OJ Electronics A/S

Stenager 13 B, Ulkebøl, 6400 Sønderborg, Denmark

CVR no. 10 64 35 97

Annual report 2020/21

Approved at the Company's annual general meeting on 18 June 2021

Chair of the meeting:

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Allan Olsen

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 2020 – 30 April 2021.

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 2020 – 30 April 2021.

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, 18 June 2021
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 2020 – 30 April 2021, 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 2021 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 2020 – 30 April 2021 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, 18 June 2021
EY 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	EY Godkendt Revisionspartnerselskab Skibbroen 16, 6200 Aabenraa, Denmark

Management's review

Group financial highlights

DKK'000	2020/21	2019/20	2018/19	2017/18	2016/17
Key figures					
Revenue	367,097	341,646	327,153	323,999	273,293
Gross profit	114,670	88,741	72,444	77,614	54,883
Profit from ordinary activities	76,845	49,988	33,485	37,282	15,221
Profit/loss from financial income and expenses, net	-4,439	378	526	-3,293	-1,380
Profit before tax	72,406	50,366	34,011	33,989	13.841
Profit for the year	58,017	39,355	26,742	26,523	10,545
Non-current assets	83,383	92,259	102,494	118,458	125,831
Current assets	142,253	110,632	110,157	108,992	90,887
Total assets	225,636	202,891	212,651	227,450	216,718
Share capital	1,040	1,040	1,040	1,040	1,040
Equity	142,817	117,290	117,943	114,896	101,168
Provisions	11,971	13,932	18,299	21,254	23,024
Non-current liabilities	13,223	20,043	17,096	19,023	20,946
Current liabilities	57,625	51,626	59,313	72,277	71,580
Financial ratios					
Cash flows from operating activities	68,261	71,106	47,738	44,190	45,268
Net cash flows from investing activities	-13,098	-14,342	-14,354	-22,377	-19,673
Portion relating to investments in items of plant, machinery and equipment	-3,955	-4,357	-5,489	-6,282	-7,534
Cash flows from financing activities	-34,938	-41,940	-24,907	-14,892	-5,372
Total cash flows	20,225	14,824	8,477	6,921	20,223
Development costs for the year	32,633	35,260	32,607	35,437	28,255
Development costs for the year recognised in income statement	36,657	40,742	44,683	35,359	30,181
Financial ratios					
Growth	7,4%	4.4%	1.0%	18.6%	5.6%
Operating margin	20,9%	14.6%	10.2%	11.5%	5.6%
PBT ratio	19,7%	14.7%	10.4%	10.5%	5.1%
Return on invested capital	59,0%	36.1%	22.7%	26.0%	11.1%
Return on investment	41,1%	25.6%	15.6%	17.0%	7.0%
Gross margin	31,2%	26.0%	22.1%	24.0%	20.1%
Current ratio	246,9%	214.3%	185.7%	150.8%	127.0%
Solvency ratio	63,3%	57.8%	55.5%	50.5%	46.7%
Return on equity	44,6%	33.5%	23.0%	24.6%	10.8%
Average number of full-time employees	149	152	159	154	157

Financial ratios are calculated in accordance with the recommendations of the Danish Finance Society's guidelines. Please refer to sections under accounting policies.

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

At OJ Electronics we go to work every day to improve the climate for both people and planet. Nothing less. Realizing people all over the world increasingly will seek to improve their comfort we develop and bring to market HVAC and floor heating solutions improving the indoor climate and comfort in thousands of buildings and houses at the same time saving energy to the benefit of the climate on our planet.

The main activities of OJ Electronics take place in Sønderborg, supported by sales representatives in PL, RUS and US and the supply chain involves long-term agreements of sub-contracting with companies in Asia and Eastern Europe.

Development in activities and financial position

Profit/loss for the year

The group has generated a revenue of DKK 367 million. The growth was 7.4% 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. Towards the end of the year the group was favoured by a strong growth in demand on the back of the Covid-19 decline. 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. Processes and procedures are optimized through designated initiatives in order to stay competitive. Reluctance in cost spending has reduced the overall fixed cost for the group as some activities and expenditures were reduced due to Covid-19. The Profit from ordinary activities is DKK 77 million equivalent to an Operating margin of 20.9%. This is an increase compared to last year where Operating margin was 14.6%. The result for the year is a profit of DKK 58 million, which is an increase, compared to last year at DKK 19 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.

Management's review

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 2021/22.

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 37 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:

	2020/21	2019/20
Expense for the year	32,633	35,260
Hereof additions to development project and equipment in course of construction	-15,125	-12,485
Amortization and impairment of completed development projects	19,149	17,967
Expense for the year recognized in income statement, net	36,657	40,742

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 an increased but stable revenue based on the Covid-19 outlook for the global economy. Exact predictions at this stage is difficult to give. The group has focussed on securing that we can manage even quite difficult conditions. The strategy will be reviewed and updated in 2021/22. This will be in line with a normal strategy renewal process.

Based on early predictions the profit margin will be slightly falling but stable and at a high 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.

Management's review

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

Environment and climate

At OJ Electronics we strive to be aware of and reduce the impact on environment and climate created through activities as a consequence of our business. Our mission is to supply energy efficient solutions to enable people controlling their in-door climate in an intelligent way with a minimum impact on environment and climate, and we cooperate with educational institutions to continuously develop and supply sustainable solutions.

OJ Electronics has made UN17 sustainable development goals part of the current strategy. Impact from activities due to our business has in 2020 been assessed against the 169 targets derived from UN17. The assessment has resulted in transport throughout our value chain, packaging for our products and scrapping products as they reach their end of life is our main impact on climate and environment. We will conduct an assessment review once a year to measure our improvement. Under the company´s new strategic initiative for sustainable development and through assessing our business activities against the 169 targets derived from UN17, we will certify our environmental management according to ISO 14001. Certification is expected in Q2 2022.

The Sønderborg area of Denmark has initiated its own climate project: Project Zero, in which OJ Electronics participates and help reach the common goal of making the Sønderborg area CO2 neutral by 2029. Through our membership in the Clean Energy cluster OJ Electronics plays a role tying companies, utilities, knowledge institutions and the public sector together in market-driven green innovation.

Internally we sort waste from production, mainly electronics related, in more than 20 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 (Restriction of Hazardous Substances) and REACH (Registration, Evaluation, Authorisation and Restriction of Chemicals).

OJ Electronics is aware of the damage that natural disasters can affect our sub-suppliers, and we require local protection of production facilities in order to prevent negative impact on local environment.

Working environment

At OJ Electronics we aim to combine decent work with economic growth. We respect and appreciate labour rights and promote a safe and secure working environment for all employees no matter assigned as temporary employees or long term, gender, nationality, precarious employment or other distinctions.

Under the company´s new strategic initiative for sustainable development and through assessing our business activities against the 169 targets derived from UN17, we will seek certification of our working environment according to ISO 45001. Certification is expected in Q2 2022.

Management's review

Mangement considers work related accidents and attrition among employees as the highest risks within the working environment, hence a focus on health and safety with a special focus on preventive actions.

OJ Electronics undertakes employee satisfaction surveys every 3 years and all managers hold individual appraisals through the year with each employee. The recent survey conducted March 2021 had a response from 96 % of the employees and showed that 92 % in general are very satisfied with their job situation at OJ Electronics, which is an improvement compared to a result of 73 % in 2018.

Absence due to illness within OJ Electronics has a satisfying low level even during the Covid-19 pandemic, where restrictions of isolation has been added. Accidents including near accidents are registered and analysed in order to take necessary measures to avoid similar situations in the future.

	2020/21	2019/20	2018/19
Near accidents	3	6	1
Accidents without sickness absence	3	7	4
Accidents with sickness absence	0	1	0

Work-related accidents – accounting principals

The company measures work-related accidents and classifies these in three groups. Data are collected through the internal organization for OHS and includes all employees, temporary employees, external consultants and other guests of the company's site.

'Near accidents' are work-related incidents that could have become an accident, but without any personal injury. 'Accidents' are work-related incidents which implies personal injury. The company classifies such accidents into accidents with sickness absence and without sickness absence.

Addressing human rights, anti-corruption and bribery

Suppliers to OJ Electronics are a valuable extension to our own value chain and we expect suppliers to comply to the same high standards as OJ itself. We strive to ensure human rights, avoid slavery, child labour and bribery, and ensure adequate and equitable sanitation and hygiene for everybody involved in activities through OJ Electronics. Internally at OJ Electronics gifts representing a low value unable to affect decisions are accepted.

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.

No matter where the products and services supplied to customers of OJ Electronics are manufactured (in Denmark, Asia or Eastern Europe) OJ Electronics assesses and manages both financial and non-financial risks to protect our employees, assets and reputation. Where relevant and necessary, suppliers are required to agree to the OJ Electronics Code of Conduct, which all contract manufactures have done.

At least once a year Management Group reviews the risk exposure associated with the activities of OJ.

The group has not identified any breaches in 2020/21 in the Code of conduct regarding human rights, anti-corruption and bribery.

Management's review

Equal gender representation

Diversity among employees is a cornerstone in securing good solutions and results. OJ Electronics strives to ensure diversity among employees, including gender diversity. The users of OJ Electronics products and services are women and men all over the globe, and it is important to find internal representation of this diversity to create successful solutions and business. Yet it is the policy of OJ Electronics that all positions are occupied by the most qualified candidates.

Management routines includes a Leadership Toolbox that helps managers activate and develop employee competences equally for women and men.

Board of directors

By April 30^{th} 2021 the board of directors includes 4 members, all men. Despite the ambition to ensure diversity OJ Electronics operates in an industry historically dominated by men, and no female candidates with the right qualifications was found during the latest recruitment process. It is a target to have female representation of 25 % by 2023.

Management

Management includes all management levels of OJ Electronics. In order to ensure gender diversity, OJ Electronics strives to ensure at least one female candidate among the final 3 candidates for management positions. By April 30^{th} 2021 women occupied 25 % of management positions, which is a decrease from 30 % by April 30^{th} 2020.

Covid-19

OJ Electronics participates in reducing the occurrence of Covid-19 virus and follows restrictions and recommendations from government and national health authorities. Management at OJ continuously evaluates the practical implications for own employers and keeps updated information visible.

Routines for cleaning, usage of meeting rooms and canteen has been changed and Covid-19 tests supported. Where possible employees have been working from home. Production has been guarded from external guests as well as internal physical interaction has been kept at a minimum.

One employee has been infected with the Covid-19 virus during 2020/21 with no attendance. No incidents with virus at the facility has occurred.

Events after the balance sheet date

On the back of the Covid-19 pandemic a worldwide shortage of electronic components and other raw materials has become widespread. Further a widespread shortage of transportation capacity has become evident. Dependant on the duration and severity of the shortages this can affect the ability to deliver and manufacture products and can negatively affect the financial performance of the group.

Because of the current global outbreak of Covid-19, we see a potential negative impact on demand in the Group’s markets. The impact on the Group’s operations and financial position for financial year 2021/22 will depend on the length and scope of the virus-outbreak, which is still uncertain at the date of this annual report.

Management believes that OJ Electronics has a strong financial position and available credit facilities in place to get the Group well through this increased uncertainty.

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

Income statement

		Group		Parent	
Note	DKK '000	2020/21	2019/20	2020/21	2019/20
2	**Revenue**	367,097	341,646	364,629	345,875
	Production costs	-215,770	-212,164	-215,677	-214,929
	Development costs	-36,657	-40,741	-36,657	-40,741
	Gross profit	114,670	88,741	112,295	90,205
	Selling and distribution costs	-22,892	-23,608	-21,739	-21,200
3	Administrative expenses	-14,933	-15,145	-14,622	-14,584
	Operating profit	76,845	49,988	75,934	54,421
8	Profit in subsidiaries after tax	0	0	275	-3,954
4	Financial income	211	1,804	212	1,804
	Financial expenses	-4,650	-1,426	-4,370	-763
	Profit before tax	72,406	50,366	72,051	51,508
5	Tax for the year	-14,389	-11,011	-14,034	-12,153
	Profit for the year	58,017	39,355	58,017	39,355
	Breakdown of the consolidated profit:				
	Shareholders in OJ Electronics A/S	58,017	39,355		
	Non-controlling interests	0	0		
		58,017	39,355		

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

Balance sheet

Note	DKK '000	Group 2020/21	Group 2019/20	Parent 2020/21	Parent 2019/20
	ASSETS				
	Non-current assets				
6	**Intangible assets**				
	Completed development projects	18,372	22,927	18,372	22,927
	Development projects in progress	11,347	11,677	11,347	11,677
		29,719	34,604	29,719	34,604
7	**Property, plant and equipment**				
	Land and buildings	43,256	44,791	43,256	44,791
	Plant, machinery and equipment	9,535	12,716	9,527	12,702
	Equipment in course of construction	873	148	873	148
		53,664	57,655	53,656	57,641
	Investments				
8	Equity investments in subsidiaries	0	0	480	418
		0	0	480	418
	Total non-current assets	83,383	92,259	83,855	92,663
	Currents assets				
	Inventories				
	Raw materials and consumables	14,458	15,415	14,458	15,415
	Work in progress	10,469	8,653	10,469	8,653
	Finished goods and goods for resale	14,835	16,226	2,939	5,383
		39,762	40,294	27,866	29,451
	Receivables				
	Trade receivables	64,525	49,109	47,188	37,427
	Receivables from group entities	243	353	33,389	28,621
	Other receivables	1,567	956	1,568	959
	Prepayments	681	906	491	630
		67,016	51,324	82,636	67,637
	Cash	35,475	19,014	33,774	15,727
	Total current assets	142,253	110,632	144,276	112,815
	TOTAL ASSETS	225,636	202,891	228,131	205,478

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

Balance sheet

		Group		Parent	
Note	DKK '000	2020/21	2019/20	2020/21	2019/20
	EQUITY AND LIABILITIES				
	Equity				
9	Share capital	1,040	1,040	1,040	1,040
	Reserve for development costs	0	0	22,727	22,238
	Retained earnings	95,339	85,322	72,612	63,084
	Translation reserve	-1,454	-1,859	-1,454	-1,859
	Hedging reserve	-108	-213	-108	-213
	Proposed dividend	48,000	33,000	48,000	33,000
	Total equity	142,817	117,290	142,817	117,290
	Provisions				
10	Deferred tax	8,009	9,886	11,819	13,172
11	Warranties	3,962	4,046	3,962	4,046
	Total provisions	11,971	13,932	15,781	17,218
	Liabilities				
	Non-current liabilities				
12	Credit institutions	13,223	15,175	13,223	15,175
	Other payables	0	4,868	0	4,868
	Total non-current liabilities	13,223	20,043	13,223	20,043
	Current liabilities				
	Current portion of non-current liabilities	1,933	1,920	1,933	1,920
	Credit institutions	3	3,767	3	3,767
	Trade payables	31,628	24,751	31,628	24,751
	Corporation tax	13,911	12,496	13,632	12,519
	Other payables	10,150	8,692	9,114	7,970
	Total current liabilities	57,625	51,626	56,310	50,927
	Total liabilities	70,848	71,669	69,533	70,971
	TOTAL LIABILITIES	225,636	202,891	228,131	205,478

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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	Translation reserve	Hedging reserve	Dividend proposed for the year	Total
	Equity at 1 May 2019	1,040	0	78,967	-1,731	-333	40,000	117,943
	Dividend distribution	0	0	0	0	0	-40,000	-40,000
	Transferred via distribution of profit	0	0	6,355	0	0	33,000	39,355
	Foreign exchange adjustments, foreign subsidiary	0	0	0	-128	0	0	-128
	Value adjustment of hedging instruments	0	0	0	0	120	0	120
	Equity at 1 May 2020	1,040	0	85,322	-1,859	-213	33,000	117,290
	Dividend distribution	0	0	0	0	0	-33,000	-33,000
	Transferred via distribution of profit	0	0	10,017	0	0	48,000	58,017
	Foreign exchange adjustments, foreign subsidiary	0	0	0	405	0	0	405
	Value adjustment of hedging instruments	0	0	0	0	105	0	105
	Equity at 30 April 2021	1,040	0	95,339	-1,454	-108	48,000	142,817

Parent

Note	DKK '000	Share capital	Reserve for development costs	Retained earnings	Translation reserve	Hedging Reserve	Dividend proposed for the year	Total
	Equity at 1 May 2019	1,040	18,554	60,413	-1,731	-333	40,000	117,943
	Dividend distribution	0	0	0	0	0	-40,000	-40,000
21	Transferred via distribution of profit	0	3,684	2,671	0	0	33,000	39,355
	Foreign exchange adjustments, foreign subsidiary	0	0	0	-128	0	0	-128
	Value adjustment of hedging instruments	0	0	0	0	120	0	120
	Equity at 1 May 2020	1,040	22,238	63,084	-1,859	-213	33,000	117,290
	Dividend distribution	0	0	0	0	0	-33,000	-33,000
21	Transferred via distribution of profit	0	489	9,528	0	0	48,000	58,017
	Foreign exchange adjustments, foreign subsidiary	0	0	0	405	0	0	405
	Value adjustment of hedging instruments	0	0	0	0	105	0	105
	Equity at 30 April 2021	1,040	22,727	72,612	-1,454	-108	48,000	142,817

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

Cash flow statement

Note	DKK '000	Group 2020/21	Group 2019/20
	Operating profit	76,845	49,988
	Depreciation, amortisation and impairment	21,972	24,580
	Adjustment of provisions for warranties	-84	-1,127
	Cash generated from operations (operating activities)	98,733	73,441
	Interest received	212	1,804
	Interest paid	-4,722	-1,436
	Cash generated from operations (ordinary activities)	94,223	73,809
	Changes in inventories	1,041	-523
	Changes in trade receivables	-15,417	13,584
	Changes in other receivables	-139	-32
	Changes in trade payables	6,738	-4,432
	Changes in other payables	-3,414	-126
	Changes in prepayments and deferred income	140	-277
	Income taxes paid	-14,911	-10,897
	Cash flows from operating activities	68,261	71,106
	Acquisition of intangible assets	-9,143	-10,080
	Acquisition of property, plant and equipment	-3,955	-4,358
	Disposal of property, plant and equipment	0	95
	Cash flows from investing activities	-13,098	-14,343
	Repayment of non-current liabilities	-1,938	-1,940
	Dividends paid	-33,000	-40,000
	Cash flows from financing activities	-34,938	-41,940
	Net cash flows	20,225	14,824
	Cash and cash equivalents, beginning of year	15,247	423
	Cash and cash equivalents, year-end	35,472	15,247

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 2020/21 has been prepared in accordance with the provisions in the Danish Financial Statements Act applying to large reporting class C entities.

Effective from the financial year 2020/21, the Company has implemented amending act no. 1716 of 27 December 2018 to the Danish Financial Statements Act. The implementation of the amending act has not affected the Company's accounting policies on recognition and measurement of assets and liabilities but has solely entailed a requirement for further disclosures.

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.

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

Notes

1 Accounting policies (continued)

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.

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.

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

Notes

1 **Accounting policies (continued)**

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.

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® 2020.

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.

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

Notes

1 **Accounting policies (continued)**

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 (parent company)

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.

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.

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

Notes

1 **Accounting policies (continued)**

Balance sheet

Intangible assets

Development projects, patents and licenses

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.

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, machinery and equipment	3 – 10 years

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

Notes

1 Accounting policies (continued)

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.

Translation reserve

The translation reserve comprises the share of foreign exchange differences arising on translation of financial statements of entities that have a functional currency other than DKK, foreign exchange adjustments of assets and liabilities considered part of the Company's net investments in such entities and foreign exchange adjustments regarding hedging transactions that hedge the Company's net investments in such entities. The reserve is dissolved on the sale of foreign entities or if the conditions for effective hedging no longer exist. When equity investments in subsidiaries in the parent company financial statements are subject to the limitation requirement in the net revaluation reserve according to the equity method, foreign exchange adjustments will be included in this equity reserve instead.

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

Notes

1 Accounting policies (continued)

Hedging reserve

The hedging reserve comprises the cumulative net change after tax in the fair value of hedging transactions that qualify for recognition as a cash flow hedge and where the hedged transaction has not yet been realised. The reserve is dissolved when the hedged transaction is realised, if the hedged cash flows are no longer expected to be realised or if the hedging relationship is no longer effective. The reserve does not represent a limitation under company law and may therefore be negative.

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".

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.

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

Notes

1 **Accounting policies (continued)**

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.

Fair value

Fair value is determined based on the principal market. If no principal market exists, the fair value is based on the most advantageous market, i.e. the market that maximises the price of the asset or liability less transaction and/or transport costs.

All assets and liabilities that are measured at fair value or whose fair value is disclosed are classified based on the fair value hierarchy, see below:

Level 1: Value based on the fair value of similar assets/liabilities in an active market.

Level 2: Value based on generally accepted valuation methods on the basis of observable market information.

Level 3: Value based on generally accepted valuation methods and reasonable estimates based on non-observable market information.

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.

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.

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

Notes

1 **Accounting policies (continued)**

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.

Segment information

Information is disclosed by geographical markets. Segment information is based on the Group's accounting policies, risks and management control.

Financial ratios

The financial ratios stated under "Group financial highlights" have been calculated as follows:

Growth	Development in revenue x 100 / Revenue (prior year)
Operating margin	Operating profit/loss (EBIT) x 100 / Revenue
Profit before tax (PBT) ratio	Profit before tax (EBT) x 100 / Revenue
Return on invested capital	Operating profit/loss (EBIT) x 100 / Average of net investments
Return on investment	Operating profit/loss (EBIT) x 100 / Average of total assets
Gross margin	Gross profit/loss x 100 / Revenue
Current ratio	Current assets x 100 / Current liabilities
Solvency ratio	Equity at year end x 100 / Total equity and liabilities at year end
Return on equity	Profit/loss for the year after tax x 100 / Average equity

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

Notes

2 Segment information

Geographical segments

	Group		Parent	
DKK'000	2020/21	2019/20	2020/21	2019/20
Scandinavia	138,601	135,157	138,601	135,734
Rest of Europe	92,602	88,680	92,405	87,704
North America	115,093	101,827	112,821	106,250
Rest of world	20,801	15,982	20,802	16,187
	367,097	341,646	364,629	345,875

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

3 Fees paid to auditor appointed at the annual general meeting

Total fees to EY	215	208	215	208
Fee for statutory audit	171	166	171	166
Tax consultancy	3	3	3	3
Non-audit services	41	39	41	39
	215	208	215	208

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

Notes

DKK '000	Group 2020/21	Group 2019/20	Parent 2020/21	Parent 2019/20
4 Financial income				
Interest income from subsidiaries	11	14	11	14
Other interest income	200	1,790	201	1,790
	211	1,804	212	1,804
5 Tax on profit for the year				
Current tax	17,016	14,230	16,109	13,665
Adjustment of tax in respect of previous years	-722	11	-722	0
Deferred tax adjustment for the year	-1,905	-3,230	-1,353	-1,512
	14,389	11,011	14,034	12,153

6 **Intangible assets**

	Group			
DKK '000	Completed development projects	Development projects in course of construction	Rights and know how acquired	Total
Cost at 1 May 2020	140,293	11,677	30,280	182,250
Additions	9,473	14,264	0	23,737
Transferred	0	-9,473	0	-9,473
Disposals	0	-5,121	0	-5,121
Cost at 30 April 2021	149,766	11,347	30,280	191,393
Amortisation and impairment losses at 1 May 2020	117,366	0	30,280	147,646
Amortisation and impairment	14,028	0	0	14,028
Reversal of accumulated depreciation and impairment of assets disposed	0	0	0	0
Amortisation and impairment losses at 30 April 2021	131,394	0	30,280	161,674
Carrying amount at 30 April 2021	18,372	11,347	0	29,719
Amortised over	3-5 years		5 years	

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

Notes

6 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 2020	140,293	11,677	30,280	182,250
Additions	9,473	14,264	0	23,737
Transferred	0	-9,473	0	-9,473
Disposals	0	-5,121	0	-5,121
Cost at 30 April 2021	149,766	11,347	30,280	191,393
Amortisation and impairment losses at 1 May 2020	117,366	0	30,280	147,646
Amortisation	14,028	0	0	14,028
Reversal of accumulated depreciation and impairment of assets disposed	0	0	0	0
Amortisation and impairment losses at 30 April 2021	131,394	0	30,280	161,674
Carrying amount at 30 April 2021	18,372	11,347	0	29,719
Amortised over	3-5 years		5 years	

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

Notes

7 Property, plant and equipment

DKK '000	Group Land and buildings	Plant, machinery and equipment	Equipment in course of construction	Total
Cost at 1 May 2020	69,751	106,182	148	176,081
Exchange rate adjustment relating to foreign entities	0	-4	0	-4
Additions	0	3,230	861	4,091
Transferred	0	0	-136	-136
Disposals	0	-691	0	-691
Cost at 30 April 2021	69,751	108,717	873	179,341
Depreciation and impairment losses at 1 May 2020	24,960	93,466	0	118,426
Exchange rate adjustment relating to foreign entities	0	-3	0	-3
Depreciation and impairment	1,535	6,409	0	7,944
Reversal of accumulated depreciation and impairment of assets disposed	0	-690	0	-690
Depreciation and impairment losses at 30 April 2021	26,495	99,182	0	125,677
Carrying amount at 30 April 2021	43,256	9,535	873	53,664
Depreciated over	25-50 years		3-10 years	

DKK '000	Parent Land and buildings	Plant, machinery and equipment	Equipment in course of construction	Total
Cost at 1 May 2020	69,751	105,569	148	175,468
Additions	0	3,230	861	4,091
Transferred	0	0	-136	-136
Disposals	0	-691	0	-691
Cost at 30 April 2021	69,751	108,108	873	178,732
Depreciation and impairment losses at 1 May 2020	24,960	92,867	0	117,828
Depreciation	1,535	6,404	0	7,939
Disposals	0	-690	0	-690
Depreciation and impairment losses at 30 April 2021	26,495	98,581	0	125,077
Carrying amount at 30 April 2021	43,256	9,527	873	53,656
Depreciated over	25-50 years		3-10 years	

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

Notes

DKK '000	Parent 2020/21	Parent 2019/20
8 Equity investments in subsidiaries		
Cost at 1 May 2020	5,007	5,007
Value adjustments at 1 May 2020	-15,078	-7,558
Foreign exchange adjustment	405	128
Profit/loss for the year	275	-3,954
Distributed dividend	-2,520	-3,438
Value adjustments at 30 April 2021	-16,918	-15,078
Carrying amount at 30 April 2021	-11,911	-10,071
Hereof recognised as investments	480	418
Hereof written down under receivables from group entities	-12,391	-10,489
	-11,911	-10,071

Name	Registered office	Voting rights and ownership	Equity DKK'000	Profit/loss DKK'000
OJ Electronics Ltd.	England	100 %	480	66
OJ Electronics Inc.	The US	100 %	224	2,578
			704	2,644
Internal gains and losses at 30 April 2021			-16,173	-2,894
Deferred tax on intra-group gains and losses			3,558	525
			-11,911	275

The subsidiaries are considered independent entities.

DKK '000	Group 2020/21	Group 2019/20	Parent 2020/21	Parent 2019/20
9 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

	Group		Parent	
DKK '000	2020/21	2019/20	2020/21	2019/20
10 Deferred tax				
Deferred tax at 1 May	9,886	13,126	13,172	14,684
Foreign Exchange adjustment	28	10	0	0
Deferred tax adjustment for the year	-1,905	-3,230	-1,353	-1,512
Deferred tax at 30 April	8,009	9,886	11,819	13,172
Deferred tax relates to:				
Development projects	6,538	7,613	6,538	7,613
Properties	4,940	4,600	4,940	4,866
Plant and machinery	294	614	294	614
Other	-3,763	-2,914	47	79
	8,009	9,886	11,819	13,172
Deferred tax liabilities are expected to be set off within:				
0-1 year	-3,763	-2,914	47	79
1-5 years	6,832	8,227	6,832	8,227
> 5 years	4,940	4,600	4,940	4,866
	8,009	9,886	11,819	13,172

11 Warranties

The OJ ELECTRONICS Group has provided guarantee for certain products. A provision of DKK 3,962 thousand has been provided (2019/20: DKK 4,046 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 maturity dates for the warranty obligations are expected to be:

	Group		Parent	
DKK '000	2020/21	2019/20	2020/21	2019/20
0-1 years	1,504	1,994	1,504	1,994
1-5 years	2,458	2,052	2,458	2,052
	3,962	4,046	3,962	4,046

12 Credit institutions

Long-term debt falling due after five years	5,553	7,392	5,553	7,392

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

Notes

DKK '000	Group 2020/21	Group 2019/20	Parent 2020/21	Parent 2019/20
13 **Staff costs**				
Average number of full-time employees	149	152	148	151
Total staff costs include:				
Wages and salaries	72,243	71,944	71,389	70,567
Pensions	5,654	6,073	5,616	5,702
Other social security costs	543	553	336	344
	78,440	78,570	77,341	76,613
Staff costs are recognised in the consolidated financial statements and the parent company financial statements as follows:				
Production costs	31,422	32,526	31,422	32,526
Development costs	21,002	19,858	21,002	19,858
Selling and distribution costs	16,251	16,505	15,152	14,548
Administrative expenses	9,765	9,681	9,765	9,681
	78,440	78,570	77,341	76,613
Management remuneration	3,442	3,688	3,442	3,688

Management remuneration include Executive Board and Supervisory Board.

DKK '000	Group 2020/21	Group 2019/20	Parent 2020/21	Parent 2019/20
14 **Depreciation, amortisation and impairment losses**				
Land and buildings	1,535	1,501	1,535	1,501
Plant and equipment	6,410	7,481	6,405	7,473
Loss on the disposal of equipment	0	26	0	26
Development projects	19,149	17,967	19,149	17,967
	27,094	26,975	27,089	26,967
Amortisation, depreciation and impairment losses are recognised in the consolidated financial statements and the parent company financial statements as follows:				
Production costs	5,340	6,375	5,340	6,375
Development costs	19,640	18,583	19,640	18,583
Selling and distribution costs	528	286	528	286
Administrative expenses	1,586	1,731	1,581	1,723
	27,094	26,975	27,089	26,967

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

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15 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.

Operating lease liabilities

The Company has entered into operating leases with an average annual lease payment of DKK 192 thousand and a remaining term of 6 months. The remaining lease obligation totals DKK 96 thousand.

The Group has entered into operating leases with an average annual lease payment of DKK 192 thousand and a remaining term of 6 months. The remaining lease obligation totals DKK 96 thousand.

16 Mortgages and collateral

Land and buildings with a carrying amount of DKK 43,256 thousand at 30 April 2021 (2019/20: DKK 44,791 thousand) have been provided as collateral for mortgage loans of DKK 15,156 thousand (2019/20: DKK 17,095 thousand).

17 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.

	2020/21				2019/20			
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	6,959	104	-290	86	7,899	120	-424	98

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. The fair value is measured according to fair value level 2.

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

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18 **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 8 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 13.

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.cvr.dk.

		Parent	
	DKK '000	2020/21	2019/20
19	**Distribution of profit**		
	Proposed distribution of profit		
	Proposed dividend	48,000	33,000
	Reserve for development costs	489	3,684
	Retained earnings	9,528	2,671
		58,017	39,355

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

Erik Damsgaard
CEO
På vegne af: OJ Electronics A/S
Serienummer: PID:9208-2002-2-155439254346
IP: 46.32.xxx.xxx
2021-06-18 12:08:34Z
NEM ID

Mads Pauli Ringkjøbing-Christiansen
Board of Directors
På vegne af: OJ Electronics A/S
Serienummer: PID:9208-2002-2-776789291089
IP: 77.241.xxx.xxx
2021-06-18 12:11:55Z
NEM ID

Ole Strange
Chariman
På vegne af: OJ Electronics A/S
Serienummer: PID:9208-2002-2-556143434548
IP: 77.241.xxx.xxx
2021-06-18 12:12:39Z
NEM ID

Lars Pauli Christiansen
Board of Directors
På vegne af: OJ Electronics A/S
Serienummer: PID:9208-2002-2-606540209615
IP: 77.241.xxx.xxx
2021-06-18 14:03:59Z
NEM ID

Claus Omann
Board of Directors
På vegne af: OJ Electronics A/S
Serienummer: PID:9208-2002-2-825283910092
IP: 89.184.xxx.xxx
2021-06-23 09:09:13Z
NEM ID

Jon Midtgaard
State Authorised Public Accountant
På vegne af: EY Godkendt Revisionspartnerselskab
Serienummer: CVR:30700228-RID:11522188
IP: 145.62.xxx.xxx
2021-06-23 09:10:15Z
NEM ID

Allan Voltelen Ohlsen
Chairman
På vegne af: OJ Electronics A/S
Serienummer: PID:9208-2002-2-720825958894
IP: 87.170.xxx.xxx
2021-06-23 09:43:49Z
NEM ID