

sec<sup>u</sup>mea

# Annual Report 2022



Annual General Meeting of the Company on 26 May, 2023

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# SECOMEA AT A GLANCE



A global leading provider of **secure remote maintenance** IIoT solutions.



**High focus on security** and compliance is supported by certifications in relevant industry recognized standards.



Secomea has embarked on a very significant journey on **creating recurring revenue** in 2022, with associated investments in technology and market expansion.



**Significant revenue growth in 2022**, as we continue to scale with global partnerships.



Throughout 2022 **Secomea continued to invest** significantly in people and the organization.



A multi-cultural workplace with **83 highly engaged employees**. High focus on diversity, culture and social engagement.

# LETTER FROM THE CEO AND CHAIRPERSON

We conclude 2022 with significant sales growth and an increasing customer base.

The ongoing threat and risk of catastrophic cyberattacks is growing and accelerating as Manufacturing becomes the world's most attacked sector. Consequently, we continue to see significant momentum in our customer dialogues in helping them with becoming more secure and efficient. Furthermore, prices have soared as raw material and energy costs spike and inflation rises, which causes issues with manufacturers' cashflows and puts strain on their costs. The increasing problem with the supply and demand imbalance is disrupting globally.

The challenges in the market motivate more companies to increase or accelerate the implementation of innovative software technologies to overcome external threats to their productivity. At Secomea, we are proud to offer a prominent software solution for customers seeking to digitalize and remove the reliance on the physical presence of experts, repair technicians, etc.

Secomea embarked on a very significant journey on recurring revenue in 2022 through an even more customer-centric focus with a continuing value creating approach, furthered our journey toward our company vision with careful financial decision-making, supply chain optimization, and scalability with a considerable strengthening of our organizational capability.

The year's gross profit of TEUR 12,317 and net profit of TEUR -573 before tax is therefore considered satisfactory.



**Michael Ferdinandsen**  
CEO



**Jørgen Kirkegaard Raguse**  
Chairperson

# FINANCIAL REVIEW

## FINANCIAL REVIEW OF 2022

In 2022 Secomea delivered gross profit of EUR 12,317 thousand, earnings before financial income and expenses of EUR (457) thousand, and group earnings after tax of EUR (390) thousand.

The result for 2022 was affected by investments in strengthening of our organizational capability and significant investments like supply chain optimization.

Throughout 2022, Secomea also continued to invest significantly in new employees and in improving and enhancing its products. Secomea will continue to further invest in innovative R&D and product development activities.

Recurring revenue journey started in 2022.

Secomea Equity at 31 December of EUR 6,988 thousand.  
The result for 2022 is in line with our expectations.

## PARENT COMPANY

The Group's activities are carried out through local subsidiaries established in Japan and the US. Secomea has continued to grow its footprint internationally by successfully winning contracts with new strategic customers and partners.

## CONSOLIDATED KEY FINANCIAL HIGHLIGHTS

Seen over a two-year period, the development of the Group is described by the following financial highlights:

Key figures	GROUP	
	2022	2021
	TEUR	TEUR
<b>Profit/loss</b>		
Gross Profit	12,317	11,309
Profit/loss before financial income and expenses	-457	2,572
Net financials	-117	46
Net profit/loss for the year	-390	2,154
<b>Balance sheet</b>		
Balance sheet total	10,794	9,310
Equity	6,988	7,000
Average number of employees	77	71
<b>Ratios</b>		
Profit margin	-2.3%	15.5%
Return on assets	-4.2%	27.6%
Solvency ratio	64.7%	75.2%
Return on equity	-5.6%	42.7%



# OTHER KEY DEVELOPMENT

## Principal activities

Secomea's principal activities are trading and service activities to provide secure, simple, and scalable digital-industrial communication solutions.

## Significant events after the end of the financial year

Industry executives and research analysts forecast market growth of ~ 9% in 2023. Secomea's top-tier distributors and customers have expected growth above this forecast, and we are experiencing a global softening of the demand imbalance of the global component supply situation in 2022. Consequently, we expect a time-limited market desire to reduce stock levels that in the previous years have been built up to secure delivery.

## Environmental situation

Environmental, Social & Governance (ESG) initiatives are a strategic imperative for Secomea and throughout the organization operationally. We will continue to pursue our 5-year target for Carbon neutrality set in 2021 as well as continue to implement and fortify our policies within environment, anti-bribery & corruption, diversity and inclusion.

## Research and development activities

Our development activities have primarily been focused on communication solutions within remote access and data collection for the industrial market. The company does not capitalize on development costs. Secomea, therefore, recognizes development costs in our profit and loss account as expenses are incurred.

## Knowledge resources and development activities

Secomea continuously focuses on developing innovative products and services by attracting and retaining the very best talent in the marketplace.

The Company proactively works to retain and inspire employees by creating an attractive workplace and offering competitive terms as well as well-balanced incentive structures.

R&D activities are of key importance to Secomea. Throughout 2022, Secomea continued to invest significantly in improving and enhancing its products. Secomea will continue to further invest in innovative R&D and product development activities.

## Future expectations

With a combination of increased focus on customer demands for cybersecurity compliance, digitalization, and servitization across the ecosystem in the automation industry, including process optimization, new development activities, and intensified commercial and digital marketing initiatives, we continue to manifest a leading position atop the Industrial IoT (Internet of Things) market. For 2023 a positive result before tax of EUR 700 - EUR 2,000 thousand is expected.

# SUSTAINABILITY AT SECOMEIA

As a global organization, Secomeia is committed to ensuring that both our natural and human resources are protected and treated sustainably. Respect and acting responsibly is at the core of how we work together and how we treat our resources, each other, our customers and stakeholders across the globe.

At Secomeia, we are committed to reducing our own and our customers' carbon footprint by leveraging our innovative technology and by having policies in place to guide our actions. As such, Secomeia has policies for both Climate,

Anti-corruption and Bribery, as well as a Climate Action Plan and a Code of Conduct for our suppliers.

We take all feasible measures to reduce our greenhouse gas emissions in line with our target to become carbon neutral by 2024. To ensure that we are accountable, we measure our performance against our objectives and targets annually and report on our progress.

Moreover, we are committed to creating and fostering a workplace where every Secomeian

feels welcome, where diversity and inclusion is a guarantee and where everyone can find meaning in their work. Secomeia's well-being program has been established to ensure that the mental, physical, and social aspects of work are given focus and attention thus increasing the well-being of our employees. Our Diversity and Inclusion policies ensure that equity and access are the heart of everything we do.



# COMPANY DETAILS

## The Company

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Secomea A/S  
Smedeholm 12 - 14  
DK-2730 Herlev  
CVR No: 31 36 60 38  
Financial period: 1 January - 31 December  
Municipality of reg. office: Herlev

## Board of Directors

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Jørgen Kirkegaard Raguse, Executive Chairperson  
Morten Grube Weicher  
Peter Koldig Hansen  
Mikkel Dalgas

## Executive Board

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Michael Ferdinandsen

## Auditors

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PricewaterhouseCoopers  
Statsautoriseret Revisions partnerselskab  
Strandvejen 44  
DK-2900 Hellerup





# STATEMENT BY THE BOARD OF DIRECTORS AND EXECUTIVE BOARD

The Executive Board and Board of Directors have today considered and adopted the Annual Report of Secomea A/S for the financial year 1 January - 31 December 2022.

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

In our opinion the Financial Statements and the Consolidated Financial Statements give a true and fair view of the financial position at 31 December 2022 of the Company and the Group and of the results of the Company and Group operations and cash flows for 2022.

We recommend that the Annual Report be adopted at the Annual General Meeting, Copenhagen 26 May 2023.

## EXECUTIVE BOARD:

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Michael Ferdinandsen  
Chief Executive Officer

## BOARD OF DIRECTORS:

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Jørgen Kirkegaard Raguse  
Chairperson

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Morten Grube Weicher

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Mikkel Dalgas

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Peter Koldig Hansen

# INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDER OF SECOME 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 December 2022 and of the results of the Group's and the Parent Company's operations and cash flows for the financial year 1 January - 31 December 2022 in accordance with the Danish Financial Statements Act. We have audited the Consolidated Financial Statements and the Parent Company Financial Statements of Secomea A/S for the financial year 1 January - 31 December 2022, which comprise income statement, balance sheet, statement of changes in equity, cash flow statement and notes, including a summary of significant accounting policies, for both the Group and the Parent Company ("the 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 Financial 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 Statements Act. We did not identify any material misstatement in Management's Review.

# INDEPENDENT AUDITOR'S REPORT

## 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 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 Company 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 Company's and the Group'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 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 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

# INDEPENDENT AUDITOR'S REPORT

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.

Hellerup, 26 May 2023

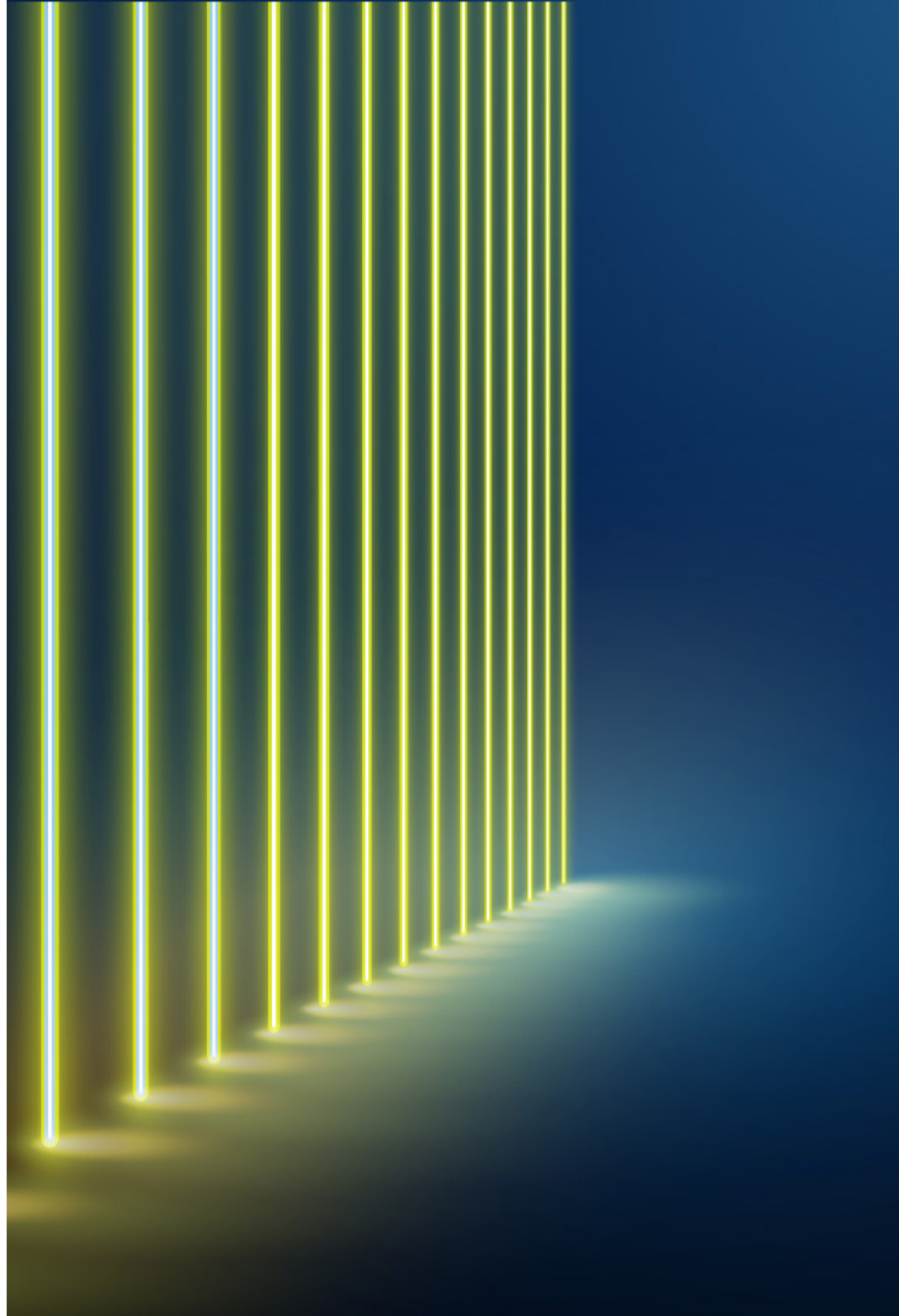
**PricewaterhouseCoopers**

Statsautoriseret Revisionspartnerselskab

CVR No 33 77 12 31

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Søren Ørjan Jensen  
statsautoriseret revisor  
mne33226

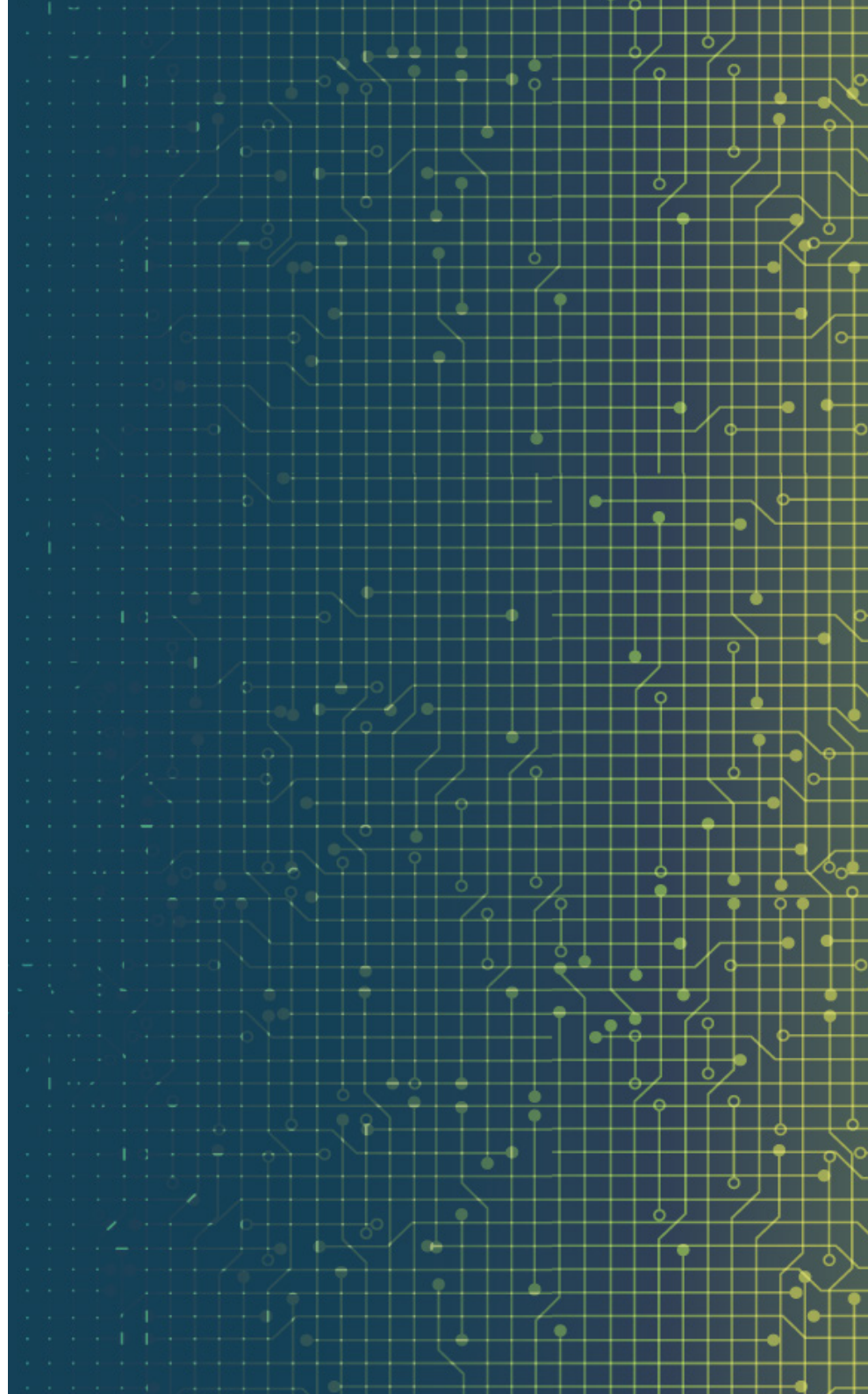




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# INCOME STATEMENT

## 2022

	Note	GROUP		PARENT COMPANY	
		2022	2021	2022	2021
		EUR	EUR	EUR	EUR
<b>Gross profit/loss</b>		<b>12,316,927</b>	<b>11,309,243</b>	<b>11,974,644</b>	<b>10,345,483</b>
Other external expenses		-4,249,240	-2,542,315	-4,249,240	-2,542,315
Staff expenses	1	-8,407,131	-6,082,148	-7,715,774	-5,240,886
Depreciation, amortisation and impairment of intangible assets and property, plant and equipment	2	-117,161	-112,771	-80,119	-68,279
<b>Profit/loss before financial income and expenses</b>		<b>-456,605</b>	<b>2,572,009</b>	<b>-70,489</b>	<b>2,494,003</b>
Income from investments in subsidiaries		0	0	-420,249	29,887
Financial income	3	437,512	293,919	470,396	325,862
Financial expenses	4	-554,109	-247,632	-554,324	247,842
<b>Profit/loss before tax</b>		<b>-573,202</b>	<b>2,618,296</b>	<b>-574,666</b>	<b>2,601,910</b>
Tax on profit/loss for the year	5	182,980	-464,354	184,444	-447,968
<b>Net profit/loss for the year</b>		<b>-390,222</b>	<b>2,153,942</b>	<b>-390,222</b>	<b>2,153,942</b>

# BALANCE SHEET

ASSETS AT DECEMBER 31 DECEMBER

	Note	GROUP		PARENT COMPANY	
		2022	2021	2022	2021
		EUR	EUR	EUR	EUR
Acquired licenses		84,649	21,734	84,649	21,734
Goodwill		346,813	375,516	0	0
<b>Intangible assets</b>	<b>6</b>	<b>431,462</b>	<b>397,250</b>	<b>84,649</b>	<b>21,734</b>
Other fixtures and fittings, tools and equipment		32,994	39,918	23,279	27,478
Leasehold improvements		27,162	47,450	27,162	47,450
<b>Property, plant and equipment</b>	<b>7</b>	<b>60,156</b>	<b>87,368</b>	<b>50,441</b>	<b>74,928</b>
Investments in subsidiaries	8	0	0	0	0
Deposits	9	106,999	105,441	89,246	87,688
<b>Fixed asset investments</b>		<b>106,999</b>	<b>105,441</b>	<b>89,246</b>	<b>87,688</b>
<b>Fixed assets</b>		<b>598,617</b>	<b>590,059</b>	<b>224,336</b>	<b>184,350</b>
<b>Inventories</b>	<b>10</b>	<b>2,086,816</b>	<b>1,956,858</b>	<b>1,854,059</b>	<b>1,487,362</b>
Trade receivables		3,341,009	2,487,707	2,993,118	2,095,102
Receivables from group enterprises		0	0	1,364,482	1,501,485
Other receivables		165,208	79,290	165,208	79,290
Deferred tax asset	13	188,428	3,984	188,428	3,984
Corporation tax		148,058	175,621	141,195	191,794
Prepayments	11	159,356	77,855	141,877	68,866
<b>Receivables</b>		<b>4,002,059</b>	<b>2,824,457</b>	<b>4,994,308</b>	<b>3,940,521</b>
<b>Cash at bank and in hand</b>		<b>4,106,672</b>	<b>3,938,637</b>	<b>3,610,871</b>	<b>3,647,961</b>
<b>Currents assets</b>		<b>10,195,547</b>	<b>8,719,952</b>	<b>10,459,238</b>	<b>9,075,844</b>
<b>Assets</b>		<b>10,794,164</b>	<b>9,310,011</b>	<b>10,683,574</b>	<b>9,260,194</b>

# BALANCE SHEET

## LIABILITIES AND EQUITY AT 31 DECEMBER

	Note	GROUP		PARENT COMPANY	
		2022	2021	2022	2021
		EUR	EUR	EUR	EUR
Share capital		85,501	84,173	85,501	84,173
Share premium account		2,329,022	1,994,170	2,329,022	1,994,170
Retained earnings		4,573,066	4,921,630	4,573,066	4,921,630
<b>Equity</b>		<b>6,987,589</b>	<b>6,999,973</b>	<b>6,987,589</b>	<b>6,999,973</b>
Trade payables		2,498,298	1,234,053	2,509,490	1,221,750
Other payables		941,819	891,436	820,037	853,922
Deferred income	14	366,458	184,549	366,458	184,549
<b>Short-term debt</b>		<b>3,806,575</b>	<b>2,310,038</b>	<b>3,695,985</b>	<b>2,260,221</b>
<b>Debt</b>		<b>3,806,575</b>	<b>2,310,038</b>	<b>3,695,985</b>	<b>2,260,221</b>
<b>Liabilities and equity</b>		<b>10,794,164</b>	<b>9,310,011</b>	<b>10,683,574</b>	<b>9,260,194</b>



# CASH FLOW STATEMENT

	Note	GROUP		PARENT COMPANY	
		2022	2021	2022	2021
		EUR	EUR	EUR	EUR
Net profit/loss for the year		-390,222	2,153,942	-390,222	2,153,942
Adjustments	15	92,435	544,316	441,509	421,818
Change in working capital	16	345,860	-490,877	149,126	-1,171,089
<b>Cash flows from operating activities before financial income and expenses</b>		<b>48,073</b>	<b>2,207,381</b>	<b>200,413</b>	<b>1,404,671</b>
Financial income		437,512	293,919	470,396	325,862
Financial expenses		-554,112	-247,633	-554,327	-247,843
<b>Cash flows from ordinary activities</b>		<b>-68,527</b>	<b>2,253,667</b>	<b>116,482</b>	<b>1,482,690</b>
Corporation tax paid		26,100	-178,892	50,600	-178,679
<b>Cash flows from operating activities</b>		<b>-42,427</b>	<b>2,074,775</b>	<b>167,082</b>	<b>1,304,011</b>
Purchase of intangible assets		-101,023	-444,136	-101,022	-39,917
Purchase of property, plant and equipment		-23,137	-153,255	-17,523	-125,026
Fixed asset investments made etc		-1,558	-105,442	-421,807	-57,802
<b>Cash flows from investing activities</b>		<b>-125,718</b>	<b>-702,833</b>	<b>-540,352</b>	<b>-222,745</b>
Cash capital increase		336,180	2,003,630	336,180	2,003,630
Dividend paid		0	-268,944	0	-268,944
<b>Cash flows from financing activities</b>		<b>336,180</b>	<b>1,734,686</b>	<b>336,180</b>	<b>1,734,686</b>
<b>Change in cash and cash equivalents</b>		<b>168,035</b>	<b>3,106,628</b>	<b>-37,090</b>	<b>2,815,952</b>
<b>Cash and cash equivalents at 1 January</b>		<b>3,938,637</b>	<b>832,009</b>	<b>3,647,961</b>	<b>832,009</b>
<b>Cash and cash equivalents at 31 December</b>		<b>4,106,672</b>	<b>3,938,637</b>	<b>3,610,871</b>	<b>3,647,961</b>

# STATEMENT OF CHANGES IN EQUITY

GROUP	SHARE CAPITAL	SHARE PREMIUM ACCOUNT	RETAINED EARNINGS	TOTAL
	EUR	EUR	EUR	EUR
Equity at 1 January, 2022	84,173	1,994,170	4,921,633	6,999,976
Cash capital increase	1,328	334,852	0	336,180
Exchange adjustments relating to foreign entities	0	0	41,655	41,655
Net profit/loss for the year	0	0	-390,222	-390,222
<b>Equity at 31 December Parent Company</b>	<b>85,501</b>	<b>2,329,022</b>	<b>4,573,066</b>	<b>6,987,589</b>
Equity at 1 January, 2022	84,173	1,994,170	4,921,633	6,999,976
Cash capital increase	1,328	334,852	0	336,180
Exchange adjustments relating to foreign entities	0	0	41,655	41,655
Net profit/loss for the year	0	0	-390,222	-390,022
<b>Equity at 31 December</b>	<b>85,501</b>	<b>2,329,022</b>	<b>4,573.066</b>	<b>6,987,589</b>

# NOTES TO THE FINANCIAL STATEMENTS

	GROUP		PARENT COMPANY	
	2022	2021	2022	2021
	EUR	EUR	EUR	EUR
<b>1 Staff expenses</b>				
Wages and salaries	7,654,865	5,548,401	6,963,508	4,707,139
Pensions	607,600	430,166	607,600	430,166
Other social security expenses	128,798	87,477	128,798	87,477
Other staff expenses	15,868	16,104	15,868	16,104
	<b>8,407,131</b>	<b>6,082,148</b>	<b>7,715,774</b>	<b>5,240,886</b>
including remuneration to the Board of Directors	<b>274,932</b>	<b>280,932</b>	<b>274,932</b>	<b>280,932</b>
Average number of employees	<b>77</b>	<b>71</b>	<b>71</b>	<b>65</b>
<b>2 Depreciation, amortisation and impairment of intangible assets and property, plant and equipment</b>				
Amortisation of intangible assets	66,810	46,886	38,107	18,183
Depreciation of property, plant and equipment	50,351	65,885	42,012	50,096
	<b>117,161</b>	<b>112,771</b>	<b>80,119</b>	<b>68,279</b>
<b>3 Financial income</b>				
Interest received from group enterprises	0	0	32,884	31,943
Exchange adjustments	437,512	293,919	437,512	293,919
	<b>437,512</b>	<b>293,919</b>	<b>470,396</b>	<b>325,862</b>

# NOTES TO THE FINANCIAL STATEMENTS

	GROUP		PARENT COMPANY	
	2022	2021	2022	2021
	EUR	EUR	EUR	EUR
<b>4 Financial expenses</b>				
Interest paid to associates	0	2,453	0	2,453
Other financial expenses	32,639	20,803	32,854	21,013
Exchange adjustments, expenses	521,470	224,376	521,470	224,376
	<b>554,109</b>	<b>247,632</b>	<b>554,324</b>	<b>247,842</b>

## 5 Tax on profit/loss for the year

Current tax for the year	1,464	470,057	0	453,671
Deferred tax for the year	-184,444	-5,703	-184,444	-5,703

## 6 Intangible assets

Group	Acquired licenses	Goodwill	Total
	EUR	EUR	EUR
Cost at 1 January	59,450	430,528	489,978
Additions for the year	101,037	0	101,037
Disposals for the year	-20,635	0	-20,635
<b>Cost at 31 December</b>	<b>139,852</b>	<b>430,528</b>	<b>570,380</b>
Impairment losses and amortisation at 1 January	37,716	55,012	92,728
Amortisation for the year	38,122	28,703	66,825
Reversal of amortisation of disposals for the year	-20,635	0	-20,635
<b>Impairment losses and amortisation at 31 December</b>	<b>55,203</b>	<b>83,715</b>	<b>138,918</b>
<b>Carrying amount at 31 December</b>	<b>84,649</b>	<b>346,813</b>	<b>431,462</b>



# NOTES TO THE FINANCIAL STATEMENTS

## 7 Property, plant and equipment

Group	Other fixtures and fittings, tools and equipment	Leasehold improvements	Total
	EUR	EUR	EUR
Cost at 1 January	150,825	125,756	276,581
Additions for the year	23,156	0	23,156
Disposals for the year	-15,273	0	-15,273
<b>Cost at 31 December</b>	<b>158,708</b>	<b>125,756</b>	<b>284,464</b>
Impairment losses and depreciation at 1 January	105,436	78,306	183,742
Depreciation for the year	35,551	20,288	55,839
Reversal of impairment and depreciation of sold assets	-15,273	0	-15,273
<b>Impairment losses and depreciation at 31 December</b>	<b>125,714</b>	<b>98,594</b>	<b>224,308</b>
<b>Carrying amount at 31 December</b>	<b>32,994</b>	<b>27,162</b>	<b>60,156</b>

# NOTES TO THE FINANCIAL STATEMENTS

	PARENT COMPANY	
8 Investments in subsidiaries	2022	2021
	EUR	EUR
Cost at 1 January	99,840	99,906
Disposals for the year	0	-66
<b>Cost at 31 December</b>	<b>99,840</b>	<b>99,840</b>
Value adjustments at 1 January	-99,840	-99,906
Exchange adjustment	111,641	-270,580
Net profit/loss for the year	-405,898	29,876
Change in intercompany profit on inventories	-200,196	0
Other adjustments	494,453	240,770
<b>Value adjustments at 31 December</b>	<b>-99,840</b>	<b>-99,840</b>
<b>Carrying amount at 31 December</b>	<b>0</b>	<b>0</b>

## Investments in subsidiaries are specified as follows:

Name	Place of registered office	Votes and ownership
Secomea Inc.	United States	100%
Secomea GK	Japan	100%

9 Other fixed asset investments	Group	Parent Company
	Deposits	Deposits
	EUR	EUR
Cost at 1 January	105,441	87,688
Additions for the year	1,558	1,558
<b>Cost at 31 December</b>	<b>106,999</b>	<b>89,246</b>
<b>Carrying amount at 31 December</b>	<b>106,999</b>	<b>89,246</b>

# NOTES TO THE FINANCIAL STATEMENTS

	GROUP		PARENT COMPANY	
	2022	2021	2022	2021
	EUR	EUR	EUR	EUR
<b>10 Inventories</b>				
Raw materials and consumables	1,854,059	1,487,362	1,854,059	1,487,362
Finished goods and goods for resale	232,757	469,496	0	0
	<b>2,086,816</b>	<b>1,956,858</b>	<b>1,854,059</b>	<b>1,487,362</b>

## 11 Prepayments

Prepayments consist of prepaid expenses concerning rent, insurance premiums, subscriptions and interest.

## 12 Distribution of profit

Retained earnings			-390,222	2,153,942
			<b>-390,222</b>	<b>2,153,942</b>

## 13 Deferred tax asset

Deferred tax asset at 1 January	3,984	-1,719	3,984	-1,719
Amounts recognised in the income statement for the year	184,444	5,703	184,444	5,703
<b>Deferred tax asset at 31 December</b>	<b>188,428</b>	<b>3,984</b>	<b>188,428</b>	<b>3,984</b>

The recognised tax asset comprises tax loss carry-forwards expected to be utilised within the next three to four years.

# NOTES TO THE FINANCIAL STATEMENTS

	GROUP		PARENT COMPANY	
	2022	2021	2022	2021
	EUR	EUR	EUR	EUR
<b>15 Cash flow statement - adjustments</b>				
Financial income	-437,512	-293,919	-470,396	-325,862
Financial expenses	554,109	247,632	554,324	247,842
Depreciation, amortisation and impairment losses, including losses and gains on sales	117,160	112,772	80,118	68,280
Income from investments in subsidiaries	0	0	420,249	-29,887
Tax on profit/loss for the year	-182,980	464,354	-184,444	447,968
Other adjustments	41,658	13,477	41,658	13,477
	<b>92,435</b>	<b>544,316</b>	<b>441,509</b>	<b>421,818</b>
<b>16 Cash flow statement - change in working capital</b>				
Change in inventories	-129,958	-1,427,277	-366,697	-957,781
Change in receivables	-1,020,720	-240,831	-919,942	-1,340,722
Change in trade payables, etc	1,496,538	1,177,231	1,435,765	1,127,414



# NOTES TO THE FINANCIAL STATEMENTS

## 17 CONTINGENT ASSETS, LIABILITIES AND OTHER FINANCIAL OBLIGATIONS

### CONTINGENT LIABILITIES

#### PARENT COMPANY

The company has entered into a lease contract, where the lease has an annual rent of TEUR 160. The lease can be terminated with 7 months' notice and the total rent obligation during the period of notice is thus TEUR 93.

The Danish group companies are jointly and severally liable for tax on the jointly taxed incomes etc of the Group. The total amount of corporation tax payable is disclosed in the Annual Report of SCME Holding ApS, which is the management company of the joint taxation purposes. 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.

## 18 RELATED PARTIES

### BASIC TRANSACTIONS

The Company has chosen only to disclose transactions which have not been made on an arm's length basis in accordance with section 98(c)(7) of the Danish Financial Statements Act

# NOTES TO THE FINANCIAL STATEMENTS

## 19 ACCOUNTING POLICIES

The Annual Report of Secomea A/S for 2022 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to medium-sized enterprises of reporting class C. The accounting policies applied remain unchanged from last year. The Consolidated and Parent Company Financial Statements for 2022 are presented in EUR.

### Recognition and measurement

Revenues are recognised in the income statement as earned. Furthermore, value adjustments of financial assets and liabilities measured at fair value or amortised cost are recognised. Moreover, all expenses incurred to achieve the earnings for the year are recognised in the income statement, including depreciation, amortisation, impairment losses and provisions as well as reversals due to changed accounting estimates of amounts that have previously been recognised in the income statement.

Assets are recognised in the balance sheet when it is probable that future economic benefits attributable to the asset will flow to the Company, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when it is probable that future economic benefits will flow out of the Company, and the value of the liability can be measured reliably.

Assets and liabilities are initially measured at cost. Subsequently, assets and liabilities are measured as described for each item below.

### Basis of consolidation

The Consolidated Financial Statements comprise the Parent Company, Secomea A/S, and subsidiaries in which the Parent Company directly

or indirectly holds more than 50% of the votes or in which the Parent Company, through share ownership or otherwise, exercises control. Enterprises in which the Group holds between 20% and 50% of the votes and exercises significant influence but not control are classified as associates.

On consolidation, items of a uniform nature are combined. Elimination is made of intercompany income and expenses, shareholdings, dividends and accounts as well as of realised and unrealised profits and losses on transactions between the consolidated enterprises.

The Parent Company's investments in the consolidated subsidiaries are set off against the Parent Company's share of the net asset value of subsidiaries stated at the time of consolidation.

### Leases

All leases are considered operating leases. Payments made under operating leases are recognised in the income statement on a straight-line basis over the lease term.

### Translation policies

Transactions in foreign currencies are translated at the exchange rates at the dates of transaction. Exchange differences arising due to differences between the transaction date rates and the rates at the dates of payment are recognised in financial income and expenses in the income statement. Where foreign exchange transactions are considered hedging of future cash flows, the value adjustments are recognised directly in equity. Receivables, payables and other monetary items in foreign currencies that have not been settled at the balance sheet date are translated at the exchange rates at the balance sheet date. Any differences between the exchange rates at the balance sheet date and the rates at the time when

# NOTES TO THE FINANCIAL STATEMENTS

## 19 ACCOUNTING POLICIES

the receivable or the debt arose are recognised in financial income and expenses in the income statement.

Fixed assets acquired in foreign currencies are measured at the transaction date rates.

### INCOME STATEMENT

#### Revenue

Revenue from the sale of goods is recognised when the risks and rewards relating to the goods sold have been transferred to the purchaser, the revenue can be measured reliably and it is probable that the economic benefits relating to the sale will flow to the Group.

Services are recognised at the rate of completion of the service to which the contract relates by using the percentage-of-completion method, which means that revenue equals the selling price of the service completed for the year. This method is applied when total revenues and expenses in respect of the service and the stage of completion at the balance sheet date can be measured reliably, and it is probable that the economic benefits, including payments, will flow to the Group. The stage of completion is determined on the basis of the ratio between the expenses incurred and the total expected expenses of the service.

Revenue is measured at the consideration received and is recognised exclusive of VAT and net of discounts relating to sales.

#### Expenses for raw materials and consumables

Expenses for raw materials and consumables comprise the raw materials and consumables consumed to achieve revenue for the year.

#### Gross profit/loss

With reference to section 32 of the Danish Financial Statements Act, gross profit/loss is calculated as a summary of revenue and expenses for raw materials and consumables.

#### Other external expenses

Other external expenses comprise indirect production costs and expenses for premises, sales and distribution as well as office expenses, etc.

#### Staff expenses

Staff expenses comprise wages and salaries as well as payroll expenses.

#### Amortisation, depreciation and impairment losses

Amortisation, depreciation and impairment losses comprise amortisation, depreciation and impairment of intangible assets and property, plant and equipment.

#### Income from investments in subsidiaries

The item "Income from investments in subsidiaries" in the income statement includes the proportionate share of the profit for the year.

#### Financial income and expenses

Financial income and expenses are recognised in the income statement at the amounts relating to the financial year.

# NOTES TO THE FINANCIAL STATEMENTS

## 19 ACCOUNTING POLICIES

### Tax on profit/loss for the year

Tax for the year consists of current tax for the year and changes in deferred tax for the year. The tax attributable to the profit for the year is recognised in the income statement, whereas the tax attributable to equity transactions is recognised directly in equity.

### BALANCE SHEET

#### Intangible assets

Goodwill acquired is measured at cost less accumulated amortisation. Goodwill is amortised on a straight-line basis over its useful life, which is assessed at 5 years.

Patents and licences are measured at the lower of cost less accumulated amortisation and recoverable amount. Patents are amortised over the remaining patent period, and licences are amortised over the licence period; however not exceeding 5 years.

Development costs and costs relating to rights developed by the Company are recognised in the income statement as costs in the year of acquisition.

#### Property, plant and equipment

Property, plant and equipment are measured at cost less accumulated depreciation and less any accumulated impairment losses. Cost comprises the cost of acquisition and expenses directly related to the acquisition up until the time when the asset is ready for use.

Depreciation based on cost reduced by any residual value is calculated on a straight-line basis over the expected useful lives of the assets, which are: Other fixtures and fittings, tools and equipment 3-5 years Leasehold improvements 5 years

### The fixed assets' residual values are determined at nil.

Depreciation period and residual value are reassessed annually.

Impairment of fixed assets

The carrying amounts of intangible assets and property, plant and equipment are reviewed on an annual basis to determine whether there is any indication of impairment other than that expressed by amortisation and depreciation.

If so, the asset is written down to its lower recoverable amount.

### Investments in subsidiaries

Investments in subsidiaries are recognised and measured under the equity method.

The item "Investments in subsidiaries" in the balance sheet include the proportionate ownership share of the net asset value of the enterprises calculated on the basis of the fair values of identifiable net assets at the time of acquisition with deduction or addition of unrealised intercompany profits or losses.

The total net revaluation of investments in subsidiaries is transferred upon distribution of profit to "Reserve for net revaluation under the equity method" under equity. The reserve is reduced by dividend distributed to the Parent Company and adjusted for other equity movements in the subsidiaries.

Subsidiaries with a negative net asset value are recognised at EUR 0. Any legal or constructive obligation of the Parent Company to cover the negative balance of the enterprise is recognised in provisions.

# NOTES TO THE FINANCIAL STATEMENTS

## 19 ACCOUNTING POLICIES

### Other fixed asset investments

Other fixed asset investments consist of deposits.

### Inventories

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

The net realisable value of inventories is calculated at the amount expected to be generated by sale of the inventories in the process of normal operations with deduction of selling expenses. The net realisable value is determined allowing for marketability, obsolescence and development in expected selling price.

The cost of goods for resale, raw materials and consumables equals landed cost.

The cost of finished goods and work in progress comprises the cost of raw materials, consumables and direct labour with addition of indirect production costs. Indirect production costs comprise the cost of indirect materials and labour as well as maintenance and depreciation of the machinery, factory buildings and equipment used in the manufacturing process as well as costs of factory administration and management.

### Receivables

Receivables are measured in the balance sheet at the lower of amortised cost and net realisable value, which corresponds to nominal value less provisions for bad debts.

### Prepayments

Prepayments comprise prepaid expenses concerning rent, insurance premiums, subscriptions and interest.

### Equity

#### *Dividend*

Dividend distribution proposed by Management for the year is disclosed as a separate equity item.

### Deferred tax assets and liabilities

Deferred income tax is measured using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes on the basis of the intended use of the asset and settlement of the liability, respectively.

Deferred tax assets are measured at the value at which the asset is expected to be realised, either by elimination in tax on future earnings or by set-off against deferred tax liabilities within the same legal tax entity. Deferred tax is measured on the basis of the tax rules and tax rates that will be effective under the legislation at the balance sheet date when the deferred tax is expected to crystallise as current tax. Any changes in deferred tax due to changes to tax rates are recognised in the income statement or in equity if the deferred tax relates to items recognised in equity.

### Current tax receivables and liabilities

Current tax liabilities and receivables are recognised in the balance sheet as the expected taxable income for the year adjusted for tax on taxable incomes for prior years and tax paid on account. Extra payments and repayment under the on-account taxation scheme are recognised in the income statement in financial income and expenses.

# NOTES TO THE FINANCIAL STATEMENTS

## 19 ACCOUNTING POLICIES

### Financial debts

Debts are measured at amortised cost, substantially corresponding to nominal value.

### Deferred income

Deferred income comprises payments received in respect of income in subsequent years.

### CASH FLOW STATEMENT

The cash flow statement shows the Group's and the Parent Company's cash flows for the year broken down by operating, investing and financing activities, changes for the year in cash and cash equivalents as well as the Group's and the Parent Company's cash and cash equivalents at the beginning and end of the year.

No cash flow statement has been prepared for the Parent Company as the Parent Company cash flows are included in the Consolidated Cash Flow Statement.

### Cash flows from operating activities

Cash flows from operating activities are calculated as the net profit/loss for the year adjusted for changes in working capital and non-cash operating items such as depreciation, amortisation and impairment losses, and provisions. Working capital comprises current assets less short-term debt excluding items included in cash and cash equivalents.

### Cash flows from investing activities

Cash flows from investing activities comprise cash flows from acquisitions and disposals of intangible assets, property, plant and equipment as well as fixed asset investments.

### Cash flows from financing activities

Cash flows from financing activities comprise cash flows from the raising and repayment of long-term debt as well as payments to and from shareholders.

### Cash and cash equivalents

Cash and cash equivalents comprise "Cash at bank and in hand". The cash flow statement cannot be immediately derived from the published financial records.

## FINANCIAL HIGHLIGHTS

### Explanation of financial ratios

Profit margin	$\frac{\text{Profit before financials} \times 100}{\text{Revenue}}$
Return on assets	$\frac{\text{Profit before financials} \times 100}{\text{Total assets}}$
Solvency ratio	$\frac{\text{Equity at year end} \times 100}{\text{Total assets at year end}}$
Return on equity	$\frac{\text{Net profit for the year} \times 100}{\text{Average equity}}$





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