
EMRI A/S

Marielundvej 37A, DK-2730 Herlev

Annual Report for 2022

CVR No. 41 42 67 99

The Annual Report was
presented and adopted
at the Annual General
Meeting of the
company
on 22/2 2023

Freddie Hansen
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
Management's Review	
Company information	4
Management's review	5
Financial Statements	
Income statement 1 January - 31 December	6
Balance sheet 31 December	7
Statement of changes in equity	9
Notes to the Financial Statements	10

Management's statement

The Executive Board and Board of Directors have today considered and adopted the Financial Statements of EMRI 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 Financial Statements be adopted at the Annual General Meeting.

Herlev, 22 February 2023

Executive Board

Claus Nørtoft Thomsen
CEO

Board of Directors

Freddie Hansen
Chairman

Koji Tokuda

Hiroyasu Kawamura

Atsushi Takagi

Arto Lindgren

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 2022 and of the results of the Company's operations for the financial year 1 January - 31 December 2022 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 2022, 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, 22 February 2023

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: 3rd financial year Municipality of reg. office: Herlev
Board of Directors	Freddie Hansen, chairman Koji Tokuda Hiroyasu Kawamura Atsushi Takagi Arto Lindgren
Executive board	Claus Nørtoft Thomsen
Auditors	PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab Strandvejen 44 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 2022 shows a loss of DKK 1,854,710, and at 31 December 2022 the balance sheet of the Company shows positive equity of DKK 9,495,651.

Unusual events

The financial position at 31 December 2022 of the Company and the results of the activities and cash flows 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
Gross profit		23,702,017	22,798,842
Distribution expenses	1	-6,744,993	-8,319,400
Development expenditure	1	-12,079,253	-6,081,412
Administrative expenses	1	-6,873,191	-5,493,579
Profit/loss before financial income and expenses		-1,995,420	2,904,451
Financial expenses	2	-368,869	-265,783
Profit/loss before tax		-2,364,289	2,638,668
Tax on profit/loss for the year	3	509,579	-572,047
Net profit/loss for the year		-1,854,710	2,066,621

Distribution of profit

	2022 DKK	2021 DKK
Proposed distribution of profit		
Retained earnings	-1,854,710	2,066,621
	-1,854,710	2,066,621

Balance sheet 31 December

Assets

	Note	2022 DKK	2021 DKK
Acquired patents		1,649,685	1,869,644
Goodwill		19,738,530	22,372,861
Intangible assets	4	21,388,215	24,242,505
Other fixtures and fittings, tools and equipment		633,343	576,972
Leasehold improvements		61,994	86,574
Property, plant and equipment	5	695,337	663,546
Deposits	6	524,466	332,521
Fixed asset investments		524,466	332,521
Fixed assets		22,608,018	25,238,572
Finished goods and goods for resale		7,070,105	5,401,573
Inventories		7,070,105	5,401,573
Trade receivables		7,778,759	7,327,056
Receivables from group enterprises		1,170,463	287,851
Other receivables		734,747	658,644
Corporation tax receivable from group enterprises		1,478,777	0
Prepayments		450,703	277,748
Receivables		11,613,449	8,551,299
Cash at bank and in hand		1,365,889	109,935
Current assets		20,049,443	14,062,807
Assets		42,657,461	39,301,379

Balance sheet 31 December

Liabilities and equity

	Note	2022 DKK	2021 DKK
Share capital		1,000,000	1,000,000
Retained earnings		8,495,651	10,350,361
Equity		9,495,651	11,350,361
Provision for deferred tax	7	1,057,694	88,496
Other provisions	8	0	400,000
Provisions		1,057,694	488,496
Payables to group enterprises		20,016,918	19,242,500
Long-term debt	9	20,016,918	19,242,500
Credit institutions		0	245,966
Prepayments received from customers		472,000	375,000
Trade payables		1,452,439	1,215,017
Payables to group enterprises		6,989,000	2,451,745
Other payables		2,478,327	3,095,967
Deferred income		695,432	836,327
Short-term debt		12,087,198	8,220,022
Debt		32,104,116	27,462,522
Liabilities and equity		42,657,461	39,301,379
Contingent assets, liabilities and other financial obligations	10		
Related parties	11		
Subsequent events	12		
Accounting Policies	13		

Statement of changes in equity

	Share capital	Retained earnings	Total
	DKK	DKK	DKK
Equity at 1 January	1,000,000	10,350,361	11,350,361
Net profit/loss for the year	0	-1,854,710	-1,854,710
Equity at 31 December	1,000,000	8,495,651	9,495,651

Notes to the Financial Statements

	2022	2021
	DKK	DKK
1. Staff		
Wages and salaries	21,197,756	14,402,715
Pensions	1,370,169	817,125
Other social security expenses	291,684	229,986
	<u>22,859,609</u>	<u>15,449,826</u>

Wages and salaries, pensions, other social security expenses and other staff expenses are recognised in the following items:

Production expenses	5,174,905	2,423,072
Distribution expenses	3,733,185	5,408,391
Development expenditure	10,739,286	5,913,554
Administrative expenses	3,212,233	1,704,809
	<u>22,859,609</u>	<u>15,449,826</u>

Average number of employees	<u>32</u>	<u>24</u>
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	2022	2021
	DKK	DKK
2. Financial expenses		
Interest paid to group enterprises	315,874	233,408
Other financial expenses	26,145	18,314
Exchange loss	26,850	14,061
	<u>368,869</u>	<u>265,783</u>

	2022	2021
	DKK	DKK
3. Income tax expense		
Current tax for the year	-1,478,777	0
Deferred tax for the year	969,198	572,047
	<u>-509,579</u>	<u>572,047</u>

Notes to the Financial Statements

4. 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 amortisation at 1 January	329,939	3,964,627
Amortisation for the year	219,959	2,634,331
Impairment losses and amortisation at 31 December	549,898	6,598,958
Carrying amount at 31 December	1,649,685	19,738,530

5. Property, plant and equipment

	Other fixtures and fittings, tools and equipment	Leasehold improvements
	DKK	DKK
Cost at 1 January	773,728	123,675
Additions for the year	290,511	0
Cost at 31 December	1,064,239	123,675
Impairment losses and depreciation at 1 January	196,756	37,101
Depreciation for the year	234,140	24,580
Impairment losses and depreciation at 31 December	430,896	61,681
Carrying amount at 31 December	633,343	61,994

6. Other fixed asset investments

	Deposits
	DKK
Cost at 1 January	332,521
Additions for the year	191,945
Cost at 31 December	524,466
Carrying amount at 31 December	524,466

Notes to the Financial Statements

	2022	2021
	DKK	DKK
7. Provision for deferred tax		
Deferred tax liabilities at 1 January	88,496	-483,551
Amounts recognised in the income statement for the year	969,198	572,047
Deferred tax liabilities at 31 December	1,057,694	88,496

8. Other provisions

Based on a specific case, other provisions of DKK 400k have been recognised for a warranty claim in 2021. The provision was reversed in 2022 due to the closure of the case.

	2022	2021
	DKK	DKK
Other provisions	0	400,000
	0	400,000

9. 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:

	2022	2021
	DKK	DKK
Payables to group enterprises		
After 5 years	1,560,279	5,414,500
Between 1 and 5 years	18,456,639	13,828,000
Long-term part	20,016,918	19,242,500
Within 1 year	6,989,000	2,451,745
Short-term part	6,989,000	2,451,745
	27,005,918	21,694,245

Notes to the Financial Statements

	2022	2021
	DKK	DKK

10. Contingent assets, liabilities and other financial obligations

Rental and lease obligations

Lease obligations under operating leases. Total future lease payments:

Within 1 year	1,661,352	782,548
Between 1 and 5 years	0	114,383
	<u>1,661,352</u>	<u>896,931</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.

11. 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

12. Subsequent events

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

Notes to the Financial Statements

13. Accounting policies

The Annual Report of EMRI 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 accounting policies applied remain unchanged from last year.

The Financial Statements for 2022 are presented in DKK.

Recognition and measurement

Revenues are recognised in the income statement as earned. Furthermore, value adjustments of financial assets and liabilities measured at fair value or amortised cost are recognised. Moreover, all expenses incurred to achieve the earnings for the year are recognised in the income statement, including depreciation, amortisation, impairment losses and provisions as well as reversals due to changed accounting estimates of amounts that have previously been recognised in the income statement.

Assets are recognised in the balance sheet when it is probable that future economic benefits attributable to the asset will flow to the Company, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when it is probable that future economic benefits will flow out of the Company, and the value of the liability can be measured reliably.

Assets and liabilities are initially measured at cost. Subsequently, assets and liabilities are measured as described for each item below.

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

Net sales

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.

Production expenses

Production expenses comprise costs incurred to achieve revenue for the year.

Gross profit

With reference to section 32 of the Danish Financial Statements Act, gross profit/loss comprises of revenue.

Notes to the Financial Statements

Distribution expenses

Distribution expenses comprise costs in the form of salaries to sales and distribution staff, advertising and marketing expenses as well as operation of motor vehicles, depreciation, etc. Amortisation of goodwill is also included to the extent that goodwill relates to distribution activities.

Development expenditure

Development expenditure comprise costs in the form of salaries to staff in the development department as well as depreciation, etc. Amortisation of goodwill is also included to the extent that goodwill relates to development activities.

Administrative expenses

Administrative expenses comprise expenses for Management, administrative staff, office expenses, depreciation, etc.

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 entity. 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:

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.

Notes to the Financial Statements

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.

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.

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 debts

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

Deferred income

Deferred income comprises payments received in respect of income in subsequent years.