Elogic A/S

Bjørnkærvej 3 , 8783 Hornsyld

CVR no. 15 29 07 73

Annual report 2020/21

Approved at the Company's annual general meeting on 22 June 2021

Chairman:

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Building a better working world

Contents

Statement by Management

The Board of Directors and the Executive Board have today discussed and approved the annual report of Elogic 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 2021 and of the results of their operations and 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, the results for the year and the Group's and the Parent Company's financial position.

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

Hornsyld, 22 June 2021
Executive Board:

Bo Ankerfelt
CEO

Board of Directors:

Michael Hemicke
Chairman

Per Eskildsen

Vibeke Løvschall Ankerfelt

Bo Ankerfelt

Morten Rüdevald

Martin Møller Jakobsen

Independent auditor's report

To the shareholders of Elogic A/S

Opinion

We have audited the consolidated financial statements and the parent company financial statements of Elogic 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 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.

Aarhus, 22 June 2021
EY Godkendt Revisionspartnerselskab
CVR no. 30 70 02 28

Claus Hammer-Pedersen
State Authorised
Public Accountant
mne21334

Jonas Busk
State Authorised
Public Accountant
mne42771

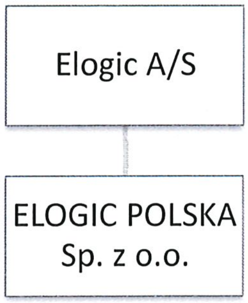
Management's review

Company details

Name	Elogic A/S
Address, zip code, city	Bjørnkærvej 3, 8783 Hornsyld
CVR no.	15 29 07 73
Established	3 April 2018
Registered office	Hedensted
Financial year	1 May 2020 - 30 April 2021
Website	https://www.elogic.dk/
E-mail	info@elogic.dk
Telephone	+45 88 20 71 00
Board of Directors	Michael Hemicke, Chairman Per Eskildsen Vibeke Løvschall Ankerfelt Bo Ankerfelt Morten Rüdevald Martin Møller Jakobsen
Executive Board	Bo Ankerfelt, CEO
Auditors	EY Godkendt Revisionspartnerselskab Værkmestergade 25, P.O. Box 330, 8100 Aarhus C, Denmark

Management's review

Group chart



Financial highlights for the Group

DKKm	2020/21	2019/20
Key figures		
Gross profit/loss	27	28
Earnings before interests, taxes, depreciation and amortisation (EBITDA)	0	3
Ordinary operating profit/loss	-1	2
Net financials	-1	0
Profit/loss for the year	-2	1
Total assets	61	58
Investments in property, plant and equipment	3	1
Equity	5	19
Cash flows from operating activities	0	5
Cash flows from investing activities	1	0
Cash flows from financing activities	2	-5
Total cash flows	3	0
Financial ratios		
Return on assets	-1.7 %	3.4%
Return on equity	-14.1 %	7.2%
Equity ratio	8.8 %	32.7%
Average number of full-time employees	191	174

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

Management's review

Corporate Governance

Elogic A/S is owned 100% by BMLP ApS. The majority owner of BMLP ApS is Bavla ApS. Some management members and board members are also shareholders of BMLP ApS.

Business review

Elogic's primary activities are 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

As of 29 April 2021, BMLP ApS acquired Elogic with Bavla ApS as majority shareholder. The activities have to some extent been affected by the change in ownership and related activities. Also, the COVID-19 pandemic has affected sales to industrial customers, although volume-wise compensated by higher sales to the construction segment.

Financial review

The income statement for 2020/21 shows a loss of DKK 1,711 thousand, and the balance sheet at 30 April 2020 shows equity of DKK 5,338 thousand and subordinated loan capital from Vækstfonden of 6,000 thousand.

The loss is mainly due to extraordinary costs related to the ownership change and from higher IT costs related to the transfer of ownership of inventories from Denmark to the Polish subsidiary.

Focus has been on improving internal processes, new business development and sales growth.

The number of employees has been steady in the period and totalled 27 employees in Hornsyld at year end and 172 employees in the subsidiary, Elogic Polska, in Stettin, Poland.

Knowledge resources

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

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 which 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.

Management's review

Financial exposure

As the main markets are Denmark and the Nordic Countries, the Company's primary currency exchange challenges are 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

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.

Research and development activities

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

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 Company will focus on optimizing the operational model, increase profitability and grow sales. Because of this, the results for the coming period are expected to be positive.

Consolidated financial statements and parent company financial statements 1 May 2020 – 30 April 2021

Income statement

		Consolidated		Parent company	
Note	DKK'000	2020/21	2019/20	2020/21	2019/20
	Gross profit/loss	26,782	28,153	14,246	14,884
2,12	Distribution costs	-15,512	-15,715	-9,211	-8,703
2,12	Administrative expenses	-12,299	-10,443	-6,635	-5,139
	Profit/loss before net financials	-1,029	1,995	-1,600	1,042
	Shares of profit/loss after tax in subsidiaries	0	0	441	760
3	Financial income	62	439	13	439
4	Financial expenses	-1,244	-665	-1,166	-686
	Profit/loss before tax	-2,211	1,769	-2,312	1,555
5	Tax for the year	500	-396	601	-182
	Profit/loss for the year	-1,711	1,373	-1,711	1,373

Consolidated financial statements and parent company financial statements 1 May 2020 – 30 April 2021

Balance sheet

Note	DKK'000	Consolidated 2020/21	Consolidated 2019/20	Parent company 2020/21	Parent company 2019/20
	ASSETS				
	Non-current assets				
6	Intangible assets				
	Other intangible assets	1,002	799	1,002	799
		1,002	799	1,002	799
7	Property, plant and equipment				
	Plant and machinery	882	956	0	0
	Fixtures and fittings, tools and equipment	1,505	1,740	153	528
	Leasehold improvements	372	567	0	0
	Property, plant and equipment under construction	561	24	547	24
		3,320	3,287	700	552
	Other non-current assets				
8	Equity investments in subsidiaries	0	0	4,720	5,149
	Total non-current assets	4,322	4,086	6,422	6,500
	Current assets				
	Inventories				
	Raw materials and consumables	14,065	18,046	390	18,046
	Work in progress	4,469	5,319	1,479	5,319
		18,534	23,365	1,869	23,365
	Receivables				
	Trade receivables	28,211	21,851	27,973	21,366
	Receivables from subsidiaries	0	0	3,001	610
	Deferred tax assets	514	421	3	18
	Corporate tax	1,174	497	1,074	457
	Other receivables	543	3,099	195	2,821
9	Prepayments	808	742	808	742
		31,250	26,610	33,054	26,014
	Cash	6,616	3,950	6,272	3,086
	Total current assets	56,400	53,925	41,195	52,465
	TOTAL ASSETS	60,722	58,011	47,617	58,965

Consolidated financial statements and parent company financial statements 1 May 2020 – 30 April 2021

Balance sheet

Note	DKK'000	Consolidated 2020/21	Consolidated 2019/20	Parent company 2020/21	Parent company 2019/20
	EQUITY AND LIABILITIES				
	Equity				
10	Share capital	5,200	5,200	5,200	5,200
	Net revaluation reserve according to the equity method	0	0	2,907	3,336
	Retained earnings	138	13,754	-2,769	10,418
	Total equity	5,338	18,954	5,338	18,954
	Provisions				
11	Deferred tax	22	17	0	0
12	Other provisions	570	591	239	292
	Total provisions	592	608	239	292
	Liabilities other than provisions				
13	Non-current liabilities other than provisions				
	Credit institutions	2,000	0	2,000	0
	Subordinate loan capital	6,000	0	6,000	0
	Other payables	1,692	1,139	1,692	1,139
		9,692	1,139	9,692	1,139
	Current liabilities				
	Bank debt	9,946	4,426	9,000	3,739
	Trade payables	28,504	24,511	16,698	24,266
	Payables to subsidiaries	0	0	0	6,351
	Other payables	6,650	8,373	6,650	4,224
	Total current liabilities	45,100	37,310	32,348	38,580
	Total liabilities	54,792	38,449	42,040	39,719
	TOTAL EQUITY AND LIABILITIES	60,722	58,011	47,617	58,965

1 Accounting policies
14 Staff costs
15 Contractual obligations and contingencies, etc.
16 Related parties

Consolidated financial statements and parent company financial statements 1 May 2020 – 30 April 2021

Statement of changes in equity

		Group			
Note	DKK'000	Share capital	Retained earnings	Dividend proposed	Total
	Equity at 1 May 2020	5,200	13,754	0	18,954
17	Transferred; see distribution of profit/loss	0	-1,711	0	-1,711
	Foreign exchange adjustments, foreign subsidiary	0	-55	0	-55
	Dividend	0	-11,850	0	-11,850
	Extraordinary dividend distributed	0	0	-11,850	-11,850
	Proposed extraordinary dividend recognised under equity	0	0	11,850	11,850
	Equity at 30 April 2021	5,200	138	0	5,338

Statement of changes in equity

		Parent				
Note	DKK'000	Share capital	Net revaluation reserve according to the equity method	Retained earnings	Dividend proposed	Total
	Equity at 1 May 2020	5,200	3,336	10,418	0	18,954
	Dividends received from subsidiaries	0	-815	815	0	0
17	Transferred; see distribution of profit/loss	0	441	-2,152	0	-1,711
	Foreign exchange adjustments, foreign subsidiary	0	-55	0	0	-55
	Dividend	0	0	-11,850	0	-11,850
	Extraordinary dividend distributed	0	0	0	-11,850	-11,850
	Proposed extraordinary dividend recognised under equity	0	0	0	11,850	11,850
	Equity at 30 April 2021	5,200	2,907	-2,769	0	5,338

Consolidated financial statements and parent company financial statements 1 May 2020 - 30 April 2021

Cash flow statement

		Consolidated		Parent company	
Note	DKK'000	2020/21	2019/20	2020/21	2019/20
	Profit/loss before net financials	-1,029	1,995	-1,600	1,042
	Depreciation and amortisation	1,211	1,310	474	558
	Other adjustments of non-cash operating items	-3,678	-262	-2,263	-482
18	Changes in working capital	3,763	3,108	4,065	4,050
	Interest received	0	4	0	4
	Interest paid	-394	-427	-394	-412
	Corporation tax paid	-339	-808	-146	-603
	Cash flows from operating activities	-466	4,920	136	4,157
6	Acquisition of intangible assets	0	274	0	274
7	Acquisition of property, plant and equipment	1,462	247	825	24
	Disposal of property, plant and equipment	0	-92	0	0
	Dividends received from subsidiaries	0	0	814	0
	Cash flows from investing activities	1,462	429	1,639	298
	Loan financing:				
	Repayment of non-current liabilities:				
	Increase in payables to credit institutions and other institutions	13,520	-5,265	13,261	-4,954
	Shareholders:				
	Dividend distributed	-11,850	0	-11,850	0
	Cash flows from financing activities	1,670	-5,265	1,411	-4,954
	Cash flows for the year	2,666	84	3,186	-499
	Cash and cash equivalents, beginning of year	3,950	3,866	3,086	3,585
	Cash and cash equivalents, year end	6,616	3,950	6,272	3,086

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

Consolidated financial statements and parent company financial statements 1 May 2020 – 30 April 2021

Notes

1 Accounting policies

The annual report of Elogic A/S for 2020/21 has been prepared in accordance with the provisions in the Danish Financial Statements Act applying to medium-sized reporting class C entities.

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

Consolidated financial statements

Control

The consolidated financial statements comprise the Parent Company Elogic A/S and subsidiaries controlled by Elogic 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 whether the Parent Company controls an entity, de facto control is also taken into consideration.

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

The Management's review includes a group chart.

Preparation of consolidated financial statements

The consolidated financial statements are 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 as well as 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.

The subsidiaries' financial statement items are included 100% in the consolidated financial statements. Non-controlling interests' share of the profit/loss for the year and of the equity of subsidiaries that are not wholly-owned are included in the Group's profit/loss and equity, respectively, but are presented separately.

Intra-group business combinations

The book value method is applied to business combinations such as acquisition and disposal of equity investments, mergers, demergers, additions 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 acquisition date without any restatement of comparative figures. Differences between the agreed consideration and the carrying amount of the acquiree are recognised directly in equity.

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 rates at the transaction date and 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 the exchange rates at the balance sheet date. 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 financial statements is recognised in the income statement as financial income or financial expenses.

Consolidated financial statements and parent company financial statements 1 May 2020 - 30 April 2021

Notes

1 Accounting policies (continued)

Income statement

Revenue

Revenue from the sale of goods

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 transfer of the most significant rewards and risks is based on standardised terms of delivery based on Incoterms® 2010.

Revenue from the sale of services

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

Gross profit

The items revenue, production costs and other operating income have been aggregated into one item called gross profit in accordance with section 32 of the Danish Financial Statements Act.

Production costs

Production costs comprise costs, including depreciation, amortisation and salaries, incurred in generating revenue for the year. 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 of raw materials and consumables, wages and salaries, rent and leases as well as impairment losses on production plant. Production costs also comprise research and development costs that do not qualify for capitalisation as well as amortisation of capitalised development costs.

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 as well as amortisation and depreciation. Sales and marketing costs are recognised in the income statement when the Company obtains control of the sales or marketing product.

Administrative expenses

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

Other operating expenses

Other operating expenses comprise items secondary to the entities' activities, including losses on disposal of intangible assets and property, plant and equipment.

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.

Consolidated financial statements and parent company financial statements 1 May 2020 - 30 April 2021

Notes

1 Accounting policies (continued)

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

Depreciation is recognised in the income statement as production costs, distribution costs and administrative expenses, respectively.

Profit/loss from equity investments in subsidiaries and associates

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 and associates are presented as separate line items in the income statement. Full elimination of intra-group gains/losses is made for equity investments in subsidiaries. Only proportionate elimination of intra-group gains/losses is made for equity investments in associates.

The proportionate share of the results after tax of the individual subsidiaries is recognised in the income statement of the Parent Company after full elimination of intra-group profits/losses.

The proportionate share of the results after tax of the associates is recognised in both the consolidated and the parent company income statement after elimination of the proportionate share of intra-group profits/gains.

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 for the year

The Parent Company is subject to the Danish rules on compulsory joint taxation of the Group's Danish subsidiaries. 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 excluded from the consolidation.

The Parent Company acts as administration company for the joint taxation arrangement and consequently settles all corporate income tax payments with the tax authorities.

On payment of joint taxation contributions, the Danish corporation 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.

Tax for the year comprises current income tax, joint taxation contribution and changes in deferred tax for the year due to changes in the tax rate. The tax expense relating to the profit/loss for the year is recognised in the income statement, and the tax expense relating to amounts recognised directly in equity is recognised directly in equity.

Consolidated financial statements and parent company financial statements 1 May 2020 – 30 April 2021

1 Accounting policies (continued)

Balance sheet

Intangible assets

Other Intangible assets included 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

Land and buildings, plant and machinery and fixtures and fittings, tools 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, wages and salaries as well as borrowing costs relating to specific and general borrowing directly attributable to the construction of the individual asset.

Individual components of property, plant and equipment that have different useful lives are accounted for as separate items, which are depreciated separately.

Gains and losses on the disposal of items 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 as other operating income or other operating expenses, respectively.

Equity investments in subsidiaries and associates in the parent company financial statements

Equity investments in subsidiaries and associates 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 deducted from the carrying amount.

Equity investments in subsidiaries and associates 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 and associates is tested annually for indication of impairment other than the decrease in value reflected by amortisation/depreciation.

Impairment tests are conducted on individual assets or groups of assets when there is indication of impairment. Write-down is made to the lower of the carrying amount and the recoverable amount.

Consolidated financial statements and parent company financial statements 1 May 2020 – 30 April 2021

Notes

1 Accounting policies (continued)

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.

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.

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

Finished goods and work in progress are measured at cost, comprising the cost of raw materials, consumables, direct wages and salaries as well as indirect production overheads. Production overheads comprise costs of material and labour as well as maintenance of and depreciation on production machinery, buildings and equipment as well as costs relating to plant administration and management.

The net realisable value of inventories is determined as the selling price less costs of completion and costs incurred to effect the sale, taking into account marketability, obsolescence and developments in the expected selling price.

Receivables

Receivables are measured at amortised cost.

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

Write-down for bad and doubtful debts is made when there is objective evidence that a receivable or a portfolio of receivables has been 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 country of domicile and credit ratings of the debtors in accordance with the credit risk management policy of the Parent Company and the Group. 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 of the individual receivable or portfolio is used as discount rate.

Prepayments

Prepayments comprise costs incurred concerning subsequent financial years.

Equity

Net revaluation reserve according to the equity method

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

Consolidated financial statements and parent company financial statements 1 May 2020 – 30 April 2021

Notes

1 Accounting policies (continued)

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

The reserve cannot be recognised at a negative amount.

Dividend

Proposed dividend is recognised as a liability at the date when it is adopted at the annual general meeting (declaration date). Dividend expected to be distributed for the year is presented as a separate line item in 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 taxable income in previous years and tax paid on account.

Joint taxation contributions payable and receivable are recognised in the balance sheet as corporation tax receivable or corporation tax payable.

Deferred tax is measured using the balance sheet 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 non-deductible goodwill and on office premises and other items where temporary differences – apart from acquisitions – arise at the acquisition date 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 carryforwards, 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 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

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.

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

Liabilities other than provisions

Financial liabilities are recognised at the date of borrowing at the 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.

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Notes

1 Accounting policies (continued)

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 entities 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 corporation tax paid.

Cash flows from investing activities

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

Cash flows from financing activities

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

Cash and cash equivalents

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

Financial ratios

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

Operating profit/loss	Profit/loss before financial items adjusted for other operating income and other operating expenses
Return on assets	$\frac{\text{Profit/loss from operation activities x 100}}{\text{Average assets}}$
Equity ratio	$\frac{\text{Equity at year end x 100}}{\text{Total equity and liabilities at year end}}$
Return on equity	$\frac{\text{Profit/loss for the year after tax x 100}}{\text{Average equity}}$

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Notes

DKK'000	Consolidated 2020/21	Consolidated 2019/20	Parent company 2020/21	Parent company 2019/20
2 Amortisation, depreciation and impairment losses				
Intangible assets	211	100	211	100
Property, plant and equipment	1,000	1,210	263	458
	1,211	1,310	474	558
Amortisation, depreciation and impairment losses are recognised in the consolidated financial statements and the parent company financial statements as follows:				
Production	1,000	1,210	263	458
Distribution	0	0	0	0
Administration	211	100	211	100
	1,211	1,310	474	558
3 Financial income				
Foreign exchange gains	62	435	13	435
Other interest income	0	4	0	4
	62	439	13	439
4 Financial expenses				
Interest expenses from subsidiaries	0	0	0	21
Foreign exchange losses	372	238	294	238
Other interest expenses	872	427	872	427
	1,244	665	1,166	686
5 Tax for the year				
Current tax for the year	-530	339	-617	146
Deferred tax adjustment for the year	30	57	16	36
	- 500	396	-601	182

6 Intangible assets

DKK'000	Consolidated Other intangible assets
Cost at 1 May 2020	899
Additions	0
Transferred	414
Cost at 30 April 2021	1,313
Amortisation and impairment losses at 1 May 2020	100
Amortisation	211
Value adjustments at 30 April 2021	311
Carrying amount at 30 April 2021	1,002

Consolidated financial statements and parent company financial statements 1 May 2020 – 30 April 2021

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7 Property, plant and equipment

	Group				
DKK'000	Plant and machinery	Fixtures and fittings, tools and equipment	Leasehold improve-ments	Property, plant and equipment under construction	Total
Cost at 1 May 2020	25,296	15,309	994	24	41,623
Currency adjustment	-251	-122	-10	0	-383
Additions	102	521	0	839	1,462
Transferred	0	-112	0	-302	-414
Disposals	0	0	0	0	0
Cost at 30 April 2021	25,147	15,596	984	561	42,288
Depreciation and impairment losses at 1 May 2020	24,340	13,569	427	0	38,336
Currency adjustment	-242	-110	-4	0	-356
Depreciation	167	632	189	0	988
Disposals	0	0	0	0	0
Depreciation and impairment losses at 30 April 2021	24,265	14,091	612	0	38,968
Carrying amount at 30 April 2021	882	1,505	372	561	3,320
Depreciated over	5-15 years	3-10 years	5-15 years	-	

	Parent		
DKK'000	Fixtures and fittings, tools and equipment	Property, plant and equipment under construction	Total
Cost at 1 May 2020	3,004	24	3,028
Currency adjustment	0	825	825
Additions	0	0	0
Transferred	-112	-302	-414
Disposals	0	0	0
Cost at 30 April 2021	2,892	547	3,439
Depreciation and impairment losses at 1 May 2020	2,476	0	2,476
Currency adjustment	0	0	0
Depreciation	263	0	263
Disposals	0	0	0
Depreciation and impairment losses at 30 April 2021	2,739	0	2,739
Carrying amount at 30 April 2021	153	547	700
Depreciated over	3-10 years	-	

Consolidated financial statements and parent company financial statements 1 May 2020 - 30 April 2021

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8 Equity investments in subsidiaries

DKK'000	Parent 2020/21
Cost at 1 May 2020	1,813
Additions on acquisitions of subsidiaries	0
Cost at 30 April 2021	1,813
Value adjustments at 1 May 2020	3,336
Foreign exchange adjustment	-55
Distributed dividend	-815
Profit/loss for the year	441
Value adjustments at 30 April 2021	2,907
Carrying amount at 30 April 2021	4,720

Name and registered office	Voting rights and ownership	Profit/loss DKK'000	Equity DKK'000
ELOGIC POLSKA Sp. z o.o.	100%	441	4,720

The subsidiary is considered a separate entity.

9 Prepayments

Prepayments primarily relate to IT licences paid in advance.

10 Share capital (parent)

DKK'000	Parent 2020/21	Parent 2019/20
Opening balance	5,200	5,200

11 Deferred tax

DKK'000	Consolidated 2020/21	Consolidated 2019/20	Parent 2020/21	Parent 2019/20
Deferred tax at 1 May 2020	-404	-462	-18	-54
Deferred tax adjustment for the year	-88	58	15	36
Deferred tax at 30 April 2021	-492	-404	-3	-18

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12 Other provisions

	Consolidated		Parent	
DKK'000	2020/21	2019/20	2020/21	2019
Opening balance at 1 May 2020	591	830	292	650
Provisions utilised during the year	-21	-239	-53	-358
Other provisions at 30 April 2021	570	591	239	292

13 Non-current liabilities other than provisions

The liabilities can be specified as follows:

	Parent			
DKK'000	Total debt at 30/4 2021	Repayment, next year	Long-term portion	Outstanding debt after 5 years
Credit institutions	2,000	0	2,000	560
Subordinate loan capital	6,000	0	6,000	2,971
Other payables	1,692	0	1,692	1,692
	9,692	0	9,692	5,223

14 Staff costs

	Consolidated		Parent	
DKK'000	2020/21	2019/20	2020/21	2019/20
Wages and salaries	32,301	36,283	20,826	18,368
Pensions	1,170	1,345	1,170	1,210
Other social security costs	2,118	3,578	90	286
Other staff costs	879	1,187	499	674
Staff costs transferred to inventories and cost of goods sold	-4,422	-21,257	-4,422	-4,334
	32,046	21,136	18,163	16,204

Staff costs are recognised in the consolidated financial statements and the parent company financial statements as follows:

Production	17,746	7,132	6,837	6,783
Distribution	8,303	7,286	8,303	7,286
Administration	5,997	6,718	3,023	2,135
	32,046	21,136	18,163	16,204
Average number of full-time employees	191	174	27	29

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

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15 Contractual assets, obligations and contingencies, etc.

Contingent assets

The Company has, as regulated by the Share Purchase Agreement, recourse claims against the former owner of Elogic A/S, Micro Matic A/S regarding provisions related to activities before the change of ownership.

Contingent liabilities

Elogic A/S was jointly taxed with Triarca Holding ApS until 29 April 2021. Triarca Holding ApS 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 2021 onwards as well as withholding taxes on interest, royalties and dividends falling due payment on or after 30 April 2021.

Other financial obligations

Rent and lease liabilities include a rent obligation totalling DKK 3,292 thousand (2019/20: DKK 4,617 thousand) in interminable rent agreements with remaining contract terms of 1-7 years. Furthermore, the Company has liabilities under operating leases for cars, totalling DKK 1,432 thousand (2019/20: DKK 1,540 thousand), with remaining contract terms of 1-4 years.

16 Related parties

Elogic A/S' related parties comprise the following:

Control

Elogic Polska Sp. Z o.o., Szczecin, Poland

Parties exercising control

BMLP ApS, Sanatorievej 16B, 8680 Ry, DK - majority shareholder (100 %)

Related party transactions

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

DKK'000	2020/21	2019/20
Elogic Polska - Purchase production capacity	24,447	32,584
Elogic Polska - Income from internal invoicing of capacity costs	1,319	1,828
Elogic Polska - Sales of materials	27,323	0
Triarca Holding ApS - Interest expense	0	15
Triarca A/S - Sale of panels	5,732	1,830
Triarca A/S - Income from internal invoicing of capacity costs	1,392	4,239
Triarca A/S - Costs from internal invoicing of capacity costs	5,462	4,880
Receivables from group companies	3,001	0
Payables to group companies	0	6,351
Joint taxation contribution receivables	1,072	457

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		Consolidated		Parent	
	DKK'000	2020/21	2019/20	2020/21	2019/20
17	**Distribution of profit/loss**				
	Proposed distribution of profit/loss				
	Net revaluation reserve according to the equity method	0	0	441	760
	Retained earnings	-1,711	1,373	-2,152	613
		-1,711	1,373	-1,711	1,373
18	**Changes in working capital**				
	Changes in inventories	4,831	-5,543	21,496	-5,543
	Changes in receivables	-3,870	6,870	-6,439	6,761
	Changes in trade and other payables	2,802	1,781	-10,992	2,832
		3,763	3,108	4,065	4,050