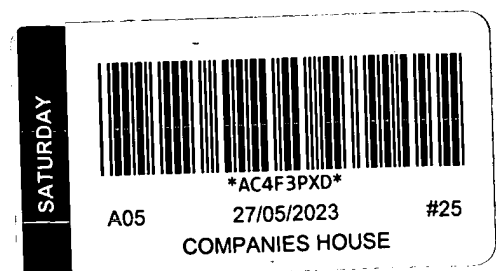


Company registration number 07142421 (England and Wales)

OPREMA LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022



OPREMA LIMITED

COMPANY INFORMATION

Directors

Mr J Iversen
Mr S Drewsen
Mr Gareth Williams (Appointed 1 January 2022)

Company number

07142421

Registered office

Unit 11 & 12
Eastgate Business Park
Wentloog Avenue
Cardiff
United Kingdom
CF3 2EY

Auditor

Nunn Hayward LLP
2-4 Packhorse Road
Gerrards Cross
Buckinghamshire
SL9 7QE

OPREMA LIMITED

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OPREMA LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 DECEMBER 2022

The directors present the strategic report for the year ended 31 December 2022.

The results for the year are as set out in the attached financial statements.

Introduction

Founded and incorporated in 2010, Oprema Ltd is the UK's fastest growing multi-discipline security distributor, with four pillars of the business CCTV, Access Control, Fire and Intrusion. The go to market strategy is to provide the best in class turnkey security solution, from design to pre-configuration and commissioning.

Fair review of the business

FY2022 ended a full first year of trading for the merged businesses of Oprema Ltd and EET UK Surveillance and Security. Current year trading has seen business growth above budget ending the year at £49.0M (2021: £35.1M). Oprema delivered an organic gross profit growth of £9.26M from £7.55M in 2021, this aligns with the strategic goal of the wider EET Group. This growth has underpinned Oprema Ltd as the "Centre of Excellence" for EET UK's Surveillance and Security business.

The business moved forward with strategic initiatives transitioning ERP system from SAP Business One to Microsoft Dynamics and a new Ecommerce web shop. The ERP developments have improved logistics and warehouse functions enabling shipping from both warehouse locations. The speed and usability of the web shop has supported our customers to make around 20% of the transactions online.

Gross profit margins have stabilized throughout the year ending at 18.9%, the margin pressure has been as a result of increasing competition on the major brands and increased sales revenues in lower margin brands. The business has maintained its close supplier relationships and continues to bring new technology to the market for our customers. The business operates in a £500M market with a positive outlook to gain further market share in 2023 with further focus around the strategically important brands.

The financial position at the end of 2022 showed net assets of £7.32M, an improvement from £5.53M in FY2021. The asset position has significantly improved, whilst operating a tighter control on working capital in the form of stock. The final quarter of FY2022 saw an initiative to reduce stock value and sell through some of the aged inventories, with the final stock value landing at £6.72M, an improvement from £8.74M in FY2021. The short to medium term outlook on product lead times has significantly improved, enabling the business to pull stock from UK and European hubs in the supply chain.

Principal risks and uncertainties

The directors continue to monitor the key risks and uncertainties facing the company in terms of competition, customer retention, liquidity and the wider economy.

Development and performance

The Group has approved a modest and very achievable growth budget for 2023. The macroeconomic headwinds of inflation and potential recession remain; however, the board see the opportunity of £500M in the market and the strong positions we hold with the 4 pillars to the business- CCTV, Access Control, Intrusion and Fire. We have invested in additional resource to focus on our private label in cabling and infrastructure, to balance any margin pressure in other areas. With current market conditions buoyant and delivering a strong Q1 result in 2023, the company is expected to make significant profits and remain cash positive in 2023.

OPREMA LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

Key performance indicators

Key performance indicators are used to measure the company's performance. The directors' consider the key measures of the company's performance to be revenue, gross profit, gross margin and EBITDA, which has seen year on year growth since the company was established.

		2022	2021	2020
Revenue	(£000's)	49,024.9	35,101.9	23,660.4
Gross profit	(£000's)	9,262.2	7,549.0	5,409.2
Gross margin	(%)	18.9	21.5	22.9
EBITDA	(£000's)	2,692.7	2,791.8	2,761.7

On behalf of the board



Mr Gareth Williams
Director

25 May 2023

OPREMA LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2022

The directors present their annual report and financial statements for the year ended 31 December 2022.

Principal activities

The principal activity of the company continued to be that of the supply of security equipment.

Results and dividends

The results for the year are set out on page 9.

No ordinary dividends were paid. The directors do not recommend payment of a final dividend.

Directors

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

Mr M R Epps (Resigned 31 March 2022)

Mr J Iversen

Mr S Drewsen

Mr Gareth Williams (Appointed 1 January 2022)

Supplier payment policy

The company's current policy concerning the payment of trade creditors is to follow the CBI's Prompt Payers Code (copies are available from the CBI, Centre Point, 103 New Oxford Street, London WC1A 1DU).

The company's current policy concerning the payment of trade creditors is to:

- settle the terms of payment with suppliers when agreeing the terms of each transaction;
- ensure that suppliers are made aware of the terms of payment by inclusion of the relevant terms in contracts; and
- pay in accordance with the company's contractual and other legal obligations.

Trade creditors of the company at the year end were equivalent to 60 day's purchases, based on the average daily amount invoiced by suppliers during the year.

Financial instruments

Approach

The company's activities expose it to a variety of financial risks which include market risk, competitive risk, currency risk, credit risk and liquidity risk. The company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the company.

The company uses different methods to measure different types of risk to which it is exposed. For the purposes of financial statements disclosures, these methods include sensitivity analysis in the case of foreign exchange and ageing analysis for credit and liquidity risks.

Market risk

Market risk is the risk of loss arising from movements in market variables, including observable variables such as interest rates, exchange rates and equity markets, and indirectly observable variables such as volatilities and correlations. Market risk for the company primarily arises from foreign exchange risk in relation to overseas receivables.

Liquidity risk

Liquidity risk is the risk that the company will not be able to meet its cash outflows, as they fall due, because of lack of liquid assets. To ensure that the company has sufficient funds available on a timely basis in the form of cash and liquid assets to meet its liquidity requirements, the company manages its operations from available working capital.

OPREMA LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

Foreign Currency risk

The company operates internationally and is exposed to foreign exchange risk arising from trading with overseas entities.

Foreign exchange risk arises when future commercial transactions and recognised assets and liabilities are denominated in a currency that is not the entity's functional currency.

Losses in value may result from translating the receivables into Sterling at the date of the Statement of Financial Position (translation risk) or from adverse foreign currency exchange rate movements on specific cash flow transactions (transaction risk).

Credit risk

Credit risk refers to the loss that the company would incur if a debtor fails to perform under its contractual obligations. The carrying amount of financial assets recognised in the Statement of Financial Position best represents the company's maximum exposure to credit risk as at the reporting date. The company has established procedures to minimise the risk of default by trade debtors including the use of credit insurance, detailed credit checks undertaken before a customer is accepted. Historically, these procedures have proved effective in minimising the level of impaired and past due debtors.

Competition risk

The Company operates in a highly competitive market place where margins are continually under pressure, however, the Company is well established and well positioned to maintain and grow its market share.

Post reporting date events

Information relating to events since the end of the year is given in the notes to the financial statements.

Future developments

In accordance with s.414C(11) of Companies Act 2006, the Company has chosen to set out in the Company's Strategic Report information required by Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008, Sch. 7 to be contained in the directors' report. It has done so in respect of the review of the business and future developments.

Auditor

Nunn Hayward LLP will be re-appointed as auditor to the company in accordance with section 487(2) of the Companies Act 2006.

OPREMA LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

Statement of directors' responsibilities

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Statement of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

Going concern

The directors have reviewed and approved detailed annual budgets and plans including the profit and loss, balance sheet, cash flow forecasts to December 2023 and continue to monitor and adapt to the changing environment regarding the supply chain, component shortages and the war in Ukraine. The company is able to draw on parental support as required, hence, the directors believe the company is well placed to manage its business risks successfully despite the current uncertain economic outlook.

The directors have a reasonable expectation that the company has sufficient resources available to meet its liabilities as they fall due and have prepared the financial statements on a going concern basis which assumes that the company will continue in operational existence for the foreseeable future.

On behalf of the board



Mr Gareth Williams
Director

25 May 2023

OPREMA LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBER OF OPREMA LIMITED

Opinion

We have audited the financial statements of Oprema Limited (the 'company') for the year ended 31 December 2022 which comprise the statement of comprehensive income, the statement of financial position, the statement of changes in equity and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 Reduced Disclosure Framework (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2022 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards 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 ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of our audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

OPREMA LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBER OF OPREMA LIMITED

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine 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, the directors are 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 unless the directors either intend to liquidate the company or to cease operations, or have 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 (UK) 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.

The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

The extent the audit was considered capable of detecting irregularities, including fraud

The objectives of our audit in respect of fraud are to; identify and assess the risks of material misstatement of the financial statements due to fraud; to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud, through designing and implementing appropriate responses; and to respond appropriately to fraud or suspected fraud identified during the audit. However, the primary responsibility for the prevention and detection of fraud rest with those charged with governance and management.

Our approach was as follows:

- We obtained an understanding of the legal and regulatory framework that are applicable to the company and determined that the most significant are those that relate to the reporting framework (FRS102 and the Companies Act 2006), the relevant tax compliance regulations in the UK and the EU General Data Protection Regulations (GDPR).
- We understood how the company was complying with those frameworks by making enquiries of local management.
- Based on our understanding of the business, we designed our audit procedures to identify non-compliance with laws and regulations including making enquires of those charged with governance; testing journal entries, with a focus on manual, large or unusual transactions.

OPREMA LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBER OF OPREMA LIMITED

- We assessed the susceptibility of the company's financial statements to material misstatement, including how fraud might occur, by meeting with management and making enquiries of those charged with governance. We also considered performance targets and the likelihood of these to influence management to misstate revenue and reported profits.
- We considered the controls established to address the risks identified, to prevent, deter or detect fraud, and how management and those charged with governance monitor those controls.
- We assessed the extent of the company's compliance with applicable laws and regulations

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

A further description of our responsibilities is available on the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Use of our report

This report is made solely to the company's member in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's member, those matters we are required to state to the member in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's member, for our audit work, for this report, or for the opinions we have formed.


Jonathan Hemmings FCA (Senior Statutory Auditor)
For and on behalf of Nunn Hayward LLP

Date: 25 May 2023

Chartered Accountants
Statutory Auditor

2-4 Packhorse Road
Gerrards Cross
Buckinghamshire
SL9 7QE

OPREMA LIMITED

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2022

	Notes	2022 £	2021 £
Revenue	3	49,024,883	35,101,856
Cost of sales		(39,762,664)	(27,552,854)
Gross profit		9,262,219	7,549,002
Administrative expenses		(6,780,286)	(5,246,331)
Other operating expenses		(57,500)	152,382
Operating profit	4	2,424,433	2,455,053
Investment income	7	-	7,965
Finance costs	8	(206,937)	(192,059)
Profit before taxation		2,217,496	2,270,959
Tax on profit	9	(430,956)	(181,441)
Profit and total comprehensive income for the financial year		1,786,540	2,089,518

OPREMA LIMITED

STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2022

	Notes	2022 £	£	2021 £	£
Non-current assets					
Property, plant and equipment	11		647,744		928,827
Current assets					
Inventories	12	6,717,787		8,735,266	
Trade and other receivables	13	13,201,837		9,299,288	
Cash and cash equivalents		2,744,839		2,094,661	
		22,664,463		20,129,215	
Current liabilities	14	(15,965,899)		(15,358,452)	
Net current assets			6,698,564		4,770,763
Total assets less current liabilities			7,346,308		5,699,590
Non-current liabilities	14		(14,151)		(114,401)
Provisions for liabilities					
Deferred tax liabilities	18		(11,108)		(50,680)
Net assets			7,321,049		5,534,509
Equity					
Called up share capital	20		1		1
Retained earnings			7,321,048		5,534,508
Total equity			7,321,049		5,534,509

The financial statements were approved by the board of directors and authorised for issue on 25 May 2023 and are signed on its behalf by:



Mr Gareth Williams
Director

Company registration number 07142421

OPREMA LIMITED

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2022

	Share capital	Retained earnings	Total
Notes	£	£	£
Balance at 1 January 2021	1	3,517,740	3,517,741
Year ended 31 December 2021:			
Profit and total comprehensive income for the year	-	2,089,518	2,089,518
Transactions with owners in their capacity as owners:			
Dividends	10	(72,750)	(72,750)
Balance at 31 December 2021	1	5,534,508	5,534,509
Year ended 31 December 2022:			
Profit and total comprehensive income for the year	-	1,786,540	1,786,540
Balance at 31 December 2022	1	7,321,048	7,321,049

OPREMA LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

1 Accounting policies

Company information

Oprema Limited is a private company limited by shares incorporated in England and Wales. The registered office is Unit 11 & 12, Eastgate Business Park, Wentloog Avenue, Cardiff, United Kingdom, CF3 2EY. The company's principal activities and nature of its operations are disclosed in the directors' report.

1.1 Accounting convention

The financial statements have been prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101) and the requirements of the Companies Act 2006.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

As permitted by FRS 101, the company has taken advantage of the following disclosure exemptions from the requirements of IFRS:

- inclusion of an explicit and unreserved statement of compliance with IFRS;
- presentation of a statement of cash flows and related notes;
- disclosure of the objectives, policies and processes for managing capital;
- disclosure of key management personnel compensation;
- disclosure of the categories of financial instrument and the nature and extent of risks arising on these financial instruments;
- the effect of financial instruments on the statement of comprehensive income;
- comparative period reconciliations for the number of shares outstanding and the carrying amounts of property, plant and equipment, intangible assets;
- disclosure of the future impact of new International Financial Reporting Standards in issue but not yet effective at the reporting date; and
- related party disclosures for transactions with the parent or wholly owned members of the group.

The company is eligible to claim these exemptions as it is included by full consolidation in the consolidated financial statements of its parent, EET A/S, a company registered in Denmark. EET Group A/S produces IFRS compliant full consolidated financial statements which are publicly available.

1.2 Going concern

The directors have at the time of approving the financial statements, a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

1.3 Revenue

Revenue is recognised at the fair value of the consideration received or receivable for goods and services provided in the normal course of business, and is shown net of VAT and other sales related taxes. The fair value of consideration takes into account trade discounts, settlement discounts and volume rebates

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer (usually on dispatch of the goods), the amount of revenue can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the entity and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

OPREMA LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

1 Accounting policies

(Continued)

1.4 Property, plant and equipment

Property, plant and equipment are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Freehold land and buildings	4% & 20% straight line
Leasehold land and buildings	Over the term of the lease
Fixtures, fittings & equipment	20-25% straight line
Computer equipment	15-33% straight line
Motor vehicles	20% straight line & over the term of the lease

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is recognised in the income statement.

1.5 Impairment of tangible and intangible assets

At each balance sheet date, the Company reviews the carrying amount of assets to determine whether there is any indication of impairment loss. If any such indication exists, the recoverable amount of the asset is estimated to determine the extent of the impairment loss (if any).

The recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

1.6 Inventories

Inventories are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition.

Net realisable value is the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

1.7 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

OPREMA LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

1 Accounting policies

(Continued)

1.8 Financial assets

Financial assets are recognised in the company's statement of financial position when the company becomes party to the contractual provisions of the instrument.

At initial recognition, financial assets are initially measured at fair value plus transaction costs.

Financial assets held at amortised cost

Financial instruments are classified as financial assets measured at amortised cost where the objective is to hold these assets in order to collect contractual cash flows, and the contractual cash flows are solely payments of principal and interest. They arise principally from the provision of goods and services to customers (eg trade receivables). They are initially recognised at fair value plus transaction costs directly attributable to their acquisition or issue, and are subsequently carried at amortised cost using the effective interest rate method, less provision for impairment where necessary.

Impairment of financial assets

Financial assets are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership to another entity.

1.9 Financial liabilities

The company recognises financial debt when the company becomes a party to the contractual provisions of the instruments.

Other financial liabilities

Other financial liabilities, including borrowings, trade payables and other short-term monetary liabilities, are initially measured at fair value net of transaction costs directly attributable to the issuance of the financial liability. They are subsequently measured at amortised cost using the effective interest method. For the purposes of each financial liability, interest expense includes initial transaction costs and any premium payable on redemption, as well as any interest or coupon payable while the liability is outstanding.

Derecognition of financial liabilities

Financial liabilities are derecognised when, and only when, the company's obligations are discharged, cancelled, or they expire.

1.10 Equity instruments

Equity instruments issued by the company are recorded at the proceeds received, net of direct issue costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

1.11 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

OPREMA LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

1 Accounting policies

(Continued)

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

Deferred tax

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when the company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

1.12 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of inventories or non-current assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

1.13 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

1.14 Leases

At inception, the company assesses whether a contract is, or contains, a lease within the scope of IFRS 16. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Where a tangible asset is acquired through a lease, the company recognises a right-of-use asset and a lease liability at the lease commencement date. Right-of-use assets are included within property, plant and equipment, apart from those that meet the definition of investment property.

The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date plus any initial direct costs and an estimate of the cost of obligations to dismantle, remove, refurbish or restore the underlying asset and the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of other property, plant and equipment. The right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

OPREMA LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

1 Accounting policies

(Continued)

The lease liability is initially measured at the present value of the lease payments that are unpaid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the company's incremental borrowing rate. Lease payments included in the measurement of the lease liability comprise fixed payments, variable lease payments that depend on an index or a rate, amounts expected to be payable under a residual value guarantee, and the cost of any options that the company is reasonably certain to exercise, such as the exercise price under a purchase option, lease payments in an optional renewal period, or penalties for early termination of a lease.

The lease liability is subsequently measured at amortised cost using the effective interest method. It is re-measured when there is a change in: future lease payments arising from a change in an index or rate; the company's estimate of the amount expected to be payable under a residual value guarantee; or the company's assessment of whether it will exercise a purchase, extension or termination option. When the lease liability is re-measured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The company has elected not to recognise right-of-use assets and lease liabilities for short-term leases of machinery that have a lease term of 12 months or less, or for leases of low-value assets including IT equipment. The payments associated with these leases are recognised in profit or loss on a straight-line basis over the lease term.

1.15 Grants

Government grants are recognised when there is reasonable assurance that the grant conditions will be met and the grants will be received.

Government grants relating to turnover are recognised as income over the periods when the related costs are incurred. Grants relating to an asset are recognised in income systematically over the asset's expected useful life. If part of such a grant is deferred it is recognised as deferred income rather than being deducted from the asset's carrying amount.

1.16 Foreign exchange

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation in the period are included in profit or loss.

1.17 Research and development expenditure

Research expenditure is written off against profits in the year in which it is incurred.

2 Critical accounting estimates and judgements

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised, if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are outlined below.

OPREMA LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

2 Critical accounting estimates and judgements

(Continued)

Key sources of estimation uncertainty

Inventories

Inventories are valued at the lower of cost and net realisable value. Net realisable value includes, where necessary, provisions for slow moving and obsolete inventories. Management review the inventory provision on a continuing basis taking into account the market and the movement in ever changing technology. While the parameters being used appear to be reasonable, a change in market trends or technology affect the value of inventory provisioning from one year to the next.

Accruals

Accruals are recognised by the directors for liabilities incurred at the balance sheet date but which have not yet been invoiced. These provisions are calculated by reviewing purchase order records at the balance sheet date and also making judgements on known liabilities.

Depreciation

Management reviews its estimate of the useful lives of depreciable assets at each reporting date, based on the expected utility of the asset.

Determination of the incremental borrowing rate - company as a lessee

The company cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the company would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the company 'would have to pay', which requires estimation when no observable rates are available or when they need to be adjusted to reflect the terms and conditions of the lease. The company estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates (such as the company's stand-alone credit rating).

3 Revenue

	2022	2021
Revenue analysed by class of business	£	£
Sales of goods	49,024,883	35,101,856
	<u> </u>	<u> </u>
	2022	2021
Revenue analysed by geographical market	£	£
United Kingdom	48,599,460	35,041,441
Europe	425,423	50,750
Rest of the World	-	9,665
	<u> </u>	<u> </u>
	49,024,883	35,101,856
	<u> </u>	<u> </u>
	2022	2021
Other significant revenue	£	£
Grants received	(57,500)	-
	<u> </u>	<u> </u>

OPREMA LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

3 Revenue

(Continued)

A Government Grant received in error during 2020 was requested to be repaid in 2022. This has been recorded under other revenue as it is a reversal of the original revenue that was recognised.

4 Operating profit

	2022	2021
	£	£
Operating profit for the year is stated after charging/(crediting):		
Exchange losses/(gains)	88,470	(27,975)
Government grants	57,500	-
Fees payable to the company's auditor for the audit of the company's financial statements	55,465	23,659
Depreciation of property, plant and equipment	268,298	248,745
Loss on disposal of property, plant and equipment	128,827	-
Cost of inventories recognised as an expense	39,137,510	26,936,492

5 Employees

The average monthly number of persons (including directors) employed by the company during the year was:

	2022	2021
	Number	Number
Sales	55	44
Administration and management	23	21
Total	78	65

Their aggregate remuneration comprised:

	2022	2021
	£	£
Wages and salaries	4,164,257	3,028,608
Social security costs	522,141	322,789
Pension costs	160,697	86,671
	4,847,095	3,438,068

OPREMA LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

6 Directors' remuneration

	2022	2021
	£	£
Remuneration for qualifying services	261,580	173,292
Company pension contributions to defined contribution schemes	32,000	6,053
	<u>293,580</u>	<u>179,345</u>

The number of directors for whom retirement benefits are accruing, at the year end, under defined contribution schemes amounted to 1 (2021 - 1).

The number of directors who exercised share options during the year was 0 (2021 - 3).

Remuneration disclosed above include the following amounts paid to the highest paid director:

Remuneration for qualifying services	261,580	-
Company pension contributions to defined contribution schemes	32,000	-
	<u>293,580</u>	<u>6,053</u>

As total directors' remuneration was less than £200,000 in the prior year, no disclosure is provided for that year.

7 Investment income

	2022	2021
	£	£
Interest income		
Interest on bank deposits	-	1,435
Other interest income	-	6,530
	<u>-</u>	<u>7,965</u>

8 Finance costs

	2022	2021
	£	£
Interest on financial liabilities measured at amortised cost:		
Interest on bank overdrafts and loans	-	21,517
Interest on invoice finance arrangements	-	88,232
Interest payable to group undertakings	199,667	79,922
Interest on lease liabilities	7,270	2,388
	<u>206,937</u>	<u>192,059</u>

OPREMA LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

9 Taxation

	2022 £	2021 £
Current tax		
UK corporation tax on profits for the current period	487,247	142,013
Adjustments in respect of prior periods	(16,719)	-
Total UK current tax	<u>470,528</u>	<u>142,013</u>
Deferred tax		
Origination and reversal of temporary differences	(39,572)	39,428
Total tax charge	<u>430,956</u>	<u>181,441</u>

The charge for the year can be reconciled to the profit per the income statement as follows:

	2022 £	2021 £
Profit before taxation	<u>2,217,496</u>	<u>2,270,959</u>
Expected tax charge based on a corporation tax rate of 19.00% (2021: 19.00%)	421,324	431,482
Effect of expenses not deductible in determining taxable profit	88,649	19,183
Adjustment in respect of prior years	(16,719)	-
Permanent capital allowances in excess of depreciation	(22,726)	(58,033)
Depreciation on assets not qualifying for tax allowances	-	42,683
Research and development tax credit	-	(40,033)
Other permanent differences	-	2,503
Deferred tax adjustments in respect of prior years	(39,572)	39,428
Tax relief on exercise of options	-	(272,493)
Over provision in current year	-	16,721
Taxation charge for the year	<u>430,956</u>	<u>181,441</u>

Factors that may affect future tax charges

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which they reverse. The rate enacted for the relevant periods of reversal is 25% (2021: 19%). On 3 March 2021, the Chancellor announced that the government will legislate to increase the corporation tax rate to 25% from 1 April 2023. Any expected net reversal or net origination of deferred tax in 2022 is expected to be immaterial.

OPREMA LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

10 Dividends

Amounts recognised as distributions:	2022 per share £	2021 per share £	2022 Total £	2021 Total £
Ordinary shares				
Interim dividend paid	-	727.50	-	72,750

11 Property, plant and equipment

	Freehold land and buildings £	Leasehold land and buildings £	Fixtures, fittings & equipment £	Computer equipment £	Motor vehicles £	Total £
Cost						
At 1 January 2022	1,069,278	136,705	147,986	534,068	85,262	1,973,299
Additions	-	12,165	34,980	35,503	41,532	124,180
Disposals	-	-	(90,216)	(413,220)	(20,045)	(523,481)
At 31 December 2022	1,069,278	148,870	92,750	156,351	106,749	1,573,998
Accumulated depreciation and impairment						
At 1 January 2022	595,948	3,695	104,033	306,015	34,781	1,044,472
Charge for the year	76,801	47,817	22,069	86,875	34,736	268,298
Eliminated on disposal	-	-	(90,216)	(277,032)	(19,268)	(386,516)
At 31 December 2022	672,749	51,512	35,886	115,858	50,249	926,254
Carrying amount						
At 31 December 2022	396,529	97,358	56,864	40,493	56,500	647,744
At 31 December 2021	473,330	133,010	43,953	228,053	50,481	928,827

Property, plant and equipment includes right-of-use assets, as follows:

Right-of-use assets	2022 £	2021 £
Net values at the year end		
Property	97,357	133,010
Motor vehicles	37,865	48,621
	<u>135,222</u>	<u>181,631</u>
Total additions in the year	<u>32,196</u>	<u>205,729</u>

OPREMA LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

11 Property, plant and equipment (Continued)

Depreciation charge for the year

Property	47,817	3,695
Motor vehicles	30,787	20,403
	<u>78,604</u>	<u>24,098</u>

12 Inventories

	2022 £	2021 £
Finished goods	<u>6,717,787</u>	<u>8,735,266</u>

13 Trade and other receivables

	2022 £	2021 £
Trade receivables	12,633,325	8,563,503
VAT recoverable	-	124,570
Other receivables	6,016	-
Prepayments and accrued income	562,496	611,215
	<u>13,201,837</u>	<u>9,299,288</u>

14 Liabilities

		Current		Non-current	
	Notes	2022 £	2021 £	2022 £	2021 £
Borrowings	15	-	80,000	-	-
Trade and other payables	16	13,834,515	14,974,453	-	-
Corporation tax		487,247	85,849	-	-
Other taxation and social security		1,519,786	149,940	-	-
Lease liabilities	17	124,351	68,210	14,151	114,401
		<u>15,965,899</u>	<u>15,358,452</u>	<u>14,151</u>	<u>114,401</u>

15 Borrowings

	2022 £	2021 £
Borrowings held at amortised cost:		
Directors' loans	-	80,000
	<u>-</u>	<u>80,000</u>

OPREMA LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

16 Trade and other payables

	2022	2021
	£	£
Trade payables	6,629,409	8,236,508
Amounts owed to fellow group undertakings	6,285,190	5,518,833
Accruals and deferred income	704,256	1,163,205
Other payables	215,660	55,907
	<u>13,834,515</u>	<u>14,974,453</u>

17 Lease liabilities

	2022	2021
	£	£
Maturity analysis		
Within one year	128,033	69,210
In two to five years	14,428	114,901
	<u>142,461</u>	<u>184,111</u>
Total undiscounted liabilities	142,461	184,111
Future finance charges and other adjustments	(3,959)	(1,500)
	<u>138,502</u>	<u>182,611</u>
Lease liabilities in the financial statements	138,502	182,611

Lease liabilities are classified based on the amounts that are expected to be settled within the next 12 months and after more than 12 months from the reporting date, as follows:

	2022	2021
	£	£
Current liabilities	124,351	68,210
Non-current liabilities	14,151	114,401
	<u>138,502</u>	<u>182,611</u>

	2022	2021
	£	£
Amounts recognised in profit or loss include the following:		
Interest on lease liabilities	7,270	2,388

The company has 5 vehicle leases and a property lease with an average term of 3 years at commencement. In respect of the property lease, the company does not have an option to purchase the property and there are no restrictions imposed by the lease in respect of making dividend payments, entering loan agreements or additional lease agreements.

Other leasing information is included in note 22.

OPREMA LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

18 Deferred taxation

The following are the major deferred tax liabilities and assets recognised by the company and movements thereon during the current and prior reporting period.

	Accelerated capital allowances £
Liability at 1 January 2021	11,252
Deferred tax movements in prior year	
Charge/(credit) to profit or loss	39,428
Liability at 1 January 2022	50,680
Deferred tax movements in current year	
Charge/(credit) to profit or loss	(39,572)
Liability at 31 December 2022	11,108

The deferred tax liability set out above is expected to reverse within 12 months and relates to accelerated capital allowances that are expected to mature within the same period.

19 Retirement benefit schemes

	2022 £	2021 £
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	160,697	86,671

The company operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the company in an independently administered fund.

20 Share capital

	2022 Number	2021 Number	2022 £	2021 £
Ordinary share capital				
Issued and fully paid				
Ordinary shares of 1p each	60	60	0.70	0.70
Ordinary A shares of 1p each	15	15	0.10	0.10
Ordinary B shares of 1p each	10	10	0.10	0.10
Ordinary C shares of 1p each	15	15	0.10	0.10
	<u>100</u>	<u>100</u>	<u>1.00</u>	<u>1.00</u>

All classes of Ordinary shares carry full voting rights and rank pari-passu in all respects except, the right to dividends can be declared on a class of Ordinary shares to the exclusion of other classes.

OPREMA LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

21 Contingent Liabilities

On 27 May 2022 a fixed charge and floating charge on the assets of the company was created in the favour of Glas Trust Corporation Limited.

22 Other leasing information

Lessee

Amounts recognised in profit or loss as an expense during the period in respect of lease arrangements are as follows:

	2022	2021
	£	£
Expense relating to leases of low-value assets	10,444	18,817
	<u> </u>	<u> </u>

Information relating to lease liabilities is included in note 17.

23 Directors' transactions

No dividends (2021: £72,750) were paid in the year in respect of shares held by the company's directors.

24 Events after the reporting date

There were no significant events after the balance sheet date.

25 Related party transactions

The company has taken advantage of the exemption under IAS 24, 'Related party disclosures' not to disclose transactions with its parent undertaking and fellow wholly owned subsidiaries.

26 Controlling party

The ultimate parent undertaking is EET A/S, a company incorporated in Denmark. EET A/S is the smallest and largest group of undertakings for which group financial statements are prepared.

Copies of the group financial statements are available from Bregnerødvej 133 D, 3460 Birkerød, Denmark.