
Norgren A/S

Vesterlundvej 18, DK-2730 Herlev

Annual Report for 1 January - 31 December 2021

CVR No 63 56 96 15

The Annual Report was
presented and adopted at
the Annual General
Meeting of the Company on
7 /7 2022

Johnny Andersen
Chairman of the General
Meeting

Contents

	<u>Page</u>
Management's Statement and Auditor's Report	
Management's Statement	1
Independent Auditor's Report	2
Company Information	
Company Information	5
Management's Review	6
Financial Statements	
Income Statement 1 January - 31 December	7
Balance Sheet 31 December	8
Statement of Changes in Equity	10
Notes to the Financial Statements	11

Management's Statement

The Executive Board and Board of Directors have today considered and adopted the Annual Report of Norgren A/S for the financial year 1 January - 31 December 2021.

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 2021 of the Company and of the results of the Company operations for 2021.

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, 7 July 2022

Executive Board

Lone Bidstrup Tikkanen
CEO

Andrew Robert Bruce
Executive Officer

Board of Directors

Andrew Robert Bruce
Chairman

Johnny Andersen
Deputy Chairman

Lone Bidstrup Tikkanen

Mogens Stig Rasmussen

Independent Auditor's Report

To the Shareholder of Norgren 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 2021 and of the results of the Company's operations for the financial year 1 January - 31 December 2021 in accordance with the Danish Financial Statements Act.

We have audited the Financial Statements of Norgren A/S for the financial year 1 January - 31 December 2021, 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 Financials 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.

Independent Auditor's Report

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.

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

Independent Auditor's Report

scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Copenhagen, 7 July 2022

Deloitte Statsautoriseret Revisionspartnerselskab

CVR No 33 96 35 56

Jan Larsen
statsautoriseret revisor
mne16541

Company Information

The Company

Norgren A/S
Vesterlundvej 18
DK-2730 Herlev

CVR No: 63 56 96 15
Financial period: 1 January - 31 December
Municipality of reg. office: Herlev

Board of Directors

Andrew Robert Bruce, Chairman
Johnny Andersen
Lone Bidstrup Tikkanen
Mogens Stig Rasmussen

Executive Board

Lone Bidstrup Tikkanen
Andrew Robert Bruce

Auditors

Deloitte Statsautoriseret Revisionspartnerselskab
Weidekampsgade 6
DK-2300 København S

Management's Review

Key activities

The company's main activity consists of marketing, consulting and sales of the IMI Precision Engineering group's Norgren products, including pneumatic and electrical components, controls and system solutions in the Nordic region.

The company operates as the exclusive distributor in the Nordic countries with 100% owned subsidiaries in Sweden, Norway and Finland.

Development in the year

The income statement of the Company for 2021 shows a profit of DKK 5,574,786, and at 31 December 2021 the balance sheet of the Company shows equity of DKK 10,005,781.

Norgren A/S operates under an established group distribution agreement. As part of the group's strategy, this has meant that individual customers will in future be serviced by other companies within the group, and that 1 employee has been relocated internally. In future, Norgren A/S will in accordance with the distribution agreement receive commission from sales to customers, which are based in Denmark. It is therefore not expected that the profit margin will be negatively affected by this

Unusual events

The financial position at 31 December 2021 of the Company and the results of the activities of the Company for the financial year for 2021 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	2021 DKK	2020 DKK
Gross profit/loss		28.619.355	30.441.544
Staff expenses	1	-25.135.007	-26.660.420
Depreciation, amortisation and impairment of intangible assets and property, plant and equipment	2	-1.099.486	-1.104.010
Other operating expenses		-7.269	0
Profit/loss before financial income and expenses		2.377.593	2.677.114
Income from investments in subsidiaries		3.933.031	3.570.093
Financial income		1.448	0
Financial expenses	3	-277.199	-338.991
Profit/loss before tax		6.034.873	5.908.216
Tax on profit/loss for the year	4	-460.087	-526.347
Net profit/loss for the year		5.574.786	5.381.869

Distribution of profit

Proposed distribution of profit

Proposed dividend for the year	5.400.000	5.600.000
Retained earnings	174.786	-218.131
	5.574.786	5.381.869

Balance Sheet 31 December

Assets

	Note	2021 DKK	2020 DKK
Land and buildings		9.139.727	9.785.083
Plant and machinery		0	0
Other fixtures and fittings, tools and equipment		747.985	994.749
Property, plant and equipment	5	9.887.712	10.779.832
Investments in subsidiaries	6	6.162.840	6.162.840
Fixed asset investments		6.162.840	6.162.840
Fixed assets		16.050.552	16.942.672
Trade receivables		9.809.483	8.905.266
Receivables from group enterprises		1.639.995	1.442.084
Other receivables		12.498	31.447
Corporation tax		0	22.652
Prepayments		67.119	0
Receivables		11.529.095	10.401.449
Cash at bank and in hand		1.233.618	2.338.049
Currents assets		12.762.713	12.739.498
Assets		28.813.265	29.682.170

Balance Sheet 31 December

Liabilities and equity

	<u>Note</u>	<u>2021</u>	<u>2020</u>
		DKK	DKK
Share capital		4.001.000	4.001.000
Retained earnings		604.781	429.995
Proposed dividend for the year		5.400.000	5.600.000
Equity		<u>10.005.781</u>	<u>10.030.995</u>
Provision for deferred tax		551.089	681.764
Other provisions		0	20.826
Provisions		<u>551.089</u>	<u>702.590</u>
Credit institutions		4.539.401	6.815.803
Trade payables		216.537	233.066
Payables to group enterprises		7.256.285	2.612.849
Corporation tax		192.502	134.525
Other payables		6.051.670	9.152.342
Short-term debt		<u>18.256.395</u>	<u>18.948.585</u>
Debt		<u>18.256.395</u>	<u>18.948.585</u>
Liabilities and equity		<u>28.813.265</u>	<u>29.682.170</u>
Contingent assets, liabilities and other financial obligations	7		
Related parties	8		
Accounting Policies	9		

Statement of Changes in Equity

	Share capital	Retained earnings	Proposed dividend for the year	Total
	DKK	DKK	DKK	DKK
Equity at 1 January	4.001.000	634.940	5.600.000	10.235.940
Net effect from change of accounting policy	0	-204.945	0	-204.945
Adjusted equity at 1 January	4.001.000	429.995	5.600.000	10.030.995
Ordinary dividend paid	0	0	-5.600.000	-5.600.000
Net profit/loss for the year	0	174.786	5.400.000	5.574.786
Equity at 31 December	4.001.000	604.781	5.400.000	10.005.781

Notes to the Financial Statements

	2021	2020
	DKK	DKK
1 Staff expenses		
Wages and salaries	22.247.681	23.772.801
Pensions	2.328.941	2.457.623
Other social security expenses	266.140	258.069
Other staff expenses	292.245	171.927
	<u>25.135.007</u>	<u>26.660.420</u>
Average number of employees	<u>38</u>	<u>41</u>
2 Depreciation, amortisation and impairment of intangible assets and property, plant and equipment		
Depreciation of property, plant and equipment	1.099.486	1.104.010
	<u>1.099.486</u>	<u>1.104.010</u>
Which is specified as follows:		
Buildings	760.176	786.956
Plant and machinery	0	4.446
Other fixtures and fittings, tools and equipment	339.310	312.608
	<u>1.099.486</u>	<u>1.104.010</u>
3 Financial expenses		
Other financial expenses	267.541	316.978
Exchange loss	9.658	22.013
	<u>277.199</u>	<u>338.991</u>
4 Tax on profit/loss for the year		
Current tax for the year	590.762	660.873
Deferred tax for the year	-139.255	0
Adjustment of deferred tax concerning previous years	8.580	-134.526
	<u>460.087</u>	<u>526.347</u>

Notes to the Financial Statements

5 Property, plant and equipment

	Land and buildings	Plant and machinery	Other fixtures and fittings, tools and equipment	Total
	DKK	DKK	DKK	DKK
Cost at 1 January	21.894.134	3.131.172	2.746.471	27.771.777
Additions for the year	114.820	0	99.815	214.635
Disposals for the year	0	-3.131.172	-127.762	-3.258.934
Cost at 31 December	<u>22.008.954</u>	<u>0</u>	<u>2.718.524</u>	<u>24.727.478</u>
Impairment losses and depreciation at 1 January	12.109.051	3.131.172	1.751.723	16.991.946
Depreciation for the year	760.176	0	339.310	1.099.486
Reversal of impairment and depreciation of sold assets	0	-3.131.172	-120.494	-3.251.666
Impairment losses and depreciation at 31 December	<u>12.869.227</u>	<u>0</u>	<u>1.970.539</u>	<u>14.839.766</u>
Carrying amount at 31 December	<u>9.139.727</u>	<u>0</u>	<u>747.985</u>	<u>9.887.712</u>

Notes to the Financial Statements

	2021 <u>DKK</u>	2020 <u>DKK</u>
6 Investments in subsidiaries		
Cost at 1 January	48.812.000	48.812.000
Cost at 31 December	48.812.000	48.812.000
Value adjustments at 1 January	-42.649.160	-42.735.918
Net effect from change of accounting policy	0	86.758
Value adjustments at 31 December	-42.649.160	-42.649.160
Carrying amount at 31 December	<u>6.162.840</u>	<u>6.162.840</u>

Investments in subsidiaries are specified as follows:

Name	Place of registered office	Votes and ownership
Norgren Sweden AB	Sverige	100%
Norgren AS	Norge	100%
Norgren Finland OY	Finland	100%

Notes to the Financial Statements

	2021 DKK	2020 DKK
7 Contingent assets, liabilities and other financial obligations		
Rental and lease obligations		
Lease obligations under operating leases. Total future lease payments:		
Within 1 year	1.091.932	651.542
Between 1 and 5 years	419.958	739.216
	1.511.890	1.390.758

Other contingent liabilities

With Norgren A/S as the administration company, the company is jointly taxed with other Danish group companies. It is jointly and severally liable for payment of corporation tax as from the income year 2013 and for withholding tax on interest, royalties and dividends that is due on 1 July 2012 or later.

There are no security and contingent liabilities at 31 December 2021.

8 Related parties

Basis

Controlling interest

IMI Overseas Investment Ltd., England	Parent company
IMI Plc., England	Ultimate parent company

Consolidated Financial Statements

The company is included in the group annual report of the ultimate parent company:

Name	Place of registered office
IMI PLC	England

The group annual report of IMI PLC can be obtained at the following address:

4060 Lakeside, Solihull Parkway, Birmingham Business Park, B37 7XZ Birmingham, West Midlands, Storbritannien

Notes to the Financial Statements

9 Accounting Policies

The Annual Report of Norgren A/S for 2021 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 2021 are presented in DKK.

Changes in accounting policies

Accounting policy for measurement of investment in subsidiaries has changed from equity method to cost price measurement.

This has been done due to timing reasons.

Comparison figures for 2020 has been adjusted and the change has caused a decrease of the result of t.DKK 351 and equity decrease of t.DKK 205.

Consolidated financial statements

With reference to section 112 of the Danish Financial Statements Act and to the consolidated financial statements of IMI PLC, the Company has not prepared consolidated financial statements.

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.

Notes to the Financial Statements

9 Accounting Policies (continued)

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 merchandise and finished goods is recognized in net revenue when the transfer of the most significant benefits and risks to the buyer has taken place, the revenue can be calculated reliably and payment is expected to be received, then the sale has been completed. The timing of the transition of the most significant benefits and risks is based on standardized delivery conditions based on Incoterms 2010.

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

Notes to the Financial Statements

9 Accounting Policies (continued)

Staff expenses

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

Some of the company's employees have been leased to other companies in the Norgren Group. Reimbursement for this is set off against staff costs.

Amortisation, depreciation and impairment losses

Amortisation, depreciation and impairment losses comprise amortisation, depreciation and impairment of 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 Company, including gains and losses on the sale of property, plant and equipment.

Income from investments in subsidiaries

Dividends from subsidiaries are recognised as income in the income statement when adopted at the General Meeting of the subsidiary. However, dividends relating to earnings in the subsidiary before it was acquired by the Parent Company are set off against the cost of the subsidiary.

Financial income and expenses

Financial income and expenses comprise interest, realised and unrealised exchange adjustments as well as extra payments and repayment under the on account taxation scheme.

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.

Any changes in deferred tax due to changes to tax rates are recognised in the income statement.

The Company is jointly taxed with wholly owned Danish and foreign subsidiaries. The tax effect of the joint taxation with the subsidiaries is allocated to enterprises showing profits or losses in proportion to their taxable incomes (full allocation with credit for tax losses).

Notes to the Financial Statements

9 Accounting Policies (continued)

Balance Sheet

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:

Production buildings	50 years
Plant and machinery	10 years
Other fixtures, tools & equipment	3-5 years
Leasehold improvements	10 years

The fixed assets' residual values are determined at nil.

Depreciation period and residual value are reassessed annually.

Impairment of fixed assets

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

If so, an impairment test is carried out to determine whether the recoverable amount is lower than the carrying amount. If so, the asset is written down to its lower recoverable amount.

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.

Investments in subsidiaries

Investments in subsidiaries are measured at cost. Where cost exceeds the recoverable amount, write-down is made to this lower value.

Notes to the Financial Statements

9 Accounting Policies (continued)

Receivables

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

Prepayments

Prepayments comprise prepaid expenses concerning incurred prepaid expenses relating to subsequent financial years.

Equity

Dividend

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

Provisions

Provisions are recognised when - in consequence of an event occurred before or on the balance sheet date - the Company has a legal or constructive obligation and it is probable that economic benefits must be given up to settle the obligation.

Other provisions include warranty obligations in respect of repair work within the warranty period of . Provisions are measured and recognised based on experience with guarantee work.

Deferred tax assets and liabilities

Deferred tax is recognised in respect of all temporary differences between the carrying amount and the tax base of assets and liabilities. However, deferred tax is not recognised in respect of temporary differences concerning goodwill not deductible for tax purposes and other items - apart from business acquisitions - where temporary differences have arisen at the time of acquisition without affecting the profit for the year or the taxable income.

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. In cases where the computation of the tax base may be made according to alternative tax rules, deferred tax is measured 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.

Notes to the Financial Statements

9 Accounting Policies (continued)

Current tax receivables and liabilities

Current tax receivables and liabilities are recognised in the balance sheet at the amount calculated on the basis of the expected taxable income for the year adjusted for tax on taxable incomes for prior years. Tax receivables and liabilities are offset if there is a legally enforceable right of set-off and an intention to settle on a net basis or simultaneously.

Financial debts

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