC	China
Trident AS	Callenberg AS	Norway
Lake Shore Systems, Inc.	Lake Shore Systems Holdings, LLC	Wisconsin
AGI Holdings LLC	TMS Group Holdings, LLC	United Kingdom
AGI US Acquisition Inc.	AGI Holdings LLC	Connecticut
Hoffman Engineering LLC	AGI US Acquisition Inc.	Connecticut
AGI UK Acquisition Ltd.	AGI Holdings LLC	United Kingdom
Aeronautical & GI Holdings Limited	AGI UK Acquisition Ltd.	United Kingdom
Aeronautical & General Instruments Limited	Aeronautical & GI Holdings Limited	United Kingdom
Aircraft Appliances and Equipment Limited	AGI UK Acquisition Ltd.	Ontario
Aish Technologies Limited	AGI UK Acquisition Ltd.	United Kingdom

TMS Group Holdings, LLC and Subsidiaries

Notes to the Consolidated Financial Statements (Continued)

1. Description of Business (Continued)

The percentages of revenues for the operating lines of business were as follows for the years ended December 31, 2022 and 2021:

	2022	2021
Marine outfitting and insulation	30%	37%
Electromechanical and distributed systems	27%	32%
Power, propulsion and control	12%	8%
Marine energy, industrial, and commercial manufacturing	20%	13%
Mining and aggregates industries	2%	2%
Cruise repair and maintenance	9%	8%
	100%	100%

The Company's foreign operations accounted for approximately 23% and 30% of the Company's revenue in 2022 and 2021, respectively. Total assets of these foreign operations accounted for approximately 36% and 51% of the Company's total assets at December 31, 2022 and 2021, respectively.

In April 2022, the Company entered into and consummated an acquisition of Aeronautical & General Instruments Holdings, LLC (AGI) pursuant to an amended credit agreement with Barings Finance LLC. For financial reporting purposes, the acquisition of AGI and Subsidiaries, which was controlled by J.F. Lehman & Company, Inc., represented a transaction between entities under common control and resulted in a change in reporting entity, requiring retrospective combination of entities for all periods presented, as if the combination had been in effect since the inception of common control, in accordance with Accounting Standards Codification (ASC) Subtopic 805-50-45-5, *Business Combinations*. Accordingly, the consolidated financial statements of Trident reflects the accounting of the combined acquired subsidiary at historical carrying values.

2. Summary of Significant Accounting Policies

Principles of Consolidation

The consolidated financial statements include TMS Group Holdings, LLC and the accounts of its wholly owned subsidiaries. All significant intercompany accounts and transactions have been eliminated.

Use of Estimates

The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the dates of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting periods. Actual results may differ materially from those estimates.

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TMS Group Holdings, LLC and Subsidiaries

Notes to the Consolidated Financial Statements (Continued)

2. Summary of Significant Accounting Policies (Continued)

Revenue and Cost Recognition

The majority of the Company's revenue is derived from long-term contracts that can span several years. A performance obligation is a promise in a contract to transfer a distinct good or service to a customer and is the unit of account in ASC 606. A contract's transaction price is allocated to each distinct performance obligation and recognized as revenue when, or as, the performance obligation is satisfied. The majority of the Company's contracts have a single performance obligation using the best estimate of stand-alone selling price of each distinct good or service in the contract. The primary method used to estimate stand-alone selling price is expected cost plus a margin approach, under which the Company forecasts the expected costs of satisfying a performance obligation and then adds an appropriate margin for that distinct good or service. Substantially all of the Company's revenue is recognized over time using the cost-to-cost input method because management considers this to be the best available measure of transfer of control. Contract costs include labor and material. Selling, general and administrative costs and overhead costs are charged to expense as incurred and, therefore, are not included in the calculation of the estimated costs to complete. Point in time sales are initiated by purchase orders from customers and generally contain one performance obligation. Revenue is recognized when title is transferred and the customer is obligated to pay, which generally occurs upon shipment, in accordance with the applicable shipping terms. Payment terms for over time and point in time sales generally range from 30 to 60 days.

The disaggregation of the Company's revenue based on the timing of recognition is as follows:

	2022	2021
Revenue Recognition Method		
Over time	\$ 656,650,966	\$ 586,660,573
Point in time	77,170,940	81,931,828
Total Revenue	\$ 733,821,906	\$ 668,592,401

Contract Estimates

Accounting for long-term contracts involves the use of various techniques to estimate total contract revenue and cost. For long-term contracts, the Company estimates the profit on a contract as the difference between the total estimated revenue and expected costs to complete a contract and recognizes that profit over the life of the contract.

Contract estimates are based on various assumptions to project the outcome of future events that often span several years. These assumptions include labor productivity and availability; the complexity of the work to be performed; the cost and availability of materials, the performance of subcontractors; and the availability and timing of funding from the customer.

TMS Group Holdings, LLC and Subsidiaries

Notes to the Consolidated Financial Statements (Continued)

2. Summary of Significant Accounting Policies (Continued)

Revenue and Cost Recognition (Continued)

Variable Consideration

The nature of the Company's contracts gives rise to variable consideration, which can include change orders or contract modifications, retention, liquidated damages, and claims. The Company adjusts its contract estimates for these variable considerations when the Company believes there is an enforceable right to the variable consideration, the amount can be estimated reliably, and its realization is probable. In evaluating these criteria, the Company considers the contractual/legal basis, the cause of any additional costs incurred, the reasonableness of those costs and the objective evidence available to support the variable consideration. These estimates are based on historical award experience, anticipated performance, and the Company's best judgment at the time.

As a significant change in one or more of these estimates could affect the profitability of the contracts, the Company reviews and updates contract-related estimates regularly. The Company recognizes adjustments in estimated profit on contracts under the cumulative catch-up method. Under this method, the impact of the adjustment on profit recorded to date is recognized in the period the adjustment is identified. Revenue and profit in future periods of contract performance is recognized using the adjusted estimate. If at any time the estimate of contract profitability indicates an anticipated loss on the contract, the Company recognizes the total loss in the period it is identified and is included in contract liabilities on the Company's consolidated balance sheet.

Contract Balances

Contract assets primarily consist of revenue recognized in excess of amounts paid or payable (contract receivables to the Company on uncompleted contracts). Contract liabilities generally consist of payments received or receivables (contract receivables) in excess of revenue recognized on uncompleted contracts, customer advances and deposits, and general provisions for losses, if any. The timing of revenue recognition, billings, and cash collections results in billed accounts receivable, underbillings, and overbillings. Contract amounts become billable according to contract terms, which consider the progress on the contracts as well as achievement of certain milestones and completion of specific units of work.

Cash

The Company maintains cash at financial institutions which may at times exceed federally insured amounts. The Company has not experienced any losses due to cash balances exceeding these limits and does not believe it is exposed to any significant credit risk as a result.

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TMS Group Holdings, LLC and Subsidiaries

Notes to the Consolidated Financial Statements (Continued)

2. Summary of Significant Accounting Policies (Continued)

Receivables

The Company regularly extends credit to customers for purchases made in the normal course of business based upon management's assessment of their creditworthiness. A valuation allowance is provided for those accounts for which collection is doubtful; uncollectible accounts are written off and charged against the allowance. Increases in the allowance are charged to selling, general and administrative expenses. Accounts are judged to be delinquent principally based on contractual terms. In estimating the allowance, management considers, among other things, how recently and how frequently payments have been received and the financial position of the customer.

Debt Issuance Costs

Deferred financing costs are capitalized and amortized over the terms of the respective debt agreements using the straight-line method, which approximates the effective interest method. On February 26, 2021, Trident and Lake shore Systems, Inc. (Lake Shore and together with Trident, each a "Borrower" and collectively the "Borrowers") entered into a Credit Agreement with certain lenders that participated in the old Credit Agreement and their balances in the Credit Agreement were deemed modified. The Company continues to defer, over the term of the Credit agreement the net debt issuance costs of \$3,728,448, related to the old Credit Agreement for Trident. Third-party fees of \$6,088,321 related to the Credit Agreement were capitalized and are being amortized over the respective term of the Agreement. Pursuant to an amendment of the Credit Agreement in 2022, additional third-party fees of \$1,359,227 related to the acquisition of AGI were also capitalized and are being amortized over the remaining term of the amended agreement. Third-party fees of \$1,527,360 related to AGI's old Credit Agreement with BNP Paribas were also capitalized and amortized over the respective term of the Agreement prior to Trident's acquisition of AGI in April 2022. Amortization costs in 2022 and 2021 totaled \$1,897,511 and \$1,824,020, respectively.

Inventories

Inventories are stated at the lower of cost or net realizable value. Cost is determined on a first-in, first-out (FIFO) basis and includes material, labor and overhead. The Company manufactures customer-specific products under purchase orders. Further, the Company generally ships upon completion of an order and does not maintain finished goods. As a result of the short production cycle, most of the inventory value is concentrated in raw materials and work in process. The allowance for obsolete and slow-moving inventory and lower of cost or net realizable value considerations was \$1,699,193 and \$1,456,078 at December 31, 2022 and 2021, respectively.

TMS Group Holdings, LLC and Subsidiaries

Notes to the Consolidated Financial Statements (Continued)

2023102601206

2. Summary of Significant Accounting Policies (Continued)

Fulfillment Costs

The Company capitalizes costs incurred to fulfill its contracts that i) related directly to the contract or anticipated contracts, ii) are expected to generate or enhance the Company's resources that will be used to satisfy the performance obligation under the contract, and iii) are expected to be recovered through revenue generated from the contract. Capitalized fulfillment costs are amortized to Cost of Revenues as the Company satisfies the related performance obligations under the contract with approximate lives ranging from 5 to 7 years. These costs, which are included in Prepaid expenses and Other long-term assets on the Consolidated Balance Sheets, generally represent upfront costs incurred to design and produce electromechanical and distributed system solutions.

The Company assesses the capitalized fulfillment costs for impairment at the end of each reporting period. The Company will recognize an impairment loss to the extent the carrying amount of the capitalized costs exceeds the recoverable amount. Recoverability is assessed by considering the capitalized fulfillment costs in relation to the forecasted profitability of the related performance obligation.

As of December 31, 2022, capitalized costs to fulfill contracts were \$4,217,331 and there were \$3,139,912 of capitalized costs to fulfill as of December 31, 2021. Amortization of fulfillment costs were \$578,284 and \$45,455 in the years ended December 31, 2022 and 2021, respectively. The Company recorded a non-recurring impairment of \$1,241,790 on fulfillment costs due to lost bids on contracts in the year ended December 31, 2022. No impairments for fulfillment costs were recognized in the year ended December 31, 2021.

Property and Equipment

Property and equipment are stated at cost. Routine repairs and maintenance are charged against income as incurred, while those expenditures that significantly improve or extend the useful lives of existing assets are capitalized. Depreciation and amortization are provided using the straight-line method with a salvage value, if applicable, based on the estimated useful lives of the related assets which range from 3 to 39 years as follows:

Building and improvements	39 years
Machinery and equipment	7 years
Tooling	7 years
Furniture and fixtures	7 years
Computer software	5 years
Vehicles	3-5 years
Computer equipment	3-5 years

TMS Group Holdings, LLC and Subsidiaries

Notes to the Consolidated Financial Statements (Continued)

2. Summary of Significant Accounting Policies (Continued)

Property and Equipment (Continued)

When items of property or equipment are sold or retired, the related cost and accumulated depreciation or amortization is removed from the account and any gain or loss is included in results from operations.

Management reviews property, plant and equipment for impairment-based indicators which may indicate that the carrying amount of these assets may not be recoverable. The Company determined there were no indicators present to require a review for impairment as of December 31, 2022 and 2021.

Leases

The Company determines if a contract is a lease or contains a lease at the inception of the arrangement. Leases are classified as either finance leases or operating leases. Right-of-use (ROU) assets and lease liabilities are recognized on the balance sheet at the lease commencement date based on the present value of the lease payments over the term of the lease. ROU assets also include any initial direct costs incurred, lease payments made, and excludes any lease incentive payments. The Company calculates the present value using the interest rate implicit in the lease arrangement or, if not known, the risk-free rate. Lease terms may include options to extend or terminate the lease when it is reasonably certain that such options will be exercised. Operating and financing leases that are for a period less than 12 months, inclusive of options to extend that are reasonably certain to be exercised, are classified as short term and are not recognized on the consolidated balance sheet. Lease expense for these short-term leases is recognized on a straight-line basis over the lease term.

Operating lease ROU assets are recorded as a noncurrent asset on the consolidated balance sheet. The corresponding liabilities are recorded as current maturities of operating lease obligations and operating lease obligations, net of current maturities, as applicable, on the consolidated balance sheet. ROU assets under finance leases are included in property and equipment and the corresponding liabilities are recorded as current maturities of finance lease obligations and finance lease obligations, net of current maturities, as applicable. Operating lease costs are recognized on a straight-line basis over the lease term within either costs of revenue or operating expenses based on the use of the related ROU asset. Assets under finance leases are amortized on a straight-line basis over the shorter of the estimated useful life of the assets or the lease term and included in depreciation and amortization expense. Interest on finance lease liabilities is recognized as interest expense. Variable lease payments that do not depend on an index or a rate are excluded from the measurement of the lease liability and are expensed as incurred. Variable lease payments may include separate payments for property taxes, insurance, and maintenance services.

Intangible Assets

Intangible assets consist of contract backlog, customer relationships, trade name, noncompete agreements, engineering libraries, and developed technology as a result of acquisitions made in prior years. These intangible assets were recorded at fair value at the date of acquisition and are stated net of accumulated amortization as of December 31, 2022 and 2021. There were no impairment charges in the years ended December 31, 2022 and December 31, 2021.

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TMS Group Holdings, LLC and Subsidiaries

Notes to the Consolidated Financial Statements (Continued)

2. Summary of Significant Accounting Policies (Continued)

Intangible Assets (Continued)

The Company applies the provisions of ASC Topic 350, *Intangibles, Goodwill, and Other*, which requires the amortization of long-lived intangible assets to reflect the pattern in which the economic benefits of the intangible assets are expected to be realized. The intangible assets are amortized over their remaining estimated useful lives which range from one to nineteen years (Note 8).

Goodwill

Goodwill represents the excess of the cost of acquired businesses over the fair value of their identifiable net assets. The Company elected to amortize goodwill in accordance with Accounting Standards Update (ASU) No. 2014-2, *Accounting for Goodwill*, and tests for impairment in accordance with ASC Topic 350, *Intangibles, Goodwill, and Other*. Impairment is the condition that exists when the carrying amount of goodwill exceeds its implied fair value. The Company tests goodwill for impairment at the reporting unit level whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. There were no triggering events or impairment charges during the years ended December 31, 2022 and December 31, 2021.

Fair Value Measurements

The Company follows generally accepted accounting principles for fair value measurements relating to financial and non-financial assets and liabilities in the consolidated financial statements. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly fashion between market participants at the measurement date. As such, fair value is a market-based measurement that should be determined based on assumptions that market participants would use in pricing an asset and liability.

The three levels of inputs that may be used are as follows:

- Level 1 - Quoted prices in active markets for identical assets or liabilities;
- Level 2 - Inputs, other than the quoted prices in active markets, that are observable either directly or indirectly; and
- Level 3 - Unobservable inputs that reflect the reporting entity's own assumptions.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used are required to maximize the use of observable inputs and minimize the use of unobservable inputs.

The Company does not have any financial assets or liabilities that are measured at a fair value level on December 31, 2022 or 2021. The carrying amount of financial instruments such as accounts receivables, accounts payable, and accrued liabilities approximates fair value due to their short maturity. The carrying value of debt approximates fair value due to market-determined variable interest rates.

TMS Group Holdings, LLC and Subsidiaries

Notes to the Consolidated Financial Statements (Continued)

2. Summary of Significant Accounting Policies (Continued)

Unit-based Compensation

The Company recognizes unit-based compensation expense in accordance with ASC 718 - *Compensation - Stock Compensation* for all unit-based payments for those shares expected to vest. Unit-based compensation expense is recognized for all unit-based payments over the estimated term of the vesting or service period.

Income Taxes

Income taxes are accounted for under the asset and liability method. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to both differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases, as well as operating loss and tax credit carryforwards. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date of the change. Valuation allowances are established when necessary to reduce deferred tax assets to the amount expected to be realized.

The Company applies provisions related to the accounting for uncertain income tax positions included in ASC Subtopic 740-10, *Income Taxes - Overall*. These provisions require the Company to recognize the effect of income tax positions only if those positions are more likely than not of being sustained. Recognized income tax positions are measured at the largest amount that is greater than 50% of likely being realized. Changes in recognition or measurement are reflected in the period in which the change in judgment occurs. The Company records interest and penalties, if any, related to unrecognized tax benefits, as a component of income tax (benefit) expense, in the consolidated statements of operations and comprehensive income (loss).

Warranty

The Company warrants its products against defect for a period of twelve months. Estimates of future costs to satisfy warranty obligations are primarily based on historical trends and, if these costs are significantly different from historical trends, estimates of future failure rates and future costs of repair including materials consumed in the repair, labor and overhead amounts necessary to perform the repair will be provided for and expensed accordingly. The Company has not experienced significant warranty claims for the years ended December 31, 2022 and 2021. The Company has recorded a provision for future warranty claims in the amount of \$358,597 and \$555,531 at December 31, 2022 and 2021, respectively.

Shipping and Handling Costs

Shipping and handling costs incurred by the Company are expensed as incurred. These costs are included in Cost of Revenues on the accompanying consolidated statements of operations and comprehensive income (loss).

TMS Group Holdings, LLC and Subsidiaries

Notes to the Consolidated Financial Statements (Continued)

2. Summary of Significant Accounting Policies (Continued)

Foreign Currency Translation

The financial statements of most foreign subsidiaries are measured using the foreign currency as the functional currency. Assets and liabilities denominated in foreign currency have been translated into U.S. Dollars using the exchange rates in effect at the consolidated balance sheet dates. Equity accounts are translated at historical rates, except for the change in retained earnings during the year, which is the result of the income statement translation process. Revenue and expense accounts are translated using the average exchange rate during the period. The cumulative translation adjustments associated with the net assets of foreign subsidiaries are recorded in accumulated other comprehensive income (loss) in the accompanying consolidated statements of operations and comprehensive income (loss).

New Pronouncements

In February 2016, the FASB issued ASU No. 2016-2, *Leases Subtopic 842*. This new standard amends the codification and creates Topic 842, *Leases*. The core principle of Topic 842 requires companies to recognize lease assets and lease liabilities by lessees for all operating leases. The pronouncement is effective for years beginning after December 15, 2021 and interim periods beginning the following year with early adoption being permitted. In March 2018, the FASB approved an alternative transition method to the modified retrospective approach, which eliminates the requirement to restate prior period financial statements and requires the cumulative effect of the retrospective allocation to be recorded as an adjustment to the opening balance of retained earnings at the date of adoption.

The Company elected to adopt ASC Topic 842 and its associated amendments as of January 1, 2022 using the optional modified retrospective transition approach by applying the new standard to all leases existing at the date of initial application as of the beginning of the period of adoption (January 1, 2022) and not restating comparative periods presented in the financial statements in accordance with ASC 842-10-65-1(c)(2). The Company elected the “package of practical expedients” and have decided not to elect the “Hindsight” practical expedient. The Company leases real estate in the U.S. and internationally. The rental space is primarily used for commercial office and warehouse use. Additionally, the Company leases vehicles and various equipment for its operations. Each of the real estate leases, as well as the vehicles and equipment were classified as operating leases prior to the adoption of ASC Topic 842. As a result of the adoption of ASC 842, the Company recorded operating lease right of use assets and lease liabilities in the amounts of \$51,703,223 and \$51,525,340, respectively, as of January 1, 2022.

In March 2020, the FASB issued ASU 2021-04, Reference Rate Reform Subtopic 848: Facilitation of the Effects of Reference Rate Reform on Financial Reporting, providing temporary guidance to ease the potential burden in accounting for reference rate reform primarily resulting from the discontinuation of LIBOR, which is currently expected to occur on June 30, 2023 for legacy contracts. The amendments in ASU 2021-04 are elective and apply to all entities that have contracts, hedging relationships, and other transactions that reference LIBOR or another reference rate expected to be discontinued.

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TMS Group Holdings, LLC and Subsidiaries

Notes to the Consolidated Financial Statements (Continued)

3. Acquisitions and Dispositions

Aeronautical & General Instruments Holdings, LLC (AGI) and Subsidiaries

On April 29, 2022, Trident and AGI were reorganized to fall under the same legal entity, TMS Group Holdings, LLC, accounted for under ASC 805, *Business Combinations*, with Trident as the acquirer. AGI is a leading global provider of proprietary situational awareness and LED lighting systems for naval vessels, military and commercial aircraft and military ground vehicles. The Company's core product lines include naval visual landing systems, wind and speed sensor systems for naval and aviation applications, expeditionary airfield lighting, aircraft and ground vehicle lights, and night vision test equipment.

The transactions between Trident and AGI, which are under common control, resulted in a change in reporting entity and required retrospective combination of the entities for all periods presented, as if the combination had been in effect since the inception of common control. Accordingly, the consolidated financial statements of the Company reflect the accounting of the combined acquired subsidiary at historical carrying values for the years 2022 and 2021.

The following table summarizes the assets acquired and liabilities assumed as of January 1, 2021:

Current Assets	\$ 45,759,409
Long-term assets	53,312,120
Total assets acquired	\$ 99,071,529
Current Liabilities	26,120,932
Long-term liabilities	67,655,025
Total liabilities assumed	\$ 93,775,957
Net assets acquired	\$ 5,295,572

The following table presents the changes as a result of the AGI transaction to previously reported amounts in the audited consolidated statements of operation and comprehensive income for the year ended December 31, 2021:

	Year Ended December 31, 2021		
	As Reported	Common Control Entities Acquired	Total
Net revenue	\$ 594,945,160	\$ 73,647,241	\$ 668,592,401
Operating income	\$ 46,446,645	\$ (733,859)	\$ 45,712,786
Comprehensive net income	\$ 21,467,954	\$ (5,448,704)	\$ 16,019,250

TMS Group Holdings, LLC and Subsidiaries

Notes to the Consolidated Financial Statements (Continued)

3. Acquisitions and Dispositions (Continued)

Aeronautical & General Instruments Holdings, LLC (AGI) and Subsidiaries (Continued)

The following table presents the changes as a result of the AGI transaction to previously reported amounts in the audited consolidated statements of cash flows for the year ended December 31, 2021:

	Year Ended December 31, 2021		
	As Reported	Common Control Entities	
		Acquired	Total
Operating activities	\$ 35,062,204	\$ 4,972,264	\$ 40,034,468
Investing activities	\$ (110,592,982)	\$ (1,281,433)	\$ (111,874,415)
Financing activities	\$ 69,458,340	\$ (1,804,078)	\$ 67,654,262
Change in cash	\$ (7,119,038)	\$ 896,683	\$ (6,222,355)

Lake Shore Systems Holdings, LLC and Subsidiary

Pursuant to the new Credit Agreement, Trident and Lake Shore were reorganized to fall under the same legal entity, TMS Group Holdings, LLC (Trident) accounted for under ASC 805, *Business Combinations*, with Trident as the acquirer. The purchase price, including the value of liabilities assumed, is \$96,769,368 based upon an acquisition of all the assets, liabilities and equity interests of Lake Shore.

The following table summarizes the allocation of the purchase consideration and the estimated fair value of the assets acquired and liabilities assumed in the acquisition of Lake Shore by Trident:

Cash and cash equivalents	\$ 2,704,134
Accounts receivable	13,638,648
Contract assets	16,009,098
Inventory	11,634,579
Intangible assets	16,800,000
Property and equipment	23,534,522
Other assets	2,607,089
Goodwill	41,486,547
Total assets acquired	<u>\$ 128,414,617</u>
Accounts payable and accrued expenses	15,937,772
Contract liabilities	13,493,123
Noncurrent deferred tax liabilities	2,214,354
Total liabilities assumed	<u>\$ 31,645,249</u>
Net assets acquired	<u>\$ 96,769,368</u>

TMS Group Holdings, LLC and Subsidiaries

Notes to the Consolidated Financial Statements (Continued)

3. Acquisitions and Dispositions (Continued)

Other Acquisitions

On February 3, 2021, the Company acquired Hampton Machine Shop, Inc. (HMS) for \$6,000,000 in cash consideration and a \$2,000,000 seller's note due February 3, 2022, including working capital. As of December 31, 2021, there is an additional \$661,542 payable to the sellers as a result of the final net working capital. As of December 31, 2022, the Company and the sellers agreed to a settlement that reduced the additional payable to \$325,000. The settlement did not impact the assets and liabilities acquired.

On March 4, 2021, the Company closed an acquisition of specified tangible assets and liabilities of FM S.r.l. for € 1,600,000, including working capital adjustment of €153,009. As of December 31, 2021 there are no amounts payable to the sellers.

The following table summarizes the final fair values of the assets and liabilities for the aforementioned acquisitions:

Cash and cash equivalents	\$ 261,460
Accounts receivable	1,522,163
Inventory	5,318,677
Property and equipment	945,239
Other assets	64,157
Deferred income tax assets	202,925
Goodwill	3,390,490
Total assets acquired	<u>\$ 11,705,111</u>
Accounts payable and accrued expenses	965,884
Other non-current liabilities	-
Total liabilities assumed	<u>\$ 965,884</u>
Net assets acquired	<u>\$ 10,739,227</u>

Dispositions during 2022 and 2021

On June 1, 2022, the Company completed the sale of Cannon Mining, a division of Lake Shore Systems, Inc. As a result of the sale, the Company recognized a pre-tax gain of approximately \$448,863 included in Selling, General and Administrative Expenses in the Consolidated Statements of Operations and Comprehensive Income (Loss).

On December 31, 2021, the Company completed the sale of TI Marine Contracting AS and subsidiaries. As a result of the sale, the Company recognized a pre-tax loss of approximately \$1,652,337 included in Selling, General and Administrative Expenses in the Consolidated Statements of Operations and Comprehensive Income (Loss).

TMS Group Holdings, LLC and Subsidiaries

Notes to the Consolidated Financial Statements (Continued)

4. Receivables

Receivables are as follows at December 31, 2022 and 2021:

	2022	2021
Trade	\$ 139,308,307	\$ 88,657,934
Other	3,545,259	1,094,255
Allowance for doubtful accounts	(150,127)	(496,041)
	\$ 142,703,439	\$ 89,256,148

5. Inventories

Inventories are comprised of the following:

	2022	2021
Raw materials and aftermarket parts, net	\$ 17,472,095	\$ 27,151,951
Work-in-process, net	9,967,528	13,627,197
Finished goods, net	3,729,649	8,021,764
	\$ 31,169,272	\$ 48,800,912

6. Contract Accounting Matters

Costs, estimated earnings, and billings on uncompleted contracts are as follows at December 31, 2022 and 2021:

	2022	2021
Costs incurred on uncompleted contracts	\$2,108,124,066	\$ 1,237,788,470
Estimated earnings	786,624,714	455,907,007
	2,894,748,780	1,693,695,477
Less: Billings to date	(2,815,280,005)	(1,621,567,567)
	\$ 79,468,775	\$ 72,127,910

TMS Group Holdings, LLC and Subsidiaries

Notes to the Consolidated Financial Statements (Continued)

6. Contract Accounting Matters (Continued)

The amounts above are included in contract assets and contract liabilities as follows:

	2022	2021
Contract assets		
Revenue recognized in excess of amounts paid or payable (contract receivables to the Company on uncompleted contracts)	\$ 207,281,595	\$ 187,557,574
Contract liabilities		
Payments received or receivables (contract receivables) in excess of revenue recognized on uncompleted contracts	(127,812,820)	(115,429,664)
	\$ 79,468,775	\$ 72,127,910

Contract assets include \$39,000,000 and \$2,000,000 on unapproved change orders and claims for additional overhead costs incurred due to customer schedule delays at December 31, 2022 and 2021, respectively. All the change orders or claims are subject to negotiation or litigation. In the opinion of management, all unapproved change orders and claims are realizable as estimated and have sound legal basis.

7. Property and Equipment

Property and equipment consist of the following as of December 31, 2022 and 2021:

	2022	2021
Land	\$ 2,783,413	\$ 2,792,603
Buildings and improvements	24,606,841	25,188,692
Machinery and equipment	27,793,275	25,848,496
Computer equipment	4,090,573	6,128,606
Computer software	3,817,069	3,832,017
Furniture and fixtures	5,162,345	5,539,642
Vehicles	2,321,215	4,988,551
Construction in progress	1,147,505	1,294,319
	71,722,236	75,612,926
Less: Accumulated depreciation	(32,950,027)	(34,319,752)
	\$ 38,772,209	\$ 41,293,174

Depreciation expense for the years ended December 31, 2022 and 2021 was \$8,191,738 and \$8,404,196, respectively.

TMS Group Holdings, LLC and Subsidiaries

Notes to the Consolidated Financial Statements (Continued)

8. Intangible Assets

Intangible assets consist of the following as of December 31, 2022:

	December 31, 2022		
	Gross	Accumulated Amortization	Net
Amortizable intangible assets			
Contract backlog	\$ 8,058,849	\$ (7,758,648)	\$ 300,201
Customer relationships	42,134,199	(24,316,126)	17,818,073
Trade name	14,403,126	(3,751,587)	10,651,539
Non-compete agreements	1,143,000	(1,137,546)	5,454
Engineering libraries	3,900,000	(357,500)	3,542,500
Developed technology	21,113,345	(11,321,106)	9,792,239
Total Amortizable Intangible Assets	\$ 90,752,519	\$ (48,642,513)	\$ 42,110,006

Intangible assets consist of the following as of December 31, 2021:

	December 31, 2021		
	Gross	Accumulated Amortization	Net
Amortizable intangible assets			
Contract backlog	\$ 8,058,849	\$ (5,851,191)	\$ 2,207,658
Customer relationships	42,134,199	(21,259,441)	20,874,758
Trade name	14,403,126	(3,052,115)	11,351,011
Non-compete agreements	1,143,000	(1,123,655)	19,345
Engineering libraries	3,900,000	(162,500)	3,737,500
Developed technology	21,113,345	(9,908,589)	11,204,756
Total Amortizable Intangible Assets	\$ 90,752,519	\$ (41,357,491)	\$ 49,395,028

TMS Group Holdings, LLC and Subsidiaries

Notes to the Consolidated Financial Statements (Continued)

8. Intangible Assets (Continued)

Amortization expense on intangible assets was \$7,285,023 and \$8,953,073, respectively, for the years ended December 31, 2022 and 2021. Amortization of intangible assets for years subsequent to December 31, 2022 is as follows:

2023	\$ 5,580,658
2024	4,972,247
2025	4,972,247
2026	4,972,247
2027	4,908,298
Thereafter	16,704,309
	\$ 42,110,006

9. Goodwill

The changes in the carrying amounts of goodwill are as follows for the years ended December 31, 2022 and 2021:

	Gross Cost	Accumulated Amortization	Accumulated Impairment	Net Goodwill
Balances at December 31, 2020	\$106,978,825	\$(61,327,959)	\$(9,505,269)	\$ 36,145,597
Increase in goodwill related to acquisitions	44,877,037	-	-	44,877,037
Decrease in goodwill related to divestitures	(8,933,038)	4,441,444	1,428,303	(3,063,291)
Decrease in goodwill related to amortization	-	(13,205,146)	-	(13,205,146)
Balances at December 31, 2021	142,922,824	(70,091,661)	(8,076,966)	64,754,197
Decrease in goodwill related to amortization	-	(12,862,537)	-	(12,862,537)
Balances at December 31, 2022	\$142,922,824	\$(82,954,198)	\$(8,076,966)	\$ 51,891,660

TMS Group Holdings, LLC and Subsidiaries

Notes to the Consolidated Financial Statements (Continued)

9. Goodwill (Continued)

Amortization expense on goodwill was \$12,862,537 and \$13,205,146, respectively, for the years ended December 31, 2022 and 2021. Amortization of goodwill for years subsequent to December 31, 2022 is as follows:

2023	\$	9,581,279
2024		8,787,127
2025		6,860,384
2026		6,572,101
2027		5,447,469
Thereafter		14,643,300
		\$ 51,891,660

10. Accrued Expenses

Accrued expenses consist of the following at December 31, 2022 and 2021:

	2022	2021
Accrued payroll and benefits	\$ 21,560,869	\$ 22,351,273
Seller's note and contingent consideration	325,000	2,661,542
Warranty claims and guarantees	1,111,087	690,570
Accrued professional fees	1,584,876	1,320,065
Taxes other than income	2,821,898	1,066,955
Customer deposits	53,737	3,676,022
Other	2,921,232	3,973,371
		\$ 30,378,699
		\$ 35,739,798

TMS Group Holdings, LLC and Subsidiaries

Notes to the Consolidated Financial Statements (Continued)

11. Long-term Debt

Long-term debt consists of the following as of December 31, 2022 and 2021:

	2022		
	Barings Finance, LLC	BNP Paribas	Total
Term Loan	\$ 376,828,488	\$ -	\$ 376,828,488
Less: Debt issuance cost	(15,977,895)	-	(15,977,895)
Less: Current maturities	(3,589,899)	-	(3,589,899)
Long-term Debt	\$ 357,260,694	\$ -	\$ 357,260,694

Revolving line of credit	\$ 15,000,000	\$ -	\$ 15,000,000
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	2021		
	Barings Finance, LLC	BNP Paribas	Total
Term Loan	\$ 302,696,085	\$ 47,436,454	\$ 350,132,539
Less: Debt issuance cost	(8,453,328)	(74,160)	(8,527,488)
Less: Current maturities	(3,048,000)	(3,513,986)	(6,561,986)
Long-term Debt	\$ 291,194,757	\$ 43,848,308	\$ 335,043,065

Revolving line of credit	\$ -	\$ 9,041,270	\$ 9,041,270
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On February 26, 2021, Trident and Lake Shore, each a "Borrower" and collectively the "Borrowers", entered into a credit agreement with Barings Finance LLC as the administrative agent. The credit agreement included an initial term loan in the amount of \$305,000,000, the proceeds of which were used to refinance the existing indebtedness of Trident and Lakeshore. The initial term loan and revolving line of credit mature on February 26, 2027 and are collateralized by substantially all assets of the Borrowers. The interest rate on both the revolving line of credit and term loan is calculated as an alternate base rate or the Adjusted Eurodollar Rate, as applicable, as defined in the Credit Agreement plus applicable margin for such type of loan. The effective interest rate as of December 31, 2021 is 6.25%. Principal payments on the term loan are scheduled to be made quarterly in the amounts of \$762,500, which is reduced on a proportional basis if any excess cash flow payments have been made, with the remainder due on the maturity date. The credit agreement includes a restrictive financial covenant regarding the net leverage ratio of the Company and an excess cash flow payment determined based on current year results.

TMS Group Holdings, LLC and Subsidiaries

Notes to the Consolidated Financial Statements (Continued)

11. Long-term Debt (Continued)

On April 29, 2022, the Company amended the Credit Agreement with Barings Finance LLC to include additional borrowings in the form of an incremental term loan in the amount of \$68,700,000 and an increase to the existing revolving line of credit from \$32,500,000 to \$37,500,000. The loans bear interest at LIBOR plus 4.75%. The interest rate was 6.92% at December 31, 2022. The proceeds were used to refinance the existing indebtedness of Trident and Lakeshore and fund certain fees, expenses, and other transaction costs associated with the Company's 2022 acquisition of AGI Holdings, LLC, including the repayment of AGI's existing Indebtedness to BNP Paribas as the administrative agent. BNP Paribas is not a lender under the amended credit agreement. The Incremental Term Loan has the same maturity date as the initial term loan and revolving line of credit outlined in the Credit Agreement and are governed by the same provisions as the Credit Agreement. Commencing on September 30, 2022, the first full calendar quarter ending after the amendment's effective date, quarterly principal payments on the term loan are increased from \$762,500 to \$897,475, which is reduced on a proportional basis if any excess cash flow payments have been made, with the remainder due on the maturity date.

Prior to the Company's acquisition of AGI Holdings, LLC on April 29, 2022, AGI held bank loans that were secured by a fixed and floating charge over its assets as part of a credit agreement entered into with BNP Paribas, the administrative agent, on June 30, 2016. The agreement was amended and restated on July 28, 2017, January 31, 2019, July 31, 2020, and August 31, 2020. The agreement included a principal loan of \$26,565,000 at 6.00%-6.45%, a principal loan of £21,870,000 at 6.00%, and a principal loan of \$30,046,000 at 5.48%-6.58%. These balances were repaid on a quarterly basis. The agreement also included revolving credit facilities. All term loans and revolving credit facilities under the agreement had a maturity date of June 30, 2022.

Aggregate maturities of debt for years subsequent to December 31, 2022 are as follows:

2023	\$ 3,589,899
2024	3,589,899
2025	3,589,899
2026	3,589,899
2027	362,468,892
	<hr/>
	\$ 376,828,488

TMS Group Holdings, LLC and Subsidiaries

Notes to the Consolidated Financial Statements (Continued)

12. Income Taxes

The components of the income tax expense (benefit) as of December 31, 2022 and 2021 are as follows:

	2022	2021
Current Tax Expense		
U.S. Federal	\$ 3,389,175	\$ 5,541,446
State and Local	831,992	66,044
Foreign	6,324,404	668,764
Total Current Tax Expense	10,545,571	6,276,254
Deferred Tax Expense (Benefit)		
U.S. Federal	(5,618,729)	789,662
State and Local	(643,760)	(163,317)
Foreign	(2,531,773)	(776,606)
Total Deferred Tax Expense (Benefit)	(8,794,262)	(150,261)
Provision for Income Taxes	\$ 1,751,309	\$ 6,125,993

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TMS Group Holdings, LLC and Subsidiaries

Notes to the Consolidated Financial Statements (Continued)

12. Income Taxes (Continued)

The components of the Company's deferred tax assets and liabilities as of December 31, 2022 and 2021 are as follows:

	2022	2021
Deferred tax assets		
Accounts receivable	\$ 30,075	\$ 86,098
Inventory	668,174	1,619,870
Accrued liabilities	6,155,628	4,036,527
Goodwill	2,620,680	2,418,964
Amortization	5,292,337	6,545,908
Research and development expense 174	5,934,555	-
Net operating losses	4,102,830	4,423,507
Lease liability	12,340,453	-
Disallowed interest expense	5,740,113	3,480,109
Capital loss	620,204	645,417
Project reserves	114,940	195,180
Other	1,554,339	2,536,589
	<u>45,174,328</u>	<u>25,988,169</u>
Less: Valuation allowances	(9,828,131)	(7,666,308)
	<u>35,346,197</u>	<u>18,321,861</u>
Deferred tax liabilities		
Depreciation	(3,591,093)	(4,210,984)
ROU Asset	(12,161,411)	-
Amortization	(7,620,658)	(10,920,739)
Other	(232,003)	(353,579)
	<u>(23,605,165)</u>	<u>(15,485,302)</u>
Net Deferred Tax Assets (Liabilities)	\$ 11,741,032	\$ 2,836,559

TMS Group Holdings, LLC and Subsidiaries

Notes to the Consolidated Financial Statements (Continued)

12. Income Taxes (Continued)

The amounts above are included on the balance sheet as follows:

	2022	2021
Deferred income tax assets	\$ 20,033,644	\$ 12,031,015
Noncurrent deferred tax liabilities	(8,292,612)	(9,194,456)
Net Deferred Tax Assets	\$ 11,741,032	\$ 2,836,559

The Company's effective tax rate differs from the US statutory federal income tax rate due to US state income taxes, permanent differences between financial and income tax reporting primarily relating to nondeductible expenses, and the establishment and maintenance of valuation allowances for certain jurisdictions in which the Company files income tax returns.

The Company regularly evaluates the need for valuation allowances related to deferred tax assets for which future realization is uncertain. In assessing the realizability of deferred tax assets, management considers whether it is more-likely-than-not some portion, or all, of the deferred tax assets will not be realized. Management considers all available evidence, both positive and negative, in determining whether a valuation allowance is required. Such evidence includes the scheduled reversal of deferred tax liabilities, projected future taxable income, taxable income in prior carryback years and tax planning strategies in making this assessment, and judgment is required in considering the relative weight of negative and positive evidence for each jurisdiction.

As of each reporting date, management considers new evidence, both positive and negative, that could affect its view of the future realization of deferred tax assets. A Valuation Allowance remains on certain U.S. deferred tax assets the Company believes are not currently realizable including deferred tax assets related to business interest expense limitation, capital loss carryforward and certain Net Operating Loss carryforwards. At December 31, 2022 and 2021, a valuation allowance of \$9,828,131 and \$7,666,308, respectively, was recorded.

The Company has US federal, US state, and foreign net operating loss carryforwards of \$7.4M, \$16.4M and \$7.8M at December 31, 2022. The net operating loss carryforwards will begin to expire in 2030 for US Federal losses, 2028 for US state losses, and 2035 for foreign losses. The statute of limitations remains open for US federal income tax examinations for the 2019 - 2021 tax years, US state income tax examinations for the 2018 - 2021 tax years, and foreign examinations for various tax years depending upon the jurisdiction.

The Company follows the provisions of ASC 740-10, Accounting for Uncertainty in Income Taxes - an interpretation of FASB Statement No. 109 ("ASC 740-10"). As of December 31, 2022 and 2021, the Company has no gross unrecognized tax benefits or associated accrued interest or penalties.

TMS Group Holdings, LLC and Subsidiaries

Notes to the Consolidated Financial Statements (Continued)

12. Income Taxes (Continued)

As of December 31, 2022, the Company's intent and ability is to indefinitely reinvest the foreign earnings of the foreign subsidiaries of US Joiner Holding Company and Baltec Holding Company. The Company intends to repatriate (and not indefinitely reinvest) future earnings from the subsidiaries of Trident Callenberg Holdco US, Inc. As of December 31, 2022, undistributed earnings for these entities have an immaterial tax consequence if the earnings are repatriated and therefore, no related deferred tax liabilities have been recognized in the consolidated financial statements.

13. Leases

Operating Leases

The Company leases office space, warehouse space, equipment and vehicles under noncancelable operating lease agreements with terms expiring at various dates through 2034. The depreciable lives of assets and leasehold improvements are limited by the expected lease term unless there is a transfer of title or purchase option reasonably certain of exercise.

Future minimum lease payments due under operating lease obligations are as follows:

2023	\$	8,878,333
2024		7,567,840
2025		6,829,899
2026		5,793,509
2027		5,245,517
Thereafter		21,015,871
Total lease payments	\$	55,330,969
Less: Imputed interest		(4,104,191)
Present value of operating lease liabilities	\$	51,226,778
Less: Current portion of operating lease liabilities		(8,231,795)
Noncurrent Portion of Operating Lease Liabilities	\$	42,994,983

TMS Group Holdings, LLC and Subsidiaries

Notes to the Consolidated Financial Statements (Continued)

13. Leases (Continued)

The components of operating lease expense consisted of the following:

December 31,	2022
Operating lease costs ^[1]	\$ 9,350,942
Variable lease costs	1,054,086
Short-term lease costs	299,181
Total Operating lease cost	\$ 10,704,209

[1] Includes sublease income of \$644,707 for 2022.

At December 31, 2022, the weighted-average remaining lease term for operating leases approximated 7.8 years and the weighted-average discount rate approximated 2%.

Finance Leases

The Company leases certain equipment under various finance lease agreements with terms expiring at various dates through 2027.

Future minimum lease payments due under finance lease obligations are as follows:

2023	\$ 603,256
2024	580,719
2025	527,944
2026	469,613
2027	284,802
Thereafter	-
Total lease payments	\$ 2,466,334
Less: Imputed interest	(333,669)
Present value of finance lease liabilities	\$ 2,132,665
Less: Current portion of finance lease liabilities	(524,203)
Noncurrent Portion of Finance Lease Liabilities	\$ 1,608,462

TMS Group Holdings, LLC and Subsidiaries

Notes to the Consolidated Financial Statements (Continued)

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13. Leases (Continued)

Assets held under finance leases are included in property and equipment and consisted of the following:

December 31,	2022	2021
Property rights under finance leases	\$ 2,613,043	\$ 935,866
Less: accumulated depreciation	(281,011)	(65,627)
Equipment Under Finance Leases - Net	\$ 2,332,032	\$ 870,239

Depreciation expense for finance leases was \$176,474 and \$65,627 for the years ended December 31, 2022 and 2021, respectively.

At December 31, 2022, the weighted-average remaining lease term for finance leases approximated 4.2 years and the weighted-average discount rate approximated 7.0%.

14. Unit-based Compensation

Unit-based compensation cost is measured at the grant date, based on the fair value of the award, and is recognized as expense over the requisite period. The compensation expense charged against operations was \$3,083,917 and \$89,590 for the years ended December 31, 2022 and 2021, respectively. As of December 31, 2022 and 2021, there was \$779,528 and \$31,429 of total unrecognized compensation expense related to non-vested restricted units granted under the plan, respectively. This cost is expected to be recognized over a weighted-average period of less than one year.

The board awarded 122.744 units in 2022 and no units in 2021. The fair value of each award is estimated on the date of grant using the Black-Scholes option pricing model. Expected volatilities are based on the historical volatility of publicly traded companies within the Company's business sector. The risk-free interest rate is based on the U.S. Treasury yield curve in effect at the time of grant for the expected term of the service.

	2022	2021
Expected term (years)	4.0	4.0
Risk-free interest rate	2.14%	2.14%
Expected volatility rate	60.5%	60.5%
Company's expected dividend yield	0.00%	0.00%
Expected forfeiture rate	0.00%	0.00%

TMS Group Holdings, LLC and Subsidiaries

Notes to the Consolidated Financial Statements (Continued)

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15. Employee Benefit Plans

Trident sponsors a 401(k) defined contribution retirement plan covering substantially all of its employees. The plan provides that eligible employees may contribute between 2% and 100% of their eligible earnings to the plan up to the maximum annual limit established by the Internal Revenue Service. The Trident matches 50% of employee contributions up to 6% of compensation. Matching contributions were \$1,361,129 and \$1,317,719 for the years ended December 31, 2022 and 2021, respectively. The plan also provides for a discretionary profit-sharing contribution; there was no profit-sharing contribution for the years ended December 31, 2022 and 2021.

Lake Shore sponsors a 401(k) defined contribution retirement plan covering all qualified employees of Lake Shore after reaching 18 years of age and completing 250 hours of service during the first three months of employment. Lake Shore may make both matching contributions and discretionary contributions to participating employees. Lake Shore recognized expenses of \$588,336 for the year ended December 31, 2022 and \$567,310 for the year ended December 31, 2021 in connection with contributions made to the 401(k) plan.

AGI subsidiaries sponsor several defined contribution retirement plans covering all qualified employees. AGI recognized expenses of \$774,838 for the year ended December 31, 2022 and \$765,300 for the year ended December 31, 2021 in connection with contributions made to the defined contribution retirement plans.

AGI's Canadian subsidiary also sponsors a defined benefit pension plan for certain employees. The plan includes 22 active members and 10 deferred vested members. The plan was fully funded as of December 31, 2022 and 2021.

16. Concentrations

Approximately 55% and 48% of revenues for the years ended December 31, 2022 and 2021 were attributable to three customers. Approximately 51% and 38% of net receivables at December 31, 2022 and 2021 were attributable to one and three customers, respectively.

17. Related Party Transactions

The Company has a management services agreement with J.F. Lehman & Company, Inc. (JFL) Under terms of the agreement, they are to provide certain management, strategic, organizational, business, technical, and financial advisory services to the Company. In consideration of these services, the Company pays a quarterly fee of \$762,500 plus related expenses. Total fees and expenses incurred during 2022 and 2021 were \$3,366,664 and \$2,953,760, respectively, and are included in selling, general and administrative expenses in the accompanying consolidated statements of operations and comprehensive income (loss).

18. Commitments and Contingencies

The Company is subject to claims arising out of the Company's normal operations. In the opinion of management, the ultimate outcome of such issues will not have a material adverse effect on financial position or results of operations.

TMS Group Holdings, LLC and Subsidiaries

Notes to the Consolidated Financial Statements (Continued)

19. Subsequent Events

On February 8, 2023, the Company discovered it was subject to a cybersecurity attack perpetrated by unauthorized third parties that affected its IT systems. Upon detection, the Company took immediate steps to address the incident, engaged third-party experts, and notified law enforcement. The Company has cyber insurance and is working with its insurance carriers on claims to recover costs incurred. The Company substantially recovered its operations and completed the restoration of its pertinent IT systems. The Company has taken actions to strengthen its existing IT security infrastructure and will continue to implement additional measures to prevent unauthorized access to, or manipulation of, its systems and data.

On June 16, 2023, the Company acquired Custom Alloy Corporation (CAC) for \$38,870,860 in cash consideration. The primary reason for the acquisition was to further expand upon Trident's presence on key U.S. Navy nuclear vessel programs, a critical element of the Company's growth strategy. CAC's offerings allow Trident to more holistically partner with shipbuilding customers to efficiently deliver the solutions required by them and the U.S. Navy.

On September 1, 2023, the Company completed the sale of specified operating assets and liabilities at US Joiner LLC's Lemon Grove, CA facility and entered into an agreement to sublease the facility to the buyer.

On October 19, 2023, the Company amended the Credit Agreement with Barings Finance LLC. The amendment (a) waived any existing Financial Condition Covenant Events of Default and adjusted the financial covenants for the fiscal quarters ended September 30, 2023 and December 31, 2023, (b) funded \$15,000,000 through an incremental term loan guaranteed by JFL until certain leverage levels are met, and (c) amended language on dispositions and application of mandatory prepayments. In exchange, JFL will inject \$26,500,000 of equity to the Company and provide for a liquidity covenant.

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