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# ***Norgren A/S***

Vesterlundvej 18, DK-2730 Herlev

## **Annual Report for 1 January - 31 December 2022**

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CVR No 63 56 96 15

The Annual Report was  
presented and adopted at  
the Annual General  
Meeting of the Company on  
2 /5 2023

Johnny Andersen  
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 Norgren A/S for the financial year 1 January - 31 December 2022.

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

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

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, 2 May 2023

## 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

We have audited the financial statements of Norgren A/S for the financial year 1 January - 31 December 2022, which comprise income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the of the Entity's financial position at 31 December 2022 and of the results of its operations for the financial year 1 January - 31 December 2022 in accordance with the Danish Financial Statements Act.

## 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.

## 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 Entity's ability to continue as a going concern, for disclosing, as applicable, matters related to going concern, and for using the going concern basis of accounting in preparing the financial statements unless Management either intends to liquidate the Entity 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

# Independent Auditor's Report

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 Entity'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 Entity'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 Entity 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.

## **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 re-

# **Independent Auditor's Report**

quired 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.

Copenhagen, 2 May 2023

**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. The group's strategy will in accordance with the distribution agreement receive commission from sales to customers, which are based in Denmark but served from other IMI companies outside of Denmark.

## Development in the year

The income statement of the Company for 2022 shows a profit of DKK 4,934,792, and at 31 December 2022 the balance sheet of the Company shows equity of DKK 9,540,573.

## Unusual events

The financial position at 31 December 2022 of the Company and the results of the activities of the Company for the financial year for 2022 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	2022 DKK	2021 DKK
<b>Gross profit/loss</b>		<b>26.728.655</b>	<b>28.456.614</b>
Staff expenses	1	-23.873.060	-24.972.266
Depreciation, amortisation and impairment of intangible assets and property, plant and equipment	2	-1.064.084	-1.099.486
Other operating expenses		-150.890	-7.269
<b>Profit/loss before financial income and expenses</b>		<b>1.640.621</b>	<b>2.377.593</b>
Income from investments in subsidiaries		4.004.213	3.933.031
Financial income		0	1.448
Financial expenses	3	-395.122	-277.199
<b>Profit/loss before tax</b>		<b>5.249.712</b>	<b>6.034.873</b>
Tax on profit/loss for the year	4	-314.920	-460.087
<b>Net profit/loss for the year</b>		<b>4.934.792</b>	<b>5.574.786</b>

## Distribution of profit

### Proposed distribution of profit

Proposed dividend for the year	4.900.000	5.400.000
Retained earnings	34.792	174.786
	<b>4.934.792</b>	<b>5.574.786</b>

## Balance Sheet 31 December

### Assets

	Note	2022 DKK	2021 DKK
Land and buildings		8.695.352	9.139.727
Other fixtures and fittings, tools and equipment		480.669	747.985
<b>Property, plant and equipment</b>	5	<b>9.176.021</b>	<b>9.887.712</b>
Investments in subsidiaries	6	6.162.840	6.162.840
<b>Fixed asset investments</b>		<b>6.162.840</b>	<b>6.162.840</b>
<b>Fixed assets</b>		<b>15.338.861</b>	<b>16.050.552</b>
Trade receivables		8.981.831	9.809.483
Receivables from group enterprises		862.139	1.639.995
Other receivables		15.113	12.498
Corporation tax		28.545	0
Prepayments		119.081	67.119
<b>Receivables</b>		<b>10.006.709</b>	<b>11.529.095</b>
<b>Cash at bank and in hand</b>		<b>1.658.954</b>	<b>1.233.618</b>
<b>Currents assets</b>		<b>11.665.663</b>	<b>12.762.713</b>
<b>Assets</b>		<b>27.004.524</b>	<b>28.813.265</b>

# Balance Sheet 31 December

## Liabilities and equity

	<u>Note</u>	<u>2022</u> DKK	<u>2021</u> DKK
Share capital		4.001.000	4.001.000
Retained earnings		639.573	604.781
Proposed dividend for the year		4.900.000	5.400.000
<b>Equity</b>		<b><u>9.540.573</u></b>	<b><u>10.005.781</u></b>
Provision for deferred tax		456.043	551.089
<b>Provisions</b>		<b><u>456.043</u></b>	<b><u>551.089</u></b>
Credit institutions		10.010.074	4.539.401
Trade payables		319.512	216.537
Payables to group enterprises		2.674.999	7.256.285
Corporation tax		0	192.502
Other payables		4.003.323	6.051.670
<b>Short-term debt</b>		<b><u>17.007.908</u></b>	<b><u>18.256.395</u></b>
<b>Debt</b>		<b><u>17.007.908</u></b>	<b><u>18.256.395</u></b>
<b>Liabilities and equity</b>		<b><u>27.004.524</u></b>	<b><u>28.813.265</u></b>
Contingent assets, liabilities and other financial obligations	7		
Related parties	8		
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## 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	604.781	5.400.000	10.005.781
Ordinary dividend paid	0	0	-5.400.000	-5.400.000
Net profit/loss for the year	0	34.792	4.900.000	4.934.792
<b>Equity at 31 December</b>	<b>4.001.000</b>	<b>639.573</b>	<b>4.900.000</b>	<b>9.540.573</b>

# Notes to the Financial Statements

	2022	2021
	DKK	DKK
<b>1 Staff expenses</b>		
Wages and salaries	21.128.182	21.640.808
Pensions	2.144.371	2.328.941
Other social security expenses	228.868	266.140
Other staff expenses	371.639	736.377
	<b>23.873.060</b>	<b>24.972.266</b>
<b>Average number of employees</b>	<b>34</b>	<b>38</b>
<p>As from 2022 salary costs re-invoiced to other group entities are no longer included under Wages and salaries. The amount re-invoiced in FY2022 is TDKK 2.893 and explains the increase of staff expenses per FTE.</p>		
<b>2 Depreciation, amortisation and impairment of intangible assets and property, plant and equipment</b>		
Depreciation of property, plant and equipment	1.064.084	1.099.486
	<b>1.064.084</b>	<b>1.099.486</b>
<p>Which is specified as follows:</p>		
Buildings	749.835	760.176
Other fixtures and fittings, tools and equipment	314.249	339.310
	<b>1.064.084</b>	<b>1.099.486</b>
<b>3 Financial expenses</b>		
Other financial expenses	394.739	267.541
Exchange loss	383	9.658
	<b>395.122</b>	<b>277.199</b>
<b>4 Tax on profit/loss for the year</b>		
Current tax for the year	403.455	590.762
Deferred tax for the year	-95.046	-139.255
Adjustment of deferred tax concerning previous years	6.511	8.580
	<b>314.920</b>	<b>460.087</b>

## Notes to the Financial Statements

### 5 Property, plant and equipment

	Land and buildings	Other fixtures and fittings, tools and equipment	Total
	DKK	DKK	DKK
Cost at 1 January	22.008.954	2.718.524	24.727.478
Additions for the year	305.460	59.554	365.014
Disposals for the year	0	-30.161	-30.161
Cost at 31 December	<u>22.314.414</u>	<u>2.747.917</u>	<u>25.062.331</u>
Impairment losses and depreciation at 1 January	12.869.227	1.970.539	14.839.766
Depreciation for the year	749.835	314.249	1.064.084
Reversal of impairment and depreciation of sold assets	0	-17.540	-17.540
Impairment losses and depreciation at 31 December	<u>13.619.062</u>	<u>2.267.248</u>	<u>15.886.310</u>
<b>Carrying amount at 31 December</b>	<b><u>8.695.352</u></b>	<b><u>480.669</u></b>	<b><u>9.176.021</u></b>

## Notes to the Financial Statements

	2022 DKK	2021 DKK
<b>6 Investments in subsidiaries</b>		
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	-42.649.160
Value adjustments at 31 December	-42.649.160	-42.649.160
<b>Carrying amount at 31 December</b>	<b>6.162.840</b>	<b>6.162.840</b>

Investments in subsidiaries are specified as follows:

Name	Place of registered office	Votes and ownership	Equity	Net profit/loss for the year
Norgren Sweden AB	Sverige	100%	3.288	2.491
Norgren AS	Norge	100%	776	596
Norgren Finland OY	Finland	100%	1.481	762

Figures are shown in TDKK

## Notes to the Financial Statements

	2022 DKK	2021 DKK
<b>7 Contingent assets, liabilities and other financial obligations</b>		
<b>Rental and lease obligations</b>		
Lease obligations under operating leases. Total future lease payments:		
Within 1 year	1.065.776	1.091.932
Between 1 and 5 years	504.078	419.958
	<b>1.569.854</b>	<b>1.511.890</b>

### 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 2022.

## 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 2022 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 2022 are presented in DKK.

### Changes in accounting policies

Where salary refunds were previously offset against the item salaries, refunds are now recognized under other operating income as recommended by the Danish Business Authority. The change does not affect the result for the year, but gross profit and staff expenses.

### 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.

### 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

# Notes to the Financial Statements

## 9 Accounting Policies (continued)

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.

### 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 property, plant and equipment.

# Notes to the Financial Statements

## 9 Accounting Policies (continued)

### 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).

## 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
Other fixtures, tools & equipment	3-5 years

# Notes to the Financial Statements

## 9 Accounting Policies (continued)

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.

### **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.

# Notes to the Financial Statements

## 9 Accounting Policies (continued)

### 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.

### 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.