OJ Electronics A/S

Stenager 13 B, Ulkebøl, 6400 Sønderborg, Denmark

CVR no. 10 64 35 97

Annual report 2018/19

Approved at the Company's annual general meeting on 28 June 2019

Chairman:

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Allan Ohlsen

Penneo dokumentnøgle: N05GS-TWMEX-HOTQQ-AI2SF-Y8MNV-1HSFE

Contents

Penneo dokumentnøgle: N05GS-TWMEX-HOTQQ-AI2SF-Y8MNV-1HSFE

Statement by Management on the annual report

Today, the Board of Directors and the Executive Board have discussed and approved the annual report of OJ Electronics A/S for the financial year 1 May 2018 – 30 April 2019.

The annual report has been prepared in accordance with the Danish Financial Statements Act.

In our opinion, the consolidated financial statements and the parent company financial statements give a true and fair view of the financial position of the Group and the Parent Company at 30 April 2019 and of the results of the Group's and the Parent Company's operations and the consolidated cash flows for the financial year 1 May 2018 – 30 April 2019.

Further, in our opinion, the Management's review gives a fair review of the development in the Group's and the Parent Company's operations and financial matters and the results of the Group's and the Parent Company's operations and financial position.

We recommend that the annual report be approved at the annual general meeting.

Sønderborg, 28 June 2019
Executive Board:

Erik Damsgaard

Board of Directors:

Ole Strange Chairman	Mads Pauli Ringkjøbing-Christiansen	Lars Pauli Christiansen

Claus Omann

Penneo dokumentnøgle: N05GS-TWMEX-HOTQQ-AI2SF-Y8MNV-1HSFE

Independent auditor's report

To the shareholders of OJ Electronics A/S

Opinion

We have audited the consolidated financial statements and the parent company financial statements of OJ Electronics A/S for the financial year 1 May 2018 – 30 April 2019, which comprise income statement, balance sheet, statement of changes in equity and notes, including accounting policies, for both the Group and the Parent Company, and a consolidated cash flow statement. The consolidated financial statements and the parent company financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the consolidated financial statements and the parent company financial statements give a true and fair view of the financial position of the Group and the Parent Company at 30 April 2019 and of the results of the Group's and the Parent Company's operations as well as the consolidated cash flows for the financial year 1 May 2018 – 30 April 2019 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and 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 consolidated financial statements and the parent company financial statements" (hereinafter collectively referred to as "the financial statements") section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these rules and requirements.

Management's responsibilities for the financial statements

Management is responsible for the preparation of consolidated financial statements and parent company 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 Group's and the Parent 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 Group or the Parent Company or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance as to 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 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 the financial statements.

Penneo dokumentnøgle: N05GS-TWMEX-HOTQQ-AI2SF-Y8MNV-1HSFE

Independent auditor's report

As part of an audit conducted in accordance with ISAs and 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 Group's and the Parent 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 Group's and the Parent 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 Group and the Parent Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and contents of the financial statements, including the note disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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 the Management's review

Management is responsible for the Management's review.

Our opinion on the financial statements does not cover the 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 the Management's review and, in doing so, consider whether the 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 the Management's review provides the information required under the Danish Financial Statements Act.

Penneo dokumentnøgle: N05GS-TWMEX-HOTQQ-AI2SF-Y8MNV-1HSFE

Independent auditor's report

Based on the work we have performed, we conclude that the 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 of the Management's review.

Aabenraa, 28 June 2019
ERNST & YOUNG
Godkendt Revisionspartnerselskab
CVR no. 30 70 02 28

Jon Midtgaard
State Authorised
Public Accountant
mne28657

Penneo dokumentnøgle: N05GS-TWMEX-HOTQQ-AI2SF-Y8MNV-1HSFE

Management's review

Company details

	OJ Electronics A/S Stenager 13 B 6400 Sønderborg, Denmark
CVR no. Established Registered office Financial year	10 64 35 97 1986 Sønderborg 1 May – 30 April
Website	www.ojelectronics.com
Telephone	+45 73 12 13 14
Board of Directors	Ole Strange (Chairman) Mads Pauli Ringkjøbing-Christiansen Lars Pauli Christiansen Claus Omann
Executive Board	Erik Damsgaard
Auditor	Ernst & Young Godkendt Revisionspartnerselskab Skibbroen 16, 6200 Aabenraa, Denmark

Penneo dokumentnøgle: N05GS-TWMEX-HOTQQ-AI2SF-Y8MNV-1HSFE

Management's review

Financial highlights

DKK'000	2018/19	2017/18	2016/17	2015/16	2014/15
Key figures					
Revenue	327,153	323,999	273,293	258,852	234,308
Gross profit	72,444	77,614	54,883	52,723	54,316
Profit from ordinary activities	33,485	37,282	15,221	12,625	15,634
Profit/loss from financial income and expenses, net	526	-3,293	-1,380	-1,917	-1,609
Profit before tax	34,011	33,989	13.841	10.708	14.025
Profit for the year	26,742	26,523	10,545	8,170	10,628
Non-current assets	102,494	118,458	125,831	132,033	124,761
Current assets	112,358	108,992	90,887	93,301	85,226
Total assets	214,852	227,450	216,718	225,334	209,987
Share capital	1,040	1,040	1,040	1,040	1,040
Equity	117,943	114,896	101,168	93,592	84,981
Provisions	18,299	21,254	23,024	23,830	23,504
Non-current liabilities	17,096	19,023	20,946	22,841	24,594
Current liabilities	61,514	72,277	71,580	85,071	76,907
Financial ratios					
Cash flows from operating activities	47,738	44,190	45,268	22,427	36,397
Net cash flows from investing activities	-14,354	-22,377	-19,673	-28,969	-35,820
Portion relating to investments in items of plant, machinery and equipment	-5,489	-6,282	-7,534	-9,597	-9,750
Cash flows from financing activities	-24,907	-14,892	-5,372	-2,161	-12,717
Total cash flows	423	6,921	20,223	-8,703	-12,140
Development costs for the year	32,607	35,437	28,255	39,853	46,845
Development costs for the year recognised in income statement	44,683	35,359	30,181	28,595	22,323
Financial ratios					
Growth	1.0%	18.6%	5.6%	10.5%	17.9%
Operating margin	10.2%	11.5%	5.6%	4.9%	6.7%
PBT ratio	10.4%	10.5%	5.1%	4.1%	6.0%
Return on invested capital	22.9%	26.0%	11.1%	9.8%	12.6%
Return on investment	15.5%	17.0%	7.0%	5.9%	8.2%
Gross margin	22.1%	24.0%	20.1%	20.4%	23.2%
Current ratio	182.7%	150.8%	127.0%	109.7%	110.8%
Solvency ratio	54.9%	50.5%	46.7%	41.5%	40.5%
Return on equity	23.0%	24.6%	10.8%	9.2%	12.6%
Average number of full-time employees	159	154	157	168	157

Financial ratios are calculated in accordance with the recommendations of the Danish Finance Society's guidelines.

Penneo dokumentnøgle: N05GS-TWMEX-HOTQQ-AI2SF-Y8MNV-1HSFE

Management's review

Operating review

Principal activity

On a continuous basis the group activities are centered around development, manufacturing and distribution of control- and monitoring electronic solutions and components for the improvement of human comfort and the physical environment.

Activities are electronic systems and components for electric underfloor heating and further activities are directed against electronic systems, drives and components for the HVAC industry.

Business model

Production is carried out in the group's facilities in Denmark. Furthermore, the group is importing components and semi-finished products from suppliers in Asia and Eastern Europe.

In order to manufacture electronic products efficiently the group uses production equipment in the group's own production, which uses significant amounts of energy. Besides that, the group uses manual assembly processes. Waste from production is mainly electronics related. Therefore the group has focus on energy consumption, environment, climate and employee relations.

The group strives to act responsible in relation to customers and other business partners, employees, the local surroundings we are part of as well as the climate.

Development in activities and financial position

Profit/loss for the year

The group has generated a revenue of DKK 327 million. The growth was 1%against last year's revenue. The growth has to be seen compared to the previous year. Some sales channels were in a building up phase last year and some levelling has taken place. Overall the sales of the company's products has a growing rate and is stable over years. The position of the company is a result of investments in technology and new product developments. The investment rate is in balance with the overall growth of the company. On a continuous basis the company invests in selecting and exchanging components and solutions in order to optimize the competiveness of the company. Processes and procedures are optimized through designated initiatives in order to stay competitive. The Profit from ordinary activities is DKK 33 million equivalent to an Operating margin of 10.2% This is a decrease compared to last year where Operating margin was 11.5%and is due to higher development costs and a decrease in gross margin. Allocation on the components markets are a contributor and furthermore competition in the market is strong. Currency fluctuations depressed the operation margin, but was regained as a positive contribution to the result. The result for the year is a profit of DKK 27 million which is in line with the level of last year.

New products

We focus on energy-efficient products and an increased demand for products supporting cross system optimizations and connectivity. A large part of the products contain functionality for use in connection with or over the Internet. High comfort remains a focus point with market adaptation of the product specifications.

There is invested in extensive product developments. Products are based on specific customers and market expectations and have resulted in a number of platforms that will form the framework for more products in the coming years.

Investments

The group invests in improved operating processes and manufacturing and have a strong supplier base under continuous improvement. The investments strengthens the profit and reduces risk in the coming years.

Penneo dokumentnøgle: N05GS-TWMEX-HOTQQ-AI2SF-Y8MNV-1HSFE

Capital resources

The Group's primary capital resources comprise liquid assets and unutilized credit facilities. Current capital resources are estimated to be sufficient to realize the budgeted activity for 2019/20.

Research and development activities

The group primary development activities are focused on products with improved user friendliness and supporting the increased requirements for connectivity with other systems and remote user access. These activities increase in importance while energy efficiency and comfort remains the important primary functions of the products and systems.

The group shows an increased level of R&D activities, DKK 45 million, in line with the strategy and in line with a balance between the level of R&D and the growth potential.

The link between the expense for the year and expense recognized in the income statement is shown below:

	2018/19	2017/18
Expense for the year	32,607	35,437
Hereof additions to development project and equipment in course of construction	-9,874	-19,248
Amortization and impairment of completed development projects	21,950	19,170
Expense for the year recognized in income statement, net	44,683	35,359

Other activities for the year

The development activities remains important for realizing the growth in the coming years. To accommodate increased focus on cost and development just-in-time flexibility is built into the development process based on extensive cooperation with external partners. Further this is an important activity to scale to activities and strengthen the activities with required competences for the coming years.

Outlook

The group expects a continued high growth level (5-10%) in the coming year supported by new customer relationships and a pipeline of new products.

The profit margin is expected to stay at the current level in the range of 8-11%

Special risks

Financial risks

The group solidity and credit facilities reduces the financial risk to an acceptable level.

Currency risks

Main trading currencies are DKK, USD and EUR. Group policy minimizes the currency risk through the use of financial facilities.

Interest rate risks

The group utilizes interest swaps to reduce risk.

Credit risks

The Group's credit risk policy entails that all major customers and other partners are continuously assessed on a regular basis.

Penneo dokumentnøgle: N05GS-TWMEX-HOTQQ-AI2SF-Y8MNV-1HSFE

Knowledge resources

Management is continuously working on the further development of employee competencies, as well as using substantial resources to attract new qualified employees. Resources are used to develop and maintain cooperation with external partners, where these can contribute to knowledge and flexibility in relation to capabilities that the Group needs. There is particular focus on the development of the Group's management resources.

Corporate Social Responsibility

Working environment

The employees of OJ Electronics is the most valuable resource and a prerequisite condition for success of the group. Working environment including safety and working climate has high priority for management.

OJ Electronics has a work environment organization that acts proactively to ensure a safe and healthy working environment. The group has focus on avoiding attrition among employees and work-related accidents and has special focus on preventive actions. All nearby accidents are registered and analysed in order take measures if possible to avoid similar situations in future. In the financial year 2018/19 5 nearby accidents were registered. At OJ Electronics we had more than 960 days since last working accident. This is due to our continuous work and focus to the matter.

Furthermore, internal processes are continuously optimized in order to avoid attrition among employees. In the financial year 2018/19 focus was on manual heavy lifts through a campaign and instruction of relevant personnel.

OJ Electronics strives to ensure a positive working climate. In order to support this OJ Electronics undertakes employee satisfaction surveys each 3 years and all managers hold individual appraisals through the year with each employee. The latest survey in 2018 showed that 73%of the employees in general were satisfied with their job situation at OJ Electronics. Next satisfaction survey is scheduled for 2021 where the target for the next survey is to be as good or better.

Absence due to illness within OJ Electronics has a satisfying low level, which among other things is attributable to OJ Electronics' focus on a positive working climate, continuous activities regarding preventive actions and training and education of management.

Management of OJ Electronics expects a continuous focus on a low level of working related accidents and Absence due to illness as well as a continued focus on a positive working climate.

Controlling suppliers (human rights, anti-corruption and bribery)

OJ Electronics wants to ensure that suppliers of the group comply with the same high standards as OJ Electronics itself. It is important to management that suppliers of the group are doing business in respect of human rights, anti-corruption and bribery.

The risk of violation in general is evaluated by management to be higher with suppliers in Asia and Eastern Europe.

OJ Electronics has in the financial year 2018/19 started a process for evaluation of all suppliers through a risk-based assessment in regards to human rights, anti-corruption and bribery. Another criteria in the evaluation is the supplier's importance to OJ Electronics. Where relevant and deemed necessary, suppliers are required to sign the Code of Conduct of OJ Electronics.

Management expects this process of evaluating suppliers to be continued in the current financial year.

Currently all sub-suppliers have signed the group's Code of Conduct by which they agree to adhere to human rights, anti-corruption and bribery.

The group has not identified any breaches in 2018/19 to the Code of conduct in regards to human rights, anti-corruption and bribery.

Penneo dokumentnøgle: N05GS-TWMEX-HOTQQ-AI2SF-Y8MNV-1HSFE

Conflict minerals

OJ Electronics is committed to ensure that minerals contained in our products are sourced with due respect for human rights, the need to avoid contributing to conflict and the desire to support development through our supply chain practices.

Environment and climate

OJ Electronics complies with current environmental and climate legislation. Furthermore OJ Electronics strives to work actively with improvements in regards to reducing the group's impact on the climate and environment.

For OJ Electronics, sustainability means our ambition to develop intelligent solutions which ensure maximum comfort with the lowest possible energy consumption. It means our responsibility to our customers, ensuring that we supply the best and most energy efficient products on the market. And it means our responsibility to the professional skills of our employees, strengthening our ability to meet future market demands.

In all business decisions and processes, OJ Electronics strives to attain a responsible balance between economic, human and environmental considerations.

To help us maintain focus internally on our sustainability practices and clarify our position on responsible behavior, we have developed our "Green behavior". With our Green Behavior, we do all we can to "walk the talk", making certain that we ourselves live up to our ambition of being an environmental conscious company.

- We develop the most energy efficient solutions.
- We constantly strive to reduce CO_2 emission with our energy efficient products.
- We measure our energy consumption in order to reduce CO_2.
- We use our resources prudently, and save on electricity, water and heat.
- We invest in viable environment and climate and reduction measures.
- We recycle and sort waste, where possible.

In regards to waste management OJ Electronics currently has more than 20 sorting categories and we meet the requirements of the EU directive WEEE2 (Waste Electrical and Electronic Equipment directive).

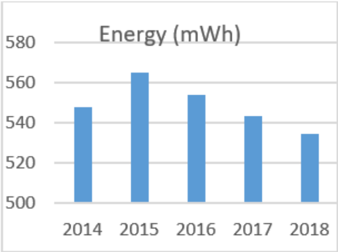
In regards to hazardous substances and chemicals OJ Electronics meets the requirements within the EU directives of RoHS3 and REACH.

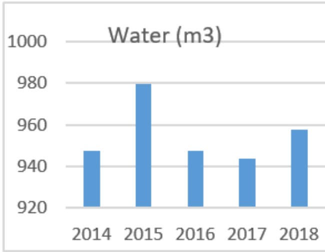
During the financial year 2018/19 we have worked on reducing the energy consumption by completing replacement of ordinary indoor lighting with LED's in offices and production of OJ Electronics. Furthermore we have replaced production equipment with less energy consuming equipment.

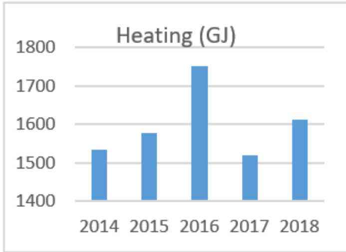
We measure our energy consumption regarding energy, water and heating.

Consumption	2018	2017
Energy (mWh)	534	544
Water (m3)	958.0	945
Heating (Gj)	1,611	1,520

Penneo dokumentnøgle: N05GS-TWMEX-HOTQQ-AI2SF-Y8MNV-1HSFE







Project Zero

OJ Electronics is proud to be located in an area with unique potential thanks to the large number of knowledge- and engineering-based companies who wish to lead the way in climate protection. The Sønderborg area of Denmark has initiated its very own climate project: Project Zero.

Project Zero is a vision of making the entire Sønderborg area Co2 neutral by 2029.Thanks to Project Zero, local companies are working together to form a strong cluster and make Sønderborg a power centre for cleantech. OJ Electronics is proud to help to reach this common goal.

As a Zero Company, OJ Electronics initially committed itself to reduce internal Co2 emission. We reach our goals by focusing on Co2 conscious behavior.

Equal gender representation

OJ Electronics believes in diversity among employees including a more equal gender representation. Diversity is positive for development of new products and improving processes which again will ensure better results. Therefore, it is an ambition for OJ Electronics to ensure diversity among employees within the group.

Board of directors

On 30 April 2019 the board of directors has 4 members, currently all men. It is the ambition of the group to ensure diversity in the board as well, however the industry is historically dominated by men.

It is a target for OJ Electronics to have gender representation of 25%by 2023. The reason why this target has not been fulfilled yet is that no female candidates with the right qualifications was found during the latest recruitment process.

Management

Management includes all management levels of the group. It is the policy of OJ Electronics that management positions should be occupied by the most qualified candidates.

The female gender is underrepresented within management of OJ Electronics. On 30 April 2019 women occupied 21%of management positions. In order to ensure diversity of gender, OJ Electronics strives to ensure that at least one female candidate is among the final 3 candidates for management positions.

Events after the balance sheet date

See note 2.

Penneo dokumentnøgle: N05GS-TWMEX-HOTQQ-AI2SF-Y8MNV-1HSFE

Consolidated financial statements and parent company financial statements 1 May – 30 April

Income statement

		Group		Parent	
Note	**DKK '000**	**2018/19**	**2017/18**	**2018/19**	**2017/18**
4	**Revenue**	327,153	323,999	317,535	318,358
	Production costs	-210,027	-211,026	-208,857	-211,510
	Development costs	-44,682	-35,359	-44,683	-35,359
	Gross profit	72,444	77,614	63,995	71,489
	Selling and distribution costs	-24,826	-24,419	-21,809	-20,807
5	Administrative expenses	-14,133	-15,913	-13,393	-14,950
	Operating profit	33,485	37,282	28,793	35,732
10	Profit in subsidiaries after tax	0	0	3,717	1,051
6	Financial income	1,709	153	1,709	181
	Financial expenses	-1,183	-3,446	-975	-3,287
	Profit before tax	34,011	33,989	33,244	33,677
7	Tax for the year	-7,269	-7,466	-6,502	-7,154
	Profit for the year	26,742	26,523	26,742	26,523
	Breakdown of the consolidated profit:				
	Shareholders in OJ Electronics A/S	26,742	26,523		
	Non-controlling interests	0	0		
		26,742	26,523		

Penneo dokumentnøgle: N05GS-TWMEX-HOTQQ-AI2SF-Y8MNV-1HSFE

Consolidated financial statements and parent company financial statements 1 May – 30 April

Balance sheet

		Group		Parent	
Note	**DKK '000**	**2018/19**	**2017/18**	**2018/19**	**2017/18**
	ASSETS				
	Non-current assets				
8	**Intangible assets**				
	Completed development projects	34,445	38,079	34,445	38,079
	Development projects in progress	5,651	14,106	5,651	14,106
		40,096	52,185	40,096	52,185
9	**Property, plant and equipment**				
	Land and buildings	45,054	46,627	45,054	46,627
	Plant, machinery and equipment	16,960	18,369	16,952	18,332
	Equipment in course of construction	384	1,277	384	1,277
		62,398	66,273	62,390	66,236
	Investments				
10	Equity investments in subsidiaries	0	0	2,107	2,497
		0	0	2,107	2,497
	Total non-current assets	102,494	118,458	104,593	120,918
	Currents assets				
	Inventories				
	Raw materials and consumables	18,780	15,097	18,780	15,097
	Work in progress	10,211	11,018	10,211	11,018
	Finished goods and goods for resale	10,883	10,096	5,319	3,957
		39,874	36,211	34,310	30,072
	Receivables				
	Trade receivables	64,934	65,517	46,552	42,837
	Receivables from group entities	231	227	24,324	30,452
	Other receivables	1,454	2,133	1,454	2,132
	Prepayments	452	748	353	661
		67,071	68,625	72,683	76,082
	Cash	5,413	4,156	2,196	325
	Total current assets	112,358	108,992	109,189	106,479
	TOTAL ASSETS	214,852	227,450	213,782	227,397

Penneo dokumentnøgle: N05GS-TWMEX-HOTQQ-AI2SF-Y8MNV-1HSFE

Consolidated financial statements and parent company financial statements 1 May – 30 April

Balance sheet

		Group		Parent	
Note	DKK '000	2018/19	2017/18	2018/19	2017/18
	EQUITY AND LIABILITIES				
	Equity				
11	Share capital	1,040	1,040	1,040	1,040
	Reserve for development costs	0	0	18,554	17,277
	Retained earnings	76,903	90,856	58,349	73,579
	Proposed dividend	40,000	23,000	40,000	23,000
	Total equity	117,943	114,896	117,943	114,896
	Provisions				
12	Deferred tax	13,126	15,847	14,684	17,413
13	Warranties	5,173	5,407	5,173	5,407
	Total provisions	18,299	21,254	19,857	22,820
	Liabilities				
	Non-current liabilities				
14	Credit institutions	17,096	19,023	17,096	19,023
		17,096	19,023	17,096	19,023
	Current liabilities				
	Current portion of non-current liabilities	1,938	1,918	1,939	1,918
	Credit institutions	4,992	12,210	4,992	12,210
	Trade payables	29,922	34,552	29,468	34,395
	Corporation tax	9,087	8,423	8,924	8,152
	Other payables	15,575	15,174	13,563	13,983
	Total current liabilities	61,514	72,277	58,886	70,658
	Total liabilities	78,610	91,300	75,982	89,681
	TOTAL LIABILITIES	214,852	227,450	213,782	227,397

1 Accounting policies
2 Events after the balance sheet date
3 Special items
5 Fees paid to the auditor appointed at the annual general meeting
15 Staff costs
16 Depreciation, amortisation and impairment losses
17 Contractual obligations and contingencies, etc.
18 Mortgages and collateral
19 Currency and interest rate risks and use of derivative financial instruments
20 Related parties
21 Distribution of profit

Penneo dokumentnøgle: N05GS-TWMEX-HOTQQ-AI2SF-Y8MNV-1HSFE

Consolidated financial statements and parent company financial statements 1 May – 30 April

Statement of changes in equity

Note	DKK '000	Group: Share capital	Reserve for development costs	Retained earnings	Dividend proposed for the year	Total
	Equity at 1 May 2017	1,040	0	87,128	13,000	101,168
	Dividend distribution	0	0	0	-13,000	-13,000
	Transferred via distribution of profit	0	0	3,523	23,000	26,523
	Foreign exchange adjustments, foreign subsidiary	0	0	-413	0	-413
	Value adjustment of hedging instruments	0	0	618	0	618
	Equity at 1 May 2018	1,040	0	90,856	23,000	114,896
	Dividend distribution	0	0	0	-23,000	-23,000
	Transferred via distribution of profit	0	0	-13,258	40,000	26,742
	Foreign exchange adjustments, foreign subsidiary	0	0	-871	0	-871
	Value adjustment of hedging instruments	0	0	176	0	176
	Equity at 30 April 2019	1,040	0	76,903	40,000	117,943

Note	DKK '000	Parent: Share capital	Reserve for development costs	Retained earnings	Dividend proposed for the year	Total
	Equity at 1 May 2017	1,040	8,935	78,193	13,000	101,168
	Dividend distribution	0	0	0	-13,000	-13,000
	Transferred via distribution of profit	0	8,342	-4,819	23,000	26,523
	Foreign exchange adjustments, foreign subsidiary	0	0	-413	0	-413
	Value adjustment of hedging instruments	0	0	618	0	618
	Equity at 1 May 2018	1,040	17,277	73,579	23,000	114,896
	Dividend distribution	0	0	0	-23,000	-23,000
16	Transferred via distribution of profit	0	1,277	-14,535	40,000	26,742
	Foreign exchange adjustments, foreign subsidiary	0	0	-871	0	-871
	Value adjustment of hedging instruments	0	0	176	0	176
	Equity at 30 April 2019	1,040	18,554	58,349	40,000	117,943

Penneo dokumentnøgle: N05GS-TWMEX-HOTQQ-AI2SF-Y8MNV-1HSFE

Consolidated financial statements and parent company financial statements 1 May – 30 April

Cash flow statement

Note	DKK '000	Group 2018/19	Group 2017/18
	Operating profit	33,485	37,282
	Depreciation, amortisation and impairment	30,318	29,747
	Adjustment of provisions for warranties	-234	-367
	Cash generated from operations (operating activities)	63,569	66,662
	Interest received	1,709	181
	Interest paid	-1,033	-3,791
	Cash generated from operations (ordinary activities)	64,245	63,052
	Changes in inventories	-4,635	-5,746
	Changes in trade receivables	624	-11,943
	Changes in other receivables	1,258	1,392
	Changes in trade payables	-3,925	6,653
	Changes in other payables	-713	-2,781
	Changes in prepayments and deferred income	308	-484
	Income taxes paid	-9,424	-5,953
	Cash flows from operating activities	47,738	44,190
	Acquisition of intangible assets	-8,865	-16,100
	Acquisition of property, plant and equipment	-5,489	-6,282
	Disposal of property, plant and equipment	0	5
	Cash flows from investing activities	-14,354	-22,377
	Repayment of non-current liabilities	-1,907	-1,892
	Dividends paid	-23,000	-13,000
	Cash flows from financing activities	-24,907	-14,892
	Net cash flows	8,477	6,921
	Cash and cash equivalents, beginning of year	-8,054	-14,975
	Cash and cash equivalents, year-end	423	-8,054

The cash flow statement cannot directly be derived from the other components of the consolidated financial statements and the parent company financial statements.

Penneo dokumentnøgle: N05GS-TWMEX-HOTQQ-AI2SF-Y8MNV-1HSFE

Consolidated financial statements and parent company financial statements 1 May – 30 April

Notes

1 Accounting policies

The annual report of OJ Electronics A/S for 2018/19 has been prepared in accordance with the provisions in the Danish Financial Statements Act applying to large reporting class C entities.

The accounting policies used in the preparation of the financial statements are consistent with those of last year.

Consolidated financial statements

Control

The consolidated financial statements comprise the Parent Company OJ Electronics A/S and subsidiaries controlled by OJ Electronics A/S.

Control means the power to exercise decisive influence over a subsidiary's financial and operating decisions. Moreover, the possibility of yielding a return from the investment is required.

In assessing if the Parent Company controls an entity, de facto control is taken into consideration as well.

The existence of potential voting rights which may currently be exercised or converted into additional voting rights is considered when assessing if an entity may become empowered to exercise decisive influence over another entity's financial and operating decisions.

Preparation of consolidated financial statements

The consolidated financial statements have been prepared as a consolidation of the Parent Company's and the individual subsidiaries' financial statements, which are prepared according to the Group's accounting policies. On consolidation, intra-group income and expenses, shareholdings, intra-group balances and dividends, and realised and unrealised gains on intra-group transactions are eliminated. Unrealised gains on transactions with associates are eliminated in proportion to the Group's interest in the entity. Unrealised losses are eliminated in the same way as unrealised gains unless they do not reflect impairment.

In the consolidated financial statements, the items of subsidiaries are recognised in full. Non-controlling interests' share of the profit/loss for the year and of the equity of subsidiaries which are not wholly-owned are included in the Group's profit/loss and equity, but are disclosed separately.

Acquisitions and disposals of non-controlling interests which are still controlled are recognised directly in equity as a transaction between shareholders.

Business combinations

Recently acquired entities are recognised in the consolidated financial statements from the date of acquisition. Entities sold or otherwise disposed of are recognised up to the date of disposal. Comparative figures are not restated to reflect newly acquired entities. Discontinued operations are presented separately, see below.

The date of acquisition is the date when the Group actually obtains control of the acquiree.

The purchase method is applied to acquisitions of new businesses over which the Group obtains control. The acquired businesses' identifiable assets, liabilities and contingent liabilities are measured at fair value at the acquisition date. Identifiable intangible assets are recognised if they are separable or arise from a contractual right. Deferred tax related to the revaluations is recognised.

Positive differences (goodwill) between, on the one hand, the consideration for the acquiree, the value of non-controlling interests in the acquired entity and the fair value of any previously acquired equity

Penneo dokumentnøgle: N05GS-TWMEX-HOTQQ-AI2SF-Y8MNV-1HSFE

Consolidated financial statements and parent company financial statements 1 May – 30 April

Notes

1 **Accounting policies**

Investments and, on the other hand, the fair value of the assets, liabilities and contingent liabilities acquired are recognised as goodwill under "Intangible assets". Goodwill is amortised on a straight-line basis in the income statement based on an individual assessment of the economic life of the asset.

Negative differences (negative goodwill) are recognised in the income statement at the date of acquisition.

Non-controlling interests

The group does not have non-controlling interests.

Foreign currency translation

On initial recognition, transactions denominated in foreign currencies are translated at the exchange rates at the transaction date. Foreign exchange differences arising between the exchange rate at the transaction date and the rate at the date of payment are recognised in the income statement as financial income or financial expenses.

Receivables, payables and other monetary items denominated in foreign currencies are translated at closing rates. The difference between the exchange rates at the balance sheet date and the date at which the receivable or payable arose or was recognised in the latest annual report is recognised in the income statement as financial income or financial expenses.

Foreign subsidiaries are considered separate entities. The income statements are translated at the average exchange rates, and the balance sheet items are translated at the exchange rates at the balance sheet date. Foreign exchange differences arising on translation of the opening equity of foreign entities to closing rates and on translation of the income statements from average exchange rates to closing rates are taken directly to equity.

Foreign exchange adjustments of balances with separate foreign subsidiaries which are considered part of the total investment in the subsidiary are taken directly to equity. Foreign exchange gains and losses on loans and derivative financial instruments designated as hedges of foreign subsidiaries are also recognised directly in equity.

Derivative financial instruments

On initial recognition in the balance sheet, derivative financial instruments are recognised at cost and subsequently at fair value. Positive and negative fair values of derivative financial instruments are included in other receivables and payables, respectively.

Changes in the fair value of derivative financial instruments designated as and qualifying for recognition as a hedge of the fair value of a recognised asset or liability are recognised in the income statement together with changes in the fair value of the hedged asset or liability.

Changes in the fair value of derivative financial instruments designated as and qualifying for recognition as a hedge of future assets and liabilities are recognised in other receivables or other payables and in equity. If the future transaction results in recognition of assets or liabilities, amounts previously recognised in equity are transferred to the cost of the asset or liability, respectively. If the future transaction results in income or expenses, amounts previously recognised in equity are transferred to the income statement in the period in which the hedged item affects the income statement.

Fair value adjustments of derivative financial instruments that do not qualify for hedge accounting are recognised in the income statement on a current basis.

Penneo dokumentnøgle: N05GS-TWMEX-HOTQQ-AI25F-Y8MNV-1HSFE

Consolidated financial statements and parent company financial statements 1 May – 30 April

Notes

1 Accounting policies

Income statement

Revenue

The Company has chosen IAS 11/IAS 18 as interpretation for revenue recognition.

Income from the sale of goods for resale and finished goods is recognised in revenue when the most significant rewards and risks have been transferred to the buyer and provided the income can be measured reliably and payment is expected to be received. The date of the transfer of the most significant rewards and risks is based on standardised terms of delivery based on Incoterms® 2010.

Revenue is measured ex. VAT and taxes charged on behalf of third parties.

Production costs

Production costs comprise costs, including depreciation/amortisation charges and salaries, incurred in generating the year's revenue. Commercial entities recognise their cost of sales, and manufacturing entities recognise their production costs incurred in generating the revenue for the year. Such costs include direct and indirect costs related to raw materials and consumables, wages and salaries, rent and leases as well as impairment losses on production plant.

Development costs

Development costs comprise research and development costs that do not qualify for capitalisation and amortisation of capitalised development costs.

Selling and distribution costs

Selling and distribution costs comprise costs related to the distribution of goods sold in the year and to sales campaigns, etc. carried out in the year, including costs related to sales staff, advertising, exhibitions and amortisation/depreciation.

Administrative expenses

Administrative expenses comprise costs incurred in the year to manage and administer the Company, including expenses related to administrative staff, management, office premises, office expenses and amortisation/depreciation.

Share of profit from investments in subsidiaries

A proportionate share of the underlying entities' profit/loss after tax is recognised in the income statement according to the equity method. Shares of profit/loss after tax in subsidiaries are presented as separate line items in the income statement. Full elimination of intra-group gains/losses is made for equity investments in subsidiaries.

Financial income and expenses

Financial income and expenses comprise interest income and expenses, gains and losses on securities, payables and transactions denominated in foreign currencies, amortisation of financial assets and liabilities as well as surcharges and refunds under the on-account tax scheme, etc.

Penneo dokumentnøgle: N05GS-TWMEX-HOTQQ-AI2SF-Y8MNV-1HSFE

Consolidated financial statements and parent company financial statements 1 May – 30 April

Notes

1 Accounting policies

Tax on profit from ordinary activities

The parent Company is subject to the Danish rules on mandatory joint taxation of the Chrispa ApS Group's Danish companies. Subsidiaries are included in the joint taxation arrangement from the date when they are included in the consolidated financial statements and up to the date when they are no longer consolidated.

The Parent Company, Chrispa A/S, acts as management company in the joint taxation arrangement and accordingly settles all income taxes vis-à-vis the tax authorities.

On payment of joint taxation contributions, the Danish corporate income tax charge is allocated between the jointly taxed entities in proportion to their taxable income. Entities with tax losses receive joint taxation contributions from entities that have been able to use the tax losses to reduce their own taxable income.

The tax expense for the year, which comprises the year's current tax charge, joint taxation contributions and changes in the deferred tax charge – including changes arising from changes in tax rates – is recognised in the income statement as regards the portion that relates to the profit/loss for the year and directly in equity as regards the portion that relates to entries directly in equity.

Balance sheet

Intangible assets

Development projects

Development costs comprise expenses, salaries and amortisation directly or indirectly attributable to development activities.

Development projects that are clearly defined and identifiable and where the technical rate of utilisation, sufficient resources and a potential future market or development potential are evidenced, and where the Company intends to produce, market or use the project, are recognised as intangible assets provided that the cost can be measured reliably and that there is sufficient assurance that future earnings can cover production costs, selling costs and administrative expenses and development costs. Other development costs are recognised in the income statement as incurred.

Development costs that are recognised in the balance sheet are measured at cost less accumulated amortisation and impairment losses.

On completion of a development project, development costs are amortised on a straight-line basis over the estimated useful life. The amortisation period is 3 - 5 years.

Rights, patents and licences are measured at cost less accumulated amortisation and impairment losses. Rights, patents and licences acquired are amortised on a straight-line basis over the remaining patent period, and licences are amortised over the licence term, usually 5 years.

Gains and losses on the disposal of development projects, patents and licences are determined as the difference between the selling price less costs to sell and the carrying amount at the date of disposal. Gains and losses are recognised in the income statement as other operating income or other operating expenses, respectively.

Penneo dokumentnøgle: N05GS-TWMEX-HOTQQ-AI2SF-Y8MNV-1HSFE

Consolidated financial statements and parent company financial statements 1 May – 30 April

Notes

1 Accounting policies

Property, plant and equipment

Land and buildings and plant and equipment are measured at cost less accumulated depreciation and impairment losses. Land is not depreciated.

Cost comprises the purchase price and any costs directly attributable to the acquisition until the date when the asset is available for use. The cost of self-constructed assets comprises direct and indirect costs of materials, components, sub-suppliers and wages and salaries. All financing costs regarding the production period are expensed no matter whether they can be attributed to costs.

Where individual components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items, which are depreciated separately.

Depreciation is provided on a straight-line basis over the expected useful lives of the assets. The expected useful lives are as follows:

Buildings and installations	25 – 50 years
Plant and equipment	3 – 10 years

The basis of depreciation is based on the residual value of the asset and is reduced by impairment losses, if any. The depreciation period and the residual value are determined at the time of acquisition and are reassessed every year. Where the residual value exceeds the carrying amount of the asset, no further depreciation charges are recognised.

In case of changes in the depreciation period or the residual value, the effect on the amortisation charges is recognised prospectively as a change in accounting estimates.

Depreciation is recognised in the income statement as "Production costs", "Selling and distribution costs", "Administrative expenses" and "Development costs", respectively.

Gains and losses on the disposal of property, plant and equipment are calculated as the difference between the selling price less selling costs and the carrying amount at the date of disposal. Gains and losses are recognised in the income statement in the item under which depreciation on the asset was originally expensed.

Leases

The Company has chosen IAS 17 as interpretation for classification and recognition of leases.

On initial recognition, leases for assets that transfer substantially all the risks and rewards incident to ownership to the Company (finance leases) are measured in the balance sheet at the lower of fair value and the net present value of future lease payments. In calculating the net present value, the interest rate implicit in the lease or the incremental borrowing rate is used as discount factor. Assets held under finance leases are subsequently accounted for as the Company's other assets.

The capitalised residual lease liability is recognised in the balance sheet as a liability, and the interest element of the lease payment is recognised in the income statement over the term of the lease.

All other leases are considered operating leases. Payments relating to operating leases and any other leases are recognised in the income statement over the term of the lease. The Company's total liabilities relating to operating leases and other leases are disclosed in contingencies, etc.

The Group's total liabilities relating to operating leases and other leases are disclosed under "Contractual obligations and contingencies, etc."

Penneo dokumentnøgle: N05GS-TWMEX-HOTQQ-AI2SF-Y8MNV-1HSFE

Consolidated financial statements and parent company financial statements 1 May – 30 April

Notes

1 Accounting policies

Equity investments in subsidiaries in the parent company financial statements

Equity investments in subsidiaries are measured according to the equity method in the parent company financial statements. The parent company has chosen to consider the equity method a measurement method.

On initial recognition, equity investments in subsidiaries and associates are measured at cost, i.e. plus transaction costs. The cost is allocated in accordance with the acquisition method; see the accounting policies regarding the consolidated financial statements above.

The cost is adjusted by shares of profit/loss after tax calculated in accordance with the Group's accounting policies less or plus unrealised intra-group gains/losses.

Identified increases in value and goodwill, if any, compared to the underlying entity's net asset value are amortised in accordance with the accounting policies in the consolidated financial statements. Negative goodwill is recognised in the income statement.

Dividend received is deduced from the carrying amount.

Equity investments in subsidiaries measured at net asset value are subject to impairment test requirements if there is any indication of impairment.

Impairment of non-current assets

The carrying amount of intangible assets, property, plant and equipment and equity investments in subsidiaries is tested annually for impairment.

Impairment tests are conducted on assets or groups of assets when there is evidence of impairment. Assets are written down to the lower of the carrying amount and the recoverable amount.

The recoverable amount is the higher of the net selling price of an asset and its value in use. The value in use is calculated as the net present value of the expected net cash flows from the use of the asset or the group of assets and the expected net cash flows from the disposal of the asset or the group of assets after the end of the useful life.

Previously recognised impairment losses are reversed when the reason for recognition no longer exists. Impairment losses on goodwill are not reversed.

Inventories

Inventories are measured at cost in accordance with the FIFO method. Where the net realisable value is lower than cost, inventories concerned are written down to this lower value.

Goods for resale and raw materials and consumables are measured at cost, comprising purchase price plus delivery costs.

The cost of finished goods and work in progress includes the cost of raw materials, consumables, direct labour and production overheads. Indirect production overheads include the indirect cost of material and labour as well as maintenance and depreciation of production machinery, buildings and equipment and expenses relating to plant administration and management. Borrowing costs are not recognised.

The net realisable value of inventories is calculated as the sales amount less costs of completion and costs necessary to make the sale and is determined taking into account marketability, obsolescence and development in expected selling price.

Penneo dokumentnøgle: N05GS-TWMEX-HOTQQ-AI2SF-Y8MNV-1HSFE

Consolidated financial statements and parent company financial statements 1 May – 30 April

Notes

1 Accounting policies

Receivables

Receivables are measured at amortised cost.

The Company has chosen IAS 39 as interpretation for impairment write-down of financial receivables.

An impairment loss is recognised if there is objective evidence that a receivable or a group of receivables is impaired. If there is objective evidence that an individual receivable has been impaired, an impairment loss is recognised on an individual basis.

Receivables in respect of which there is no objective evidence of individual impairment are assessed for objective evidence of impairment on a portfolio basis. The objective evidence applied to portfolios is determined based on historical loss experience.

Impairment losses are calculated as the difference between the carrying amount of the receivables and the net present value of the expected cash flows, including the realisable value of any collateral received. The effective interest rate for the individual receivable or portfolio is used as discount rate.

Prepayments

Prepayments recognised under "Current assets" comprise expenses incurred concerning subsequent financial years.

Equity

Reserve for net revaluation according to the equity method

Net revaluation of investments in subsidiaries is recognised at cost in the reserve for net revaluation according to the equity method.

The reserve can be eliminated in case of losses, realisation of investments or a change in accounting estimates.

The reserve cannot be recognised at a negative amount.

Reserve for development costs

The reserve for development costs comprises recognised development costs. The reserve cannot be used to distribute dividend or cover losses. The reserve will be reduced or dissolved if the recognised development costs are amortised or no longer part of the Company's operations by a transfer directly to the distributable reserves under equity.

Dividend

Dividend proposed for the year is recognised as a liability at the date when it is adopted at the general meeting (declaration date). Dividend expected to be distributed for the year is disclosed as a separate item under equity.

Corporation tax and deferred tax

Current tax payables and receivables are recognised in the balance sheet as tax computed on the taxable income for the year, adjusted for tax on prior-year taxable income and tax paid on account.

Joint taxation contribution payable and receivable is recognised in the balance sheet as "Corporation tax".

Penneo dokumentnøgle: N05GS-TWMEX-HOTQQ-AI25F-Y8MNV-1HSFE

Consolidated financial statements and parent company financial statements 1 May – 30 April

Notes

1 Accounting policies

Deferred tax is measured using the balance sheet liability method on all temporary differences between the carrying amount and the tax value of assets and liabilities. However, deferred tax is not recognised on temporary differences relating to goodwill which is not deductible for tax purposes and on office premises and other items where temporary differences, apart from business combinations, arise at the date of acquisition without affecting either profit/loss for the year or taxable income. Where alternative tax rules can be applied to determine the tax base, deferred tax is measured based on Management's intended use of the asset or settlement of the liability, respectively.

Deferred tax assets, including the tax value of tax loss carry-forwards, are recognised under "Assets" at the expected value of their utilisation; either as a set-off against tax on future income or as a set-off against deferred tax liabilities in the same legal tax entity and jurisdiction.

Adjustment is made to deferred tax resulting from elimination of unrealised intra-group profits and losses.

Deferred tax is measured according to the tax rules and at the tax rates applicable in the respective countries at the balance sheet date when the deferred tax is expected to crystallise as current tax.

Provisions

In addition to deferred tax, provisions comprise anticipated expenses related to warranty commitments. Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation. Provisions are measured at net realisable value or fair value. If the obligation is expected to be settled far into the future, the obligation is measured at fair value.

Warranty commitments include expenses for remedial action in respect of the contract work within the warranty period of 1-5 years. Provisions for warranty commitments are measured at net realisable value and recognised based on past experience. Liabilities that are expected to be settled after one year after the balance sheet date are discounted at average bond yields.

Liabilities

Financial liabilities are recognised at the date of borrowing at the net proceeds received less transaction costs paid. On subsequent recognition, financial liabilities are measured at amortised cost, corresponding to the capitalised value, using the effective interest rate. Accordingly, the difference between the proceeds and the nominal value is recognised in the income statement over the term of the loan.

Other liabilities are measured at net realisable value.

Deferred income

Deferred income, recognised under "Liabilities", comprises payments received concerning income in subsequent years.

Cash flow statement

The cash flow statement shows the Group's cash flows from operating, investing and financing activities for the year, the year's changes in cash and cash equivalents as well as the Group's cash and cash equivalents at the beginning and end of the year.

Penneo dokumentnøgle: N05GS-TWMEX-HOTQQ-AI2SF-Y8MNV-1HSFE

Consolidated financial statements and parent company financial statements 1 May – 30 April

Notes

1 Accounting policies

The cash flow effect of acquisitions and disposals of enterprises is shown separately in cash flows from investing activities. Cash flows from acquisitions of entities are recognised in the cash flow statement from the date of acquisition. Cash flows from disposals of entities are recognised up until the date of disposal.

Cash flows from operating activities

Cash flows from operating activities are calculated as the Group's share of the profit/loss adjusted for non-cash operating items, changes in working capital and income taxes paid.

Cash flows from investing activities

Cash flows from investing activities comprise payments in connection with acquisitions and disposals of entities, activities and intangible assets, property, plant and equipment and investments.

Cash flows from financing activities

Cash flows from financing activities comprise changes in the size or composition of the Group's share capital and related costs as well as the raising of loans, repayment of interest-bearing debt, and payment of dividend to shareholders.

Cash and cash equivalents

Cash and cash equivalents comprise cash and short-term marketable securities with a term of three months or less which are subject to only minor risks of changes in value.

2 Events after the balance sheet date

The group has decided to close down the Hydronic product line. In addition to write-downs recognised as of 30 April 2019 no material effect is expected for financial year 2019/20.

3 Special items

Special items comprise significant income and expenses of a special nature relative to the Group's revenue-generating operating activities, e.g. expenses incurred for extensive structuring of processes and basic structural adjustments as well as any related disposal gains and losses, that have a material impact over time. Special items also comprise significant one-off items that, in Management's opinion, do not form part of the Group's operating activities.

The income statement for the year is affected by a close down of the Hydronic product line that Management does not consider part of the operating activities.

Special items for the year are specified below, including the line items in which they are recognised in the income statement.

Penneo dokumentnøgle: N05GS-TWMEX-HOTQQ-AI2SF-Y8MNV-1HSFE

Consolidated financial statements and parent company financial statements 1 May – 30 April

Notes

DKK'000	Group 2018/19	Group 2017/18	Parent 2018/19	Parent 2017/18
3 Special items (continued)				
Costs				
Write-down of development costs due to abandoned product line	693	0	693	0
Write-down of plant and equipment due to abandoned product line	242	0	242	0
Write-down of inventories due to abandoned product line	639	0	615	0
	1,574	0	1,550	0
Special items are recognised in the below line items				
Production costs	881	0	857	0
Development costs	693	0	693	0
Net loss from special items	1,574	0	1,550	0

4 Segment information

Geographical segments

DKK'000	Group 2018/19	Group 2017/18	Parent 2018/19	Parent 2017/18
Scandinavia	137,978	135,444	138,356	135,853
Rest of Europe	85,208	72,363	82,313	67,061
North America	85,030	98,727	77,725	98,361
Rest of world	18,937	17,465	19,141	17,083
	327,153	323,999	317,535	318,358

The group only has one activity, and has therefore not disclosed any activity segments.

5 Fees paid to auditor appointed at the annual general meeting

DKK'000	Group 2018/19	Group 2017/18	Parent 2018/19	Parent 2017/18
Total fees to EY	261	165	261	165
Fee for statutory audit	156	153	156	153
Tax consultancy	43	0	43	0
Assurance engagements	0	0	0	0
Non-audit services	62	12	62	12
	261	165	261	165

Penneo dokumentnøgle: N05GS-TWMEX-HOTQQ-AI2SF-Y8MNV-1HSFE

Consolidated financial statements and parent company financial statements 1 May – 30 April

Notes

DKK '000	Group 2018/19	Group 2017/18	Parent 2018/19	Parent 2017/18
6 Financial income				
Interest income from subsidiaries	17	13	17	13
Other interest income	1,692	140	1,692	168
	1,709	153	1,709	181
7 Tax on profit for the year				
Current tax	9,984	9,165	9,231	8,120
Adjustment of tax in respect of previous years	0	-296	0	0
Deferred tax adjustment for the year	-2,715	-1,403	-2,729	-966
	7,269	7,466	6,502	7,154

8 Intangible assets

	Group			
DKK '000	Completed development projects	Development projects in course of construction	Rights and know how acquired	Total
Cost at 1 May 2018	145,161	14,106	30,280	189,547
Additions	17,319	9,860	0	27,179
Transferred	0	-17,319	0	-17,319
Disposals	0	-996	0	-996
Cost at 30 April 2019	162,480	5,651	30,280	198,411
Amortisation and impairment losses at 1 May 2018	107,082	0	30,280	137,362
Amortisation and impairment	18,028	0	0	18,028
Impairment losses	2,925	0	0	2,925
Amortisation and impairment losses at 2019	128,035	0	30,280	158,315
Carrying amount at 30 April 2019	34,445	5,651	0	40,096
Amortised over	3-5 years		5 years	

Penneo dokumentnøgle: N05GS-TWMEX-HOTQQ-AI2SF-Y8MNV-1HSFE

Consolidated financial statements and parent company financial statements 1 May – 30 April

Notes

8 Intangible assets (continued)

	Parent			
DKK '000	**Completed development projects**	**Development projects in course of construction**	**Rights and know how acquired**	**Total**
Cost at 1 May 2018	145,161	14,106	30,280	189,547
Additions	17,319	9,860	0	27,179
Transferred	0	-17,319	0	-17,319
Disposals	0	-996	0	-996
Cost at 30 April 2019	162,480	5,651	30,280	198,411
Amortisation and impairment losses at 1 May 2018	107,082	0	30,280	137,362
Amortisation	18,028	0	0	18,028
Impairment losses	2,925	0	0	2,925
Amortisation and impairment losses at 30 April 2019	128,035	0	30,280	158,315
Carrying amount at 30 April 2019	34,445	5,651	0	40,096
Amortised over	3-5 years		5 years	

Penneo dokumentnøgle: N05GS-TWMEX-HOTQQ-AI2SF-Y8MNV-1HSFE

Consolidated financial statements and parent company financial statements 1 May – 30 April

Notes

9 Property, plant and equipment

	Group			
DKK '000	**Land and buildings**	**Plant, machinery and equipment**	**Equipment in course of construction**	**Total**
Cost at 1 May 2018	68,514	97,476	1,277	167,267
Exchange rate adjustment relating to foreign entities	0	18	0	18
Additions	0	6,381	13	6,394
Transferred	0	0	-906	-906
Disposals	0	-582	0	-1,994
Cost at 30 April 2019	68,514	103,293	384	170,779
Depreciation and impairment losses at 1 May 2018	21,887	79,107	0	100,994
Exchange rate adjustment relating to foreign entities	0	17	0	17
Depreciation and impairment	1,573	7,779	0	9,352
Disposals	0	-570	0	-570
Depreciation and impairment losses at 30 April 2019	23,460	86,333	0	109,793
Carrying amount at 30 April 2019	45,054	16,960	384	62,398
Depreciated over	25-50 years		3-10 years	

	Parent			
DKK '000	**Land and buildings**	**Plant, machinery and equipment**	**Equipment in course of construction**	**Total**
Cost at 1 May 2018	68,514	96,884	1,277	166,675
Additions	0	6,381	13	6,394
Transferred	0	0	-906	-906
Disposals	0	-583	0	-583
Cost at 30 April 2019	68,514	102,682	384	171,580
Depreciation and impairment losses at 2018	21,887	78,552	0	100,439
Depreciation	1,573	7,749	0	9,322
Disposals	0	-571	0	-571
Depreciation and impairment losses at 2019	23,460	85,730	0	109,190
Carrying amount at 30 April 2019	45,054	16,952	384	62,390
Depreciated over	25-50 years		3-10 years	

Penneo dokumentnøgle: N05GS-TWMEX-HOTQQ-AI2SF-Y8MNV-1HSFE

Consolidated financial statements and parent company financial statements 1 May – 30 April

Notes

DKK '000	Parent 2018/19	Parent 2017/18
10 Equity investments in subsidiaries		
Cost at 1 May 2018	5,007	5,007
Value adjustments at 1 May 2018	-7,634	-5,797
Foreign exchange adjustment	-871	-413
Profit/loss for the year	3,717	1,051
Distributed dividend	-2,770	-2,475
Value adjustments at 30 April 2019	-7,558	-7,634
Carrying amount at 30 April 2019	-2,551	-2,627
Hereof recognised as investments	2,107	2,497
Hereof written down under receivables from group entities	-4,658	-5,124
	-2,551	-2,627

Name	Registered office	Voting rights and ownership	Equity DKK'000	Profit/loss DKK'000
OJ Electronics Ltd.	England	100 %	2,107	414
OJ Electronics Inc.	The US	100 %	369	1,784
			2,476	2,198
Internal gains and losses at 30 April 2019			-6,445	1,672
Deferred tax on intra-group gains and losses			1,418	-153
			-2,551	3,717

The subsidiaries are considered independent entities.

DKK '000	Group 2018/19	Group 2017/18	Parent 2018/19	Parent 2017/18
11 Share capital				
The subscribed capital comprises 1,040,000 shares of DKK 1 each.	1,040	1,040	1,040	1,040

The Company has one share class and all shares carry the same rights. The share capital has remained unchanged for the past five years.

Penneo dokumentnøgle: N05GS-TWMEX-HOTQQ-AI2SF-Y8MNV-1HSFE

Consolidated financial statements and parent company financial statements 1 May – 30 April

Notes

DKK '000	Group 2018/19	Group 2017/18	Parent 2018/19	Parent 2017/18
12 Deferred tax				
Deferred tax at 1 May	15,847	17,250	17,413	18,379
Foreign Exchange adjustment	-6	0	0	0
Deferred tax adjustment for the year	-2,715	-1,403	-2,729	-966
Deferred tax at 30 April	13,126	15,847	14,684	17,413
Deferred tax relates to:				
Development projects	8,821	11,481	8,821	11,481
Properties	4,600	4,506	4,600	4,506
Plant and machinery	1,173	1,375	1,173	1,375
Other	-1,468	-1,515	90	51
	13,126	15,847	14,684	17,413
Deferred tax liabilities are expected to be set off within:				
0-1 year	-1,468	-1,515	90	51
1-5 years	9,994	12,856	9,994	12,856
> 5 years	4,600	4,506	4,600	4,506
	13,126	15,847	14,684	17,413

13 Warranties

The OJ ELECTRONICS Group has provided guarantee for certain products. A provision of DKK 5,173 thousand has been provided (2017/18: DKK 5.407 thousand) for expected warranty claims. The provision has been calculated based on historical information on the level of repairs and returned goods as well as specific warranty cases. The warranty provision includes some major provisions that relate to specific warranty cases.

The maturity dates for the warranty obligations are expected to be:

DKK '000	Group 2018/19	Group 2017/18	Parent 2018/19	Parent 2017/18
0-1 years	2,345	1,742	2,345	1,742
1-5 years	2,828	3,665	2,828	3,665
	5,173	5,407	5,173	5,407

14 Credit institutions				
Long-term debt falling due after five years	9,377	11,280	9,377	11,280

Penneo dokumentnøgle: N05GS-TWMEX-HOTQQ-AI25F-Y8MNV-1HSFE

Consolidated financial statements and parent company financial statements 1 May – 30 April

Notes

		Group		Parent	
	DKK '000	**2018/19**	**2017/18**	**2018/19**	**2017/18**
15	**Staff costs**				
	Average number of full-time employees	159	154	155	149
	Total staff costs include:				
	Wages and salaries	71,186	68,984	69,076	66,491
	Pensions	5,788	5,448	5,658	5,314
	Other social security costs	546	668	352	339
		77,520	75,100	75,086	72,144
	Staff costs are recognised in the consolidated financial statements and the parent company financial statements as follows:				
	Production costs	32,123	30,054	32,123	30,054
	Development costs	20,290	18,308	20,290	18,308
	Selling and distribution costs	16,621	17,573	14,187	14,618
	Administrative expenses	8,486	9,165	8,486	9,164
		77,520	75,100	75,086	72,144
	Management remuneration	2,485	3,229	2,485	3,229
16	**Depreciation, amortisation and impairment losses**				
	Land and buildings	1,573	1,593	1,573	1,593
	Plant and equipment	7,549	8,887	7,749	8,856
	Loss on the disposal of equipment	-13	4	12	4
	Development projects	20,261	19,263	21,950	19,263
		29,370	29,747	31,284	29,716
	Amortisation, depreciation and impairment losses are recognised in the consolidated financial statements and the parent company financial statements as follows:				
	Production costs	6,888	7,041	7,130	7,041
	Development costs	20,945	19,925	22,634	19,925
	Selling and distribution costs	224	238	224	238
	Administrative expenses	1,313	2,543	1,296	2,512
		29,370	29,747	31,284	29,716

Penneo dokumentnøgle: N05GS-TWMEX-HOTQQ-AI2SF-Y8MNV-1HSFE

Consolidated financial statements and parent company financial statements 1 May – 30 April

Notes

17 Contractual obligations and contingencies, etc.

Contingent liabilities

There are no pending litigation or disputes that are expected to materially affect the Group's and the Company's financial position.

The Company is jointly taxed with its Danish parent company. The companies included in the joint taxation have joint and several unlimited liability for Danish income tax, withholding taxes on dividends, interest and royalties.

By virtue of a guarantee put in place by the company, the subsidiary OJ Electronics Limited (Company No. 2233045) has taken advantage of exemption from audit under section 479a of the Companies Act. The guarantee is provided in relation to all the outstanding liabilities to which OJ Electronics Limited is subject at the end of the financial year ended 30 April 2019, until such liabilities are satisfied in full.

Operating lease liabilities

The Group has lease liabilities regarding premises in the UK. The rent totals DKK 166 thousand a year and the lease is non-terminable until April 2020.

The Company has entered into operating leases with an average annual lease payment of DKK 69 thousand and a remaining term of 5 months. The remaining lease obligation totals DKK 29 thousand.

The Group has entered into operating leases with an average annual lease payment of DKK 142 thousand and a remaining term of 9 months. The remaining lease obligation totals DKK 102 thousand.

18 Mortgages and collateral

Land and buildings with a carrying amount of DKK 45,054 thousand at 30 April 2019 (2017/18: DKK 46,627 thousand) have been provided as collateral for mortgage loans of DKK 19,035 thousand (2017/18: DKK 20,942 thousand).

19 Currency and interest rate risks and use of financial instruments

The Group uses interest rate swaps to hedge interest rate risks, whereby floating interest payments are rescheduled into fixed interest payments.

	2018/19				2017/18			
DKK'000	Notional principal	Value adjust-ment recogn-ised in equity	Fair value	Term to maturity	Notional principal	Value adjust-ment recogn-ised in equity	Fair value	Term to maturity
				months				months
Interest rate swaps	9,581	176	-578	8-110	22,182	618	-804	2-122

The hedged cash flows are expected to be realised and will affect results of operations over the term to maturity of the interest rate swap.

Penneo dokumentnøgle: N05GS-TWMEX-HOTQQ-AI2SF-Y8MNV-1HSFE

Consolidated financial statements and parent company financial statements 1 May – 30 April

Notes

20 Related parties

In addition to the disclosures made under "Ownership", the Group's related parties include the members of the Board of Directors and the Executive Board, subsidiaries see note 10 and those companies' Boards of Directors and Executive Boards.

Remuneration/fees to members of the Executive Board and the Board of Directors of the Parent Company are reflected in note 15.

Except for transactions eliminated in the consolidated financial statements, remuneration and dividend distribution no other related party transactions have been performed.

All transactions have been carried out on an arm's length basis.

Ownership

The following shareholders hold more than 5 % of the Company's share capital and/or more than 5 % of the voting share capital:

Chrispa ApS, Jernbanegade 27, 6000 Kolding, Denmark
OJE Holding ApS, Stenager 13 B, 6400 Sønderborg, Denmark
OJE Holding ApS exercises control as majority shareholder.

Chrispa ApS is the ultimate parent company.

Consolidated financial statements

OJ Electronics A/S is included in the consolidated financial statements of Chrispa ApS, Jernbanegade 27, 6000 Kolding, Denmark. The consolidated financial statements are available on www.datacvr.virk.dk.

		Parent	
	DKK '000	**2018/19**	**2017/18**
21	**Distribution of profit**		
	Proposed distribution of profit		
	Proposed dividend	40,000	23,000
	Reserve for development costs	1,277	8,342
	Retained earnings	-14,535	-4,819
		26,742	26,523

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Erik Damsgaard
Direktion
På vegne af: OJ Electronics A/S
Serienummer: PID:9208-2002-2-155439254346
IP: 46.32.xxx.xxx
2019-07-01 09:00:52Z
NEM ID

Mads Pauli Ringkjøbing-Christiansen
Bestyrelse
På vegne af: OJ Electronics A/S
Serienummer: PID:9208-2002-2-776789291089
IP: 128.76.xxx.xxx
2019-07-01 12:42:45Z
NEM ID

Ole Strange
Bestyrelse
På vegne af: OJ Electronics A/S
Serienummer: PID:9208-2002-2-556143434548
IP: 83.90.xxx.xxx
2019-07-01 15:09:07Z
NEM ID

Claus Omann
Bestyrelse
På vegne af: OJ Electronics A/S
Serienummer: PID:9208-2002-2-825283910092
IP: 89.184.xxx.xxx
2019-07-02 05:31:30Z
NEM ID

Lars Pauli Christiansen
Bestyrelse
På vegne af: OJ Electronics A/S
Serienummer: PID:9208-2002-2-606540209615
IP: 193.3.xxx.xxx
2019-07-02 11:55:11Z
NEM ID

Jon Midtgaard
Statsautoriseret revisor
På vegne af: Ernst & Young P/S
Serienummer: CVR:30700228-RID:11522188
IP: 109.210.xxx.xxx
2019-07-02 12:21:25Z
NEM ID

Allan Voltelen Ohlsen
Dirigent
På vegne af: OJ Electronics A/S
Serienummer: PID:9208-2002-2-720825958894
IP: 46.32.xxx.xxx
2019-07-02 14:42:20Z
NEM ID

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