



KYOCERA UNIMERCO A/S

Drejervej 2, 7451 Sunds, Denmark
Company reg. no. 26 77 69 10

Annual Report for the period
1 April 2022 – 31 March 2023

Approved at the General Meeting _____

4 July 2023

Chairman: _____

Charlotte Tamstrup

COMPANY DETAILS

KYOCERA UNIMERCO A/S

Drejervej 2

DK-7451 Sunds

Telephone: 97 14 14 11

Telefax: 97 14 14 86

Website: www.kyocera-unimerco.com

E-mail: umdk@kyocera-unimerco.com

Company reg. no.: 26 77 69 10

Ownership structure

The company is 100% owned by:

KYOCERA Europe GmbH, Germany

Board of Directors

Senri Nagashima, Chairman

Kunihiko Ueki

Katsuyuki Waki

Shoji Gotoda

Peer Ditlev

Lise Rahbek Laursen

Management

Kunihiko Ueki, Chairman

Shoji Gotoda, President

Jan Rønberg, Vice President

Mads Mølbak, Vice President

Henrik Schurmann, Vice President

Financial year

1 April – 31 March

Auditors

PricewaterhouseCoopers

Bankers

Danske Bank

Lawyers

DLA Piper, Aarhus

General Meeting

The company's General Meeting will be held in the company's office Tuesday July 4, 2023.

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KEY FIGURES

DKK '000	18/19	19/20	20/21	21/22	22/23
Revenue	1.226.156	1.261.696	1.151.826	1.363.517	1.411.192
Expenses	1.095.754	1.137.743	1.031.406	1.204.665	1.277.228
EBITDA	173.687	172.631	154.781	195.662	174.655
EBIT	130.402	123.953	120.420	158.852	133.964
Financial items	-208	-2.211	-491	-2.537	-2.534
EBT	130.194	121.742	119.929	156.315	131.430
Net profit	93.747	92.152	90.822	116.192	97.971
Fixed assets	240.263	228.462	215.135	227.693	222.907
Current assets	730.143	772.792	739.324	810.965	840.748
Total assets	970.406	1.001.254	954.459	1.038.658	1.063.655
Share capital	153.000	153.000	153.000	153.000	153.000
Equity	771.077	821.774	770.624	847.954	886.977
Provisions	25.157	20.458	19.620	23.174	26.067
Non-current liabilities	3.188	3.076	2.704	4.377	3.857
Current liabilities	170.984	155.946	161.511	163.153	146.754
Cash flow from operating activities	115.014	129.740	130.332	61.196	104.915
Cash flow from investing activities	-52.150	-37.594	-22.602	-46.008	-37.391
<i>Of this investment in tangible fixed assets</i>	<i>-54.016</i>	<i>-39.320</i>	<i>-21.551</i>	<i>-44.172</i>	<i>-29.837</i>
Cash flow from financing activities	-48.958	-73.799	-79.024	-28.821	-46.373
Change in cash for the year	13.906	18.347	28.706	-13.633	21.151
Cash, end of period	128.612	145.274	172.428	155.956	173.144
Average no. of employees	696	707	691	704	729
Profit margin	10,6	9,8	10,5	11,7	9,5
Return on invested capital p.a.	20,5	18,0	18,3	24,0	18,5
Gross margin ratio	36,8	36,1	35,6	37,1	36,5
Return on equity p.a.	12,8	11,6	11,4	14,4	11,3
Equity ratio	79,5	82,1	80,7	81,6	83,4

For definitions of financial ratios a reference is made to "Financial ratios" under accounting policies.

GROUP MANAGEMENT REPORT

Core activities

KYOCERA UNIMERCO is a consulting, sales, manufacturing, and service company within cutting tools, measuring and calibration for the manufacturing industry as well as fastening products for the building and construction industries.

Development in the year

The Group generated a record high revenue of DKK 1.411 million which is DKK 48 million and 3,5% above last year. Profit before tax was DKK 131 million which is DKK 25 million and 15,9% below last year.

The largest part of the revenue (81%) came from markets outside Denmark.

We had a moderate sales increase despite of a challenging year with high inflation and a significant decrease in the construction and building activities in second half. This was offset by a good growth in automotive and aerospace after a couple of years with moderate growth. Two out of our five business segments managed to grow sales 8-10% while the remaining 3 business segments had a declining revenue.

We were not able to increase our profit due to significant raw material costs, freight costs, and energy costs increases, which we were not able to compensate fully through price increases to our customers.

We consider the result satisfactory given the market conditions during the financial year.

Acquisitions and investment

Kyocera Unimerco has not acquired any new companies during this financial year. The total investments amount to DKK 39 million – which is mainly related to production equipment.

Equity and liquidity

Equity increased by DKK 39 million, from DKK 848 million to DKK 887 million. Profit for the year increased equity by DKK 98 million, while exchange rate adjustment of the equity in the subsidiaries decreased equity by DKK 10 million. Dividend payment reduced equity by DKK 49 million. The equity ratio is 83%.

Liquidity increased from DKK 156 million to DKK 173 million.

Risks

The Group has companies and activities in several countries, which means that profit, cash flow and equity are impacted by foreign exchange rates and interest developments for several currencies. Basically, the Group does not hedge neither commercial currency risks nor currency risk relating to investment in subsidiaries or joint ventures. The Group does not enter speculative currency or interest hedging.

The liquidity risk is limited, since the Group has a high equity ratio, cash on hand, and access to internal financing in Kyocera Group if needed.

Product and process development, environment, and education

During the year, the Group has continued the investments in developing new products and new versions of existing solutions. New developments take place both as developments driven by future market trends as well as development projects in close cooperation with large international customers.

As regards environment and quality, all certified Tooling and Fastening companies in the Group have retained their ISO and environmental certificates in all audits.

The Group's education and competence level has improved this financial year, partly due to new employments and partly due to external and internal education activities.

Mandatory statement on social responsibility under section 99(a) of the Danish Financial Statements Act

Please refer to the 2022 CSR report of the ultimate parent company Kyocera Corporation, which is prepared in accordance with the UN Global Compact guidelines. The report can be obtained from the Kyocera Group website on the following link: <https://global.kyocera.com/ecology/catalog.html>.

Mandatory statement on the underrepresented gender under section 99(b) of the Danish Financial Statements Act

The Board of Directors has set the target that at least 40% of the board members should be female in 2025. At present, one out of seven board members is female.

Since the company has less than 50 employees, and each subsidiary account for its own policy and activity to increase the number of women in the management group, the company is exempted to account for the policy how to increase the number of women in the management group.

Data ethics report

Kyocera Unimerco Data Ethics Policy outlines the KUA Group's commitment to handle data with a high level of integrity.

The overall objective of our Data Ethics policy is to encourage and motivate all employees of the Group to handle data with utmost care and respect and to adhere to a responsible and sustainable use of data by following our guiding principles on data ethics. As a global company we align with universal principles on fundamental rights

Expectations for the coming year

The general financial outlook for the coming year is mixed but we expect to be able to increase both our sales and EBT with up to 5%.

Events after reporting period

Kyocera Unimerco has acquired a German manufacturer of carbide cutting tools and oscillation knives drives with takeover from May 1, 2023

General Meeting and dividend

The Annual General Meeting will be held on 4 July 2023 at the Group's head office at Drejervej 2, DK-7451 Sunds, Denmark. The Board of Directors will propose to the Annual General Meeting that DKK 39,920,000 be distributed as dividend for the 2022/23 financial year.

MANAGEMENT'S STATEMENT

The Board of Directors and the Management have today considered and adopted the Annual Report of KYOCERA UNIMERCO A/S for the financial year 1 April 2022 - 31 March 2023.

The Annual Report has been prepared in accordance with the Danish Financial Statements Act.

We consider the accounting policies applied appropriate, and thus the Annual Report provides a true and fair view of the Company's and the Group's assets, liabilities and financial position as of 31 March 2023, and of the results of the Company's and the Group's activities and the Group's cash flows for the period 2022/23.

We are also of the opinion that the Management's report provides a true and fair account of the development in the Group's and the Company's activities and financial conditions, profit for the year and the Group's and the Company's financial position.

We recommend the Annual Report for adoption at the General Meeting.

Sunds, 4 July 2023

Management

Kunihiko Ueki
Chairman

Shoji Gotoda
President

Jan Rønberg
Vice President

Mads Mølbak
Vice President

Henrik Schurmann
Vice President

Board of Directors

Senri Nagashima
Chairman

Kunihiko Ueki

Katsuyuki Waki

Shoji Gotoda

Peer Ditlev

Lise Rahbek Laursen

INDEPENDENT AUDITOR'S REPORT

To the Shareholder of KYOCERA UNIMERCO A/S

Opinion

In our opinion, the Consolidated Financial Statements and the Parent Company Financial Statements give a true and fair view of the financial position of the Group and the Parent Company at 31 March 2023, and of the results of the Group's and the Parent Company's operations as well as the consolidated cash flows for the financial year 1 April 2022 - 31 March 2023 in accordance with the Danish Financial Statements Act.

We have audited the Consolidated Financial Statements and the Parent Company Financial Statements of KYOCERA UNIMERCO A/S for the financial year 1 April 2022 - 31 March 2023, which comprise income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies, for both the Group and the Parent Company, as well as consolidated statement of cash flows ("financial statements").

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the 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 our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (IESBA Code) and the additional ethical requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Statement on Management's Review

Management is responsible for Management's Review.

Our opinion on the financial statements does not cover Management's Review, 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 Management's Review and, in doing so, consider whether Management's Review is materially inconsistent with the financial statements, or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether Management's Review provides the information required under the Danish Financials Statements Act.

Based on the work we have performed, in our view, Management's Review is in accordance with the Consolidated Financial Statements and the Parent Company Financial Statements and has been prepared in accordance with the requirements of the Danish Financial Statement Act. We did not identify any material misstatement in Management's Review.

Management's Responsibilities for the Financial Statements

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

INDEPENDENT AUDITOR'S REPORT

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 judgment and maintain professional skepticism 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 Group's and the Parent Company'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 Group's and the Parent Company'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 Group and the Parent Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and contents of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the Consolidated Financial Statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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.

Herning, 4 July 2023

PricewaterhouseCoopers

Statsautoriseret Revisionspartnerselskab

CVR No 33 77 12 31

Poul Spencer Poulsen
State Authorised Public Accountant
mne23324

Hans Jørgen Andersen
State Authorised Public Accountant
mne30211

ACCOUNTING POLICIES

Basic principles

The Annual Report for KYOCERA UNIMERCO A/S for 2022/23 is presented in accordance with the requirements of the Danish Financial Statements Act for class C companies (large).

The accounting policies applied in this Annual Report are unchanged from last year.

The Annual Report is presented in TDKK.

In general

Assets are recognised in the balance sheet when it is probable that future economic benefits will accrue to the company and the value of the assets can be measured reliably.

Liabilities are recognised in the balance sheet when they are probable and when they can be measured reliably.

Initial recognition of assets and liabilities is done at cost price. Subsequently, assets and liabilities are measured as described below for each item.

Certain financial assets and liabilities are measured at amortised cost price, which means a constant true interest is recognised. Amortised cost is calculated as initial cost less any instalments and addition/deduction of the accumulated amortisation of the difference between cost and nominal value. Consequently, the capital gains and losses are allocated over the expected useful lives.

When recognising and measuring, allowance is made for any profits, losses and risks that become known before the financial statements are presented and which confirm or deny conditions, which existed on the balance sheet date.

Income is recognised in the income statement when earned – this includes recognition of value adjustments of financial assets and liabilities which are measured at fair value or amortised cost. Furthermore, all costs incurred to achieve the profit for the year – including depreciation, write-downs and provisions – are recognised in the income statement along with reversal of amounts, which have previously been recognised in the income statement, due to changes in accounting estimates.

Consolidated financial statements

The consolidated financial statements comprise the parent company KYOCERA UNIMERCO A/S and the subsidiaries in which the Group holds more than 50% of the voting rights or, in any other way, holds controlling interest. Companies in which the Group holds between 20% and 50% of the voting rights and has a significant but not a controlling interest are considered as associated companies. In the process of consolidation, intra-group income and expenses, shareholdings, dividends, balances and unrealised intra-group profits and losses have been eliminated.

The accounting principles applied in the foreign subsidiaries have been adjusted to the Group's accounting principles.

Investments in subsidiaries are set off against the proportionate share of the subsidiaries' fair value of net assets or liabilities at the acquisition date.

Recently acquired subsidiaries are included in the consolidated financial statements as from the date of acquisition. Companies sold are included until the date of sale. Comparative figures are not adjusted for newly acquired or sold companies.

Purchases of new companies are accounted for using the purchase method of accounting, according to which the assets and liabilities of the newly acquired companies are measured at fair value at the time of acquisition. Provision is made for liabilities relating to any restructurings decided and published in the acquired company in connection with the purchase. Account is taken of the tax effect of the undertaken revaluations.

ACCOUNTING POLICIES

Positive balances (goodwill) between the cost and fair value of identified assets and liabilities acquired, including restructuring provisions, are recognised under intangible assets and amortised systematically through the income statement based on an individual assessment of the economic life of the asset.

Negative balances (negative goodwill) reflecting an anticipated unfavourable trend in the companies concerned are offset against positive balances and subsequently recognised in the income statement in line with the realisation of the unfavourable trend.

Group internal business combinations

The pooling of interest method is applied on investments and divestures, mergers etc. of participating companies under the control of the parent company. Differences in the amounts between the cost price and the booked value of the acquired business are recognized directly in equity. Comparative figures are adjusted in accordance with the business combination.

Translation of foreign currency

Transactions in foreign currency during the year have been booked during the year at the exchange rate effective on the date of transaction. Exchange differences arising from the difference between the exchange rate on the transaction date and the exchange rate prevailing at the balance sheet date are recognised in the income statement.

Receivables, payables and other monetary items in foreign currency, which have not been settled on the balance sheet date, are translated using the closing rate. The difference between the exchange rate of the balance sheet date and the exchange rate when the receivable or debt was incurred or recognised in the latest annual report is recognised in the income statement under financial items.

Non-current assets purchased in foreign currency are translated using the rate of exchange on the date of transaction.

Foreign subsidiaries and associated companies are considered as independent units. When recognising foreign subsidiaries and associated companies, the income statement is translated using the average exchange rate for the month. The balance sheet items are translated using the closing rate. Exchange rate differences deriving from translation of the foreign companies' equity at the beginning of the financial year using the closing rates, and the differences owing to the translation of income statements from the date of transaction to closing rates, are all recognised directly in the equity.

Minority interests

Minority interests form part of the Group's total equity. Upon distribution of net profit, net profit is broken down on the share attributable to minority interests and the share attributable to the shareholders of the Parent Company. Minority interests are recognised on the basis of a remeasurement of acquired assets and liabilities to fair value at the time of acquisition of subsidiaries.

Income statement

Revenue

The revenue related to goods for resale and manufactured goods is recognised in the income statement provided that delivery and passing of the risk have taken place before the end of the financial year, and provided that the income can be stated reliably and is expected to be received. Revenue is recognised ex. VAT, taxes and discounts related to sales.

Production expenses

Production expenses comprise expenses, including depreciation salaries/wages, incurred to achieve the revenue for the year. The trading activities include cost of sales, and the manufacturing activities include production expenses corresponding to the revenue for the year.

ACCOUNTING POLICIES

Production expenses also include R&D expenses that do not meet the criteria for capitalisation, along with depreciation on capitalised development expenses.

Distribution expenses

Distribution expenses comprise expenses regarding sales and distribution personnel, market development expenses, other sales promotion expenses, expenses related to sales risks, etc., including depreciation.

Administrative expenses

Administrative expenses comprise expenses regarding administrative staff, management and office expenses, etc., including depreciation. Administrative expenses also comprise other overheads regarding IT, including technical IT, human resource development, training and education and the company canteen.

Other operating income and expenses

Other operating income and other operating expenses comprise items of a secondary nature to the core activities of the enterprises, including gains and losses on the sale of intangible assets and property, plant and equipment.

Profit or loss on investments in subsidiaries

The income statement of the parent company recognises the proportionate share of the profit or loss after tax of each individual subsidiary after full elimination of intercompany gains/losses.

Financial items

Financial income and expenses include interest income and expenses, exchange gains and losses on securities, amortisation of financial assets and liabilities, as well as surcharges and allowances under the tax prepayment scheme.

Tax on profit for the year

Tax for the year, which includes the year's anticipated tax liability on taxable earnings and changes in deferred tax, is recognised in the income statement with the share that is directly attributable to the result for the year and directly on equity with the share, which can be attributed to entries made directly to the equity.

The parent company is taxed jointly with the Danish subsidiaries and other Danish entities in the Kyocera group, and some of the foreign subsidiaries continue to influence the joint taxation. Provisions are made for full tax in all Danish subsidiaries. The difference between the calculated tax on income subject to joint taxation and the tax provided for in the subsidiaries is provided for in the financial statements of the parent company.

Balance sheet

Intangible fixed assets

Acquired rights

Patents and trademarks are measured at cost price with the deduction of accumulated depreciation and write-downs. Patents and trademarks are amortised on a straight-line basis over the expected useful life.

Depreciation of investments in software purchased to improve and streamline routines, processes, etc., is amortised on a straight-line basis over a period of 5 years. Software upgrades and updates are written off immediately.

Goodwill

Goodwill is amortised over its expected economic life, which is determined on the basis of management's experience within the individual business areas. Goodwill is amortised on a straight-line basis over the period of amortisation.

The amortisation period for goodwill currently capitalised equals 3-10 years.

ACCOUNTING POLICIES

Tangible fixed assets

Plant and equipment are measured at acquisition cost less accumulated depreciation. Land is not depreciated.

Interest related to loans financing production of tangible fixed assets, and which concerns the production period, is recognised in the income statement.

Depreciation on buildings and installations is carried out on a straight-line basis over the estimated useful lives of the assets, 10-25 years.

Plant and machinery as well as vehicles, fixtures, fittings, tools and equipment are depreciated over 3-5 years using the straight-line method.

Lease agreements

At the time of purchase, financially leased assets are recognised in the balance sheet at market value or at the current value of the future lease payments, if lower. When calculating the current value, the lease agreement's internal rate of return is used as discount factor, or an approximate value for this. Financially leased assets are depreciated as other tangible fixed assets.

Decrease in value of assets

The accounting values of tangible as well as intangible fixed assets are calculated annually for indications of decrease in value beyond that which is expressed by depreciation. If there are indications of decrease in value, impairment tests are made of each individual asset or group of assets. The assets are written down to recoverable amount if this is lower than the accounting value.

Fixed asset investments

Investments in subsidiaries are measured at equity value in the balance sheet of the parent company with additions or deductions of intra-group profits or losses and non-amortised goodwill calculated according to the acquisition method.

Investments in associated companies are measured at the proportionate share of the equity value in the balance sheets of the parent company and the Group in accordance with the Group's accounting policies, with additions or deductions of unrealised profits or losses and non-amortised goodwill calculated according to the acquisition method.

Listed and non-listed shares recognised under investments are measured at fair value.

Current assets

Inventories

Inventories are recognised at cost, using the FIFO method or net realisation value, if lower.

The cost of goods for resale, raw materials and other materials comprises the purchase price plus delivery costs. The cost of manufactured goods and work in progress comprises the costs for raw materials, other materials and direct labour costs as well as indirect production costs.

Indirect production costs comprise indirect materials and labour costs, costs for maintenance of and depreciation on machinery, factory buildings and equipment applied in the production process as well as costs for factory administration and management.

The net realisable value of inventories is calculated as the selling price less cost of completion and costs for executing the sale, and it is fixed in consideration of negotiability, obsolescence and the development in expected sales price.

Receivables

Receivables are measured at amortised cost. Writing down for anticipated uncollectible is carried out.

Prepayments and deferred income

Prepayments recognised under assets comprise incurred costs related to the following financial year.

Equity**Dividend**

Proposed dividend is recognised as a liability in the accounts when approved at the General Meeting (the time of announcement). The expected dividend is shown as a separate item under equity.

Provisions**Deferred tax and corporation tax**

Provision for deferred tax is calculated according to the debt method on the basis of all temporary differences between the tax and accounting values of assets and liabilities. Deferred tax is measured on the basis of the planned use of the asset as well as the planned settlement of the obligation.

In the calculation of deferred tax, the tax base of possible losses and provisions etc. is entered if it is likely that these can be included in future tax results.

If the deferred tax constitutes a positive amount, this is entered in the balance sheet as a deferred tax asset. Deferred tax is measured on the basis of the tax rules and tax rates in force in the individual countries.

Corporation tax is recognised along with the tax expected to be imposed on taxable profit for the year less tax paid on account.

Liabilities

Debt to mortgage credit institutions and credit institutions is recognised initially at the proceeds received net of transaction expenses incurred. In subsequent periods, the financial liabilities are recognised at amortised cost corresponding to the capitalised value using the effective interest rate, so that the difference between the proceeds and the nominal value is recognised in the income statement over the term of the loan.

Other liabilities, comprising trade payables and other payables, are measured at amortised cost, which essentially equals the nominal value.

Deferred income

Deferred income recognised under liabilities comprises received payments related to income in the following financial years.

Cash flow statement

The cash flow statement shows the company's cash flow for the year, allocated on operating activity, investment activity and financing activity for the year, change in liquid assets for the year and the company's liquid assets at the beginning and end of the financial year.

Cash flow from operating activities

Cash flow from operating activities is calculated as result for the year adjusted for non-cash operating items, changes to working capital as well as corporation tax paid.

Cash flow from investing activities

Cash flow from investing activities comprises cash flows related to purchase and sale of companies and activities as well as purchase and sale of intangible, tangible and financial fixed assets.

ACCOUNTING POLICIES

Cash flow from financing activities

Cash flow from financing activities comprises changes in size or composition of the company's share capital and related costs as well as raising of loans, repayment on interest-bearing debt as well as distribution of dividend to the shareholders.

Segment information

Segment information on business segments and geographical markets is provided. The segment information follow the Group's accounting policies, risks and internal corporate management accounting.

Liquid funds

Liquid funds cover cash at bank and in hand.

Financial ratios

The financial ratios mentioned in the section "Key figures" have been calculated as follows:

Profit ratio	$\frac{\text{Operating profit} \times 100}{\text{Revenue}}$
Return on invested capital	$\frac{\text{Operating profit} \times 100}{\text{Average invested capital}}$
Invested capital	Operational intangible and tangible fixed assets and net working capital
Gross margin ratio	$\frac{\text{Gross profit} \times 100}{\text{Revenue}}$
Return on equity	$\frac{\text{Profit for the year} \times 100}{\text{Average Equity}}$
Equity ratio	$\frac{\text{Equity (end of period)} \times 100}{\text{Liabilities, total (end of period)}}$

INCOME STATEMENT FOR THE PERIOD 1 APRIL 2022 – 31 MARCH 2023

<u>Note</u>	DKK '000	<u>Group</u>		<u>Parent company</u>	
		<u>2022/23</u>	<u>2021/22</u>	<u>2022/23</u>	<u>2021/22</u>
1	Revenue	1.411.192	1.363.517	0	0
2	Production expenses	-896.581	-857.647	0	0
	Gross profit	514.611	505.870	0	0
2	Distribution expenses	-291.615	-268.669	0	0
2,3	Administrative expenses	-91.027	-80.261	-12.178	-7.215
4,5	Other operating income	2.002	4.100	8.207	8.104
	Other operating costs	-7	-2.188	0	0
	Operating profit/loss	133.964	158.852	-3.971	889
6	Profit after tax in subsidiaries	0	0	101.828	115.883
7	Financial income	2.959	996	691	10
8	Financial expenses	-5.493	-3.533	-1.596	-637
	Profit before income tax	131.430	156.315	96.952	116.145
9	Tax on profit for the year	-33.459	-40.123	-1.561	-2.144
	Profit for the period	97.971	116.192	95.391	114.001

BALANCE SHEET AS OF 31 MARCH 2023

<u>Note</u>	DKK '000	<u>Group</u>		<u>Parent company</u>	
		<u>31/3 2023</u>	<u>31/3 2022</u>	<u>31/3 2023</u>	<u>31/3 2022</u>
	<u>ASSETS</u>				
	Acquired rights	18.652	12.242	0	0
	Goodwill	2.529	3.742	0	0
	Development projects in progress and prepayments	207	162	0	0
10	Intangible fixed assets	21.388	16.146	0	0
	Land and buildings	125.037	126.867	0	0
	Plant and machinery	48.677	48.336	0	0
	Other fixtures and fittings, tools and equipment	23.923	24.787	0	0
	Property, plant and equipment in progress	3.882	11.557	0	0
11	Property, plant and equipment	201.519	211.547	0	0
12	Investment in subsidiaries	0	0	826.118	799.257
	Fixed assets investments	0	0	826.118	799.257
	FIXED ASSETS	222.907	227.693	826.118	799.257
	Raw materials and consumables	25.460	23.064	0	0
	Work in progress	6.312	4.865	0	0
	Manufactured goods and goods for resale	214.316	191.036	0	0
	Prepayments for goods	6.879	24.900	0	0
	Inventories	252.967	243.865	0	0
	Trade receivables	241.302	237.612	0	0
	Receivables from group enterprises	126.819	130.038	128.730	129.208
	Corporation tax	14.448	11.923	5.211	7.704
	Corporation tax, joint taxation	0	0	10.603	13.425
	Other receivables	17.869	14.447	1.092	21
13	Deferred tax assets	4.485	5.845	0	0
14	Prepayments	9.714	11.279	53	15
	Receivables	414.637	411.144	145.689	150.373
	Cash at bank and in hand	173.144	155.956	27.229	5.682
	CURRENT ASSETS	840.748	810.965	172.918	156.055
	ASSETS	1.063.655	1.038.658	999.036	955.312

BALANCE SHEET AS OF 31 MARCH 2022

<u>Note</u>	DKK '000	<u>Group</u>		<u>Parent company</u>	
		<u>31/3 2023</u>	<u>31/3 2022</u>	<u>31/3 2023</u>	<u>31/3 2022</u>
	<u>LIABILITIES</u>				
	Share capital	153.000	153.000	153.000	153.000
	Reserve equity method	0	0	53.107	31.829
	Retained earnings	697.900	642.429	634.817	608.938
	Exchange adjustments	-9.976	-1.662	0	0
	Proposed dividend	39.920	49.255	39.920	49.255
	Equity attributable to owner of KYOCERA UNIMERCO A/S	880.844	843.022	880.844	843.022
	Non-controlling interest	6.133	4.932	0	0
15, 16	EQUITY	886.977	847.954	880.844	843.022
17	Provision for deferred tax	26.067	23.174	14.996	14.144
	PROVISIONS	26.067	23.174	14.996	14.144
	Leasing commitments	3.857	4.377	0	0
18	Non-current liabilities	3.857	4.377	0	0
18	Leasing commitments	1.068	1.163	0	0
	Payables to group enterprises	25.106	26.474	101.729	95.486
	Trade payables	41.713	50.971	959	403
	Corporation tax	6.317	5.635	0	0
	Other payables	72.550	78.910	508	2.257
	Current liabilities	146.754	163.153	103.196	98.146
	LIABILITIES	150.611	167.530	103.196	98.146
	LIABILITIES AND EQUITY	1.063.655	1.038.658	999.036	955.312
20	Contingent liabilities and other financial obligations				
21	Related parties				
22	Events after reporting period				

STATEMENT OF CHANGES IN EQUITY, GROUP AND PARENT COMPANY

Group

<u>Note</u> DKK '000	<u>Share capital</u>	<u>Exchange adjustments</u>	<u>Retained earnings</u>	<u>Proposed dividend</u>	<u>Non-controlling interest</u>	<u>Total</u>
Equity at 1 April 2021	153.000	0	577.683	34.402	5.539	770.624
Exchange rate adjustment of subsidiaries	0	-1.662	0	0	-2.798	-4.460
Dividend paid	0	0	0	-34.402	0	-34.402
Net profit for the year	0	0	64.746	49.255	2.191	116.192
15,16 Equity at 31 March 2022	153.000	-1.662	642.429	49.255	4.932	847.954
Exchange rate adjustment of subsidiaries	0	-8.314	0	0	-1.379	-9.693
Dividend paid	0	0	0	-49.255	0	-49.255
Net profit for the year	0	0	55.471	39.920	2.580	97.971
15,16 Equity at 31 March 2023	153.000	-9.976	697.900	39.920	6.133	886.977

Parent company

<u>Note</u> DKK '000	<u>Share capital</u>	<u>Reserve equity method</u>	<u>Retained earnings</u>	<u>Proposed dividend</u>	<u>Total</u>
Equity at 1 April 2021	153.000	22.188	555.495	34.402	765.085
Exchange rate adjustment of subsidiaries	0	-1.662	0	0	-1.662
Dividend paid	0	0	0	-34.402	-34.402
Net profit for the year	0	11.303	53.443	49.255	114.001
15,16 Equity at 31 March 2022	153.000	31.829	608.938	49.255	843.022
Exchange rate adjustment of subsidiaries	0	-8.314	0	0	-8.314
Dividend paid	0	0	0	-49.255	-49.255
Net profit for the year	0	29.592	25.879	39.920	95.391
15,16 Equity at 31 March 2023	153.000	53.107	634.817	39.920	880.844

CASH FLOW STATEMENT FOR THE PERIOD 1 APRIL 2022 TO 31 MARCH 2023

<u>Note</u>	DKK '000	Group	
		2022/23	2021/22
	Revenue	1.411.192	1.363.517
	Expenses	-1.238.154	-1.169.636
19	Cash flows from operating activities before change in working capital	173.038	193.881
	Change in inventories	-10.390	-47.986
	Change in receivables	-11.365	28.637
	Change in payables	-13.304	-76.074
	Cash flows from operating activities before financial items	137.979	98.458
	Financial items, net	-2.534	-2.260
	Corporation tax paid	-30.530	-35.002
	Cash flows from operating activities	104.915	61.196
	Purchase of intangible fixed assets	-9.170	-4.300
	Purchase of tangible fixed assets	-29.837	-44.172
	Sale of tangible fixed assets	1.616	2.387
	Sale of financial fixed assets	0	77
	Cash flows from investing activities	-37.391	-46.008
	<u>Shareholders:</u>		
	Dividend paid	-49.255	-34.402
	Participation in group cash pool	3.042	3.708
	<u>Debt financing:</u>		
	Increase of debt to credit institutions etc.	1.796	3.128
	Repayment of debt	-1.956	-1.255
	Cash flow from financing activities	-46.373	-28.821
	Change in cash and cash equivalents	21.151	-13.633
	Cash and cash equivalents at the beginning of the year	155.956	172.428
	Currency adjustments relating to subsidiaries	-3.963	-2.839
	Cash and cash equivalents at year end	173.144	155.956

The cash flow statement cannot be derived directly from the consolidated financial statements.

NOTES TO THE ANNUAL ACCOUNTS AND THE CONSOLIDATED ANNUAL ACCOUNTS

<u>Note</u>	<u>DKK '000</u>	<u>Group</u>		<u>Parent company</u>	
		<u>2022/23</u>	<u>2021/22</u>	<u>2022/23</u>	<u>2021/22</u>
1	Revenue				
	<u>Revenue grouped by geographical markets</u>				
	Europe	1.211.483	1.199.638	0	0
	North and South America	132.678	84.045	0	0
	Asia	17.360	35.306	0	0
	Rest of the world	49.671	44.528	0	0
		1.411.192	1.363.517	0	0
	<u>Revenue grouped by segment:</u>				
	Tooling	1.041.876	983.951	0	0
	Fastening	369.316	379.566	0	0
		1.411.192	1.363.517	0	0
2	Staff expenses				
	Wages and salaries	344.400	329.653	4.847	5.004
	Pension expenses	19.954	21.012	147	64
	Other expenses for social security	25.597	22.670	26	22
		389.951	373.335	5.020	5.090
	Average number of employees	729	704	3	3

Consideration for Management of the parent company for the period is DKK 3,066 thousand (2021/22: DKK 3,107 thousand) and for the Board DKK 0 thousand (2021/22: DKK 0 thousand).

Consideration for Management at group level for the period is DKK 5,020 thousand (2021/22: DKK 5,090 thousand) and for the Board DKK 0 thousand (2021/22: DKK 0 thousand).

	<u>Group</u>		<u>Parent company</u>		
	<u>2022/23</u>	<u>2021/22</u>	<u>2022/23</u>	<u>2021/22</u>	
3	Fees for auditors appointed by the General Meeting				
	Total fee for PricewaterhouseCoopers				
	Auditing	1.898	1.780	187	180
	Other assurance tasks	170	80	140	57
	Tax consultancy	366	221	186	64
	Other services	116	461	5	5
		2.550	2.542	518	306

NOTES TO THE ANNUAL ACCOUNTS AND THE CONSOLIDATED ANNUAL ACCOUNTS

Note	DKK '000	Group		Parent company	
		2022/23	2021/22	2022/23	2021/22
4	Other operating income				
	Gain on disposal of fixed assets	901	1.828	0	0
	Covid-19 Compensation	0	909	0	0
	Other operating income	1.101	1.363	8.207	8.104
		2.002	4.100	8.207	8.104

5 Special items

In 2021/22 due to the Corona pandemic the Group has been involved in various government support packages in the countries where the group is located.

The government support packages varied from country to country. E.g. short term lay off scheme, reduction of social costs, salary compensation payment from the government etc.

In 2021/22 the received compensation from local governments TDKK 909 is recognized under "Other operating income", please see note 4.

Short term lay off scheme, reduction of social costs and other reductions were recognized under "Staff expenses", see note 2. Therefore, the staff expenses for 2022/23 are not directly comparable with 2021/22.

6 Profit after tax in subsidiaries

	Parent company	
	2022/23	2021/22
Profits in subsidiaries	134.176	160.377
Deficits in subsidiaries	0	-6.071
Tax in subsidiaries	-31.135	-37.210
Consolidated goodwill amortisation	-1.213	-1.213
	101.828	115.883

7 Financial income

	Group		Parent company	
	2022/23	2021/22	2022/23	2021/22
Interests received from group enterprises	506	0	524	10
Other financial income	2.453	996	167	0
	2.959	996	691	10

8 Financial expenses

Interest paid to group enterprises	0	0	-1.262	-160
Loss from fixed asset investments	0	-281	0	-281
Other financial expenses	-5.493	-3.252	-334	-196
	-5.493	-3.533	-1.596	-637

NOTES TO THE ANNUAL ACCOUNTS AND THE CONSOLIDATED ANNUAL ACCOUNTS

Note	DKK '000	Group		Parent company	
		2022/23	2021/22	2022/23	2021/22
9	Tax on profit for the year				
	Current tax for the year	29.635	36.720	717	719
	Change in deferred tax liabilities for the year	750	1.652	-1.148	-581
	Change in deferred tax assets for the year	2.636	-459	0	0
	Tax relating to previous years	438	2.210	1.992	2.006
		33.459	40.123	1.561	2.144
	Tax on profit for the year can be specified as:				
	Tax on profit for the year	28.915	34.389	21.329	25.551
	Higher/lower tax rate of foreign subsidiaries	3.538	4.339	0	0
	Tax effect of:				
	Reduction of tax rates	-182	-323	0	0
	Non-taxable income	-656	-1.601	0	0
	Non-taxable result in subsidiaries	0	0	-22.402	-25.494
	Non-deductible amortisation of goodwill	267	267	0	0
	Other non-deductible expenses	1.139	842	642	81
	Tax relating to previous years	438	2.210	1.992	2.006
		33.459	40.123	1.561	2.144

NOTES TO THE ANNUAL ACCOUNTS AND THE CONSOLIDATED ANNUAL ACCOUNTS

Note DKK '000

10 Intangible fixed assets, group

	Acquired rights	Goodwill	Development pro- jects in progress and prepayments	Total
Cost at 1 April 2022	60.973	118.847	162	179.982
Exchange adjustment	-364	15	0	-349
Additions for the year	9.085	0	85	9.170
Disposals for the year	-25	0	0	-25
Transfers during the year	40	0	-40	0
Cost at 31 March 2023	69.709	118.862	207	188.778
Amortisation at 1 April 2022	48.731	115.105	0	163.836
Exchange adjustment	-136	15	0	-121
Amortisation for the year	2.486	1.213	0	3.699
Reversal of amortisation of disposed assets	-24	0	0	-24
Amortisation at 31 March 2023	51.057	116.333	0	167.390
Carrying amount at 31 March 2023	18.652	2.529	207	21.388
Carrying amount at 31 March 2022	12.242	3.742	162	16.146

11 Property, plant and equipment, group

	Land and buildings	Plant and machinery	Other fixtures and fittings, tools and equipment	Tangible fixed assets in progress	Total
Cost at 1 April 2022	268.249	378.485	56.680	11.557	714.971
Exchange adjustment	-2.846	140	-1.037	4	-3.739
Additions for the year	5.333	13.534	8.279	2.691	29.837
Disposals for the year	-7	-9.560	-4.935	0	-14.502
Transfers during the year	2.180	8.051	139	-10.370	0
Cost at 31 March 2023	272.909	390.650	59.126	3.882	726.567
Depreciation at 1 April 2022	141.382	330.149	31.893	0	503.424
Exchange adjustment	-1.152	55	-448	0	-1.545
Depreciation for the year	7.649	21.329	8.014	0	36.992
Reversal of depreciation of disposed assets	-7	-9.560	-4.256	0	-13.823
Depreciation at 31 March 2023	147.872	341.973	35.203	0	525.048
Carrying amount at 31 March 2023	125.037	48.677	23.923	3.882	201.519
Carrying amount at 31 March 2022	126.867	48.336	24.787	11.557	211.547
The carrying amount at 31 March 2023 consists of:					
Recognised interest expenses	566				
Recognised leased assets			4.846		

NOTES TO THE ANNUAL ACCOUNTS AND THE CONSOLIDATED ANNUAL ACCOUNTS

12 Fixed assets investments, parent company

	<u>Parent comp.</u>
	<u>Investment in subsidiaries</u>
Cost at 1 April 2022	767.428
Additions for the year	5.583
Disposals for the year	0
Cost at 31 March 2023	<u>773.011</u>
Revaluations and amortisation at 1 April 2022	31.829
Exchange adjustment	-8.314
Market value adjustments concerning securities	0
Profit before tax in subsidiaries	134.517
Tax on net profit in subsidiaries	-31.243
Dividend to the parent company	-72.236
Goodwill amortization	-1.213
Adjustments in internal profit	-233
Revaluations and amortisation at 31 March 2023	<u>53.107</u>
Carrying amount at 31 March 2023	<u>826.118</u>
Carrying amount at 31 March 2022	<u>799.257</u>

Investment in subsidiaries includes the following:

<u>Company</u>	<u>Place of residence</u>	<u>Owner's share</u>
KYOCERA UNIMERCO Tooling A/S	Sunds, Denmark	100%
KYOCERA UNIMERCO Fastening A/S	Sunds, Denmark	100%
KYOCERA UNIMERCO Tooling AB	Jönköping, Sweden	100%
KYOCERA UNIMERCO Tooling AS	Oslo, Norway	100%
KYOCERA UNIMERCO Tooling Inc.	Saline, Michigan, USA	100%
KYOCERA UNIMERCO Tooling Ltd.	Lichfield, UK	100%
KYOCERA UNIMERCO Tooling GmbH	Neuss, Germany	100%
KYOCERA UNIMERCO Fastening GmbH	Esslingen, Germany	100%
KYOCERA UNIMERCO Tooling s.r.o., Brno	Brno, Czech Republic	100%
KYOCERA UNIMERCO Tooling Sp. z o.o.	Wroclaw, Poland	100%
KYOCERA UNIMERCO Tooling Oy	Lahti, Finland	100%
KYOCERA UNIMERCO Tooling Walmsley Ltd.	Sheffield, UK	100%
KYOCERA UNIMERCO Tooling S.r.l.	Milan, Italy	100%
KYOCERA UNIMERCO Tooling UAB	Vilnius, Lithuania	100%
KYOCERA UNIMERCO Tools SAS	Rungis, France	100%
KYOCERA BILGINOGLU Precision Tools Industry & Trade A.S.	Istanbul, Turkey	70%

NOTES TO THE ANNUAL ACCOUNTS AND THE CONSOLIDATED ANNUAL ACCOUNTS

Note	DKK '000	Group		Parent company	
		2022/23	2021/22	2022/23	2021/22
13	Deferred tax assets				
	Deferred tax assets at 1 April	5.845	5.232	0	0
	Exchange adjustment at the end of the year	7	145	0	0
	Adjustment relating to previous years	1.269	9	0	0
	Changes of the year	-2.636	459	0	0
	Carrying amount at 31 March	4.485	5.845	0	0
	Deferred tax assets relate to:				
	Fixed assets	1.492	-1.957	0	0
	Current assets etc.	712	901	0	0
	Tax losses	2.281	6.901	0	0
	Carrying amount at 31 March	4.485	5.845	0	0

The recognised tax assets mainly relate to tax losses carry forward and are recognised in the balance sheet due to the expectation that the tax losses will be realized in the future.

The assumptions for recognising the tax assets in the balance sheet are the companies with tax losses have been profitable in the past years and the plan and expectations for the future are further growth and better profitability.

14 Prepayments

Prepayments mainly comprise prepaid insurance premiums and software subscriptions.

15 Share capital

The share capital of the company is DKK 153,000 divided into shares of DKK 25 each or multiples thereof. No share certificates have been issued.

	Group		Parent company	
	2022/23	2021/22	2022/23	2021/22
16 Proposed distribution of profit:				
Proposed dividend for the year	39.920	49.255	39.920	49.255
Non-controlling interest	2.580	2.191	0	0
Retained earnings	55.471	64.746	25.879	53.443
Reserve equity method	0	0	29.592	11.303
Profit for the period	97.971	116.192	95.391	114.001

NOTES TO THE ANNUAL ACCOUNTS AND THE CONSOLIDATED ANNUAL ACCOUNTS

Note

20 Contingent liabilities and other financial obligations

Group:

Contractual obligations

The Group has entered into agreements concerning purchase of machines and software at a value of DKK 8,950 thousand. Of this, DKK 1,852 thousand has been prepaid.

Rental and lease obligations

The Group has entered into operational lease commitments of primarily company cars and tenancy agreements to rent office and store rooms at a instalment of DKK 9,605 thousand next financial year.

The total lease commitment amounts to DKK 19,421 thousand.

Deferred tax

No provisions have been made for deferred tax on the part of the retaxation balance which can be expected to be eliminated by means of a credit relief for current foreign tax. The deferred tax is estimated to DKK 2,000 thousand.

Parent company:

Contingent liabilities

The Danish group companies are jointly and severally liable for tax on the jointly taxed incomes etc of the Group.

There is no corporation tax payable by the Group due to voluntary payment of tax on account.

Moreover, the Danish group companies are jointly and severally liable for Danish withholding taxes by way of dividend tax, tax on royalty payments and tax on unearned income. Any subsequent adjustments of corporation taxes and withholding taxes may increase the Company's liability.

21 Related parties

The company's principal shareholder is Kyocera Europe GmbH, Germany.

The company's other related parties comprise the Management and Board of Kyocera Unimerco A/S, cf. page 2 of the Annual Report, as well as the other companies in the Kyocera Group.

Consolidated annual report

The company is included in the consolidated annual report for the ultimate parent company

Kyocera Corporation, Kyoto, Japan

The consolidated annual report for Kyocera Corporation, Kyoto, Japan, can be obtained on the following address:

Kyocera Corporation, 6 Takeda Tobadono-cho, Fushimi-ku, Kyoto 612-8501, Japan

Transactions:

The company has chosen only to disclose transactions which have not been made on normal market conditions.

There are no transactions to disclose.

22 Events after reporting period

No events have occurred after the reporting period of importance to the parent or the consolidated financial statements.