OJ Electronics A/S

Stenager 13 B, Ulkebøl, 6400 Sønderborg, Denmark

CVR no. 10 64 35 97

Annual report 2019/20

Approved at the Company's annual general meeting on 19 June 2020

Chairman:

....
Allan Ohlsen

Contents

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 2019 – 30 April 2020.

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 2020 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 2019 – 30 April 2020.

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, 19 June 2020
Executive Board:

Erik Damsgaard
CEO

Board of Directors:

Ole Strange Chairman	Mads Pauli Ringkjøbing-Christiansen	Lars Pauli Christiansen

Claus Omann

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 2019 – 30 April 2020, 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 2020 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 2019 – 30 April 2020 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 Group 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.

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.

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, 19 June 2020
ERNST & YOUNG
Godkendt Revisionspartnerselskab
CVR no. 30 70 02 28

Jon Midtgaard
State Authorised
Public Accountant
mne28657

Management's review

Company details

Name	OJ Electronics A/S
Address	Stenager 13 B
Postal code and city	6400 Sønderborg, Denmark
CVR no.	10 64 35 97
Established	1986
Registered office	Sønderborg
Financial year	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

Management's review

Financial highlights

DKK'000	2019/20	2018/19	2017/18	2016/17	2015/16
Key figures					
Revenue	341,646	327,153	323,999	273,293	258,852
Gross profit	88,741	72,444	77,614	54,883	52,723
Profit from ordinary activities	49,988	33,485	37,282	15,221	12,625
Profit/loss from financial income and expenses, net	378	526	-3,293	-1,380	-1,917
Profit before tax	50,366	34,011	33,989	13.841	10.708
Profit for the year	39,355	26,742	26,523	10,545	8,170
Non-current assets	92,259	102,494	118,458	125,831	132,033
Current assets	110,632	110,157	108,992	90,887	93,301
Total assets	202,891	212,651	227,450	216,718	225,334
Share capital	1,040	1,040	1,040	1,040	1,040
Equity	117,290	117,943	114,896	101,168	93,592
Provisions	13,932	18,299	21,254	23,024	23,830
Non-current liabilities	20,043	17,096	19,023	20,946	22,841
Current liabilities	51,626	59,313	72,277	71,580	85,071
Financial ratios					
Cash flows from operating activities	71,106	47,738	44,190	45,268	22,427
Net cash flows from investing activities	-14,342	-14,354	-22,377	-19,673	-28,969
Portion relating to investments in items of plant, machinery and equipment	-4,357	-5,489	-6,282	-7,534	-9,597
Cash flows from financing activities	-41,940	-24,907	-14,892	-5,372	-2,161
Total cash flows	14,824	8,477	6,921	20,223	-8,703
Development costs for the year	35,260	32,607	35,437	28,255	39,853
Development costs for the year recognised in income statement	40,742	44,683	35,359	30,181	28,595
Financial ratios					
Growth	4.4%	1.0%	18.6%	5.6%	10.5%
Operating margin	14.6%	10.2%	11.5%	5.6%	4.9%
PBT ratio	14.7%	10.4%	10.5%	5.1%	4.1%
Return on invested capital	36.1%	22.7%	26.0%	11.1%	9.8%
Return on investment	25.6%	15.6%	17.0%	7.0%	5.9%
Gross margin	26.0%	22.1%	24.0%	20.1%	20.4%
Current ratio	214.3%	185.7%	150.8%	127.0%	109.7%
Solvency ratio	57.8%	55.5%	50.5%	46.7%	41.5%
Return on equity	33.5%	23.0%	24.6%	10.8%	9.2%
Average number of full-time employees	152	159	154	157	168

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

Management's review

Operating review

Principal activity

On a continuous basis the Group activities are centred on 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 and the Group's electronic manufacturing services (EMS) partners 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. Hence the company's energy use is seen as the biggest risks related to climate. 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.

OJ Electronics is committed to protecting people and environment by avoiding hazardous substances in our products, by sourcing responsibly and by managing our waste, sorting and recycling whenever possible.

We meet requirements, local and international, on chemicals, waste and sourcing.

Development in activities and financial position

Profit/loss for the year

The group has generated a revenue of DKK 342 million. The growth was 4.4%against last year's revenue. Growth was achieved through a strong development at some of the larger customers of the Group and through new customers. The group still sees growth as a result of investments and co-creation with our customers in development of leading products and solutions for the market. The current investment rate is in balance with the overall growth of the company. On a continuous basis the Group invests in selecting and exchanging components and solutions in order to optimize the competitiveness of the company. These activities have been intensified through the year and have resulted in an increase in the gross margin after a decline last year. Processes and procedures are optimized through designated initiatives in order to stay competitive. The Profit from ordinary activities is DKK 50 million equivalent to an Operating margin of 14.6% This is an increase compared to last year where Operating margin was 10.2%and is due to an increase in gross margin and partly on lower depreciations on development costs. The result for the year is a profit of DKK 39 million which is an increase compared to last year with DKK 12 million.

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.

The Group has 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 has a strong supplier base under continuous improvement. The investments strengthens the profit and reduces risk in the coming years.

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 2020/21.

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 a decreased R&D cost level, DKK 41 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:

	2019/20	2018/19
Expense for the year	35,260	32,607
Hereof additions to development project and equipment in course of construction	-12,485	-9,874
Amortization and impairment of completed development projects	17,967	21,950
Expense for the year recognized in income statement, net	40,742	44,683

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 decline in revenue based on the Covid-19 outlook for the global economy. Exact predictions at this stage is difficult to give. We have focussed on securing that the group can manage even quite difficult conditions. The strategy has been reviewed and will stay the same even during and after the Covid-19 pandemic situation.

Based on early predictions the profit margin is expected to be in the medium single figure level.

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.

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. Work related accidents and attrition among employees is by management considered as the highest risks within the working environment, hence the Group has focus on health and safety with a special focus on preventive actions.

OJ Electronics has a working environment organization that acts proactively to ensure a safe and healthy working environment. Accidents including nearby accidents are registered and analysed in order to take necessary measures to avoid similar situations in future.

In the financial year 2019/20 there has been an increase in registered accident and nearby accidents. A better registration of incidents has contributed to this increase.

	2019/20	2018/19
Nearby accidents	6	1
Accidents without sickness absence	7	4
Accidents with sickness absence	1	0

After a period of 1190 days without ‘accidents with sickness absence’ we registered an incident in December 2020. The incident has been analysed and necessary precautions have been made.

OJ Electronics strives to ensure a positive working climate. In order to support this all managers twice a year have individual talks with employees about job well-being. Furthermore, OJ Electronics undertakes overall employee satisfaction surveys each 3 years. The latest overall 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 continuously focuses 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.

In the financial year 2018/19 OJ Electronics started a process of 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 necessary, suppliers are required to sign the Code of Conduct of OJ Electronics. This process has been continued in 2019/20 and will continue in the financial year 2020/21.

Currently all EMS-partners 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 2019/20 to the Code of conduct in regards to human rights, anti-corruption and bribery.

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 conflicts 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.

Working with OJ Electronics means having a partner who addresses climate management in many ways. Our solutions optimise indoor climate for users worldwide. We aim to provide an excellent working atmosphere for our employees, our partners, and customers. And we create solutions that reduce energy consumption, helping to create more climate-conscious buildings across the globe.

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.

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 clean tech. 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 behaviour.

Our biggest risk related to environment is waste from production which is mainly electronics related. OJ Electronics 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.

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

Consumption	2019	2018	2017
Energy (mWh)	461	534	544
Water (m3)	881	958	945
Heating (Gj)	1,547	1,611	1,520

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 2020 the board of directors has 4 members, currently all men. It is the ambition of the Group to ensure diversity in the board, 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.

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. On 30 April 2020 women occupied 30% of management positions, which is an increase by 9% points.

Events after the balance sheet date

See note 2.

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

Income statement

		Group		Parent	
Note	**DKK '000**	**2019/20**	**2018/19**	**2019/20**	**2018/19**
4	**Revenue**	341,646	327,153	345,875	317,535
	Production costs	-212,164	-210,027	-214,929	-208,857
	Development costs	-40,741	-44,682	-40,741	-44,683
	Gross profit	88,741	72,444	90,205	63,995
	Selling and distribution costs	-23,608	-24,826	-21,200	-21,809
5	Administrative expenses	-15,145	-14,133	-14,584	-13,393
	Operating profit	49,988	33,485	54,421	28,793
10	Profit in subsidiaries after tax	0	0	-3,954	3,717
6	Financial income	1,804	1,709	1,804	1,709
	Financial expenses	-1,426	-1,183	-763	-975
	Profit before tax	50,366	34,011	51,508	33,244
7	Tax for the year	-11,011	-7,269	-12,153	-6,502
	Profit for the year	39,355	26,742	39,355	26,742
	Breakdown of the consolidated profit:				
	Shareholders in OJ Electronics A/S	39,355	26,742		
	Non-controlling interests	0	0		
		39,355	26,742		

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

Balance sheet

Note	DKK '000	Group 2019/20	Group 2018/19	Parent 2019/20	Parent 2018/19
	ASSETS				
	Non-current assets				
8	**Intangible assets**				
	Completed development projects	22,927	34,445	22,927	34,445
	Development projects in progress	11,677	5,651	11,677	5,651
		34,604	40,096	34,604	40,096
9	**Property, plant and equipment**				
	Land and buildings	44,791	45,054	44,791	45,054
	Plant, machinery and equipment	12,716	16,960	12,702	16,952
	Equipment in course of construction	148	384	148	384
		57,655	62,398	57,641	62,390
	Investments				
10	Equity investments in subsidiaries	0	0	418	2,107
		0	0	418	2,107
	Total non-current assets	92,259	102,494	92,663	104,593
	Currents assets				
	Inventories				
	Raw materials and consumables	15,415	18,780	15,415	18,780
	Work in progress	8,653	10,211	8,653	10,211
	Finished goods and goods for resale	16,226	10,883	5,383	5,319
		40,294	39,874	29,451	34,310
	Receivables				
	Trade receivables	49,109	62,733	37,427	44,351
	Receivables from group entities	353	231	28,621	24,324
	Other receivables	956	1,454	959	1,454
	Prepayments	906	452	630	353
		51,324	64,870	67,637	70,482
	Cash	19,014	5,413	15,727	2,196
	Total current assets	110,632	110,157	112,815	106,988
	TOTAL ASSETS	202,891	212,651	205,478	211,581

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

Balance sheet

Note	DKK '000	Group 2019/20	Group 2018/19	Parent 2019/20	Parent 2018/19
	EQUITY AND LIABILITIES				
	Equity				
11	Share capital	1,040	1,040	1,040	1,040
	Reserve for development costs	0	0	22,238	18,554
	Retained earnings	83,250	76,903	61,012	58,349
	Proposed dividend	33,000	40,000	33,000	40,000
	Total equity	117,290	117,943	117,290	117,943
	Provisions				
12	Deferred tax	9,886	13,126	13,172	14,684
13	Warranties	4,046	5,173	4,046	5,173
	Total provisions	13,932	18,299	17,218	19,857
	Liabilities				
	Non-current liabilities				
14	Credit institutions	15,175	17,096	15,175	17,096
	Other payables	4,868	0	4,868	0
		20,043	17,096	20,043	17,096
	Current liabilities				
	Current portion of non-current liabilities	1,920	1,938	1,920	1,939
	Credit institutions	3,767	4,992	3,767	4,992
	Trade payables	24,751	28,524	24,751	28,070
	Corporation tax	12,496	9,087	12,519	8,924
	Other payables	8,692	14,772	7,970	12,760
	Total current liabilities	51,626	59,313	50,927	56,685
	Total liabilities	71,669	76,409	70,971	73,781
	TOTAL LIABILITIES	202,891	212,651	205,478	211,581

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

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

Statement of changes in equity

		Group				
Note	**DKK '000**	**Share capital**	**Reserve for development costs**	**Retained earnings**	**Dividend proposed for the year**	**Total**
	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 1 May 2019	1,040	0	76,903	40,000	117,943
	Dividend distribution	0	0	0	-40,000	-40,000
	Transferred via distribution of profit	0	0	6,355	33,000	39,355
	Foreign exchange adjustments, foreign subsidiary	0	0	-128	0	-128
	Value adjustment of hedging instruments	0	0	120	0	120
	Equity at 30 April 2020	1,040	0	83,250	33,000	117,290

		Parent				
Note	**DKK '000**	**Share capital**	**Reserve for development costs**	**Retained earnings**	**Dividend proposed for the year**	**Total**
	Equity at 1 May 2018	1,040	17,277	73,579	23,000	114,896
	Dividend distribution	0	0	0	-23,000	-23,000
21	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 1 May 2019	1,040	18,554	58,349	40,000	117,943
	Dividend distribution	0	0	0	-40,000	-40,000
21	Transferred via distribution of profit	0	3,684	2,671	33,000	39,355
	Foreign exchange adjustments, foreign subsidiary	0	0	-128	0	-128
	Value adjustment of hedging instruments	0	0	120	0	120
	Equity at 30 April 2020	1,040	22,238	61,012	33,000	117,290

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

Cash flow statement

Note	DKK '000	Group 2019/20	Group 2018/19
	Operating profit	49,988	33,485
	Depreciation, amortisation and impairment	24,580	30,318
	Adjustment of provisions for warranties	-1,127	-234
	Cash generated from operations (operating activities)	73,441	63,569
	Interest received	1,804	1,709
	Interest paid	-1,436	-1,033
	Cash generated from operations (ordinary activities)	73,809	64,245
	Changes in inventories	-523	-4,635
	Changes in trade receivables	13,584	2,825
	Changes in other receivables	-32	1,258
	Changes in trade payables	-4,432	-5,322
	Changes in other payables	-126	-1,517
	Changes in prepayments and deferred income	-277	308
	Income taxes paid	-10,897	-9,424
	Cash flows from operating activities	71,106	47,738
	Acquisition of intangible assets	-10,080	-8,865
	Acquisition of property, plant and equipment	-4,358	-5,489
	Disposal of property, plant and equipment	95	0
	Cash flows from investing activities	-14,343	-14,354
	Repayment of non-current liabilities	-1,940	-1,907
	Dividends paid	-40,000	-23,000
	Cash flows from financing activities	-41,940	-24,907
	Net cash flows	14,824	8,477
	Cash and cash equivalents, beginning of year	423	-8,054
	Cash and cash equivalents, year-end	15,247	423

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

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 2019/20 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

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

Notes

1 **Accounting policies (continued)**

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.

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

Notes

1 Accounting policies (continued)

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.

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

Notes

1 Accounting policies (continued)

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 ApS, 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.

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

Notes

1 Accounting policies (continued)

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."

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

Notes

1 Accounting policies (continued)

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.

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

Notes

1 Accounting policies (continued)

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".

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

Notes

1 Accounting policies (continued)

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.

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

Notes

1 Accounting policies (continued)

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

Because of the current global outbreak of coronavirus (Covid-19), we see a substantial, short-term negative impact on demand in the Group's markets. We expect a negative impact on our business and financial performance in the coming months.

The impact on the Group's operations and financial position for financial year 2020/21 will depend on the length and scope of the virus-outbreak, which is still uncertain at the date of this annual report. Based on early stage predictions the profit margin is expected to be positive in the medium single figure level.

Management believes that OJ Electronics has a strong financial position and available credit facilities in place to get the Group well trough these times of increased uncertainty."

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 2018/19 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.

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

Notes

DKK'000	Group 2019/20	Group 2018/19	Parent 2019/20	Parent 2018/19
3 **Special items (continued)**				
Costs				
Write-down of development costs due to abandoned product line	0	693	0	693
Write-down of plant and equipment due to abandoned product line	0	242	0	242
Write-down of inventories due to abandoned product line	0	639	0	615
	0	1,574	0	1,550
Special items are recognised in the below line items				
Production costs	0	881	0	857
Development costs	0	693	0	693
Net loss from special items	0	1,574	0	1,550

4 **Segment information**

Geographical segments

DKK'000	Group 2019/20	Group 2018/19	Parent 2019/20	Parent 2018/19
Scandinavia	135,157	137,978	135,734	138,356
Rest of Europe	88,680	85,208	87,704	82,313
North America	101,827	85,030	106,250	77,725
Rest of world	15,982	18,937	16,187	19,141
	341,646	327,153	345,875	317,535

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 2019/20	Group 2018/19	Parent 2019/20	Parent 2018/19
Total fees to EY	208	261	208	261
Fee for statutory audit	166	156	166	156
Tax consultancy	3	43	3	43
Non-audit services	39	62	39	62
	208	261	208	261

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

Notes

		Group		Parent	
	DKK '000	2019/20	2018/19	2019/20	2018/19
6	**Financial income**				
	Interest income from subsidiaries	14	17	14	17
	Other interest income	1,790	1,692	1,790	1,692
		1,804	1,709	1,804	1,709
7	**Tax on profit for the year**				
	Current tax	14,230	9,984	13,665	9,231
	Adjustment of tax in respect of previous years	11	0	0	0
	Deferred tax adjustment for the year	-3,230	-2,715	-1,512	-2,729
		11,011	7,269	12,153	6,502

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 2019	162,480	5,651	30,280	198,411
Additions	4,054	12,475	0	16,529
Transferred	0	-4,054	0	-4,054
Disposals	-26,241	-2,395	0	-28,636
Cost at 30 April 2020	140,293	11,677	30,280	182,250
Amortisation and impairment losses at 1 May 2019	128,035	0	30,280	158,315
Amortisation and impairment	15,572	0	0	15,572
Reversal of accumulated depreciation and impairment of assets disposed	-26,241	0	0	-26,241
Amortisation and impairment losses at 30 April 2020	117,366	0	30,280	147,646
Carrying amount at 30 April 2020	22,927	11,677	0	34,604
Amortised over	3-5 years		5 years	

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 2019	162,480	5,651	30,280	198,411
Additions	4,054	12,475	0	16,529
Transferred	0	-4,054	0	-4,054
Disposals	-26,241	-2,395	0	-28,636
Cost at 30 April 2020	140,293	11,677	30,280	182,250
Amortisation and impairment losses at 1 May 2019	128,035	0	30,280	158,315
Amortisation	15,572	0	0	15,572
Reversal of accumulated depreciation and impairment of assets disposed	-26,241	0	0	-26,241
Amortisation and impairment losses at 30 April 2020	117,366	0	30,280	147,646
Carrying amount at 30 April 2020	22,927	11,677	0	34,604
Amortised over	3-5 years		5 years	

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

Notes

9 Property, plant and equipment

DKK '000	Land and buildings	Plant, machinery and equipment	Equipment in course of construction	Total
	Group			
Cost at 1 May 2019	68,514	103,294	384	172,192
Exchange rate adjustment relating to foreign entities	0	-4	0	-4
Additions	1,237	3,358	21	4,616
Transferred	0	0	-257	-257
Disposals	0	-466	0	-466
Cost at 30 April 2020	69,751	106,182	148	176,081
Depreciation and impairment losses at 1 May 2019	23,460	86,333	0	109,793
Exchange rate adjustment relating to foreign entities	0	-4	0	-4
Depreciation and impairment	1,500	7,481	0	8,981
Reversal of accumulated depreciation and impairment of assets disposed	0	-344	0	-344
Depreciation and impairment losses at 30 April 2020	24,960	93,466	0	118,426
Carrying amount at 30 April 2020	44,791	12,716	148	57,655
Depreciated over	25-50 years		3-10 years	

DKK '000	Land and buildings	Plant, machinery and equipment	Equipment in course of construction	Total
	Parent			
Cost at 1 May 2019	68,514	102,682	384	171,580
Additions	1,237	3,345	21	4,603
Transferred	0	0	-257	-257
Disposals	0	-458	0	-458
Cost at 30 April 2020	69,751	105,569	148	175,468
Depreciation and impairment losses at 1 May 2019	23,460	85,730	0	109,190
Depreciation	1,500	7,473	0	8,973
Disposals	0	-336	0	-336
Depreciation and impairment losses at 30 April 2020	24,960	92,867	0	117,827
Carrying amount at 30 April 2020	44,791	12,702	148	57,641
Depreciated over	25-50 years		3-10 years	

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

Notes

DKK '000	Parent 2019/20	Parent 2018/19
10 Equity investments in subsidiaries		
Cost at 1 May 2019	5,007	5,007
Value adjustments at 1 May 2019	-7,558	-7,634
Foreign exchange adjustment	128	-871
Profit/loss for the year	-3,954	3,717
Distributed dividend	-3,438	-2,770
Value adjustments at 30 April 2020	-15,078	-7,558
Carrying amount at 30 April 2020	-10,071	-2,551
Hereof recognised as investments	418	2,107
Hereof written down under receivables from group entities	-10,489	-4,658
	-10,071	-2,551

Name	Registered office	Voting rights and ownership	Equity DKK'000	Profit/loss DKK'000
OJ Electronics Ltd.	England	100 %	418	-169
OJ Electronics Inc.	The US	100 %	266	1,842
			684	1,673
Internal gains and losses at 30 April 2020			-13,788	-7,242
Deferred tax on intra-group gains and losses			3,033	1,615
			-10,071	-3,954

The subsidiaries are considered independent entities.

DKK '000	Group 2019/20	Group 2018/19	Parent 2019/20	Parent 2018/19
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.

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

Notes

DKK '000	Group 2019/20	Group 2018/19	Parent 2019/20	Parent 2018/19
12 Deferred tax				
Deferred tax at 1 May	13,126	15,847	14,684	17,413
Foreign Exchange adjustment	10	-6	0	0
Deferred tax adjustment for the year	-3,230	-2,715	-1,512	-2,729
Deferred tax at 30 April	9,886	13,126	13,172	14,684
Deferred tax relates to:				
Development projects	7,613	8,821	7,613	8,821
Properties	4,600	4,600	4,866	4,600
Plant and machinery	614	1,173	614	1,173
Other	-2,941	-1,468	79	90
	9,886	13,126	13,172	14,684
Deferred tax liabilities are expected to be set off within:				
0-1 year	-2,941	-1,468	79	90
1-5 years	8,227	9,994	8,227	9,994
> 5 years	4,600	4,600	4,866	4,600
	9,886	13,126	13,172	14,684

13 Warranties

The OJ ELECTRONICS Group has provided guarantee for certain products. A provision of DKK 4,046 thousand has been provided (2018/19: DKK 5.173 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 2019/20	Group 2018/19	Parent 2019/209	Parent 2018/19
0-1 years	1,994	2,345	1,994	2,345
1-5 years	2,052	2,828	2,052	2,828
	4,046	5,173	4,046	5,173

DKK '000	Group 2019/20	Group 2018/19	Parent 2019/20	Parent 2018/19
14 Credit institutions				
Long-term debt falling due after five years	7,392	9,377	7,392	9,377

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

Notes

		Group		Parent	
	DKK '000	**2019/20**	**2018/19**	**2019/20**	**2018/19**
15	**Staff costs**				
	Average number of full-time employees	152	159	151	155
	Total staff costs include:				
	Wages and salaries	71,944	71,186	70,567	69,076
	Pensions	6,073	5,788	5,702	5,658
	Other social security costs	553	546	0,344	352
		78,570	77,520	76,613	75,086
	Staff costs are recognised in the consolidated financial statements and the parent company financial statements as follows:				
	Production costs	32,526	32,123	32,526	32,123
	Development costs	19,858	20,290	19,858	20,290
	Selling and distribution costs	16,505	16,621	14,548	14,187
	Administrative expenses	9,681	8,486	9,681	8,486
		78,570	77,520	76,613	75,086
	Management remuneration	3,688	2,485	3,688	2,485

Management remuneration include Executive Board and Supervisory Board.

16	**Depreciation, amortisation and impairment losses**				
	Land and buildings	1,501	1,573	1,501	1,573
	Plant and equipment	7,481	7,549	7,473	7,749
	Loss on the disposal of equipment	26	-13	26	12
	Development projects	17,967	20,261	17,967	21,950
		26,975	29,370	26,967	31,284
	Amortisation, depreciation and impairment losses are recognised in the consolidated financial statements and the parent company financial statements as follows:				
	Production costs	6,375	6,888	6,375	7,130
	Development costs	18,583	20,945	18,583	22,634
	Selling and distribution costs	286	224	286	224
	Administrative expenses	1,731	1,313	1,723	1,296
		26,975	29,370	26,967	31,284

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 2020, until such liabilities are satisfied in full.

Operating lease liabilities

The Company has entered into operating leases with an average annual lease payment of DKK 62 thousand and a remaining term of 5 months. The remaining lease obligation totals DKK 26 thousand.

The Group has entered into operating leases with an average annual lease payment of DKK 62 thousand and a remaining term of 5 months. The remaining lease obligation totals DKK 26 thousand.

18 Mortgages and collateral

Land and buildings with a carrying amount of DKK 44,791 thousand at 30 April 2020 (2018/19: DKK 45,054 thousand) have been provided as collateral for mortgage loans of DKK 17,095 thousand (2018/19: DKK 19,035 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.

	2019/20				2018/19			
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	7,899	120	-424	98	9,581	176	-578	8-110

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.

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	2019/20	2018/19
21	**Distribution of profit**		
	Proposed distribution of profit		
	Proposed dividend	33,000	40,000
	Reserve for development costs	3,684	1,277
	Retained earnings	2,671	-14,535
		39,355	26,742

PENNEO

Underskrifterne i dette dokument er juridisk bindende. Dokumentet er underskrevet via Penneo™ sikker digital underskrift. Underskrivernes identiteter er blevet registereret, og informationerne er listet herunder.

"Med min underskrift bekræfter jeg indholdet og alle datoer i dette dokument."

Erik Damsgaard
Direktion
På vegne af: OJ Electronics A/S
Serienummer: PID:9208-2002-2-155439254346
IP: 46.32.xxx.xxx
2020-06-19 13:31:57Z
NEM ID

Lars Pauli Christiansen
Bestyrelse
På vegne af: OJ Electronics A/S
Serienummer: PID:9208-2002-2-606540209615
IP: 77.241.xxx.xxx
2020-06-19 13:36:07Z
NEM ID

Claus Omann
Bestyrelse
På vegne af: OJ Electronics A/S
Serienummer: PID:9208-2002-2-825283910092
IP: 80.62.xxx.xxx
2020-06-19 14:35:42Z
NEM ID

Ole Strange
Bestyrelsesformand
På vegne af: OJ Electronics A/S
Serienummer: PID:9208-2002-2-556143434548
IP: 83.90.xxx.xxx
2020-06-22 15:45:19Z
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
2020-06-23 10:46:11Z
NEM ID

Jon Midtgaard
Statsautoriseret revisor
På vegne af: Ernst & Young P/S
Serienummer: CVR:30700228-RID:11522188
IP: 145.62.xxx.xxx
2020-06-23 10:51:09Z
NEM ID

Allan Voltelen Ohlsen
Dirigent
På vegne af: OJ Electronics A/S
Serienummer: PID:9208-2002-2-720825958894
IP: 46.32.xxx.xxx
2020-06-23 12:42:39Z
NEM ID