
SRO Cotes ApS

Bjørnholms Allé 20, DK-8260 Viby J

Annual Report for 1 January - 31 December 2022

CVR No 39 76 56 75

The Annual Report was
presented and adopted at
the Annual General
Meeting of the Company on
19/6 2023

Michael Tobias Frøstrup
Chairman of the General
Meeting



pwc

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Management's Statement

The Executive Board has today considered and adopted the Annual Report of SRO Cotes ApS 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 of consolidated cash flows for 2022.

We recommend that the Annual Report be adopted at the Annual General Meeting.

Aarhus, 19 June 2023

Executive Board

Laura Rønnow
CEO

Martin Brøchner-Mortensen
Executive Officer

Independent Auditor's Report

To the Shareholder of SRO Cotes ApS

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 of consolidated 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 SRO Cotes ApS for the financial year 1 January - 31 December 2022, 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 ("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

Independent Auditor's Report

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 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.

Aarhus, 19 June 2023

PricewaterhouseCoopers

Statsautoriseret Revisionspartnerselskab

CVR No 33 77 12 31

Mads Meldgaard

statsautoriseret revisor

mne24826

Company Information

The Company

SRO Cotes ApS
Bjørnholms Allé 20
DK-8260 Viby J

CVR No: 39 76 56 75
Financial period: 1 January - 31 December
Municipality of reg. office: Aarhus

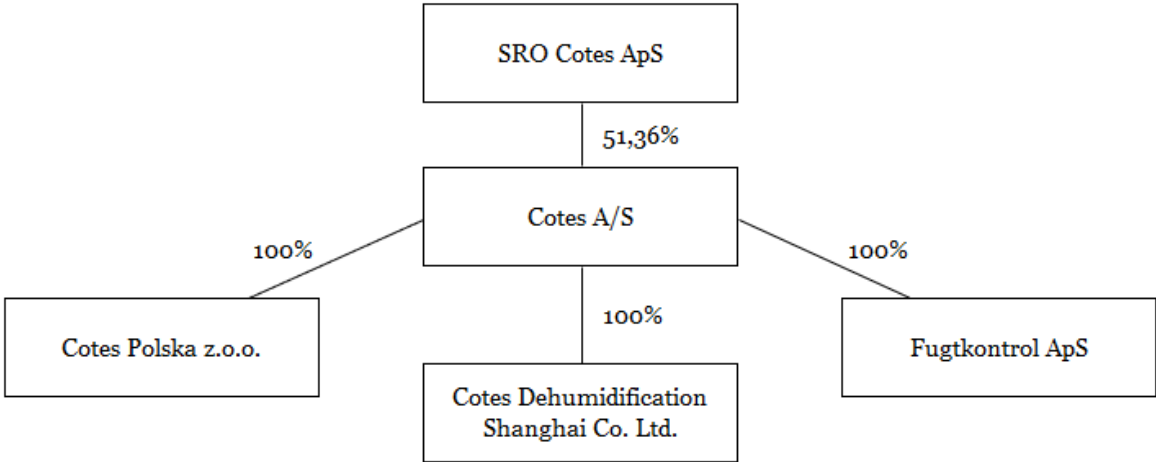
Executive Board

Laura Rønnow
Martin Brøchner-Mortensen

Auditors

PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
Nobelparken
Jens Chr. Skous Vej 1
DK-8000 Aarhus C

Group Chart



Financial Highlights

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

	Group		
	2022	2021	2020
	TDKK	TDKK	TDKK
Key figures			
Profit/loss			
Operating profit/loss	-108	7.240	8.319
Profit/loss before financial income and expenses	555	7.578	9.846
Net financials	1.144	-1.230	-798
Net profit/loss for the year	1.059	4.475	6.846
Balance sheet			
Balance sheet total	90.088	69.240	66.714
Equity	28.806	28.912	25.473
Cash flows			
Cash flows from:			
- operating activities	-7.576	12.376	-3.485
- investing activities	-4.653	836	-829
including investment in property, plant and equipment	-339	-576	-760
- financing activities	10.520	-7.296	4.295
Change in cash and cash equivalents for the year	-1.709	5.916	-19
Number of employees	85	67	77
Ratios			
Return on assets	0,6%	10,9%	14,8%
Solvency ratio	32,0%	41,8%	38,2%
Return on equity	3,7%	16,5%	31,2%

Management's Review

Key activities

The purpose of SRO Cotes is to function as a Holding Company by owning capital interests in other companies.

Development in the year

The income statement of the Group for 2022 shows a profit of DKK 1.059.311, and at 31 December 2022 the balance sheet of the Group shows equity of DKK 28.208.275.

The result is despite extraordinary challenging price inflation and supply chain challenges, considered as satisfactory.

In 2022, the Group secured further foothold in the wind energy market by engaging with the largest wind turbine OEM's in the industry with regards to developing and delivering dry-air solutions for offshore wind turbines. Besides developing the market within wind energy, the group acquired a longterm partner, Fugtkontrol ApS, to secure the market position as dry-air solution supplier and to further develop the partner business to further growth.

The past year and follow-up on development expectations from last year

Last year the Group initiated the journey to become more sustainable and more responsible by through Science-Based Targeting initiatives (SBTi) and succeeded the first steps on this journey by CO2 baselining the setting targets for scope 1 and 2.

Targets and expectations for the year ahead

Cotes continues to embark on the journey to become more sustainable and responsible in the way the Group conducts business and delivers quality adsorption dehumidifiers to clients around the world. The ambitions for the future begin with initiatives and projects that accelerate Cotes' sustainability journey towards Science-Based Targeting initiative (SBTi) and with a dedicated focus on scope 1-3.

SBTi help the Group to accelerate the transition towards an even greener business model and implement sustainable practices. Cotes have partnered up with SustainX and takes further actions in 2023 by establishing a HSE & Sustainability position in Cotes to support and strengthen the sustainability journey.

In 2023, a profit before tax of between DKK 3-5 million is expected for the group.

Management's Review

Research and development

In 2022 the Group continued to improve its product program, both in terms of current products and new products. Allocation of resources for product improvements is of high importance to the Group, as it ensures to maintain the high quality level of the dehumidifiers and helps to meet any demand for changes coming from the customers. In 2022, the Group developed a lightweight and easy movable unit for the transport segment within the wind energy industry. The unit has a reduced environmental footprint by using partly recycled plastic rather than stainless steel for the cabinet and comply with work regulation as the unit weighs less than 11 kg.

Branches abroad

Cotes has one abroad branch located in Szczecin, Poland. The branch produces as well as stores and delivers goods in and out of country.

Uncertainty relating to recognition and measurement

Recognition and measurement in the Annual Report have not been subject to any uncertainty.

Unusual events

The uncertainty of deceleration of current price inflation and supply chain challenges due to international conflicts are factors that are subject for products' cost prices and lead times. This is the most significant uncertainty to the operating profit of 2023.

Subsequent events

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Income Statement 1 January - 31 December

	Note	Koncern		Moderselskab	
		2022	2021	2022	2021
		DKK	DKK	DKK	DKK
Gross profit/loss		40.709.396	40.320.146	-127.223	-79.039
Staff expenses	1	-38.125.451	-30.591.339	-41.533	0
Depreciation, amortisation and impairment of intangible assets and property, plant and equipment	2	-2.027.602	-2.140.368	0	0
Other operating expenses		-1.527	-10.003	0	0
Profit/loss before financial income and expenses		554.816	7.578.436	-168.756	-79.039
Income from investments in subsidiaries		0	0	177.252	2.956.378
Income from investments in associates		894.505	-833.798	0	0
Financial income		1.144.518	721.036	0	0
Financial expenses		-895.227	-1.117.355	-456.788	-507.125
Profit/loss before tax		1.698.612	6.348.319	-448.292	2.370.214
Tax on profit/loss for the year	3	-639.301	-1.873.482	136.089	124.271
Net profit/loss for the year		1.059.311	4.474.837	-312.203	2.494.485

Balance Sheet 31 December

Assets

	Note	Koncern		Morderselskab	
		2022 DKK	2021 DKK	2022 DKK	2021 DKK
Completed development projects		1.754.008	0	0	0
Acquired patents		58.649	78.172	0	0
Acquired other similar rights		2.420.995	355.205	0	0
Goodwill		17.411.381	17.887.330	0	0
Development projects in progress		879.417	1.458.745	0	0
Intangible assets	4	22.524.450	19.779.452	0	0
Other fixtures and fittings, tools and equipment		1.170.576	1.238.016	0	0
Leasehold improvements		35.881	83.718	0	0
Property, plant and equipment	5	1.206.457	1.321.734	0	0
Investments in subsidiaries	6	0	0	26.646.009	27.804.186
Investments in associates	7	1.001.232	591.602	0	0
Other receivables	8	925.835	926.146	0	0
Fixed asset investments		1.927.067	1.517.748	26.646.009	27.804.186
Fixed assets		25.657.974	22.618.934	26.646.009	27.804.186
Inventories	9	24.249.826	16.502.570	0	0

Balance Sheet 31 December

Assets

	Note	Koncern		Morderselskab	
		2022	2021	2022	2021
		DKK	DKK	DKK	DKK
Trade receivables		24.615.616	16.183.243	0	0
Contract work in progress	10	4.288.462	265.632	0	0
Receivables from associates		1.087.135	1.227.215	0	0
Other receivables		4.319.870	5.072.544	0	0
Deferred tax asset	13	0	0	136.089	0
Corporation tax		0	0	405.397	138.397
Prepayments	11	703.443	494.983	0	0
Receivables		35.014.526	23.243.617	541.486	138.397
Cash at bank and in hand		5.165.924	6.874.890	0	142.181
Currents assets		64.430.276	46.621.077	541.486	280.578
Assets		90.088.250	69.240.011	27.187.495	28.084.764

Balance Sheet 31 December

Liabilities and equity

	Note	Koncern		Moderselskab	
		2022	2021	2022	2021
		DKK	DKK	DKK	DKK
Share capital		50.000	50.000	50.000	50.000
Reserve for development costs		1.417.639	501.388	0	0
Retained earnings		17.740.636	18.969.090	19.158.275	19.470.478
Equity attributable to shareholders of the Parent Company		19.208.275	19.520.478	19.208.275	19.520.478
Minority interests		9.597.903	9.391.664	0	0
Equity		28.806.178	28.912.142	19.208.275	19.520.478
Provision for deferred tax	13	748.404	634.251	0	0
Provisions		748.404	634.251	0	0
Credit institutions		3.827.893	3.832.684	0	0
Corporation tax		0	3.141.709	0	0
Other payables		5.698.749	7.809.423	3.430.498	5.540.272
Long-term debt	14	9.526.642	14.783.816	3.430.498	5.540.272
Credit institutions	14	13.316.541	1.456.889	1.001.113	0
Prepayments received from customers		12.019.842	0	0	0
Trade payables		10.724.084	9.664.199	70.500	70.500
Payables to group enterprises		0	0	349.230	0
Payables to associates		0	119.108	0	0
Payables to owners and Management		50	50	50	50
Corporation tax	14	1.638.209	4.967.238	0	0
Other payables	14	13.308.300	8.702.318	3.127.829	2.953.464
Short-term debt		51.007.026	24.909.802	4.548.722	3.024.014
Debt		60.533.668	39.693.618	7.979.220	8.564.286
Liabilities and equity		90.088.250	69.240.011	27.187.495	28.084.764
Distribution of profit	12				
Contingent assets, liabilities and other financial obligations	17				
Accounting Policies	18				

Statement of Changes in Equity

Koncern

	Share capital	Reserve for development costs	Retained earnings	Equity excl. minority interests	Minority interests	Total
	DKK	DKK	DKK	DKK	DKK	DKK
Equity at 1 January	50.000	501.388	18.969.090	19.520.478	9.391.664	28.912.142
Exchange adjustments	0	0	0	0	99.365	99.365
Ordinary dividend paid	0	0	0	0	-1.264.640	-1.264.640
Development costs for the year	0	916.251	-916.251	0	0	0
Net profit/loss for the year	0	0	-312.203	-312.203	1.371.514	1.059.311
Equity at 31 December	50.000	1.417.639	17.740.636	19.208.275	9.597.903	28.806.178

Moderselskab

Equity at 1 January	50.000	0	19.470.478	19.520.478	0	19.520.478
Net profit/loss for the year	0	0	-312.203	-312.203	0	-312.203
Equity at 31 December	50.000	0	19.158.275	19.208.275	0	19.208.275

Cash Flow Statement 1 January - 31 December

	Note	Koncern	
		2022 DKK	2021 DKK
Net profit/loss for the year		1.059.311	4.474.837
Adjustments	15	2.173.596	5.526.527
Change in working capital	16	-4.061.927	2.878.907
Cash flows from operating activities before financial income and expenses		-829.020	12.880.271
Financial income		1.144.518	721.036
Financial expenses		-895.227	-1.119.602
Cash flows from ordinary activities		-579.729	12.481.705
Corporation tax paid		-6.995.886	-105.916
Cash flows from operating activities		-7.575.615	12.375.789
Purchase of intangible assets		-4.258.693	-745.402
Purchase of property, plant and equipment		-339.232	-575.926
Fixed asset investments made etc		0	2.066.641
Sale of property, plant and equipment		-54.927	5.000
Sale of fixed asset investments etc		0	85.835
Cash flows from investing activities		-4.652.852	836.148
Repayment of loans from credit institutions		0	-7.304.247
Repayment of payables to associates		0	-669.209
Repayment of other long-term debt		0	-2.066.641
Raising of other long-term debt		11.854.861	3.102.418
Dividend paid		-1.335.360	-358.563
Cash flows from financing activities		10.519.501	-7.296.242
Change in cash and cash equivalents		-1.708.966	5.915.695
Cash and cash equivalents at 1 January		6.874.890	959.195
Cash and cash equivalents at 31 December		5.165.924	6.874.890
Cash and cash equivalents are specified as follows:			
Cash at bank and in hand		5.165.924	6.874.890
Cash and cash equivalents at 31 December		5.165.924	6.874.890

Notes to the Financial Statements

	Koncern		Moterselskab	
	2022 DKK	2021 DKK	2022 DKK	2021 DKK
1 Staff expenses				
Wages and salaries	33.872.931	25.432.571	41.533	0
Pensions	1.715.266	1.560.525	0	0
Other social security expenses	1.490.321	388.947	0	0
Other staff expenses	1.046.933	3.209.296	0	0
	38.125.451	30.591.339	41.533	0
Average number of employees	85	67	1	0
2 Depreciation, amortisation and impairment of intangible assets and property, plant and equipment				
Amortisation of intangible assets	1.513.682	1.530.249	0	0
Depreciation of property, plant and equipment	513.920	586.949	0	0
Impairment of property, plant and equipment	0	23.046	0	0
Gain and loss on disposal	0	124	0	0
	2.027.602	2.140.368	0	0
3 Tax on profit/loss for the year				
Current tax for the year	274.227	1.876.959	0	-124.271
Deferred tax for the year	365.082	755	-136.089	0
Adjustment of tax concerning previous years	-8	0	0	0
Adjustment of deferred tax concerning previous years	0	-4.232	0	0
	639.301	1.873.482	-136.089	-124.271

Notes to the Financial Statements

4 Intangible assets

Koncern

	Completed development projects	Acquired pa- tents	Acquired other similar rights	Goodwill	Development projects in progress
	DKK	DKK	DKK	DKK	DKK
Cost at 1 January	3.384.023	92.968	465.325	22.015.177	2.724.479
Additions for the year	1.754.008	0	2.084.012	1.000.000	1.174.681
Disposals for the year	0	0	0	0	-3.019.743
Transfers for the year	3.881.114	0	0	0	0
Cost at 31 December	9.019.145	92.968	2.549.337	23.015.177	879.417
Impairment losses and amortisation at 1 January	3.384.023	14.796	110.121	4.127.847	1.265.735
Amortisation for the year	0	19.523	18.221	1.475.949	0
Reversal of amortisation of disposals for the year	0	0	0	0	-1.265.735
Transfers for the year	3.881.114	0	0	0	0
Impairment losses and amortisation at 31 December	7.265.137	34.319	128.342	5.603.796	0
Carrying amount at 31 December	1.754.008	58.649	2.420.995	17.411.381	879.417

Development projects relate to the development of new versions of the Group's existing products. The projects are expected to be completed in 2023. The projects are progressing according to plan using the resources allocated by Management to the development. The products are expected to be sold in the present market to the Group's existing customers. Prior to the initiation of the projects, the Group inquired of its customers as to the need for an updated program, which was well received.

Notes to the Financial Statements

5 Property, plant and equipment

Koncern

	Other fixtures and fittings, tools and equipment	Leasehold improvements
	DKK	DKK
Cost at 1 January	3.882.067	1.703.840
Additions for the year	339.232	0
Disposals for the year	-2.039.522	-182.717
Cost at 31 December	<u>2.181.777</u>	<u>1.521.123</u>
Impairment losses and depreciation at 1 January	2.644.051	1.620.122
Exchange adjustment	-59.411	0
Depreciation for the year	466.083	47.837
Impairment and depreciation of sold assets for the year	-2.039.522	0
Reversal of impairment and depreciation of sold assets	0	-182.717
Impairment losses and depreciation at 31 December	<u>1.011.201</u>	<u>1.485.242</u>
Carrying amount at 31 December	<u>1.170.576</u>	<u>35.881</u>

Notes to the Financial Statements

	Moderselskab	
	2022	2021
	DKK	DKK
6 Investments in subsidiaries		
Cost at 1 January	28.000.000	28.000.000
Cost at 31 December	28.000.000	28.000.000
Value adjustments at 1 January	-195.814	-943.712
Net profit/loss for the year	1.448.211	4.332.327
Dividend to the Parent Company	-1.335.360	-2.208.480
Other equity movements, net	104.921	0
Amortisation of goodwill	-1.375.949	-1.375.949
Value adjustments at 31 December	-1.353.991	-195.814
Carrying amount at 31 December	26.646.009	27.804.186
Remaining positive difference included in the above carrying amount at 31 December	16.511.383	17.887.330

Investments in subsidiaries are specified as follows:

Name	Place of registered office	Share capital	Votes and ownership
Cotes A/S	Aarhus	1.325.000	51,36%

Notes to the Financial Statements

	Koncern		Moderselskab	
	2022	2021	2022	2021
	DKK	DKK	DKK	DKK
7 Investments in associates				
Cost at 1 January	1.990.863	1.990.863	0	0
Cost at 31 December	1.990.863	1.990.863	0	0
Value adjustments at 1 January	-1.399.261	-452.663	0	0
Revaluations for the year, net	409.630	-946.598	0	0
Value adjustments at 31 December	-989.631	-1.399.261	0	0
Carrying amount at 31 December	1.001.232	591.602	0	0

Investments in associates are specified as follows:

Name	Place of registered office	Share capital	Votes and ownership
F-Tech AS	Norway	NOK 100.000	25%

8 Other fixed asset investments

	Koncern
	Other receivables
	DKK
Cost at 1 January	926.146
Additions for the year	54.616
Disposals for the year	-54.927
Cost at 31 December	925.835
Carrying amount at 31 December	925.835

Notes to the Financial Statements

	Koncern		Moderselskab	
	2022	2021	2022	2021
	DKK	DKK	DKK	DKK
9 Inventories				
Raw materials and consumables	19.787.641	13.673.412	0	0
Finished goods and goods for resale	4.462.185	2.829.158	0	0
	24.249.826	16.502.570	0	0

10 Contract work in progress

Selling price of work in progress	4.288.462	265.632	0	0
	4.288.462	265.632	0	0

11 Prepayments

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

	Koncern		Moderselskab	
	2022	2021	2022	2021
	DKK	DKK	DKK	DKK
12 Distribution of profit				
Extraordinary dividend paid	0	358.563	0	358.563
Minority interests' share of net profit/loss of subsidiaries	1.371.514	2.066.641	0	0
Retained earnings	-312.203	2.049.633	-312.203	2.135.922
	1.059.311	4.474.837	-312.203	2.494.485

13 Provision for deferred tax

Provision for deferred tax at 1 January	634.251	633.496	0	0
Amounts recognised in the income statement for the year	365.082	755	-136.089	0
Amounts recognised in equity for the year	-250.929	0	0	0
Provision for deferred tax at 31 December	748.404	634.251	-136.089	0

Notes to the Financial Statements

14 Long-term debt

Payments due within 1 year are recognised in short-term debt. Other debt is recognised in long-term debt.

The debt falls due for payment as specified below:

	Koncern		Moderselskab	
	2022 DKK	2021 DKK	2022 DKK	2021 DKK
Credit institutions				
Between 1 and 5 years	3.827.893	3.832.684	0	0
Long-term part	3.827.893	3.832.684	0	0
Within 1 year	13.156.347	1.322.719	0	0
Other short-term debt to credit institutions	160.194	134.170	1.001.113	0
Short-term part	13.316.541	1.456.889	1.001.113	0
	17.144.434	5.289.573	1.001.113	0
Corporation tax				
Between 1 and 5 years	0	3.141.709	0	0
Long-term part	0	3.141.709	0	0
Within 1 year	1.638.209	4.967.238	0	0
	1.638.209	8.108.947	0	0
Other payables				
Between 1 and 5 years	5.698.749	7.809.423	3.430.498	5.540.272
Long-term part	5.698.749	7.809.423	3.430.498	5.540.272
Within 1 year	2.133.645	2.023.871	2.133.645	2.023.871
Other short-term payables	11.174.655	6.678.447	994.184	929.593
Short-term part	13.308.300	8.702.318	3.127.829	2.953.464
	19.007.049	16.511.741	6.558.327	8.493.736

Notes to the Financial Statements

	Koncern	
	<u>2022</u>	<u>2021</u>
	DKK	DKK
15 Cash flow statement - adjustments		
Financial income	-1.144.518	-721.036
Financial expenses	895.227	1.117.355
Depreciation, amortisation and impairment losses, including losses and gains on sales	2.023.131	2.140.244
Income from investments in associates	-894.505	833.798
Tax on profit/loss for the year	639.301	1.873.482
Other adjustments	654.960	282.684
	<u>2.173.596</u>	<u>5.526.527</u>
16 Cash flow statement - change in working capital		
Change in inventories	-7.747.256	-3.831.110
Change in receivables	-11.770.598	5.386.327
Change in trade payables, etc	15.455.927	1.323.690
	<u>-4.061.927</u>	<u>2.878.907</u>

Notes to the Financial Statements

17		Koncern		Moderselskab	
		2022	2021	2022	2021
		DKK	DKK	DKK	DKK
	Contingent assets, liabilities and other financial obligations				
	Charges and security				
	The following assets have been placed as security with bankers:				
	Floating charge, DKK 14,000k, in intangible rights, inventories, trade receivables and property, plant and equipments with a carrying amount	50.593.776	28.936.980	0	0
	Rental and lease obligations				
	Lease obligations under operating leases. Total future lease payments:				
	Within 1 year	550.980	316.597	0	0
	Between 1 and 5 years	0	233.380	0	0
		550.980	549.977	0	0
	Lease obligations, period of non-terminability 3-35 months	757.211	2.640.146	0	0
	Other contingent liabilities				

The 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 SRO Cotes ApS, which is the management company of the joint taxation purposes. Moreover, the 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.

Notes to the Financial Statements

18 Accounting Policies

The Annual Report of SRO Cotes ApS 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 DKK.

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, SRO Cotes ApS, 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.

Notes to the Financial Statements

18 Accounting Policies (continued)

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.

On subsequent changes to minority interests where the Group retains control of the subsidiary, the consideration is recognised directly in equity.

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 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.

Notes to the Financial Statements

18 Accounting Policies (continued)

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.

Other external expenses

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

Gross profit/loss

With reference to section 32 of the Danish Financial Statements Act, gross profit/loss is calculated as a summary of revenue, work on own account recognised in assets, other operating income, expenses for raw materials and consumables and other external expenses.

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.

Other operating income and expenses

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

Income from investments in subsidiaries and associates

The items “Income from investments in subsidiaries” and “Income from investments in associates” in the income statement include 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

18 Accounting Policies (continued)

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.

The Company is jointly taxed with wholly owned Danish and foreign subsidiaries. The tax effect of the joint taxation is allocated to enterprises in proportion to their taxable incomes.

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 2-5 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.

Interest expenses on loans raised directly for financing the construction of property, plant and equipment are recognised in cost over the period of construction.

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	3-5	years

The fixed assets' residual values are determined at nil.

Notes to the Financial Statements

18 Accounting Policies (continued)

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 and associates

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

The items “Investments in subsidiaries” and “Investments in associates” 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 inter-company profits or losses and with addition of the remaining value of any increases in value and goodwill calculated at the time of acquisition of the enterprises.

The total net revaluation of investments in subsidiaries and associates 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 and the associates.

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

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.

Notes to the Financial Statements

18 Accounting Policies (continued)

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.

Contract work in progress

Contract work in progress regarding service is measured at selling price of the work performed calculated on the basis of the stage of completion. The stage of completion is measured by the proportion that the contract expenses incurred to date bear to the estimated total contract expenses. Where it is probable that total contract expenses will exceed total revenues from a contract, the expected loss is recognised as an expense in the income statement.

Where the selling price cannot be measured reliably, the selling price is measured at the lower of expenses incurred and net realisable value.

Payments received on account are set off against the selling price. The individual contracts are classified as receivables when the net selling price is positive and as liabilities when the net selling price is negative.

Expenses relating to sales work and the winning of contracts are recognised in the income statement as incurred.

Prepayments

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

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.

Notes to the Financial Statements

18 Accounting Policies (continued)

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.

Financial debts

Loans, such as mortgage loans and loans from credit institutions, are recognised initially at the proceeds received net of transaction expenses incurred. Subsequently, the loans are measured at amortised cost; the difference between the proceeds and the nominal value is recognised as an interest expense in the income statement over the loan period.

Mortgage loans are measured at amortised cost, which for cash loans corresponds to the remaining loan. Amortised cost of debenture loans corresponds to the remaining loan calculated as the underlying cash value of the loan at the date of raising the loan adjusted for depreciation of the price adjustment of the loan made over the term of the loan at the date of raising the loan.

Other 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 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 cash and cash equivalents at the beginning and end of the year.

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.

Notes to the Financial Statements

18 Accounting Policies (continued)

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

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	$\frac{\text{Net profit for the year} \times 100}{\text{Average equity}}$