Elogic A/S

Bjørnkærvej 3, 8783 Hornsyld

Company reg. no. 15 29 07 73

Annual report

1 May 2021 - 30 April 2022

The annual report was submitted and approved by the general meeting on the 21 September 2022.

Morten Rüdevald
Chairman of the meeting

Notes:

- To ensure the greatest possible applicability of this document, IAS/IFRS English terminology has been used.
- Please note that decimal points have not been used in the usual English way. This means that for instance DKK 146.940 means the amount of DKK 146,940, and that 23,5 % means 23.5 %.

Contents

Management's statement

Today, the board of directors and the managing director have presented the annual report of Elogic A/S for the financial year 1 May 2021 - 30 April 2022.

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

We consider the accounting policies appropriate and, in our opinion, the financial statements provide a fair presentation of the company’s assets, equity and liabilities, and financial position at 30 April 2022 and of the company’s results of activities and cash flows in the financial year 1 May 2021 – 30 April 2022.

We are of the opinion that the management commentary presents a fair account of the issues dealt with.

We recommend that the annual report be approved at the Annual General Meeting.

Hedensted, 21 September 2022

Managing Director

Bo Ankerfelt

Board of directors

Morten Rüdevald	Per Eskildsen	Vibeke Løvschall Ankerfelt
Bo Ankerfelt	Martin Møller Jakobsen	Steen Wæver Poulsen

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 2021 - 30 April 2022, which comprise income statement, balance sheet, statement of changes in equity, statement of cash flows, notes and a summary of significant accounting policies, for the Company. The financial statements are prepared under 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 2022, and of the results of the Company's operations and cash flows for the financial year 1 May 2021 - 30 April 2022 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 are independent of the Company in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (IESBA Code) and the additional ethical requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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 about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs 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 these financial statements.

Independent auditor's report

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgment and maintain professional skepticism 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 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 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 Management’s Review
Management is responsible for Management’s Review.

Our opinion on the financial statements does not cover Management’s Review, and we do not express any form of assurance conclusion thereon.

Independent auditor's report

In connection with our audit of the financial statements, our responsibility is to read Management's Review and, in doing so, consider whether 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 Management's Review provides the information required under the Danish Financial Statements Act.

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

Aarhus, 21 September 2022

Redmark
Godkendt Revisionspartnerselskab
Company reg. no. 29 44 27 89

Morten Ryberg Nielsen
State Authorised Public Accountant
mne33221

Company information

The company	Elogic A/S Bjørnkærvej 3 8783 Hornsyld	
	Phone	88207100
	Company reg. no.	15 29 07 73
	Established:	1 July 1991
	Domicile:	Hedensted
	Financial year:	1 May - 30 April
Board of directors	Morten Rüdevald Per Eskildsen Vibeke Løvschall Ankerfelt Bo Ankerfelt Martin Møller Jakobsen Steen Wæver Poulsen	
Managing Director	Bo Ankerfelt	
Auditors	Redmark Godkendt Revisionspartnerselskab Sommervej 31C 8210 Aarhus V	
Parent company	BMLP ApS	

Financial highlights

DKK in thousands.	2021/22	2020/21	2019/20	2018/19	2017/18
Income statement:					
Gross profit	9.827	14.249	14.884	8.996	39.589
Profit from operating activities	-2.208	-1.598	1.042	-3.051	12.749
Net financials	-1.077	-714	513	-72	-687
Net profit or loss for the year	-2.560	-1.711	1.373	-2.353	9.968
Statement of financial position:					
Balance sheet total	67.820	47.614	58.965	60.665	135.734
Investments in property, plant and equipment	0	825	24	781	1.034
Equity	2.681	5.339	18.954	17.882	25.383
Employees:					
Average number of full-time employees	28	27	29	29	82
Key figures in %:					
Solvency ratio	4,0	11,2	32,1	29,5	18,7
Return on equity	-63,8	-14,1	7,5	-10,9	39,3

Calculations of key figures and ratios do, in all material respects, follow the recommendations of the Danish Association of Finance Analysts, only in a few respects deviating from the recommendations.

The key figures and ratios shown in the statement of financial highlights have been calculated as follows:

Solvency ratio

$$\frac{\text{Equity, closing balance x 100}}{\text{Total assets, closing balance}}$$

Return on equity

$$\frac{\text{Net profit or loss for the year x 100}}{\text{Average equity}}$$

Management´s review

Business review

Elogic’s primary activities is Sale, Design, Project Management, Sourcing, Mounting and Installation of electrical panels for the construction segment and industrial applications.

Unusual matters having affected the financial statements

The ongoing global supply chain crunch has delayed delivery and invoicing of planned orders. This has reduced turnover and contribution margin for the year.

Development in activities and financial matters

The income statement for 2021/21 shows an EBIT of DKK -2.6m against DKK -2.3m in 2020/21 and a loss after tax of DKK 1.9m against a loss of DKK 1.7m in 2020/21. The balance sheet on 30 April 2022 shows equity of DKK 8.5m incl. subordinated equity loan from Vækstfonden.

The main reason for the increased EBITDA is higher sales than last year. However, EBITDA in this first full year under new ownership is negatively affected by the lower margin from delayed deliveries due to lacking component, cost of various optimization initiatives and of selected hiring adding new competences, especially in Poland and finally of non-cash write-downs.

The loss after tax is mainly due to non-cash forex adjustment related to the DKK-PLN exchange rate and financing costs. Management considers the result financial unsatisfactory but also reflecting the actions taken during the year, which will bring improvements and higher efficiency in the coming years.

Knowledge resources

The Company has focus on being attractive to key employees and has currently limited difficulties in attracting new talent. Training of employees will be scaled up in the coming year.

Financial exposure

As the main market is Denmark with initial sales in Poland, the Company’s primary currency exchange challenges are towards PLN, also as the main operating unit is the Polish 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

Each year, the Company obtains approval from the local authorities concerning environmental issues.
The audits made by the authorities during the period did not result in any special activities. The company is in the process of obtaining a ISO 14001 certification.

Management´s review

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

For 2022/23, management expects higher margins and a profit after tax due to higher sales and effect of initiated efficiency initiatives. Delayed components are still expected to have a negative effect for most of the period on performance. However, operating procedures are being adapted to this new normal, which will reduce the negative effect somewhat.

Income statement 1 May - 30 April

DKK thousand.

Note		2021/22	2020/21
	Gross profit	**9.827**	**14.249**
	Distribution costs	-6.927	-9.213
	Administration expenses	-5.102	-6.634
	Other operating expenses	-6	0
	Operating profit	**-2.208**	**-1.598**
	Income from investments in subsidiaries	45	441
	Other financial income from subsidiaries	325	0
2	Other financial expenses	-1.447	-1.155
	Pre-tax net profit or loss	**-3.285**	**-2.312**
	Tax on net profit or loss for the year	725	601
3	**Net profit or loss for the year**	**-2.560**	**-1.711**

Balance sheet at 30 April

DKK thousand.

Note	Assets	2022	2021
	Non-current assets		
4	Other intangible assets	2.370	1.001
	Total intangible assets	2.370	1.001
5	Other fixtures and fittings, tools and equipment	15	153
6	Property, plant, and equipment under construction and prepayments for property, plant, and equipment	0	547
	Total property, plant, and equipment	15	700
7	Investments in subsidiaries	4.666	4.720
8	Receivables from subsidiaries	10.700	0
	Total investments	15.366	4.720
	Total non-current assets	**17.751**	**6.421**
	Current assets		
	Raw materials and consumables	1.059	390
	Work in progress	5.196	1.479
	Total inventories	6.255	1.869
	Trade receivables	33.363	27.972
	Receivables from subsidiaries	6.285	3.001
9	Deferred tax assets	728	3
	Income tax receivables	457	1.074
	Other receivables	646	195
10	Prepayments	721	808
	Total receivables	42.200	33.053
	Cash and cash equivalents	1.614	6.271
	Total current assets	**50.069**	**41.193**
	Total assets	**67.820**	**47.614**

Balance sheet at 30 April

DKK thousand.

Note	Equity and liabilities	2022	2021
	Equity		
	Contributed capital	5.200	5.200
	Reserve for net revaluation according to the equity method	2.854	2.908
	Retained earnings	-5.373	-2.769
	Total equity	**2.681**	**5.339**
	Provisions		
11	Other provisions	239	239
	Total provisions	**239**	**239**
	Liabilities other than provisions		
	Subordinate loan capital	6.595	6.000
	Other mortgage loans	1.653	2.000
	Other payables	1.622	1.692
12	Total long term liabilities other than provisions	9.870	9.692
12	Current portion of long term liabilities	347	0
	Bank loans	11.518	9.000
	Prepayments received from customers	2.911	0
	Trade payables	3.825	16.697
	Payables to subsidiaries	27.582	0
	Other payables	8.847	6.647
	Total short term liabilities other than provisions	55.030	32.344
	Total liabilities other than provisions	**64.900**	**42.036**
	Total equity and liabilities	**67.820**	**47.614**

1 Employee issues

13 Charges and security

14 Contingencies

15 Related parties

Statement of changes in equity

DKK thousand.

	Contributed capital	Reserve for net revalua-tion according to the eq-uity method	Retained earnings	Total
Equity 1 May 2020	5.200	3.336	10.418	18.954
Share of profit or loss	0	441	-2.152	-1.711
Distributed extraordinary dividend adopted during the financial year	0	0	-11.850	-11.850
Foreign currency translation adjustments	0	-54	0	-54
Distributed dividend	0	-815	815	0
Equity 1 May 2021	5.200	2.908	-2.769	5.339
Share of profit or loss	0	44	-2.604	-2.560
Foreign currency translation adjustments	0	-98	0	-98
	5.200	**2.854**	**-5.373**	**2.681**

Statement of cash flows 1 May - 30 April

DKK thousand.

Note		2021/22	2020/21
	Net profit or loss for the year	-2.560	-1.711
16	Adjustments	1.439	-1.824
17	Change in working capital	6.394	4.065
	Cash flows from operating activities before net financials	5.273	530
	Interest received, etc.	326	-1
	Interest paid, etc.	-1.341	-395
	Cash flows from ordinary activities	4.258	134
	Cash flows from operating activities	**4.258**	**134**
	Purchase of intangible assets	-1.175	0
	Purchase of property, plant, and equipment	0	825
	Sale of property, plant, and equipment	22	0
	Purchase of fixed asset investments	-10.700	0
	Dividends received	0	815
	Cash flows from investment activities	**-11.853**	**1.640**
	Long-term payables incurred	0	13.261
	Repayments of long-term payables	525	0
	Dividends distributed	0	-11.850
	Changes in short-term bank loans	2.519	0
	Cash flows from investment activities	**3.044**	**1.411**
	Change in cash and cash equivalents	**-4.551**	**3.185**
	Cash and cash equivalents at 1 May 2021	6.271	3.086
	Foreign currency translation adjustments (cash and cash equivalents)	-106	0
	Cash and cash equivalents at 30 April 2022	**1.614**	**6.271**
	Cash and cash equivalents		
	Cash and cash equivalents	1.614	6.271
	Cash and cash equivalents at 30 April 2022	**1.614**	**6.271**

Notes

DKK thousand.

		2021/22	2020/21
1.	**Employee issues**		
	Salaries and wages	18.586	20.826
	Pension costs	1.222	1.170
	Other costs for social security	94	90
	Other staff costs	92	499
	Total staff costs	19.994	22.585
	Staff costs transferred to assets	-4.208	-4.422
		15.786	**18.163**
	Average number of employees	28	27

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

		2021/22	2020/21
2.	**Other financial expenses**		
	Financial costs, group enterprises	0	1
	Other financial costs	1.447	1.154
		1.447	**1.155**

		2021/22	2020/21
3.	**Proposed appropriation of net profit**		
	Reserves for net revaluation according to the equity method	44	441
	Allocated from retained earnings	-2.604	-2.152
	Total allocations and transfers	**-2.560**	**-1.711**

Notes

DKK thousand.

		30/4 2022	30/4 2021
4.	**Other intangible assets**		
	Cost 1 May 2021	1.313	899
	Additions during the year	1.722	0
	Transfers	0	414
	Cost 30 April 2022	**3.035**	**1.313**
	Amortisation and writedown 1 May 2021	-312	-100
	Amortisation and depreciation for the year	-353	-212
	Amortisation and writedown 30 April 2022	**-665**	**-312**
	Carrying amount, 30 April 2022	**2.370**	**1.001**

		30/4 2022	30/4 2021
5.	**Other fixtures and fittings, tools and equipment**		
	Cost 1 May 2021	2.892	3.004
	Disposals during the year	-210	0
	Transfers	0	-112
	Cost 30 April 2022	**2.682**	**2.892**
	Depreciation and writedown 1 May 2021	-2.739	-2.476
	Amortisation and depreciation for the year	-110	-263
	Reversal of depreciation, amortisation and impairment loss, assets disposed of	182	0
	Depreciation and writedown 30 April 2022	**-2.667**	**-2.739**
	Carrying amount, 30 April 2022	**15**	**153**

Notes

DKK thousand.

		30/4 2022	30/4 2021
6.	**Property, plant, and equipment under construction and prepayments for property, plant, and equipment**		
	Cost 1 May 2021	547	24
	Additions during the year	0	825
	Disposals during the year	0	-302
	Transfers	-547	0
	Cost 30 April 2022	**0**	**547**
	Carrying amount, 30 April 2022	**0**	**547**

		30/4 2022	30/4 2021
7.	**Investments in subsidiaries**		
	Cost 1 May 2021	1.813	1.813
	Cost 30 April 2022	**1.813**	**1.813**
	Revaluations, opening balance 1 May 2021	2.907	3.336
	Correction of previous revaluations	-304	0
	Net profit or loss for the year before amortisation of goodwill	348	441
	Dividend	0	-815
	Foreign exchange adjustment	-98	-55
	Revaluation 30 April 2022	**2.853**	**2.907**
	Carrying amount, 30 April 2022	**4.666**	**4.720**

		30/4 2022	30/4 2021
8.	**Receivables from subsidiaries**		
	Additions during the year	10.700	0
	Cost 30 April 2022	**10.700**	**0**
	Carrying amount, 30 April 2022	**10.700**	**0**

Notes

DKK thousand.

		30/4 2022	30/4 2021
9.	**Deferred tax assets**		
	Deferred tax assets 1 May 2021	3	3
	Deferred tax of the net profit or loss for the year	725	0
		728	**3**

10. Prepayments

Prepayments primarily relate to IT licenses paid in advance.

Notes

DKK thousand.

	30/4 2022	30/4 2021
11. Other provisions		
Other provisions 1 May 2021	239	239
	239	**239**

12. Long term labilities other than provisions

	Total payables 30 Apr 2022	Current portion of long term payables	Long term payables 30 Apr 2022	Outstanding payables after 5 years
Subordinate loan capital	6.595	0	6.595	0
Other mortgage loans	2.000	347	1.653	0
Other payables	1.622	0	1.622	0
	10.217	**347**	**9.870**	**0**

13. Charges and security

For bank loans, t.DKK 13.519, the company has provided security in company assets representing a nominal value of t.DKK 17.700. This security comprises the assets below, stating the carrying amounts:

	DKK in thousands
Inventories	6.254
Trade receivables	33.363

14. Contingencies

Contingent liabilities

	DKK in thousands
Lease liabilities	1.095
Warranty commitments	2.932
Total contingent liabilities	**4.027**

Notes

DKK thousand.

14. Contingencies (continued)

Contingent liabilities (continued)

Lease liabilities

The company has entered into operational leases with an average annual lease payment of t.DKK 703. The leases have between 8 and 31 months to maturity and total outstanding lease payments total t.DKK 1.095.

Joint taxation

With BAVLA ApS, company reg. no 39837366 as administration company, the company is subject to the Danish scheme of joint taxation and unlimitedly, jointly, and severally liable, along with the other jointly taxed companies, for the total corporation tax.

The company is unlimitedly, jointly, and severally liable, along with the other jointly taxed companies, for any obligations to withhold tax on interest, royalties, and dividends.

The jointly taxed enterprises' total known net liability to the Danish tax authorities emerges from the financial statements of the administration company.

Any subsequent adjustments of corporate taxes or withholding tax, etc., may result in changes in the company's liabilities.

15. Related parties

Controlling interest

BMLP ApS, Solbakkevej 8, 8700 Horsens, DK	Majority shareholder

Transactions

All of the companies transactions with related parties has been on market terms.

Notes

DKK thousand.

		2021/22	2020/21
16.	**Adjustments**		
	Depreciation, amortisation, and impairment	464	474
	Loss from disposal of non-current assets	6	0
	Income from investments in subsidiaries	-45	-441
	Other financial income	-325	0
	Other financial expenses	1.447	1.155
	Tax on net profit or loss for the year	-725	-601
	Other adjustments	617	-2.411
		1.439	**-1.824**
17.	**Change in working capital**		
	Change in inventories	-4.387	21.496
	Change in receivables	11.614	-6.439
	Change in trade payables and other payables	-833	-10.992
		6.394	**4.065**

Accounting policies

The annual report for Elogic A/S has been presented in accordance with the Danish Financial Statements Act regulations concerning reporting class C enterprises (medium sized enterprises).

The accounting policies are unchanged from last year, and the annual report is presented in TDKK.

Recognition and measurement in general

Income is recognised in the income statement concurrently with its realisation, including the recognition of value adjustments of financial assets and liabilities. Likewise, all costs are recognised in the income statement, including depreciations amortisations, writedowns for impairment, provisions, and reversals due to changes in estimated amounts previously recognised in the income statement.

Assets are recognised in the statement of financial position when it seems probable that future economic benefits will flow to the company and the value of the asset can be reliably measured.

Liabilities are recognised in the statement of financial position when it is seems probable that future economic benefits will flow out of the company and the value of the liability can be reliably measured.

Assets and liabilities are measured at cost at the initial recognition. Hereafter, assets and liabilities are measured as described below for each individual accounting item.

Certain financial assets and liabilities are measured at amortised cost, allowing a constant effective interest rate to be recognised during the useful life of the asset or liability. Amortised cost is recognised as the original cost less any payments, plus/less accrued amortisations of the difference between cost and nominal amount. In this way, capital losses and gains are allocated over the useful life of the liability.

Upon recognition and measurement, allowances are made for such predictable losses and risks which may arise prior to the presentation of the annual report and concern matters that exist on the reporting date.

Income statement

Gross profit

Gross profit comprises revenue, production costs, and other operating income.

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, the income can be measured reliably and payment is expected to be received. The date of the transfor of the most significant rewards and risks is based on standardised terms of delivery.

Revenue from the sale of services, which include service contracts and extended warranty commitments relating to producs and services sold, is recognised on a straight-line basis as the services are rendered.

Accounting policies

Cost of sales comprises costs concerning purchase of raw materials and consumables less discounts and changes in inventories.

Production costs include the manufacturing and procurement costs incurred to achieve the revenue for the year. Direct and indirect manufacturing costs are recognized, including costs for raw materials and consumables, wages and salaries, energy consumption, maintenance, leasing and depreciation on production facilities, with adjustments for changes in finished goods inventories and work in progress.

Furthermore, production costs comprise research costs, development costs which do not meet the criteria for capitalisation, and amortisation of capitalised development costs.

Distribution costs

Distribution costs comprise costs incurred for the distribution of goods sold during the year and for sales campaigns carried out during the year. Also, costs concerning sales staff, advertising and exhibitions costs, and amortisations.

Administration costs

Administration costs comprise costs incurred during the year concerning management and administration, including costs concerning administrative staff, the executive board, office premises, stationery and office supplies, and depreciations.

Other operating costs

Other operating costs comprise items of secondary nature as regards the principal activities of the enterprise, including losses on the disposal of intangible and tangible assets.

Financial income and expenses

Financial income and expenses are recognised in the income statement with the amounts concerning the financial year. Financial income and expenses comprise interest income and expenses, realised and unrealised capital gains and losses relating to securities, debt and transactions in foreign currency, amortisation of financial assets and liabilities as well as surcharges and reimbursements under the advance tax scheme, etc.

Results from equity investments in subsidiaries

After full elimination of intercompany profit or loss less amortised consolidated goodwill, the equity investment in the individual group enterprises are recognised in the income statement as a proportional share of the group enterprises' post-tax profit or loss.

Tax on net profit or loss for the year

Tax for the year comprises the current income tax for the year and changes in deferred tax and is recognised in the income statement with the share attributable to the net profit or loss for the year and directly in equity with the share attributable to entries directly in equity.

The company is subject to Danish rules on compulsory joint taxation of Danish group enterprises.

The current Danish income tax is allocated among the jointly taxed companies proportional to their respective taxable income (full allocation with reimbursement of tax losses).

Statement of financial position

Intangible assets

Other intagible assets

Other Intangible assets includes acquired intangible rights, including software licenses and distribution rights.

Other Intangible assets are measured at cost less accumulated amortisation and impairment losses.

Property, plant, and equipment

Property, plant, and equipment are measured at cost less accrued depreciation and writedown for impairment.

The depreciable amount is cost less any expected residual value after the end of the useful life of the asset. The amortisation period and the residual value are determined at the acquisition date and reassessed annually. If the residual value exceeds the carrying amount, the depreciation is discontinued.

If the amortisation period or the residual value is changed, the effect on amortisation will, in future, be recognised as a change in the accounting estimates.

The cost comprises acquisition cost and costs directly associated with the acquisition until the time when the asset is ready for use.

Depreciation is done on a straight-line basis according to an assessment of the expected useful life:

	Useful life
Plant and machinery	5-15 years
Other fixtures and fittings, tools and equipment	3-10 years

Minor assets with an expected useful life of less than 1 year are recognised as costs in the income statement in the year of acquisition.

Profit or loss derived from the disposal of property, land, and equipment is measured as the difference between the sales price less selling costs and the carrying amount at the date of disposal. Profit or loss is recognised in the income statement as other operating income or other operating expenses.

Property, plant, and equipment in progress

Property, plant, and equipment in progress are measured and recognised as the total costs incurred. When the work has been completed, the total value is transferred to the relevant item under property, plant, and equipment and is amortised from the date of entry into service.

Accounting policies

Leases

All leases are regarded as operating leases. Payments in connection with operating leases and other lease agreements are recognised in the income statement for the term of the contract. The company's total liabilities concerning operating leases and lease agreements are recognised under contingencies, etc.

Investments

Investments in subsidiaries

Investments in subsidiaries are recognised and measured by applying the equity method. The equity method is used as a method of consolidation.

Investments in subsidiaries are recognised in the statement of financial position at the proportionate share of the enterprise's equity value. This value is calculated in accordance with the parent's accounting policies with deductions or additions of unrealised intercompany gains and losses as well as with additions or deductions of the remaining value of positive or negative goodwill calculated in accordance with the acquisition method. Negative goodwill is recognised in the income statement at the time of acquisition of the equity investment. If the negative goodwill relates to contingent liabilities acquired, negative goodwill is not recognised until the contingent liabilities have been settled or lapsed.

Investments in subsidiaries with a negative equity value are measured at DKK 0, and any accounts receivable from these enterprises are written down to the extent that the account receivable is uncollectible. To the extent that the parent has a legal or constructive obligation to cover an negative balance that exceeds the account receivable, the remaining amount is recognised under provisions.

To the extent the equity exceeds the cost, the net revaluation of equity investments in subsidiaries transferred to the reserve under equity for net revaluation according to the equity method. Dividends from subsidiaries expected to be adopted before the approval of this annual report are not subject to a limitation of the revaluation reserve. The reserve is adjusted by other equity movements in subsidiaries.

Newly acquired or newly established companies are recognised in the financial statement as of the time of acquisition. Sold or liquidated companies are recognised until the date of disposal.

On the acquisition of enterprises, the acquisition method, the uniting-of-interests method or the book value method is applied, cf. the above description under Business combinations.

Impairment loss relating to non-current assets

The carrying amount of both intangible and tangible fixed assets as well as equity investments in subsidiaries are subject to annual impairment tests in order to disclose any indications of impairment beyond those expressed by amortisation and depreciation respectively.

If indications of impairment are disclosed, impairment tests are carried out for each individual asset or group of assets, respectively. Writedown for impairment is done to the recoverable amount if this value is lower than the carrying amount.

The recoverable amount is the higher value of value in use and selling price less expected selling cost. The value in use is calculated as the present value of the expected net cash flows from the use of the asset or the asset group and expected net cash flows from the sale of the asset or the asset group after the end of their useful life.

Previously recognised impairment losses are reversed when conditions for impairment no longer exist. Impairment relating to goodwill is not reversed.

Inventories

Inventories are measured at cost according to the FIFO method. In cases when the net realisable value of the inventories is lower than the cost, the latter is written down for impairment to this lower value.

Costs of goods for resale, raw materials, and consumables comprise acquisition costs plus delivery costs.

Costs of manufactured goods and work in progress comprise the cost of raw materials, consumables and direct wages. Borrowing expenses are not recognised in cost.

The net realisable value for inventories is recognised as the market price less costs of completion and selling costs. The net realisable value is determined with due consideration of negotiability, obsolescence, and the development of expected market prices.

Receivables

Receivables are measured at amortised cost, which usually corresponds to nominal value.

In order to meet expected losses, impairment takes place at the net realisable value. The company has chosen to use IAS 39 as a basis for interpretation when recognising impairment of financial assets, which means that impairments must be made to offset losses where an objective indication is deemed to have occurred that an account receivable or a portfolio of accounts receivable is impaired.If an objective indication shows that an individual account receivable has been impaired, an impairment takes place at individual level.

Accounts receivable for which there is no objective indication of impairment at the individual level are evaluated at portfolio level for objective indication of impairment. The portfolios are primarily based on the debtors' domicile and credit rating in accordance with the company's and the group's credit risk management policy. Determination of the objective indicators applied for portfolios are based on experience with historical losses.

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

Prepayments and accrued income

Prepayments and accrued income recognised under assets comprise incurred costs concerning the following financial year.

Cash on hand and demand deposits

Cash on hand and demand deposits comprise cash at bank and on hand.

Equity

Reserve for net revaluation according to the equity method

The reserve for net revaluation according to the equity method comprises net revaluation of equity investments in subsidiaries, associates and equity interests proportional to cost.

The reserve may be eliminated in the event of losses, realisation of equity investments, or changes in the accounting estimates.

The reserve cannot be recognised by a negative amount.

Income tax and deferred tax

Current tax liabilities and current tax receivable are recognised in the statement of financial position as calculated tax on the taxable income for the year, adjusted for tax of previous years' taxable income and for tax paid on account.

The company is jointly taxed with consolidated Danish companies. The current corporate income tax is distributed between the jointly taxed companies in proportion to their taxable income and with full distribution with reimbursement as to tax losses. The jointly taxed companies are comprised by the Danish tax prepayment scheme.

Joint taxation contributions payable and receivable are recognised in the statement of financial position as ”Income tax receivable” or “Income tax payable”.

According to the rules of joint taxation, Elogic A/S is unlimitedly, jointly, and severally liable to pay the Danish tax authorities the total income tax, including withholding tax on interest, royalties, and dividends, arising from the jointly taxed group of companies.

Deferred tax is measured on the basis of temporary differences in assets and liabilities with a focus on the statement of financial position. Deferred tax is measured at net realisable value.

Adjustments take place in relation to deferred tax concerning elimination of unrealised intercompany gains and losses.

Deferred tax is measured based on the tax rules and tax rates applying under the legislation prevailing in the respective countries on the reporting date when the deferred tax is expected to be released as current tax. Changes in deferred tax due to changed tax rates are recognised in the income statement, except for items included directly in the equity.

Deferred tax assets, including the tax value of tax losses allowed for carryforward, are recognised at the value at which they are expected to be realisable, either by settlement against tax of future earnings or by set-off in deferred tax liabilities within the same legal tax unit. Any deferred net tax assets are measured at net realisable value.

Provisions

Provisions comprise expected costs of warranty commitments, loss on work in progress, restructuring, etc. Provisions are recognised when the company has a legal or actual commitment resulting from a previously occurred event and when it is probable that the settlement of the liability will result in consumption of the financial resources of the company.

Provisions are measured at net realisable value or at fair value. If the fulfilment of a liability is expected to take place far in the future, the liability is measured at fair value.

Liabilities other than provisions

Financial liabilities other than provisions related to borrowings are recognised at the received proceeds less transaction costs incurred. In subsequent periods, the financial liabilities are recognised at amortised cost, corresponding to the capitalised value when using the effective interest rate. The difference between the proceeds and the nominal value is recognised in the income statement during the term of the loan.

Other liabilities concerning payables to suppliers, group enterprises, and other payables are measured at amortised cost which usually corresponds to the nominal value.

Statement of cash flows

The cash flow statement shows the cash flows for the year, divided in cash flows deriving from operating activities, investment activities and financing activities, respectively, the changes in the liabilities, and cash and cash equivalents at the beginning and the end of the year, respectively.

The effect on cash flows derived from the acquisition and sale of enterprises appears separately under cash flows from investment activities. In the statement of cash flows, cash flows derived from acquirees are recognised as of the date of acquisition, and cash flows derived from sold enterprises are recognised until the date of sale.

Cash flows from operating activities
Cash flows from operating activities are calculated as the company's share of the profit adjusted for non-cash operating items, changes in the working capital, and corporate income tax paid. Dividend income from equity investments are recognised under “Interest income and dividend received”.

Cash flows from investment activities
Cash flows from investment activities comprise payments in connection with the acquisition and sale of enterprises and activities as well as the acquisition and sale of intangible assets, property, plant, and equipment, and investments, respectively.

Cash flows from financing activities
Cash flows from financing activities include changes in the size or the composition of the company's share capital and costs attached to it, as well as raising loans, repayments of interest-bearing payables and payment of dividend to shareholders.

Cash and cash equivalents
Cash and cash equivalents comprise cash on hand and demand deposits and shortterm financial instruments with a term of less than 3 months, which can easily be converted into cash and cash equivalents and are associated with an insignificant risk of value change.