
SRO Cotes ApS

Bjørnholms Allé 20, DK-8260 Viby J

Annual Report for 2023

CVR No. 39 76 56 75

The Annual Report was
presented and adopted
at the Annual General
Meeting of the
company
on 8/5 2024

Michael Tobias
Frøstrup
Chairman of the
general meeting



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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 2023.

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 2023 of the Company and the Group and of the results of the Company and Group operations and of consolidated cash flows for 2023.

In our opinion, Management's Review includes a true and fair account of the matters addressed in the Review.

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

Aarhus, 8 May 2024

Executive Board

Laura Rønnow
CEO

Martin Brøchner-Mortensen
Manager

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 2023 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 2023 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 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 ("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.

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 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 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.

Independent Auditor's report

Aarhus C, 8 May 2024

PricewaterhouseCoopers

Statsautoriseret Revisionspartnerselskab

CVR No 33 77 12 31

Mads Meldgaard

State Authorised Public Accountant

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

Incorporated: 6 July 2018

Financial year: 5th financial year

Municipality of reg. office: Aarhus

Executive Board

Laura Rønnow
Martin Brøchner-Mortensen

Auditors

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

Group Chart

<u>Company</u>	<u>Residence</u>	<u>Ownership</u>
SRO Cotes ApS	Aarhus	
Cotes A/S	Aarhus	57,64%
Cotes Polska z.o.o.	Polen	100%
Cotes Dehumidification Shanghai Co. Ltd.	China	100%
Fugtkontrol ApS	Slagelse	100%
Cotes US Inc.	USA	100%

Financial Highlights

Seen over a 4-year period, the development of the Group is described by the following financial highlights:

	Group			
	2023	2022	2021	2020
	TDKK	TDKK	TDKK	TDKK
Key figures				
Profit/loss				
Profit/loss of primary operations	7,552	555	7,578	9,846
Profit/loss of financial income and expenses	-2,175	1,144	-1,230	-798
Net profit/loss for the year	3,195	1,059	4,475	6,846
Balance sheet				
Balance sheet total	131,068	90,088	69,240	66,714
Investment in property, plant and equipment	2,364	339	576	-760
Equity	32,001	28,806	28,912	25,473
Cash flows				
Cash flows from:				
- operating activities	-14,627	-7,576	12,376	-3,485
- investing activities	-3,781	-4,653	836	-829
- financing activities	25,414	10,520	-7,296	4,295
Change in cash and cash equivalents for the year	7,006	-1,709	5,916	-19
Number of employees	119	85	67	77
Ratios				
Return on assets	5.8%	0.6%	10.9%	14.8%
Solvency ratio	24.4%	32.0%	41.8%	38.2%
Return on equity	10.5%	3.7%	16.5%	31.3%

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 2023 shows a profit of DKK 3,195,166, and at 31 December 2023 the balance sheet of the Group shows a positive equity of DKK 32,001,344.

2023 has been a year of growth for the Cotes Group both on existing market and new markets. The development in 2023 is considered by the Management as satisfactory.

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

Cotes Group met targets and expectations from last year.

Last year Cotes Group initiated the journey to become more sustainable and more responsible through SBTi and succeeded the first step on the journey by CO2 baselining the targets for Scope 1 and 2. Due to several changes in the business Cotes needs to reset the CO2 baseline which will happen in 2024.

Targets and expectations for the year ahead

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

In 2024, a profit before tax of between DKK 6 - 10 million is expected.

Research and development

In 2023 Cotes 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 Cotes 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.

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

There has been no uncertainty regarding recognition and measurement in the Annual Report.

Unusual events

The uncertainty of secures infrastructure within the wind energy industry and delay on large OEMs deployment of new turbine developments are subject for our continued growth and stability within production capacity. Besides uncertainty in the wind energy industry, supply chain challenges due to international conflicts are still factors that are subject for our products cost prices and long lead time. This is the most significant uncertainty to the operating profit of 2024.

Subsequent events

No events materially affecting the assessment of the Annual Report have occurred after the balance sheet date.

Income statement 1 January - 31 December

	Note	Group		Parent company	
		2023	2022	2023	2022
		DKK	DKK	DKK	DKK
Gross profit		62,628,453	40,709,396	-812,740	-127,223
Staff expenses	1	-51,985,441	-38,125,451	-198,467	-41,533
Amortisation, depreciation and impairment losses of intangible assets and property, plant and equipment	2	-2,856,200	-2,027,602	0	0
Other operating expenses		-234,880	-1,527	0	0
Profit/loss before financial income and expenses		7,551,932	554,816	-1,011,207	-168,756
Income from investments in subsidiaries		0	0	2,055,636	177,252
Income from investments in associates		387,765	894,505	0	0
Financial income		888,515	1,144,518	2,249	0
Financial expenses		-3,451,144	-895,227	-379,999	-456,788
Profit/loss before tax		5,377,068	1,698,612	666,679	-448,292
Tax on profit/loss for the year	3	-2,181,902	-639,301	6,593	136,089
Net profit/loss for the year	4	3,195,166	1,059,311	673,272	-312,203

Balance sheet 31 December

Assets

	Note	Group		Parent company	
		2023	2022	2023	2022
		DKK	DKK	DKK	DKK
Completed development projects		1,326,855	1,754,008	0	0
Acquired patents		40,824	58,649	0	0
Acquired other similar rights		2,703,823	2,420,995	0	0
Goodwill		15,835,432	17,411,381	0	0
Development projects in progress		2,273,401	879,417	0	0
Intangible assets	5	22,180,335	22,524,450	0	0
Other fixtures and fittings, tools and equipment		1,475,336	1,170,576	0	0
Leasehold improvements		1,011,285	35,881	0	0
Property, plant and equipment	6	2,486,621	1,206,457	0	0
Investments in subsidiaries	7	0	0	29,940,848	26,646,009
Investments in associates	8	1,189,373	1,001,232	0	0
Other receivables	9	723,959	925,835	0	0
Fixed asset investments		1,913,332	1,927,067	29,940,848	26,646,009
Fixed assets		26,580,288	25,657,974	29,940,848	26,646,009
Inventories	10	35,878,837	24,249,826	0	0
Trade receivables		46,105,186	24,615,616	0	0
Contract work in progress	11	1,533,185	4,288,462	0	0
Receivables from associates		4,163,534	1,087,135	0	0
Other receivables		4,146,553	4,319,870	0	0
Deferred tax asset	13	0	0	0	136,089
Corporation tax		0	0	877,986	405,397
Prepayments	12	487,926	703,443	0	0
Receivables		56,436,384	35,014,526	877,986	541,486

Balance sheet 31 December

Assets

	Note	Group		Parent company	
		2023	2022	2023	2022
Cash at bank and in hand		<u>DKK 12,172,468</u>	<u>DKK 5,165,924</u>	<u>DKK 238,109</u>	<u>DKK 0</u>
Current assets		<u>104,487,689</u>	<u>64,430,276</u>	<u>1,116,095</u>	<u>541,486</u>
Assets		<u>131,067,977</u>	<u>90,088,250</u>	<u>31,056,943</u>	<u>27,187,495</u>

Balance sheet 31 December

Liabilities and equity

	Note	Group		Parent company	
		2023	2022	2023	2022
		DKK	DKK	DKK	DKK
Share capital		50,000	50,000	50,000	50,000
Reserve for net revaluation under the equity method		0	0	1,940,848	0
Reserve for development costs		2,808,200	1,417,639	0	0
Retained earnings		17,023,348	17,740,636	19,129,902	19,158,275
Equity attributable to shareholders of the Parent Company		19,881,548	19,208,275	21,120,750	19,208,275
Minority interests		12,119,796	9,597,903	0	0
Equity		32,001,344	28,806,178	21,120,750	19,208,275
Provision for deferred tax	13	1,296,353	748,404	0	0
Provisions		1,296,353	748,404	0	0
Credit institutions		2,504,662	3,827,893	0	0
Other payables		3,579,547	5,698,749	1,155,631	3,430,498
Long-term debt	14	6,084,209	9,526,642	1,155,631	3,430,498
Credit institutions	14	40,053,774	13,316,541	0	1,001,113
Prepayments received from customers		15,930,029	12,019,842	0	0
Trade payables		14,246,046	10,724,084	96,800	70,500
Payables to group enterprises		0	0	366,644	349,230
Payables to owners and Management		0	50	0	50
Corporation tax		767,743	1,638,209	0	0
Other payables	14	20,688,479	13,308,300	8,317,118	3,127,829
Short-term debt		91,686,071	51,007,026	8,780,562	4,548,722
Debt		97,770,280	60,533,668	9,936,193	7,979,220
Liabilities and equity		131,067,977	90,088,250	31,056,943	27,187,495

Balance sheet 31 December

Liabilities and equity

	Note	Group		Parent company	
		2023	2022	2023	2022
		DKK	DKK	DKK	DKK
Contingent assets, liabilities and other financial obligations	17				
Related parties	18				
Subsequent events	19				
Accounting Policies	20				

Statement of changes in equity

Group

	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	1,417,639	17,740,636	19,208,275	9,597,903	28,806,178
Development costs for the year	0	1,390,561	-1,390,561	0	0	0
Net profit/loss for the year	0	0	673,273	673,273	2,521,893	3,195,166
Equity at 31 December	50,000	2,808,200	17,023,348	19,881,548	12,119,796	32,001,344

Parent company

	Share capital	Reserve for net revaluation under the equity method	Retained earnings	Total
	DKK	DKK	DKK	DKK
Equity at 1 January	50,000	0	19,158,275	19,208,275
Net profit/loss for the year	0	1,940,848	-28,373	1,912,475
Equity at 31 December	50,000	1,940,848	19,129,902	21,120,750

Cash flow statement 1 January - 31 December

	Note	Group	
		2023	2022
		DKK	DKK
Result of the year		3,195,166	1,059,311
Adjustments	15	7,201,379	2,173,596
Change in working capital	16	-19,956,293	-4,061,927
Cash flow from operations before financial items		-9,559,748	-829,020
Financial income		888,515	1,144,518
Financial expenses		-3,451,144	-895,227
Cash flows from ordinary activities		-12,122,377	-579,729
Corporation tax paid		-2,504,419	-6,995,886
Cash flows from operating activities		-14,626,796	-7,575,615
Purchase of intangible assets		-1,915,646	-4,258,693
Purchase of property, plant and equipment		-2,364,204	-339,232
Other adjustments		499,188	-54,927
Cash flows from investing activities		-3,780,662	-4,652,852
Raising of loans from credit institutions		25,414,002	11,854,861
Dividend paid		0	-1,335,360
Cash flows from financing activities		25,414,002	10,519,501
Change in cash and cash equivalents		7,006,544	-1,708,966
Cash and cash equivalents at 1 January		5,165,924	6,874,890
Cash and cash equivalents at 31 December		12,172,468	5,165,924
Cash and cash equivalents are specified as follows:			
Cash at bank and in hand		12,172,468	5,165,924
Cash and cash equivalents at 31 December		12,172,468	5,165,924

Notes to the Financial Statements

	Group		Parent company	
	2023	2022	2023	2022
	DKK	DKK	DKK	DKK
1. Staff Expenses				
Wages and salaries	45,500,502	33,872,931	198,467	41,533
Pensions	2,197,393	1,715,266	0	0
Other social security expenses	2,805,575	1,490,321	0	0
Other staff expenses	1,481,971	1,046,933	0	0
	51,985,441	38,125,451	198,467	41,533
Including remuneration to the Executive Board and Board of Directors	1,929,122	1,740,914	0	0
Average number of employees	119	85	1	1
	Group		Parent company	
	2023	2022	2023	2022
	DKK	DKK	DKK	DKK
2. Amortisation, depreciation and impairment losses of intangible assets and property, plant and equipment				
Amortisation of intangible assets	2,036,527	1,513,682	0	0
Depreciation of property, plant and equipment	819,673	513,920	0	0
	2,856,200	2,027,602	0	0
	Group		Parent company	
	2023	2022	2023	2022
	DKK	DKK	DKK	DKK
3. Income tax expense				
Current tax for the year	1,629,901	274,227	-142,682	0
Deferred tax for the year	552,001	365,082	136,089	-136,089
Adjustment of tax concerning previous years	0	-8	0	0
	2,181,902	639,301	-6,593	-136,089

Notes to the Financial Statements

	Group		Parent company	
	2023	2022	2023	2022
	DKK	DKK	DKK	DKK
4. Profit allocation				
Reserve for net revaluation under the equity method	0	0	701,645	0
Minority interests' share of net profit/loss of subsidiaries	2,521,893	1,371,514	0	0
Retained earnings	673,273	-312,203	-28,373	-312,203
	3,195,166	1,059,311	673,272	-312,203

5. Intangible fixed assets

Group

	Completed development projects	Acquired patents	Acquired other similar rights	Goodwill	Development projects in progress
	DKK	DKK	DKK	DKK	DKK
Cost at 1 January	9,019,144	92,968	2,549,337	23,015,177	879,417
Additions for the year	0	0	521,662	0	1,393,984
Transfers for the year	0	0	-21,032	0	0
Cost at 31 December	9,019,144	92,968	3,049,967	23,015,177	2,273,401
Impairment losses and depreciation at 1 January	7,265,137	34,319	128,342	5,603,796	0
Depreciation for the year	427,152	17,825	217,802	1,575,949	0
Impairment losses and depreciation at 31 December	7,692,289	52,144	346,144	7,179,745	0
Carrying amount at 31 December	1,326,855	40,824	2,703,823	15,835,432	2,273,401

Development projects relate to the development of new versions of the Company's existing products. The projects are expected to be completed in 2024. 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 Company's existing customers. Prior to the initiation of the projects, the Company inquired of its customers as to the need for an updated program, which was well received.

Notes to the Financial Statements

6. Property, plant and equipment Group

	Other fixtures and fittings, tools and equipment	Leasehold improve- ments
	DKK	DKK
Cost at 1 January	2,181,777	1,521,023
Additions for the year	1,264,883	1,099,321
Disposals for the year	0	-852,579
Transfers for the year	-1,080,548	1,062,147
Cost at 31 December	<u>2,366,112</u>	<u>2,829,912</u>
Impairment losses and depreciation at 1 January	1,011,201	1,485,142
Exchange adjustment	-583,160	0
Depreciation for the year	462,735	156,938
Reversal of impairment and depreciation of sold assets	0	-353,391
Transfers for the year	0	529,938
Impairment losses and depreciation at 31 December	<u>890,776</u>	<u>1,818,627</u>
Carrying amount at 31 December	<u>1,475,336</u>	<u>1,011,285</u>
Amortised over	<u>3-5 years</u>	<u>3-5 years</u>

Notes to the Financial Statements

	Parent company	
	2023	2022
	DKK	DKK
7. 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	-1,353,991	-195,814
Net profit/loss for the year	3,431,585	1,448,211
Dividend to the Parent Company	0	-1,335,360
Other equity movements, net	1,239,203	104,921
Amortisation of goodwill	-1,375,949	-1,375,949
Value adjustments at 31 December	1,940,848	-1,353,991
Carrying amount at 31 December	29,940,848	26,646,009
Remaining positive difference included in the above carrying amount at	15,135,432	16,511,383

Investments in subsidiaries are specified as follows:

Name	Place of registered office	Share capital	Ownership
Cotes A/S	Aarhus	1.180.555	57,64%

Notes to the Financial Statements

	Group		Parent company	
	2023	2022	2023	2022
	DKK	DKK	DKK	DKK
8. 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	-989,631	-1,399,261	0	0
Net profit/loss for the year	188,141	0	0	0
Revaluations for the year, net	0	409,630	0	0
Value adjustments at 31 December	-801,490	-989,631	0	0
Carrying amount at 31 December	1,189,373	1,001,232	0	0

Investments in associates are specified as follows:

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

9. Other fixed asset investments

Group

	Other receivables
	DKK
Cost at 1 January	925,835
Disposals for the year	-201,876
Cost at 31 December	723,959
Carrying amount at 31 December	723,959

Notes to the Financial Statements

	Group		Parent company	
	2023	2022	2023	2022
	DKK	DKK	DKK	DKK
10. Inventories				
Raw materials and consumables	27,075,119	19,787,641	0	0
Finished goods and goods for resale	8,803,718	4,462,185	0	0
	35,878,837	24,249,826	0	0

	Group		Parent company	
	2023	2022	2023	2022
	DKK	DKK	DKK	DKK
11. Contract work in progress				
Selling price of work in progress	1,533,185	4,288,462	0	0
	1,533,185	4,288,462	0	0
Recognised in the balance sheet as follows:				
Contract work in progress recognised in assets	1,533,185	4,288,462	0	0
	1,533,185	4,288,462	0	0

12. Prepayments

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

	Group		Parent company	
	2023	2022	2023	2022
	DKK	DKK	DKK	DKK
13. Provision for deferred tax				
Deferred tax liabilities at 1 January	748,404	634,251	-136,089	0
Amounts recognised in the income statement for the year	547,949	365,082	136,089	-136,089
Amounts recognised in equity for the year	0	-250,929	0	0
Deferred tax liabilities at 31 December	1,296,353	748,404	0	-136,089

Notes to the Financial Statements

Group		Parent company	
2023	2022	2023	2022
DKK	DKK	DKK	DKK

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:

Credit institutions

After 5 years	0	0	0	0
Between 1 and 5 years	2,504,662	3,827,893	0	0
Long-term part	2,504,662	3,827,893	0	0
Within 1 year	39,772,834	13,156,347	0	0
Other short-term debt to credit institutions	280,940	160,194	0	1,001,113
	42,558,436	17,144,434	0	1,001,113

Other payables

After 5 years	0	0	0	0
Between 1 and 5 years	3,579,547	5,698,749	1,155,631	3,430,498
Long-term part	3,579,547	5,698,749	1,155,631	3,430,498
Within 1 year	2,250,996	2,133,645	2,250,996	2,133,645
Other short-term payables	18,437,483	11,174,655	6,066,122	994,184
	24,268,026	19,007,049	9,472,749	6,558,327

Group	
2023	2022
DKK	DKK

15. Cash flow statement - Adjustments

Financial income	-888,515	-1,144,518
Financial expenses	3,451,144	895,227
Depreciation, amortisation and impairment losses, including losses and gains on sales	2,856,200	2,023,131
Income from investments in associates	-387,765	-894,505
Tax on profit/loss for the year	2,181,902	639,301
Other adjustments	-11,587	654,960
	7,201,379	2,173,596

Notes to the Financial Statements

	Group	
	2023	2022
	DKK	DKK
16. Cash flow statement - Change in working capital		
Change in inventories	-11,629,011	-7,747,256
Change in receivables	-21,020,358	-11,770,598
Change in trade payables, etc	12,693,076	15,455,927
	-19,956,293	-4,061,927

	Group		Parent company	
	2023	2022	2023	2022
	DKK	DKK	DKK	DKK
17. Contingent assets, liabilities and other financial obligations				
Charges and security				
The following assets have been placed as security with bankers:				
Floating charge, DKK 24,000k, in intangible rights, inventories, trade receivables and property, plant and equipments with a carrying amount	86,377,668	50,593,776	0	0
Rental and lease obligations				
Lease obligations under operating leases. Total future lease payments:				
Within 1 year	945,933	550,980	0	0
Between 1 and 5 years	811,875	0	0	0
	1,757,808	550,980	0	0
Lease obligations, period of nonterminability 3-33 months	789,229	757,211	0	0
Guarantee obligations				
The Group has provided guarantees to customers of	720,117	0	0	0

Notes to the Financial Statements

Group		Parent company	
2023	2022	2023	2022
DKK	DKK	DKK	DKK

17. Contingent assets, liabilities and other financial obligations

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 by the Group amounts to DKK 767,743. 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 Group's liability.

18. Related parties

Basis

Controlling interest

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.

19. Subsequent events

No events materially affecting the assessment of the Annual Report have occurred after the balance sheet date.

Notes to the Financial Statements

20. Accounting policies

The Annual Report of SRO Cotes ApS for 2023 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 Financial Statements and the Parent Company Financial Statements for 2023 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.

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.

Notes to the Financial Statements

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.

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 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 associates

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

Notes to the Financial Statements

Financial income and expenses

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

Tax on profit/loss for the year

Tax for the year consists of current tax for the year and deferred tax for the year. The tax attributable to the profit for 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 fixed 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 year.

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 contracted directly for financing the construction of property, plant and equipment are recognised in cost over the construction period.

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.

Depreciation period and residual value are reassessed annually.

Impairment of fixed assets

The carrying amounts of intangible assets and property, plant and equipment and investments 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 associates

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

Notes to the Financial Statements

The item “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 intercompany 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 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 associates.

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 and costs of completion. 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.

Contract work in progress

Contract work in progress 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.

Notes to the Financial Statements

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, including the tax base of tax loss carry-forwards, 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.

Financial liabilities

Loans, such as 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.

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.

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.

Notes to the Financial Statements

Cash and cash equivalents

Cash and cash equivalents comprise .

The cash flow statement cannot be immediately derived from the published financial records.

Financial Highlights

Explanation of financial ratios

Return on assets	$\text{Profit/loss of ordinary primary operations} \times 100 / \text{Total assets at year end}$
Solvency ratio	$\text{Equity at year end} \times 100 / \text{Total assets at year end}$
Return on equity	$\text{Net profit for the year} \times 100 / \text{Average equity}$