



Sørensen & Kofoed A/S

Smedeholm 7-9
2730 Herlev
CVR No. 26308917

Annual report 01.10.2020 - 30.09.2021

The Annual General Meeting adopted the
annual report on 14.12.2021

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: 01.10.2020 - 30.09.2021

Board of Directors

Flemming Søbørg Sørensen, Chairman

Ellen Margrethe Søbørg Sørensen

Mads Nicolai Søbørg Sørensen

Executive Board

Claus Hansen, Chief Executive Officer

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 01.10.2020 - 30.09.2021.

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 30.09.2021 and of the results of its operations and cash flows for the financial year 01.10.2020 - 30.09.2021.

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, 14.12.2021

Executive Board

Claus Hansen

Chief Executive Officer

Board of Directors

Flemming Søborg Sørensen

Chairman

Ellen Margrethe Søborg Sørensen

Mads Nicolai Søborg 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 01.10.2020 - 30.09.2021, 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 30.09.2021 and of the results of its operations and cash flows for the financial year 01.10.2020 - 30.09.2021 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 of Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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, 14.12.2021

Deloitte

Statsautoriseret Revisionspartnerselskab
CVR No. 33963556

Søren Strandby

State Authorised Public Accountant
Identification No (MNE) mne24684

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 6,120 thousand against a profit of DKK 4,251 thousand in 2019/20. Management considers the performance satisfactory.

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 2020/21

	Notes	2020/21 DKK	2019/20 DKK
Gross profit/loss		28,797,601	26,196,787
Staff costs	1	(20,077,938)	(19,899,768)
Depreciation, amortisation and impairment losses	2	(360,510)	(266,898)
Operating profit/loss		8,359,153	6,030,121
Other financial expenses		(499,781)	(530,520)
Profit/loss before tax		7,859,372	5,499,601
Tax on profit/loss for the year	3	(1,739,451)	(1,248,213)
Profit/loss for the year		6,119,921	4,251,388
Proposed distribution of profit and loss			
Ordinary dividend for the financial year		6,000,000	4,000,000
Retained earnings		119,921	251,388
Proposed distribution of profit and loss		6,119,921	4,251,388

Balance sheet at 30.09.2021

Assets

	Notes	2020/21 DKK	2019/20 DKK
Land and buildings		16,743,114	16,181,215
Other fixtures and fittings, tools and equipment		5,220,683	4,916,823
Property, plant and equipment	4	21,963,797	21,098,038
Fixed assets		21,963,797	21,098,038
Manufactured goods and goods for resale		26,403,498	24,608,269
Inventories		26,403,498	24,608,269
Trade receivables		15,120,261	13,184,900
Receivables from group enterprises		159,679	203,668
Other receivables		216,204	207,000
Prepayments		923,445	285,212
Receivables		16,419,589	13,880,780
Cash		10,666	10,998
Current assets		42,833,753	38,500,047
Assets		64,797,550	59,598,085

Equity and liabilities

	Notes	2020/21 DKK	2019/20 DKK
Contributed capital		1,000,000	1,000,000
Retained earnings		16,713,117	16,593,196
Proposed dividend		6,000,000	4,000,000
Equity		23,713,117	21,593,196
Deferred tax		4,959,000	4,690,000
Provisions		4,959,000	4,690,000
Mortgage debt		11,416,005	12,680,529
Income tax payable		1,470,451	1,188,213
Other payables		2,277,878	1,193,635
Non-current liabilities other than provisions	5	15,164,334	15,062,377
Current portion of non-current liabilities other than provisions	5	1,225,451	1,147,586
Bank loans		4,715,096	5,381,725
Trade payables		6,795,310	5,363,179
Payables to group enterprises		1,829,406	705,814
Income tax payable		1,188,213	738,592
Other payables		5,207,623	4,915,616
Current liabilities other than provisions		20,961,099	18,252,512
Liabilities other than provisions		36,125,433	33,314,889
Equity and liabilities		64,797,550	59,598,085
Unrecognised rental and lease commitments	7		
Contingent liabilities	8		
Assets charged and collateral	9		
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Statement of changes in equity for 2020/21

	Contributed capital DKK	Retained earnings DKK	Proposed dividend DKK	Total DKK
Equity beginning of year	1,000,000	16,593,196	4,000,000	21,593,196
Ordinary dividend paid	0	0	(4,000,000)	(4,000,000)
Profit/loss for the year	0	119,921	6,000,000	6,119,921
Equity end of year	1,000,000	16,713,117	6,000,000	23,713,117

Cash flow statement for 2020/21

	Notes	2020/21 DKK	2019/20 DKK
Operating profit/loss		8,359,153	6,030,121
Amortisation, depreciation and impairment losses		360,510	266,898
Working capital changes	6	(2,728,993)	(912,073)
Cash flow from ordinary operating activities		5,990,670	5,384,946
Financial expenses paid		(499,781)	(530,519)
Taxes refunded/(paid)		(738,592)	(362,178)
Cash flows from operating activities		4,752,297	4,492,249
Acquisition etc of property, plant and equipment		(1,232,269)	(385,278)
Sale of property, plant and equipment		6,000	17,000
Cash flows from investing activities		(1,226,269)	(368,278)
Free cash flows generated from operations and investments before financing		3,526,028	4,123,971
Loans raised		1,159,347	0
Repayments of loans etc		(1,186,659)	(624,122)
Incurrence of debt to group enterprises		1,167,581	3,267,605
Dividend paid		(4,000,000)	(4,000,000)
Cash flows from financing activities		(2,859,731)	(1,356,517)
Increase/decrease in cash and cash equivalents		666,297	2,767,454
Cash and cash equivalents beginning of year		(5,370,727)	(8,138,181)
Cash and cash equivalents end of year		(4,704,430)	(5,370,727)
Cash and cash equivalents at year-end are composed of:			
Cash		10,666	10,998
Short-term debt to banks		(4,715,096)	(5,381,725)
Cash and cash equivalents end of year		(4,704,430)	(5,370,727)

Notes

1 Staff costs

	2020/21 DKK	2019/20 DKK
Wages and salaries	18,785,417	18,684,457
Pension costs	1,012,869	959,320
Other social security costs	279,652	255,991
	20,077,938	19,899,768
Average number of full-time employees	42	42

2 Depreciation, amortisation and impairment losses

	2020/21 DKK	2019/20 DKK
Depreciation of property, plant and equipment	366,510	278,281
Profit/loss from sale of intangible assets and property, plant and equipment	(6,000)	(11,383)
	360,510	266,898

3 Tax on profit/loss for the year

	2020/21 DKK	2019/20 DKK
Current tax	1,470,451	1,188,213
Change in deferred tax	269,000	60,000
	1,739,451	1,248,213

4 Property, plant and equipment

	Land and buildings DKK	Other fixtures and fittings, tools and equipment DKK
Cost beginning of year	19,955,318	12,849,184
Additions	607,343	624,926
Cost end of year	20,562,661	13,474,110
Depreciation and impairment losses beginning of year	(3,774,103)	(7,932,361)
Depreciation for the year	(45,444)	(321,066)
Depreciation and impairment losses end of year	(3,819,547)	(8,253,427)
Carrying amount end of year	16,743,114	5,220,683

5 Non-current liabilities other than provisions

	Due within 12 months 2020/21 DKK	Due within 12 months 2019/20 DKK	Due after more than 12 months 2020/21 DKK	Outstanding after 5 years 2020/21 DKK
Mortgage debt	1,225,451	1,147,586	11,416,005	6,901,458
Tax payable	0	0	1,470,451	0
Other payables	0	0	2,277,878	0
	1,225,451	1,147,586	15,164,334	6,901,458

6 Changes in working capital

	2020/21 DKK	2019/20 DKK
Increase/decrease in inventories	(1,795,229)	294,675
Increase/decrease in receivables	(2,582,798)	1,435,533
Increase/decrease in trade payables etc	1,649,034	(2,642,281)
	(2,728,993)	(912,073)

7 Unrecognised rental and lease commitments

	2020/21 DKK	2019/20 DKK
Liabilities under rental or lease agreements until maturity in total	874,627	1,150,737

8 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.

9 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 7,000 thousand nominal. The carrying amount of the properties is DKK 16,743 thousand at 30.09.2021.

The Entity has jointly and severally guaranteed the combined bank debt of the consolidated companies which amounts to DKK 29,207 thousand at 30.09.2021.

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.

10 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 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

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:

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.

Tax receivable or payable

Current tax receivable or payable is recognised in the balance sheet, stated as tax computed on this year's taxable income, adjusted for prepaid tax.

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.