# Elogic A/S

Bjørnkærvej 3, 8783 Hornsyld

CVR no. 15 29 07 73

## Annual report 2018/19

Approved at the Company's annual general meeting on 16 September 2019

Chairman:

....................................................

Building a better working world

## Contents

## Statement by the Board of Directors and the Executive Board

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

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

In our opinion, the financial statements give a true and fair view of the financial position of the Company at 30 April 2019 and of the results of the Company's operations for the financial year 1 May 2018 - 30 April 2019.

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

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

Hornsyld, 16 September 2019
Executive Board:

Lars Prisak
CEO

Board of Directors:

| | | |
|---|---|---|
| Peter Thorlund Haahr<br>Chairman | Jesper Hørsholt | Lars Prisak |
| Jacob Klein<br>Employee representative | Martin Møller Jakobsen<br>Employee representative | |

## Independent auditor's report

**To the shareholders of Elogic A/S**

### Opinion

We have audited the financial statements of Elogic A/S for the financial year 1 May 2018 - 30 April 2019, which comprise income statement, balance sheet, statement of changes in equity and notes, including accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the financial position of the Company at 30 April 2019 and of the results of the Company's operations for the financial year 1 May 2018 - 30 April 2019 in accordance with the Danish Financial Statements Act.

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the financial statements" section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### *Independence*

We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the 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 financial statements that give a true and fair view in accordance with the Danish Financial Statements Act and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, Management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting in preparing the financial statements unless Management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

### 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 the additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.

## Independent auditor's report

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and contents of the financial statements, including the note disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

**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.

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 Statement Act. We did not identify any material misstatement of the Management's review.

Aarhus, 16 September 2019
ERNST & YOUNG
Godkendt Revisionspartnerselskab
CVR no. 30 70 02 28

| | |
|---|---|
| Claus Hammer-Pedersen<br>State Authorised Public Accountant<br>mne21334 | Jonas Busk<br>State Authorised Public Accountant<br>mne42771 |

# Management's review

## Company details

| | |
|---|---|
| Name | Elogic A/S |
| Address, Postal code, City | Bjørnkærvej 3, 8783 Hornsyld |
| CVR no. | 15 29 07 73 |
| Established | 1 July 1991 |
| Registered office | Hedensted |
| Financial year | 1 May 2018 - 30 April 2019 |
| Website | https://www.elogic.dk/ |
| E-mail | info@elogic.dk |
| Telephone | +45 88 20 71 00 |
| Board of Directors | Peter Thorlund Haahr, Chairman<br>Jesper Hørsholt<br>Lars Prisak<br>Jacob Klein, Employee representative<br>Martin Møller Jakobsen, Employee representative |
| Executive Board | Lars Prisak, CEO |
| Auditors | Ernst & Young Godkendt Revisionspartnerselskab<br>Værkmestergade 25, P.O. Box 330, 8100 Aarhus C, Denmark |

# Management's review

## Financial highlights

| DKKm | 2018/19 12 months | 2017/18 12 months | 2016/17 12 months | 2015/16 7 months | 2014/15 12 months |
|---|---|---|---|---|---|
| **Key figures** | | | | | |
| Gross margin | 9 | 40 | 50 | 35 | 36 |
| Earnings before interest, taxes, depreciation and amortisation (EBITDA) | -3 | 17 | 0 | 0 | 0 |
| Ordinary operating profit/loss | -3 | 13 | 23 | 4 | 1 |
| Net financials | -1 | -1 | -2 | 0 | 0 |
| **Profit/loss for the year** | **-2** | **10** | **16** | **4** | **1** |
| Total assets | 60 | 135 | 132 | 42 | 45 |
| Investment in property, plant and equipment | 0 | 0 | 0 | 0 | 0 |
| **Equity** | **18** | **25** | **28** | **10** | **6** |
| **Financial ratios** | | | | | |
| Return on assets | -3.1% | 9.7% | 26.4% | 9.2% | 2.2% |
| Equity ratio | 30.0% | 18.5% | 21.2% | 23.8% | 13.3% |
| Return on equity | -9.3% | 37.7% | 84.2% | 50.0% | 16.7% |
| **Average number of employees** | **29** | **82** | **75** | **28** | **27** |

Financial ratios are calculated in accordance with the Danish Finance Society's recommendations. For terms and definitions, please see the accounting policies.

Corporate Governance

Elogic A/S is 100%owned by Elogic Holding ApS. The majority owner of Elogic Holding ApS is VIA Equity Fond III K/S. For additional information regarding VIA Equity Fond III K/S go to www.viaequity.com.

Some management members are also shareholders.

The board consists of:

Peter Thorlund Haahr is CEO in Babalula A/S and board member in:
- ADFORM A/S
- Triarca A/S
- Elogic Holding ApS
- ALL NRG A/S
- ALL NRG Holding A/S

Jesper Hørsholt is CEO in VIA Frida Holding ApS and ALL NRG Holding A/S and board member in:
- VIA VPF GP ApS
- Triarca A/S
- Elogic Holding ApS
- C. HOLDCO A/S
- VIA EQUITY A/S

Lars Prisak is CEO in LH Investering ApS, Elogic Holding ApS, Triarca A/S and Lanpri ApS.
Lars Prisak is board member in:
- ALL NRG Holding A/S
- B6 A/S
- B 6 AKUSTIK A/S
- ALL NRG A/S
- Elogic Holding ApS
- Triarca A/S

# Management's review

## Business review

Elogic Systems A/S' primary activities were split into the two main business segments from the beginning of the year.

Sale, Design, Project Management, Sourcing, Mounting and Installation of electrical panels for the construction segment and industrial applications continued in Elogic A/S.

Sale, Development and Production of enclosures primarily for power supply grids and communication nets were demerged into the new company Triarca A/S, CVR no. 40 48 16 72.

## Unusual matters having affected the financial statements

As of 30 April 2018, Elogic Holding acquired the Company with VIA Equity as majority shareholder. This means that the current year result is made separated from the former owner, Micro Matic A/S.

Due to this and the demerger, the latest financial years are not directly comparable over time.

The activities of the year have to some degree been affected by the change in ownership, demerger and related activities.

## Financial review

The income statement for 2018/19 shows a loss of DKK 2,353 thousand against a profit of DKK 9,968 thousand last year, and the balance sheet at 30 April 2019 shows equity of DKK 17,883 thousand.

Elogic Systems A/S was established in 2016 as a merger between Elogic A/S and Triax Systems A/S which were demerged again in 2018, primarily due to lack of synergies. Focus has been on improving internal processes and growth in the markets.

During the year, the Company has extended the ISO 9001, which now also covers the 100%owned production company, Elogic Polska, in Poland.

The number of employees has been steady in the period and at year end, there were approx. 30 employees in Hornsyld and 164 employees in Stettin, hereof 14 temporary workers.

The financial development has to some extent been affected by the demerger and the focus on internal processes. Besides that, the Company's earnings performance has been under pressure due to extra costs and claims related to projects and activities from the period with the previous owner. Reference is made to note 2 for more details.

The results of operation are therefore below last year and below expectations.

## Knowledge resources

The Company focuses on being attractive to key employees and has no challenges with intellectual capital resources at the moment.

# Management's review

## Special risks

### *Business risks*

The Board of Directors and the Executive Board determine and approve overall policies, procedures and controls of important areas in the day-to-day operation of the company. The foundation for this is a clear organizational structure, clear guidelines, authorization and certification procedures and separation of persons.

The Board of Directors and the Executive Board regularly (at least annually) assess significant risks and internal controls in connection with the company's activities. On this basis, ongoing actions are evaluated and adopted to eliminate and/or reduce risks, including business and financial risks.

The most important business risks include the ability to be strongly positioned in the markets the company operates in. It is important for the company to be at the forefront of technological development to maintain the company's market shares.

As part of the risk assessment, the Board of Directors and the Executive Board annually assess the risk of fraud and the measures taken to reduce and/or eliminate these risks.
The company is exposed to several financial risks, including market risks (currency and interest rate risks) as well as liquidity and financing risks.

### *Financial exposure*

As the main markets are Denmark and the Nordic Countries the company's primary currency exchange challenges is towards PLN due to the subsidiary Elogic Polska.

It is the company's policy not to engage in speculation of financial risks. The company's financial policy focuses only on the management and reduction of the financial risks that are a direct consequence of the company's operations, investments and financing.

## Impact on the external environment

The Company is certified to ISO14001and each year, the Company obtains approval from the local authorities concerning environmental issues.

The audits made by the authorities during the period did no result in any special activities.

## Research and development activities

The activities have been increased during the period, and new products and services have successfully been offered to the market.

## Events after the balance sheet date

No events have occurred after the balance sheet date to this date which would influence the evaluation of the annual report.

## Outlook

The markets are expected to continue the positive development, and the Company will focus on executing the internal process improvement activities and increase activities to ensure profitability and growth.

The results of operation for the coming period are expected to be positive.

# Financial statements 1 May 2018 - 30 April 2019

## Income statement

| Note | DKK'000 | 2018/19 | 2017/18 |
|---|---|---|---|
| | **Gross profit** | 8,807 | 39,589 |
| 13 | Distribution costs | -7,953 | -11,690 |
| 13,3 | Administrative expenses | -3,905 | -15,150 |
| | **Operating profit/loss** | -3,051 | 12,749 |
| | Other operating expenses | 0 | -141 |
| | **Profit/loss before net financials** | -3,051 | 12,608 |
| | Income from investments in group enterprises | 441 | 547 |
| 4 | Financial income | 525 | 562 |
| 5 | Financial expenses | -1,038 | -1,796 |
| | **Profit/loss before tax** | -3,123 | 11,921 |
| 6 | Tax for the year | 770 | -1,953 |
| | **Profit/loss for the year** | -2,353 | 9,968 |

# Financial statements 1 May 2018 - 30 April 2019

## Balance sheet

| Note | DKK'000 | 2018/19 | 2017/18 |
|---|---|---|---|
| | **ASSETS** | | |
| | **Fixed assets** | | |
| 7 | **Intangible assets** | | |
| | Goodwill | 0 | 17,085 |
| | | 0 | 17,085 |
| 8 | **Property, plant and equipment** | | |
| | Plant and machinery | 0 | 10,551 |
| | Fixtures and fittings, other plant and equipment | 986 | 2,091 |
| | Leasehold improvements | 0 | 3,028 |
| | Property, plant and equipment under construction | 625 | 232 |
| | | 1,611 | 15,902 |
| 9 | **Investments** | | |
| | Investments in group enterprises | 4,689 | 4,309 |
| | | 4,689 | 4,309 |
| | **Total fixed assets** | 6,300 | 37,296 |
| | **Non-fixed assets** | | |
| | **Inventories** | | |
| | Raw materials and consumables | 12,532 | 7,575 |
| | Work in progress | 5,283 | 11,539 |
| | Finished goods and goods for resale | 7 | 18,013 |
| | | 17,822 | 37,127 |
| | **Receivables** | | |
| | Trade receivables | 30,824 | 57,491 |
| 11 | Deferred tax assets | 54 | 0 |
| | Joint taxation contribution receivable | 603 | 0 |
| | Other receivables | 1,430 | 113 |
| | Prepayments | 46 | 622 |
| | | 32,957 | 58,226 |
| | **Cash** | 3,585 | 3,085 |
| | **Total non-fixed assets** | 54,364 | 98,438 |
| | **TOTAL ASSETS** | 60,664 | 135,734 |

# Financial statements 1 May 2018 - 30 April 2019

## Balance sheet

| Note | DKK'000 | 2018/19 | 2017/18 |
|---|---|---|---|
| | **EQUITY AND LIABILITIES** | | |
| | **Equity** | | |
| 10 | Share capital | 5,200 | 5,200 |
| | Net revaluation reserve according to the equity method | 2,877 | 2,496 |
| | Retained earnings | 9,806 | 17,687 |
| | **Total equity** | 17,883 | 25,383 |
| | **Provisions** | | |
| 11 | Deferred tax | 0 | 1,359 |
| 12 | Other provisions | 650 | 450 |
| | **Total provisions** | 650 | 1,809 |
| | **Liabilities other than provisions** | | |
| | **Current liabilities other than provisions** | | |
| | Bank debt | 8,693 | 49,769 |
| | Trade payables | 23,198 | 37,572 |
| | Payables to group enterprises | 3,760 | 3,605 |
| | Corporation tax payable | 0 | 2,182 |
| | Other payables | 6,480 | 15,414 |
| | | 42,131 | 108,542 |
| | **Total liabilities other than provisions** | 42,131 | 108,542 |
| | **TOTAL EQUITY AND LIABILITIES** | 60,664 | 135,734 |

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2 Special items
14 Contractual obligations and contingencies, etc.
15 Collateral
16 Related parties

# Financial statements 1 May 2018 - 30 April 2019

## Statement of changes in equity

| Note | DKK'000 | Share capital | Net revaluation reserve according to the equity method | Retained earnings | Total |
|---|---|---|---|---|---|
| | Equity at 1 May 2018 | 5,200 | 2,496 | 17,687 | 25,383 |
| | Disposals on demerger | 0 | 0 | -5,087 | -5,087 |
| 17 | Transfer, see "Appropriation of profit/loss" | 0 | 441 | -2,794 | -2,353 |
| | Adjustment of investments through forreign exchange adjustments | 0 | -60 | 0 | -60 |
| | **Equity at 30 April 2019** | 5,200 | 2,877 | 9,806 | 17,883 |

# Financial statements 1 May 2018 - 30 April 2019

## Notes to the financial statements

1 **Accounting policies**

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

In accordance with section 112(1) of the Danish Financial Statements Act, the Company has not prepared consolidated financial statements.

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

#### Change in the Company's activities, including effect of intra-group business combinations

With effect from 1 May 2018, a demerger of the activities regarding enclosures was made. The demerger into the new company was made according to the book-value method. Comparative figures have not been restated.

#### Omission of a cash flow statement

With reference to section 86(4) of the Danish Financial Statements Act, no cash flow statement has been prepared. The Company's cash flows are reflected in the consolidated cash flow statement for the higher-ranking parent company Elogic Holding A/S

#### Reporting currency

The financial statements are presented in Danish kroner (DKK'000).

#### Intra-group business combinations

The book value method is applied to business combinations such as acquisition and disposal of investments, mergers, demergers, contributions of assets and share conversions, etc. in which entities controlled by the parent company are involved, provided that the combination is considered completed at the time of acquisition without any restatement of comparative figures. Differences between the agreed consideration and the carrying amount of the acquiree are recognised directly in equity.

### Income statement

#### Revenue

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.

#### Production costs

Production costs comprise costs incurred in generating the revenue for the year. Such costs include direct and indirect costs of raw materials, consumables and production staff, rent and leases, as well as depreciation on production plant.

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

# Financial statements 1 May 2018 - 30 April 2019

## Notes to the financial statements

1 **Accounting policies (continued)**

**Distribution costs**

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 include expenses incurred in the year for company management and administration, including expenses relating to administrative staff, Management, office premises and expenses as well as amortisation/depreciation of assets used for administrative purposes.

**Other operating expenses**

Other operating expenses comprise items of a secondary nature relative to the Company's core activities, including gains or losses on the sale of fixed assets.

**Staff costs**

Staff costs include wages and salaries, including compensated absence and pension to the Company's employees, as well as other social security contributions, etc. The item is net of refunds from public authorities.

**Amortisation/depreciation**

The item comprises amortisation/depreciation of intangible assets and property, plant and equipment.

The basis of depreciation, which is calculated as cost less any residual value, is depreciated on a straight line basis over the expected useful life. The expected useful lives of the assets are as follows:

| | |
|---|---|
| Plant and machinery | 5-15 years |
| Fixtures and fittings, other plant and equipment | 3-10 years |
| Leasehold improvements | 5-15 years |

**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 are recognised in the income statements at the amounts that concern the financial year. Net financials include interest income and expenses as well as allowances and surcharges under the advance-payment-of-tax scheme, etc.

**Tax**

Tax for the year includes current tax on the year's expected taxable income and the year's deferred tax adjustments. The portion of the tax for the year that relates to the profit/loss for the year is recognised in the income statement, whereas the portion that relates to transactions taken to equity is recognised in equity.

# Financial statements 1 May 2018 - 30 April 2019

## Notes to the financial statements

**1 Accounting policies (continued)**

The entity is jointly taxed with other group entities. The total Danish income tax charge is allocated between profit/loss-making Danish entities in proportion to their taxable income (full absorption).

Jointly taxed entities entitled to a tax refund are reimbursed by the management company based on the rates applicable to interest allowances, and jointly taxed entities which have paid too little tax pay a surcharge according to the rates applicable to interest surcharges to the management company.

## Balance sheet

### Property, plant and equipment

Items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses. Cost includes the acquisition price and costs directly related to the acquisition until the time at which the asset is ready for use.

Gains or losses are calculated as the difference between the selling price less selling costs and the carrying amount at the date of disposal. Gains and losses from the disposal of property, plant and equipment are recognised in the income statement as other operating income or other operating expenses.

### Investments in subsidiaries

Equity investments in subsidiaries and associates are measured according to the equity method.

On initial recognition, equity investments in subsidiaries are measured at cost, i.e. plus transaction costs. The cost is allocated in accordance with the acquisition method; see the accounting policies regarding business combinations.

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 for the assets and liabilities to which they can be attributed. 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 fixed assets

The carrying amount of intangible assets, property, plant and equipment and investments in subsidiaries and associates is assessed for impairment on an annual basis.

Impairment tests are conducted on assets or groups of assets when there is evidence of impairment. The carrying amount of impaired assets is reduced to the higher of the net selling price and the value in use (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 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.

# Financial statements 1 May 2018 - 30 April 2019

## Notes to the financial statements

### 1 Accounting policies (continued)

#### Inventories

Inventories are measured at cost in accordance with the FIFO method. Where the net realisable value is lower than cost, inventories are written down to this lower value. The net realisable value of inventories is calculated as the sales amount less costs of completion and expenses required to effect the sale and is determined taking into account marketability, obsolescence and development in the expected selling price.

The cost of raw materials and consumables comprises the cost of acquisition plus delivery costs.

The cost of finished goods and work in progress includes the cost of raw materials, consumables, direct labour and indirect 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 in the sales price.

#### Receivables

Receivables are measured at amortised cost.

The Company has chosen IAS 39 as interpretation for impairment 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 tested for objective evidence of impairment on a portfolio basis. The portfolios are primarily based on the debtors' domicile and credit ratings in line with the Company's risk management policy. 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 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 "Assets" comprise prepaid expenses regarding subsequent financial reporting years.

#### Equity

***Reserve for net revaluation according to the equity method***

The net revaluation reserve according to the equity method includes net revaluations of investments in subsidiaries and associates relative to cost. 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.

#### Provisions

Provisions comprise anticipated expenses relating to warranty commitments, onerous contracts, restructurings, etc. Provisions are recognised when the Company has a legal or constructive obligation at the balance sheet date 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.

# Financial statements 1 May 2018 - 30 April 2019

## Notes to the financial statements

### 1 Accounting policies (continued)

Provisions are measured at net realisable value or at fair value if the obligation is expected to be settled far into the future.

#### Income taxes

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

Deferred tax is measured according to the liability method on all temporary differences between the carrying amount and the tax base 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 is measured according to the tax rules and at the tax rates applicable at the balance sheet date when the deferred tax is expected to crystallise as current tax. Deferred tax assets are recognised 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. Changes in deferred tax due to changes in the tax rate are recognised in the income statement.

#### 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. Financial liabilities also include the capitalised residual lease liability in respect of finance leases.

Other liabilities are measured at net realisable value.

#### Financial ratios

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

Return on assets $$\frac{\text{Profit/loss from operating activites x 100}}{\text{Average assets}}$$

Equity ratio $$\frac{\text{Equity, year-end x 100}}{\text{Total equity and liabilities, year-end}}$$

Return on equity $$\frac{\text{Profit/loss after tax x 100}}{\text{Average equity}}$$

### 2 Special items

Profit before tax is affected by an extraordinary provision of DKK 1,200 thousand regarding claims from customers and another DKK 1,400 thousand in other external costs. The claim and extra costs relates to activities from before 30 April 2018. The claim is presented under gross margin in the income statement and other provisions in the balance sheet.

# Financial statements 1 May 2018 - 30 April 2019

## Notes to the financial statements

| | DKK'000 | 2018/19 | 2017/18 |
|---|---|---|---|
| 3 | **Amortisation/depreciation of intangible assets and property, plant and equipment** | | |
| | Amortisation of intangible assets | 0 | 990 |
| | Depreciation of property, plant and equipment | 446 | 3,555 |
| | | 446 | 4,545 |

Amortisation/depreciation of intangible assets and property, plant and equipment is recognised in the income statement under the following items:

| DKK'000 | 2018/19 | 2017/18 |
|---|---|---|
| Production costs | 446 | 3,309 |
| Administrative expenses | 0 | 1,236 |
| | 446 | 4,545 |

| | | | |
|---|---|---|---|
| 4 | **Financial income** | | |
| | Exchange gain | 523 | 449 |
| | Other financial income | 2 | 113 |
| | | 525 | 562 |
| 5 | **Financial expenses** | | |
| | Interest expenses, group entities | 9 | 947 |
| | Exchange losses | 666 | 466 |
| | Other financial expenses | 363 | 383 |
| | | 1,038 | 1,796 |
| 6 | **Tax for the year** | | |
| | Estimated tax charge for the year | -603 | 2,182 |
| | Deferred tax adjustments in the year | -167 | 540 |
| | Tax adjustments, prior years | 0 | -769 |
| | | -770 | 1,953 |

7 **Intangible assets**

| DKK'000 | Goodwill |
|---|---|
| Cost at 1 May 2018 | 19,065 |
| Disposals on demerger and sale of other enterprise | -19,065 |
| Cost at 30 April 2019 | 0 |
| Impairment losses and amortisation at 1 May 2018 | 1,980 |
| Amortisation and impairment losses of disposals for the year | -1,980 |
| Impairment losses and amortisation at 30 April 2019 | 0 |
| **Carrying amount at 30 April 2019** | 0 |
| Amortised over | 20 years |

# Financial statements 1 May 2018 - 30 April 2019

## Notes to the financial statements

### 8 Property, plant and equipment

| DKK'000 | Plant and machinery | Fixtures and fittings, other plant and equipment | Leasehold improvements | Property, plant and equipment under construction | Total |
|---|---|---|---|---|---|
| Cost at 1 May 2018 | 35,922 | 12,981 | 3,274 | 232 | 52,409 |
| Additions | 0 | 0 | 0 | 781 | 781 |
| Disposals on demerger and sale of other enterprise | -35,595 | -10,133 | -3,274 | -232 | -49,234 |
| Transferred | 0 | 156 | 0 | -156 | 0 |
| Cost at 30 April 2019 | 327 | 3,004 | 0 | 625 | 3,956 |
| Impairment losses and depreciation at 1 May 2018 | 25,371 | 10,890 | 246 | 0 | 36,507 |
| Depreciation | 0 | 446 | 0 | 0 | 446 |
| Depreciation and impairment of disposals | -25,044 | -9,318 | -246 | 0 | -34,608 |
| Impairment losses and depreciation at 30 April 2019 | 327 | 2,018 | 0 | 0 | 2,345 |
| **Carrying amount at 30 April 2019** | 0 | 986 | 0 | 625 | 1,611 |
| Depreciated over | 5-15 years | 3-10 years | 5-15 years | | |

Note 15 provides more details on security for loans, etc. as regards property, plant and equipment.

### 9 Investments

| DKK'000 | Investments in group enterprises |
|---|---|
| Cost at 1 May 2018 | 1,813 |
| Cost at 30 April 2019 | 1,813 |
| Value adjustments at 1 May 2018 | 2,496 |
| Foreign exchange adjustments | -61 |
| Profit/loss for the year | 441 |
| Value adjustments at 30 April 2019 | 2,876 |
| **Carrying amount at 30 April 2019** | 4,689 |

| Name | Interest | Equity DKK'000 | Profit/loss DKK'000 |
|---|---|---|---|
| **Subsidiaries** | | | |
| Elogic Polska Sp. z o.o. | 100.00% | 4,689 | 441 |

# Financial statements 1 May 2018 - 30 April 2019

## Notes to the financial statements

### 10 Share capital

Analysis of changes in the share capital over the past 5 years:

| DKK'000 | 2018/19 | 2017/18 | 2016/17 | 2015/16 | 2014/15 |
|---|---|---|---|---|---|
| Opening balance | 5,200 | 5,100 | 5,100 | 5,100 | 5,100 |
| Capital increase | 0 | 100 | 0 | 0 | 0 |
| | 5,200 | 5,200 | 5,100 | 5,100 | 5,100 |

| DKK'000 | 2018/19 | 2017/18 |
|---|---|---|
| **11 Deferred tax** | | |
| Deferred tax at 1 May | 1,359 | 819 |
| Adjustments due to demerger | -1,246 | 0 |
| Deferred tax adjustments in the year | 167 | 540 |
| Other deferred tax | -334 | 0 |
| **Deferred tax at 30 April** | -54 | 1,359 |
| Deferred tax relates to: | | |
| Property, plant and equipment | 89 | 1,173 |
| Inventories | 0 | 263 |
| Provisions | -143 | -77 |
| | -54 | 1,359 |
| **12 Other provisions** | | |
| Opening balance at 1 May | 450 | 1,255 |
| Provisions in the year | 550 | -805 |
| Adjustment due to demerger | -350 | 0 |
| **Other provisions at 30 April** | **650** | **450** |
| **13 Staff costs** | | |
| Wages/salaries | 17,742 | 26,285 |
| Pensions | 906 | 3,053 |
| Other social security costs | 449 | 254 |
| Other staff costs | 513 | 1,311 |
| | 19,610 | 30,903 |
| Staff costs are recognised as follows in the financial statements: | | |
| Production | 11,324 | 15,779 |
| Distribution | 6,287 | 8,887 |
| Administration | 1,999 | 6,237 |
| | 19,610 | 30,903 |
| Average number of full-time employees | 29 | 82 |

By reference to section 98b(3), (ii), of the Danish Financial Statements Act, remuneration to Management is not disclosed.

# Financial statements 1 May 2018 - 30 April 2019

## Notes to the financial statements

### 14 Contractual obligations and contingencies, etc.

**Other contingent liabilities**

The Company is jointly taxed with its parent, Elogic Holding A/S, which acts as management company, and is jointly and severally liable with other jointly taxed group entities for payment of income taxes for the income year 2019 onwards as well as withholding taxes on interest, royalties and dividends falling due for payment on or after 30 April 2019.

**Other financial obligations**

Rent and lease liabilities include a rent obligation totalling DKK 104 thousand in interminable rent agreements with remaining contract terms of 1 year. Furthermore, the Company has liabilities under operating leases for cars, totalling DKK 1,342 thousand, with remaining contract terms of 1-4 years.

The Company is jointly and severally liable with Triarca A/S in respect of the demerger of Triarca A/S from Elogic A/S. If a creditor in a company is not satisfied, each of the other companies involved in the demerger is liable for liabilities that arose before the publication of the demerger plan. The liability is limited to the added or remaining net value in the Company at time of the demerger.

### 15 Collateral

Pledges in Elogic A/S are secured by a floating charge of DKK 10,000 thousand (production plant, machinery, etc.) in Elogic A/S and DKK 871 thousand in equity investments in Elogic Polska.

### 16 Related parties

Elogic A/S' related parties comprise the following:

**Parties exercising control**

| Related party | Domicile | Basis for control |
|---|---|---|
| Elogic Holding ApS | Bjørnkærvej 3, Hornsyld, DK | Majority shareholder (100%) |

**Related party transactions**

Elogic A/S was engaged in the below related party transactions:

| DKK'000 | 2018/19 | 2017/18 |
|---|---|---|
| Elogic Polska - Purchase | 31,536 | 28,206 |
| Elogic Polska - Sales | 1,469 | 1,394 |
| Elogic Holding A/S - Interest expense | 15 | 0 |
| Triarca A/S - Sales of panels | 1,674 | 0 |

Due to the demerger of Elogic Systems A/S into Elogic A/S and Triarca A/S all capacity costs during the financial year have been divided and allocated to the two companies based on an internal accounting dimension "department". Some departments are unique for each company (allocated 100%) and some are shared where allocation criteria such as number of employees or share of square meters have been used. Thus, the allocation of capacity costs includes some accounting estimates made by Management.

## Financial statements 1 May 2018 - 30 April 2019

### Notes to the financial statements

| DKK'000 | 2018/19 | 2017/18 |
|---|---|---|
| **17 Appropriation of profit/loss** | | |
| **Recommended appropriation of profit/loss** | | |
| Extraordinary dividend distributed in the year | 0 | 12,791 |
| Net revaluation reserve according to the equity method | 441 | 547 |
| Retained earnings/accumulated loss | -2,794 | -3,370 |
| | -2,353 | 9,968 |

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**Jonas Busk Tangsgaard**
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