
EMRI A/S

Marielundvej 37A, DK-2730 Herlev

Annual Report for 2023

CVR No. 41 42 67 99

The Annual Report was
presented and adopted
at the Annual General
Meeting of the
company
on 5/3 2024

Morten Novak Bro
Chairman of the
general meeting



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Management's statement

The Executive Board and Board of Directors have today considered and adopted the Annual Report of EMRI A/S 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 give a true and fair view of the financial position at 31 December 2023 of the Company and of the results of the Company operations 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.

Herlev, 5 March 2024

Executive Board

Morten Novak Bro
CEO

Board of Directors

Koji Tokuda
Chairman

Freddie Hansen

Hiroyasu Kawamura

Atsushi Takagi

Arto Lindgren

Morten Novak Bro

Independent Auditor's report

To the shareholder of EMRI A/S

Opinion

In our opinion, the Financial Statements give a true and fair view of the financial position of the Company at 31 December 2023 and of the results of the Company's operations for the financial year 1 January - 31 December 2023 in accordance with the Danish Financial Statements Act.

We have audited the Financial Statements of EMRI A/S 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 ("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 Company 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 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 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 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 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 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 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 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.

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, 5 March 2024

PricewaterhouseCoopers

Statsautoriseret Revisionspartnerselskab

CVR No 33 77 12 31

Allan Kamp Jensen

State Authorised Public Accountant

mne15126

Company information

The Company	EMRI A/S Marielundvej 37A DK-2730 Herlev CVR No: 41 42 67 99 Financial period: 1 January - 31 December Incorporated: 10 June 2020 Financial year: 4th financial year Municipality of reg. office: Herlev
Board of Directors	Koji Tokuda, chairman Freddie Hansen Hiroyasu Kawamura Atsushi Takagi Arto Lindgren Morten Novak Bro
Executive Board	Morten Novak Bro
Auditors	PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab Strandvejen 44 DK-2900 Hellerup

Management's review

Key activities

The Company's key activity is to develop, manufacture and deliver highly qualified services to the market that uses automatic control in the form of electronics and electrohydraulics for servotechnical systems.

Development in the year

The income statement of the Company for 2023 shows a loss of DKK 12,450,602, and at 31 December 2023 the balance sheet of the Company shows a negative equity of DKK 2,954,951.

In 2023, EMRI has carried out a massive expansion of development resources, with a view to intensive development of new products. It takes years to fully develop and obtain approval of the products, only then will the new products generate revenue. Therefore, a significant but planned deficit has been realized in 2023.

Capital resources

As stated above, the company's equity has become negative. With reference to note 1, the Parent Company, Furuno Electric Company Ltd, has issued a letter of subordination and support, committing itself to provide any capital resources necessary to ensure a satisfying level of capital resources.

Uncertainty relating to recognition and measurement

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

Unusual events

The financial position at 31 December 2023 of the Company and the results of the activities and cash flows of the Company for the financial year for 2023 have not been affected by any unusual events.

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	2023	2022
		DKK	DKK
Gross profit		18,970,876	23,977,200
Staff expenses	2	-30,614,942	-22,859,609
Amortisation, depreciation and impairment losses of intangible assets and property, plant and equipment	3	-3,357,840	-3,113,011
Profit/loss before financial income and expenses		-15,001,906	-1,995,420
Financial income		84,185	0
Financial expenses	4	-979,732	-368,869
Profit/loss before tax		-15,897,453	-2,364,289
Tax on profit/loss for the year	5	3,446,851	509,579
Net profit/loss for the year		-12,450,602	-1,854,710
 Distribution of profit			
		2023	2022
		DKK	DKK
Proposed distribution of profit			
Retained earnings		-12,450,602	-1,854,710
		-12,450,602	-1,854,710

Balance sheet 31 December

Assets

	Note	2023	2022
		DKK	DKK
Acquired patents		1,429,727	1,649,685
Goodwill		17,106,726	19,738,530
Intangible assets	6	18,536,453	21,388,215
Other fixtures and fittings, tools and equipment		1,311,651	633,343
Leasehold improvements		37,196	61,994
Property, plant and equipment	7	1,348,847	695,337
Deposits	8	526,333	524,466
Fixed asset investments		526,333	524,466
Fixed assets		20,411,633	22,608,018
Finished goods and goods for resale		9,270,290	7,070,105
Inventories		9,270,290	7,070,105
Trade receivables		9,616,697	7,778,759
Receivables from group enterprises		2,049,688	1,170,463
Other receivables		3,449,472	734,747
Corporation tax receivable from group enterprises		4,708,382	1,478,777
Prepayments		423,316	450,703
Receivables		20,247,555	11,613,449
Cash at bank and in hand		1,325,198	1,365,889
Current assets		30,843,043	20,049,443
Assets		51,254,676	42,657,461

Balance sheet 31 December

Liabilities and equity

	Note	2023	2022
		DKK	DKK
Share capital		1,000,000	1,000,000
Retained earnings		-3,954,951	8,495,651
Equity		-2,954,951	9,495,651
Provision for deferred tax	9	840,448	1,057,694
Provisions		840,448	1,057,694
Payables to group enterprises		27,080,000	20,016,918
Long-term debt	10	27,080,000	20,016,918
Prepayments received from customers		0	472,000
Trade payables		3,400,251	1,452,439
Payables to group enterprises	10	19,897,014	6,989,000
Other payables		2,991,914	3,173,759
Short-term debt		26,289,179	12,087,198
Debt		53,369,179	32,104,116
Liabilities and equity		51,254,676	42,657,461
Going concern	1		
Contingent assets, liabilities and other financial obligations	11		
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Statement of changes in equity

	<u>Share capital</u>	<u>Retained earnings</u>	<u>Total</u>
	DKK	DKK	DKK
Equity at 1 January	1,000,000	8,495,651	9,495,651
Net profit/loss for the year	0	-12,450,602	-12,450,602
Equity at 31 December	1,000,000	-3,954,951	-2,954,951

Notes to the Financial Statements

1. Going concern

The Company has as of 31st of December 2023 lost its nominal value of the share capital.

In order to strengthen the capital resources of the Company, the Company has received a letter of subordination and support from its Parent Company. In the letter the Parent Company commits itself to provide any capital resources necessary to ensure a satisfying level of capital resources. At 31 December 2024 the letter will expire.

By receiving the letter local management assess that the capital resources needed is adequate. By this assessment the annual report is prepared under the principles of a going concern.

2. Staff Expenses

	2023 DKK	2022 DKK
Wages and salaries	28,369,933	21,197,756
Pensions	1,884,155	1,370,169
Other social security expenses	360,854	291,684
	30,614,942	22,859,609
Average number of employees	42	32

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

	2023 DKK	2022 DKK
Amortisation of intangible assets	2,851,762	2,854,291
Depreciation of property, plant and equipment	506,078	258,720
	3,357,840	3,113,011

4. Financial expenses

	2023 DKK	2022 DKK
Interest paid to group enterprises	971,392	315,874
Other financial expenses	8,340	26,145
Exchange loss	0	26,850
	979,732	368,869

Notes to the Financial Statements

	2023	2022
	DKK	DKK
5. Income tax expense		
Current tax for the year	-2,951,441	-1,478,777
Deferred tax for the year	-495,410	969,198
Adjustment of tax concerning previous years	-278,164	0
Adjustment of deferred tax concerning previous years	278,164	0
	-3,446,851	-509,579
6. Intangible fixed assets		
	Acquired patents	Goodwill
	DKK	DKK
Cost at 1. January	2,199,583	26,337,488
Cost at 31. December	2,199,583	26,337,488
Impairment losses and depreciation at 1. January	549,898	6,598,958
Depreciation for the year	219,958	2,631,804
Impairment losses and depreciation at 31. December	769,856	9,230,762
Carrying amount at 31. December	1,429,727	17,106,726
7. Property, plant and equipment		
	Other fixtures and fittings, tools and equipment	Leasehold improvements
	DKK	DKK
Cost at 1. January	1,064,237	123,675
Additions for the year	1,159,589	0
Cost at 31. December	2,223,826	123,675
Impairment losses and depreciation at 1. January	430,895	61,681
Depreciation for the year	481,280	24,798
Impairment losses and depreciation at 31. December	912,175	86,479
Carrying amount at 31. December	1,311,651	37,196

Notes to the Financial Statements

8. Other fixed asset investments

	Deposits
	DKK
Cost at 1. January	524,466
Additions for the year	1,867
Cost at 31. December	<u>526,333</u>
Carrying amount at 31. December	<u>526,333</u>

9. Provision for deferred tax

	2023	2022
	DKK	DKK
Deferred tax liabilities at 1 January	1,057,694	88,496
Amounts recognised in the income statement for the year	-217,246	969,198
Deferred tax liabilities at 31 December	<u>840,448</u>	<u>1,057,694</u>

10. Long-term debt

	2023	2022
	DKK	DKK

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:

Payables to group enterprises

After 5 years	8,700,000	1,560,279
Between 1 and 5 years	18,380,000	18,456,639
Long-term part	<u>27,080,000</u>	<u>20,016,918</u>
Within 1 year	19,897,014	6,989,000
	<u>46,977,014</u>	<u>27,005,918</u>

Notes to the Financial Statements

	2023	2022
	DKK	DKK
11. Contingent assets, liabilities and other financial obligations		
Rental and lease obligations		
Lease obligations under operating leases. Total future lease payments:		
Within 1 year	1,339,004	1,661,352
	<u>1,339,004</u>	<u>1,661,352</u>

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 Furuno Danmark A/S, 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.

12. Related parties and disclosure of consolidated financial statements

Consolidated Financial Statements

The Company is included in the Group Annual Report of the Parent Company:

Name	Place of registered office
Furuno Electric Co., Ltd.	Nishinomiya-shi, Japan

The Group Annual Report can be obtained at the following address:

9-52 Ashihara-cho
Nishinomiya-shi
662-8580 Hyogo-ken
Japan

13. Subsequent events

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

Notes to the Financial Statements

14. Accounting policies

The Annual Report of EMRI A/S for 2023 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to enterprises of reporting class B as well as selected rules applying to reporting class C.

The Financial Statements for 2023 are presented in DKK.

Changes in accounting policies

The Company has changed its income statement from being classified by function to being classified by nature in the current year. In Management's opinion this presentation gives a truer and fairer view of the Company's income statement, which corresponds to the Management's own assessment of the income statement.

As a result of the change in accounting policy for the presentation of the income statement, previous year's figures in the income statement have been restated to the new policy. The change has no effect on profit/loss, equity or cash flows.

Apart from the above, accounting policies remain unchanged from previous years.

Recognition and measurement

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.

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.

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 transaction date rates are recognised in financial income and expenses in the income statement; however, see the section on hedge accounting.

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 Company.

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

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 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, expenses for raw materials and consumables and other external expenses.

Staff expenses

Staff costs include wages and salaries including compensated absence and pensions as well as other social security contributions etc. made to the entity's employees.

Amortisation, depreciation and impairment losses

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

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 its parent company. 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 10 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 10 year.

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:

Notes to the Financial Statements

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 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.

The recoverable amount of the asset is calculated as the higher of net selling price and value in use. Where a recoverable amount cannot be determined for the individual asset, the assets are assessed in the smallest group of assets for which a reliable recoverable amount can be determined based on a total assessment.

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 equals landed cost.

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. Provisions for bad debts are determined on the basis of an individual assessment of each receivable, and in respect of trade receivables, a general provision is also made based on the Company's experience from previous years.

Prepayments

Prepayments comprise prepaid expenses concerning insurance premiums and subscriptions.

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.

Notes to the Financial Statements

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

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