



Sørensen & Kofoed A/S

Smedeholm 7-9
2730 Herlev
CVR No. 26308917

Annual report 01.10.2022 - 30.09.2023

The Annual General Meeting adopted the annual
report on 19.12.2023

Flemming Søeborg Sørensen
Chairman of the General Meeting

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Entity details

Entity

Sørensen & Kofoed A/S
Smedeholm 7-9
2730 Herlev

Business Registration No.: 26308917
Registered office: Herlev
Financial year: 01.10.2022 - 30.09.2023

Board of Directors

Flemming Søbørg Sørensen
Ellen Margrethe Søbørg Sørensen
Mads Nicolai Søbørg Sørensen

Executive Board

Claus Hansen

Bank

Danske Bank, Finanscenter København
Hovedvejen 107
2600 Glostrup

Auditors

Deloitte Statsautoriseret Revisionspartnerselskab
Weidekampsgade 6
2300 Copenhagen S

Statement by Management

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

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

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

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

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

Herlev, 19.12.2023

Executive Board

Claus Hansen

Board of Directors

Flemming Søbørg Sørensen

Ellen Margrethe Søbørg Sørensen

Mads Nicolai Søbørg Sørensen

Independent auditor's report

To the shareholders of Sørensen & Kofoed A/S

Opinion

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

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

Basis for opinion

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

Management's responsibilities for the financial statements

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

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

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the financial statements, and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures in the notes, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

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

Statement on the management commentary

Management is responsible for the management commentary.

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

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

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

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

Copenhagen, 19.12.2023

Deloitte

Statsautoriseret Revisionspartnerselskab
CVR No. 33963556

Claus Jorch Andersen

State Authorised Public Accountant
Identification No (MNE) mne33712

Management commentary

Primary activities

As in previous years, the Company's primary activity is wholesale of technical rubber and hydraulic equipment.

Development in activities and finances

Profit for the year amounts DKK 96 thousand against a profit of DKK 2,269 thousand in 2021/22. Management acknowledges that this performance falls below expectations. However, the company has successfully retained its market share and customer base and this is considered very satisfying given the challenging market conditions.

Events after the balance sheet date

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

Income statement for 2022/23

	Notes	2022/23 DKK	2021/22 DKK
Gross profit/loss		24,994,095	26,166,538
Staff costs	1	(23,027,446)	(22,253,384)
Depreciation, amortisation and impairment losses	2	(349,345)	(336,521)
Operating profit/loss		1,617,304	3,576,633
Other financial income	3	28,498	0
Other financial expenses		(1,496,138)	(673,198)
Profit/loss before tax		149,664	2,903,435
Tax on profit/loss for the year	4	(53,354)	(634,399)
Profit/loss for the year		96,310	2,269,036
Proposed distribution of profit and loss			
Ordinary dividend for the financial year		0	2,000,000
Retained earnings		96,310	269,036
Proposed distribution of profit and loss		96,310	2,269,036

Balance sheet at 30.09.2023

Assets

	Notes	2022/23 DKK	2021/22 DKK
Goodwill		0	0
Intangible assets	5	0	0
Land and buildings		16,722,072	16,690,206
Other fixtures and fittings, tools and equipment		5,418,818	5,465,248
Property, plant and equipment	6	22,140,890	22,155,454
Fixed assets		22,140,890	22,155,454
Manufactured goods and goods for resale		40,300,027	37,806,688
Inventories		40,300,027	37,806,688
Trade receivables		15,817,705	17,498,157
Receivables from group enterprises		119,661	229,830
Other receivables		209,081	194,533
Prepayments		161,993	669,623
Receivables		16,308,440	18,592,143
Cash		15,166	11,372
Current assets		56,623,633	56,410,203
Assets		78,764,523	78,565,657

Equity and liabilities

	Notes	2022/23 DKK	2021/22 DKK
Contributed capital		1,000,000	1,000,000
Retained earnings		17,078,463	16,982,153
Proposed dividend		0	2,000,000
Equity		18,078,463	19,982,153
Deferred tax		4,020,300	5,091,000
Provisions		4,020,300	5,091,000
Mortgage debt		18,369,618	19,844,998
Joint taxation contribution payable		1,124,054	502,399
Other payables		982,016	1,144,293
Non-current liabilities other than provisions	7	20,475,688	21,491,690
Current portion of non-current liabilities other than provisions	7	1,652,592	1,651,119
Bank loans		9,985,599	7,145,411
Trade payables		9,191,582	9,588,228
Payables to group enterprises		9,103,070	7,632,619
Joint taxation contribution payable		502,399	1,470,451
Other payables		5,754,830	4,512,986
Current liabilities other than provisions		36,190,072	32,000,814
Liabilities other than provisions		56,665,760	53,492,504
Equity and liabilities		78,764,523	78,565,657
Unrecognised rental and lease commitments	9		
Contingent liabilities	10		
Assets charged and collateral	11		
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Statement of changes in equity for 2022/23

	Contributed capital DKK	Retained earnings DKK	Proposed dividend DKK	Total DKK
Equity beginning of year	1,000,000	16,982,153	2,000,000	19,982,153
Ordinary dividend paid	0	0	(2,000,000)	(2,000,000)
Profit/loss for the year	0	96,310	0	96,310
Equity end of year	1,000,000	17,078,463	0	18,078,463

Cash flow statement for 2022/23

	Notes	2022/23 DKK	2021/22 DKK
Operating profit/loss		1,617,304	3,576,633
Amortisation, depreciation and impairment losses		349,345	336,521
Working capital changes	8	200,839	(13,673,482)
Cash flows from ordinary operating activities		2,167,488	(9,760,328)
Financial expenses paid		(1,467,640)	(673,198)
Taxes refunded/(paid)		(1,470,451)	(1,188,213)
Cash flows from operating activities		(770,603)	(11,621,739)
Acquisition etc. of intangible assets		(391,812)	(581,178)
Sale of property, plant and equipment		57,000	53,000
Cash flows from investing activities		(334,812)	(528,178)
Free cash flows generated from operations and investments before financing		(1,105,415)	(12,149,917)
Loans raised		3,003,969	13,936,900
Repayments of loans etc.		(1,475,380)	(1,519,339)
Incurrence of debt to group enterprises		1,580,620	5,733,062
Dividend paid		(2,000,000)	(6,000,000)
Cash flows from financing activities		1,109,209	12,150,623
Increase/decrease in cash and cash equivalents		3,794	706
Cash and cash equivalents beginning of year		11,372	10,666
Cash and cash equivalents end of year		15,166	11,372
Cash and cash equivalents at year-end are composed of:			
Cash		15,166	11,372
Cash and cash equivalents end of year		15,166	11,372

Notes

1 Staff costs

	2022/23	2021/22
	DKK	DKK
Wages and salaries	21,314,548	20,631,678
Pension costs	1,361,906	1,271,935
Other social security costs	350,992	349,771
	23,027,446	22,253,384
Average number of full-time employees	44	46

2 Depreciation, amortisation and impairment losses

	2022/23	2021/22
	DKK	DKK
Depreciation of property, plant and equipment	345,577	327,853
Profit/loss from sale of intangible assets and property, plant and equipment	3,768	8,668
	349,345	336,521

3 Other financial income

	2022/23	2021/22
	DKK	DKK
Other financial income	28,498	0
	28,498	0

4 Tax on profit/loss for the year

	2022/23	2021/22
	DKK	DKK
Current tax	1,124,054	502,399
Change in deferred tax	(1,070,700)	132,000
	53,354	634,399

5 Intangible assets

	Goodwill
	DKK
Cost beginning of year	1,500,000
Cost end of year	1,500,000
Amortisation and impairment losses beginning of year	(1,500,000)
Amortisation and impairment losses end of year	(1,500,000)
Carrying amount end of year	0

6 Property, plant and equipment

	Land and buildings DKK	Other fixtures and fittings, tools and equipment DKK
Cost beginning of year	20,562,661	13,948,125
Additions	89,669	302,113
Disposals	0	(117,375)
Cost end of year	20,652,330	14,132,863
Depreciation and impairment losses beginning of year	(3,872,455)	(8,482,878)
Depreciation for the year	(57,803)	(287,774)
Reversal regarding disposals	0	56,607
Depreciation and impairment losses end of year	(3,930,258)	(8,714,045)
Carrying amount end of year	16,722,072	5,418,818

7 Non-current liabilities other than provisions

	Due within 12 months 2022/23 DKK	Due within 12 months 2021/22 DKK	Due after more than 12 months 2022/23 DKK	Outstanding after 5 years 2022/23 DKK
Mortgage debt	1,652,592	1,651,119	18,369,618	6,901,458
Joint taxation contribution payable	0	0	1,124,054	0
Other payables	0	0	982,016	0
	1,652,592	1,651,119	20,475,688	6,901,458

8 Changes in working capital

	2022/23 DKK	2021/22 DKK
Increase/decrease in inventories	(734,902)	(8,525,936)
Increase/decrease in receivables	415,097	(4,978,657)
Increase/decrease in trade payables etc.	520,644	(168,889)
	200,839	(13,673,482)

9 Unrecognised rental and lease commitments

	2022/23 DKK	2021/22 DKK
Liabilities under rental or lease agreements until maturity in total	172,166	536,392

10 Contingent liabilities

The Entity participates in a Danish joint taxation arrangement in which S&K Group A/S serves as the administration company. According to the joint taxation provisions of the Danish Corporation Tax Act, the Entity is therefore liable for the jointly taxed entities, and for obligations, if any, relating to the withholding of tax on

interest, royalties and dividend for the jointly taxed entities. The total known net liability of the jointly taxed entities under the joint taxation arrangement is evident from the administration company's financial statements.

11 Assets charged and collateral

Mortgage debt and bank loans are secured by way of mortgage on properties. Bank debt is secured by way and a deposited mortgage deed registered to the mortgagor on properties of DKK 328 thousand nominal. The carrying amount of the properties is DKK 16,722 thousand at 30.09.2023.

The Entity has jointly and severally guaranteed the combined bank debt of the consolidated companies which amounts to DKK 32,187 thousand at 30.09.2023.

A company charge of DKK 20,000 thousand has been provided as security for the combined bank debt of the consolidated companies. The charge comprises trade receivables, inventories, other fixtures and fittings, tools and equipment and intangible assets.

12 Group relations

Name and registered office of the Parent preparing consolidated financial statements for the smallest group:
S&K Group A/S, Rungsted Kyst, Denmark

Accounting policies

Reporting class

This annual report has been presented in accordance with the provisions of the Danish Financial Statements Act governing reporting class B enterprises with addition of a few provisions for reporting class C.

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

Recognition and measurement

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

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

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

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

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

Foreign currency translation

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

Income statement

Gross profit or loss

Gross profit or loss comprises revenue, cost of raw materials and consumables and other external expenses.

Revenue

Revenue from the sale of manufactured goods and goods for resale is recognised in the income statement when delivery is made and risk has passed to the buyer. Revenue is recognised net of VAT, duties and sales discounts and is measured at fair value of the consideration fixed.

Costs of raw materials and consumables

Costs of raw materials and consumables comprise the consumption of raw materials and consumables for the

financial year after adjustment for changes in inventories of these goods from the beginning to the end of the year. This item includes shrinkage, if any, and ordinary writedowns of the relevant inventories.

Other external expenses

Other external expenses include expenses relating to the Entity's ordinary activities, including expenses for premises, stationery and office supplies, marketing costs, etc. This item also includes writedowns of receivables recognised in current assets.

Staff costs

Staff costs comprise salaries and wages, social security contributions, pension contributions, etc for entity staff.

Depreciation and impairment losses

Depreciation and impairment losses relating to property, plant and equipment comprise depreciation and impairment losses for the financial year, calculated on the basis of the residual values and useful lives of the individual assets and impairment testing as well as gains and losses from the sale of property, plant and equipment.

Other financial income

Other financial income comprises interest income, including interest income on receivables from group enterprises, net capital or exchange gains on securities, payables and transactions in foreign currencies, amortisation of financial assets, and tax relief under the Danish Tax Prepayment Scheme etc.

Other financial expenses

Other financial expenses comprise interest expenses, including interest expenses on payables to group enterprises, net capital losses on payables and transactions in foreign currencies, amortisation of financial liabilities as well as tax surcharge under the Danish Tax Prepayment Scheme etc.

Tax on profit/loss for the year

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

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

Balance sheet

Goodwill

Goodwill is the positive difference between cost and fair value of assets and liabilities arising from acquisitions. Goodwill is amortised straight-line over its estimated useful life, which is fixed based on the experience gained by Management for each business area.

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

Property, plant and equipment

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

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

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

	Useful life
Buildings	50 years
Other fixtures and fittings, tools and equipment	5-20 years

Estimated useful lives and residual values are reassessed annually.

Items of property, plant and equipment are written down to the lower of recoverable amount and carrying amount.

Inventories

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

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

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

Receivables

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

Prepayments

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

Cash

Cash comprises cash in hand and bank deposits.

Dividend

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

Deferred tax

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

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

Mortgage debt

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

Other financial liabilities

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

Joint taxation contributions payable or receivable

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

Cash flow statement

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

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

Cash flows from investing activities comprise payments in connection with purchase and sale, etc of intangible assets and property, plant and equipment.

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

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