ICEpower A/S

Vandtårnsvej 62 A, 3. B., DK-2860 Søborg

Annual Report for 1 June 2021 - 31 May 2022

CVR No 25 05 35 91

The Annual Report was presented and adopted at the Annual General Meeting of the Company on 25/08 2022

Henrik Bjørn Rasmussen
Chairman of the General Meeting

Contents

Management's Statement

The Executive Board and Board of Directors have today considered and adopted the Annual Report of ICEpower A/S for the financial year 1 June 2021 - 31 May 2022.

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 at 31 May 2022 of the Company and of the results of the Company operations for 2021/22.

In our opinion, Management's Review includes a true and fair account of the matters addressed in the Review.

We recommend that the Annual Report be adopted at the Annual General Meeting.

Copenhagen, 25 August 2022

Executive Board

Keld Lindegaard Andersen
CEO

Board of Directors

Henrik Bjørn Rasmussen Chairman	Ronnie Møller-Thorsøe	Anders Sejer Tranberg-Hansen

Independent Auditor’s Report

To the Shareholder of ICEpower A/S

Opinion
In our opinion, the Financial Statements give a true and fair view of the financial position of the Company at 31 May 2022 and of the results of the Company’s operations for the financial year 1 June 2021 - 31 May 2022 in accordance with the Danish Financial Statements Act.

We have audited the Financial Statements of ICEpower A/S for the financial year 1 June 2021 - 31 May 2022, which comprise income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies (”the Financial Statements”).

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.

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.

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 Financials Statements Act.

Based on the work we have performed, in our view, 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 in Management’s Review.

Independent Auditor's Report

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.

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.

- 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.

Independent Auditor’s Report

- 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.

Hellerup, 25 August 2022
PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
CVR No 33 77 12 31

Niels Henrik B. Mikkelsen
State Authorised Public Accountant
mne16675

Martin Birch
State Authorised Public Accountant
mne42825

Company Information

The Company	ICEpower A/S Vandtårnsvej 62 A, 3. B. DK-2860 Søborg CVR No: 25 05 35 91 Financial period: 1 June - 31 May Municipality of reg. office: Gladsaxe
Board of Directors	Henrik Bjørn Rasmussen, Chairman Ronnie Møller-Thorsøe Anders Sejer Tranberg-Hansen
Executive Board	Keld Lindegaard Andersen
Auditors	PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab Strandvejen 44 DK-2900 Hellerup

Financial Highlights

Seen over a five-year period, the development of the Company is described by the following financial highlights:

	2021/22	2020/21	2019/20	2018/19	2017/18
	TDKK	TDKK	TDKK	TDKK	TDKK
Key figures					
Profit/loss					
Gross profit/loss	112,456	67,980	67,321	52,894	44,527
Profit/loss before financial income and expenses	39,079	4,555	13,719	10,449	2,246
Net financials	-6,109	4,082	-3,680	-2,829	292
Net profit/loss for the year	27,349	8,657	8,160	5,973	1,941
Balance sheet					
Balance sheet total	153,474	122,157	119,082	102,652	85,469
Equity	68,319	55,181	52,725	61,565	55,519
Investment in property, plant and equipment	5,019	2,405	3,145	1,835	1,119
Number of employees	73	52	45	38	34
Ratios					
Return on assets	25.5%	3.7%	11.5%	10.2%	2.6%
Solvency ratio	44.5%	45.2%	44.3%	60.0%	65.0%
Return on equity	44.3%	16.0%	14.3%	10.2%	3.6%

Management's Review

Key activities

ICEpower aspires "to become the preferred partner for outsourced product creation to the leaders of the audio industry".

Originally, ICEpower was focused on the supply of parts such as amplification modules and switch mode power supplies for the audio industry. Over the past 8 years, ICEpower has transformed into a developer and manufacturer of turnkey products (finished goods) and customized electronic solutions to the audio industry, including mechanics, software, analog, and digital hardware.

1.ICEpower serves the entire audio industry with audio products. The Audio Products are off-the-shelf products ready-made for implementation for all audio segments and all audio applications from consumer and automotive to professional use.

2.In addition, ICEpower focuses its turnkey business on 3 core application segments.

A.Home Automation audio equipment, including cinema rack amps,
B.Audio equipment for Commercial, Corporate and Educational installations
C.Audio equipment for PRO audio, incl. rack equipment and backplates for powered speakers for both touring and fixed installation.

This means that ICEpower is a project-focused company that also has a large portfolio of audio products for the wider market.

Turnkey solutions are products developed for a specific customer and include turnkey products, custom designs, and speaker backplates.

Audio products are off-the-shelf products and include amplifier power modules, audio integrated circuits (IC), and power supplies.

Among its peers, ICEpower is the only manufacturer offering solutions to the audio industry based on own ASIC development, and ICEpower is the only developer that possess and masters all amplification and power supply technologies, all feedback technologies, all diagnostics and monitoring, complete mastery of continuous and short-term power capabilities, DSP, software and network technologies incl. AVB.

ICEpower capabilities include both "simple" products, where all interconnects are analog, as well as highly feature-rich digital products incorporating elements such as streaming audio and control over a network connection (e. g. Dante, Milan, or proprietary protocols), Advanced DSP, GUI Control, Hosted web servers and displays.

With app. 100 employees, incl. part timers, in the center of Copenhagen, Denmark, ICEpower has the largest number of power electronics engineers within audio at one location in the world and is a global R&D center of excellence within audio electronics.

Management’s Review

The mission of ICEpower is "through engineering excellence and close partnering, ICEpower offers customers the highest quality and performance audio products at the best price in the market".

ICEpower has been able to prove this concrete offer to turnkey customers for several years in which engineering excellence has proven better audio performance, improved sustainability, and competitive pricing compared to ICEpower's main competitors, the Electronic Manufacturing Suppliers (EMS) in Asia.

Development in the year

Despite the worldwide electronic component shortages, ICEpower managed to grow its revenue app. 40% with an EBT result of app. 39 MDKK during the financial year of 2021/22. This is a satisfactory result. Despite this result, it is not satisfactory that ICEpower would have been able to more than double the revenue from FY 2020/21 had it not been for the the global component shortage.

The world market for electronics is severely impacted by shortages of various kinds of electronic componentry, and currently, it is difficult for the entire electronic world market to estimate how and to what degree this is predominantly due to a shortage that was well-under way prior to COVID-19 and/or the actual impact of COVID-19 on electronic manufacturing sites and on worldwide shipping systems.

During 2021/22 ICEpower continued to win several new projects - all contracted in Development and Supply Agreements for the coming years. This means that provided sourcing of componentry will ease up, revenue growth at a similar level can be expected y-on-y during the coming years.

Today ICEpower is working on turnkey solutions for app. 80% of the customers that ICEpower strategically has decided to and wish to work for. ICEpower has won new assignments and contracts that eventually will result in revenue that is more than double the FY 2021/22 revenue.

During FY 2021/22 ICEpower has invested in improving our technological offerings, new audio products for the general audio market, new and improved services, new employees, and a general strengthening of our operational performance in close cooperation with our outsourced facilities in Thailand. Including part-timers, ICEpower has around 100 employees today.

During FY 2021/22 ICEpower sold off its embedded software for mobile products (PCs, laptops etc.), ICEsound to a Third Party to focus the business. The sell-off has a positive impact of 8.997 MDKK on EBT.

Management's Review

The past year and follow-up on development expectations from last year

Considering the difficulties for the electronic industry due to worldwide electronic component shortages and related impacts, management considers the result before tax of 32.971 MDKK including 8.997 MDKK from sell-off compared with a budget of 21.196 MDKK satisfactory and in line with expectations for the year. Furthermore, our growth compared with FY 2020/21 of 42% in revenue and 273% In result before tax is also satisfactory.

Operating risks

The Company's revenue is primarily in USD and results in, the Company being sensitive to fluctuations in the USD exchange rate. This is partially met with currency hedging.

Targets and expectations for the year ahead

Management has considered the outbreak of COVID-19 and its current and future potential effects on the Company. Despite the continued lack of components and a continued impact on the Company's two Thailand-based outsourced manufacturing facilities, ICEpower expects to continue strong double-digit growth in revenue and considerable growth in EBIT for 2022/23.

The Company has a solid cash position to fund the Group's organic growth and operations through the financial year 2022/23 and beyond.

Sustainability - ICEpower's Environmental, Social and Governance practice

Towards a sustainable ICEpower

At ICEpower, we take great pride in our efforts toward a better environment and a sustainable business. And we want to do it the right way.

During FY2021/22 ICEpower has been working with external consultants to perform due diligence on how we impact the factors of Environment, Social, and Governance. Today we feel better equipped than ever to deal with sustainability concerning ICEpower specifically and in relation to general manufacturing of and use of audio electronics in the world market.

Each employee plays a unique and necessary role in our company. We operate globally and want to establish and nurture relationships across cultures, languages, and ethnicities. We believe that employees spending a large part of their life working for our company is to be treated with respect and dignity.

Providing excellent working conditions for our employees is of key importance to ICEpower. When ICEpower cares for the people, the people care for ICEpower. They are motivated to perform the best they can. This is beneficial for the employee, the company, and the customers.

Management’s Review

Basic Principles towards a sustainable ICEpower

In Q2, 2022, we introduced The Corporate Social responsibility (CSR) of ICEpower A/S. We demonstrate how ICEpower takes responsibility for contributing while managing adverse impacts on internationally agreed principles for sustainable social, environmental, and economic development, as well as how ICEpower seeks to ensure that our business relationships act responsibly.

ICEpower's commitment to sustainability is based on the internationally agreed core principles for sustainable development; human rights (including labor rights), environment (including climate), and anti-corruption. The principles are listed by the UN Global Compact and made operational through the UN Guiding Principles on Business and Human rights (UNGPs) and the OECD Guidelines for Multinational Enterprises (OECD).

ICEpower complies with regulations wherever we operate. Distinct from this, our commitment means that ICEpower, and its subsidiaries, continuously identify, prevent, or mitigate our risk of adverse impacts concerning the core principles. We communicate how we manage such impacts. Where we cause or contribute to adverse impacts, we will provide access to remedy. We will also seek to make a difference for sustainability, where ICEpower can make a difference.

This means that ICEpower has implemented and complies with the 2011 Management Standard Process by the UN Guiding Principles (UNGP/OECD) on Business and Human Rights and the OECD Guidelines for Multinational Enterprises (OECD).

ICEpower has created an ICEpower Policy Commitment covering social, environmental, and economic sustainability, including our first (2022) social, environmental, and economic impact assessment. Our Due Diligence on ICEpower is available on request.

•A Sustainability Policy (available on icepower.dk)
•A Business Relationships (RBR) Code of Conduct (CoC) (available on icepower.dk)
•A Code of Conduct for Employees (CoC) (available on icepower.dk)
•Established operational grievance mechanisms in ICEpower (incl. a whistle-blower system)
•A Three-Year Implementation Plan for Sustainability

ICEpower’s Management System meets UNGPs three requirements:

•A Policy Commitment
•A Due Diligence (including Identification, Prevention/Mitigation, Accounting for (tracking – communicating))
•Way of remediation

These processes are in place at ICEpower, and ICEpower assumes, expects, and demands the same from all our business relationships (EU Non-financial Reporting Directive – new EU' Corporate Sustainability Reporting Directive').

Management's Review

Responsibility in Business Relationships

It hereby follows that ICEpower requires all our business relationships (BR) to have adequate policies and processes in place, ensuring that they manage adverse impacts. ICEpower will, from time to time, check their processes (and latest Impact Assessments) incl.

•Policy Commitment
•Information on the handling of severe impacts
•Impact assessment – from where it is produced
•Information on their handling of Business Relationships.

According to The Foundational Principle 14, the responsibility applies to all enterprises regardless of their size, sector, operational context, ownership, and structure. The scale and complexity of how our relationships meet that responsibility varies according to these factors and with the severity of our business relationship's adverse human rights impacts.

Our minimum expectations towards our Business Relationships are, therefore (and in accordance with the UNGP), that our Business Relationships:

•Include their expectations of their Business Relationships in their Policy Commitment
•Adhere to and comply with UNGPs
•Assesses their contribution to adverse impacts (incl. making it available for ICEpower and others)
•Inform ICEpower (and others) on 'known' severe impacts that our Business Relationships cause or contribute to.

ICEpower expresses our expectations to all our Business Relationships in our Code of Conduct as well as in other kinds of direct inquiries.

We will assess selected Business Relationship's due diligence processes as well as collaborate with those on proper implementation.

Management's Review

Assessing Human Rights, Environment and Economic Impact

Regarding our policy commitment to Human Rights, Environment and Economic (Governance) Impact ICEpower complies with the 5 requirements of the UNGP:

1.Approved by Top Management (Board of Directors)
2.Informed by relevant and sufficient human rights expertise (QA)
3.The HuRi expectations are stipulated to all relevant stakeholders (incl. employees and BR)
4.Publicly available at icepower.dk
5.Embedded throughout our business

Environment

ICEpower A/S was in the beginning of this century one of the first companies in the world to make efficient amplifiers and make these amplifiers available for the entire audio industry.

In its sense, the very idea behind Class D amplification and switch mode power supply technology and the idea by ICEpower has been and is - while producing ultimate quality sound experiences in a variety of audio products - to:

•Get rid of the heat (avoiding costly, bulky cooling systems) by reaching best-in-class efficiency while maintaining best-in-class audio performance with our proprietary Class D Technology, thereby reducing the power consumption in a home or a professional environment

•ICEpower is the only non-semiconductor company having developed our own Class D technology in silicon, e. g. microchips. This enables ICEpower:

•To make the smallest and lightest weight amplifiers and power supplies, thereby reducing the costs of transportation and use of energy to transport.

•To greatly reduce the number of components needed to manufacture an amplification board – compared to our peers. Again, less use of components means lightweight, less use of natural resources and less energy consumption at all steps in the supply and value chain.

Although Class D technology can be said to have contributed to more sustainability, we consider this evolution for granted today – state-of-the-art. The audio industry still omits CO_2 when manufacturing audio products and especially when products are in use.

Management's Review

The ICEpower CO2 footprint

ICEpower has estimated our CO2 emission footprint based on the Greenhouse Gas Protocol (GHGP). ICEpower has established reduction targets based on the Science-Based Targets initiative (SBTi). Based on ICEpower 2019, we have estimated a total of 22.469-ton CO2 emissions. Scope 1 is estimated at app. 0,02% CO2 emission. Scope 2 at app. 0,2% CO2 emissions and thus Scope 3 at app. > 99% of total CO2 emissions. Thus, details on our efforts within Scope 1 and 2 are covered in our Sustainability Business Conduct on our homepage.

Reducing The ICEpower CO2 Footprint, Scope 3

In Scope 3 we distinguish between Upstream CO2 emissions (manufacturing) and Downstream CO2 emissions (use cases among the end-users). End-users are either private users/consumers or professional users (commercial installation or live sound).

ICEpower has calculated that Upstream constitutes app. 12% of our Scope 3 emissions while the sold products (Downstream - use cases) constitute 88%.

So, by far, the largest CO2 emissions happen as soon as the products are switched on no matter whether we are talking 'play mode' or 'idle mode.

While ICEpower naturally is growing Y-on-Y, our absolute CO2 emissions are growing simultaneously.

Needless to say, and most importantly, the global world must switch to green energy to solve this vast challenge. Energy must be from renewable sources. Water usage must be environmentally responsible and socially equitable.

However, while much of the challenges concerning our environment and climate can be solved by energy from renewable sources, ICEpower is obliged to and feel a strong urge to improve on our Scope 3 emissions right now. In other words, simply waiting for sustainable energy to become available is not responsible.

A Two Step Approach

ICEpower finds that the power consumption of the products can be reduced by:

1.Design - without significant material cost increase
2.Material selection – with a not insignificant cost increase
3.A combination of the above

From April 2022, ICEpower has decided to work with the above two / three steps to reduce Scope 3 emissions. In accordance with the SBTi, SMEs are obliged to measure (screening) and reduce Scope 3 in relative terms. So, while ICEpower expects a large growth during the coming 3-5 years, we also expect our Scope 3 emissions to grow in absolute numbers but to be reduced in relative terms.

Management's Review

Step 1

As a first step ICEpower has initiated technical design solutions that will impact and reduce power consumption for products in development. The key objective is to balance design effort, cost, and actual reductions. The effort solely driven by ICEpower will need to be neutral toward the customers. This will typically fall into the 1st category – Design.

Step 2

As a second step, ICEpower has decided, starting April 2022 to offer all our Turnkey Solution customers a choice upfront in terms of reduced power consumption as an effect of using premium materials (2nd category).

For each specific product, ICEpower will initiate a discussion with the specific customer (the product owner) to propose the customer more sustainable product solutions.

These discussions take place during the proposal phase, where the concrete product is estimated with alternatives toward power consumption reduction and the related cost hereof.

By selecting state-of-the-art materials, ICEpower can significantly reduce power consumption. In some cases, this comes with a higher cost than the current market level. So, if ICEpower still wants to be competitive in the segments where ICEpower plays a role, the customer will need to accept a higher product cost – for the benefit of a reduced CO_2 footprint.

We hope that numerous competitive benefits for our customers can come into play by putting sustainable products into the market.

When new products, where this is the case are being manufactured in 2022 and in the coming years, ICEpower will measure and estimate the results and make the relevant comparisons to measure and make publicly available the relative CO_2 emission improvements according to SBTi.

Foreign Branches

Through subsidiaries, branches etc. the Company is represented in Spain, USA, and Japan.

Uncertainty relating to recognition and measurement

Recognition and measurement in the Annual Report have not been subject to any uncertainty.

Unusual events

The financial position at 31 May 2022 of the Company and the results of the activities of the Company for the financial year for 2021/22 have not been affected by any unusual events.

Management's Review

Subsequent events

No events materially affecting the assessment of the Annual Report have occurred after the balance sheet date.

Income Statement 1 June - 31 May

	Note	2021/22	2020/21
		TDKK	TDKK
Gross profit/loss		**112,456**	**67,980**
Staff expenses	2	-49,243	-38,956
Depreciation, amortisation and impairment of intangible assets and property, plant and equipment	3	-24,134	-24,469
Profit/loss before financial income and expenses	1	**39,079**	**4,555**
Income from investments in subsidiaries	4	161	102
Financial income	5	1,172	10,345
Financial expenses	6	-7,442	-6,365
Profit/loss before tax		**32,970**	**8,637**
Tax on profit/loss for the year	7	-5,621	20
Net profit/loss for the year		**27,349**	**8,657**

Balance Sheet 31 May

Assets

	Note	2022	2021
		TDKK	TDKK
Completed development projects		26,340	42,924
Acquired licenses		704	1,049
Acquired other similar rights		0	0
Development projects in progress		54,454	23,561
Intangible assets	8	**81,498**	**67,534**
Plant and machinery		5,292	5,027
Other fixtures and fittings, tools and equipment		1,200	857
Leasehold improvements		3,238	1,375
Property, plant and equipment	9	**9,730**	**7,259**
Investments in subsidiaries	10	1,325	1,153
Deposits	11	918	889
Fixed asset investments		**2,243**	**2,042**
Fixed assets		**93,471**	**76,835**
Inventories		**7,279**	**5,936**
Trade receivables		38,953	13,545
Receivables from group enterprises		251	128
Other receivables		2,010	6,113
Corporation tax		220	288
Corporation tax receivable from group enterprises		2,402	2,632
Prepayments	12	1,424	863
Receivables		**45,260**	**23,569**
Cash at bank and in hand		**7,464**	**15,817**
Currents assets		**60,003**	**45,322**
Assets		**153,474**	**122,157**

Balance Sheet 31 May

Liabilities and equity

	Note	2022	2021
		TDKK	TDKK
Share capital		1,940	1,940
Reserve for net revaluation under the equity method		1,184	802
Reserve for development costs		46,094	34,933
Reserve for hedging transactions		-4,972	593
Retained earnings		24,073	8,256
Proposed dividend for the year		0	8,657
Equity		**68,319**	**55,181**
Provision for deferred tax	14	16,354	12,589
Other provisions	15	1,641	2,549
Provisions		**17,995**	**15,138**
Other payables		2,977	2,977
Long-term debt	16	**2,977**	**2,977**
Prepayments received from customers		1,200	3,000
Trade payables		44,005	27,387
Payables to group enterprises		4,986	9,696
Deposits		576	468
Other payables	16	13,416	8,310
Short-term debt		**64,183**	**48,861**
Debt		**67,160**	**51,838**
Liabilities and equity		**153,474**	**122,157**
Distribution of profit	13		
Contingent assets, liabilities and other financial obligations	17		
Related parties	18		
Accounting Policies	19		

Statement of Changes in Equity

	Share capital	Reserve for net revaluation under the equity method	Reserve for development costs	Reserve for hedging transactions	Retained earnings	Proposed dividend for the year	Total
	TDKK	TDKK	TDKK	TDKK	TDKK	TDKK	TDKK
2021/22							
Equity at 1 June	1,940	802	34,933	593	8,256	8,657	55,181
Exchange adjustments	0	11	0	0	0	0	11
Ordinary dividend paid	0	0	0	0	0	-8,657	-8,657
Fair value adjustment of hedging instruments, end of year	0	0	0	-7,135	0	0	-7,135
Tax on adjustment of hedging instruments for the year	0	0	0	1,570	0	0	1,570
Other equity movements	0	210	0	0	-210	0	0
Development costs for the year	0	0	27,634	0	-27,634	0	0
Depreciation, amortisation and impairment for the year	0	0	-16,473	0	16,473	0	0
Net profit/loss for the year	0	161	0	0	27,188	0	27,349
Equity at 31 May	**1,940**	**1,184**	**46,094**	**-4,972**	**24,073**	**0**	**68,319**

Statement of Changes in Equity

	Share capital	Reserve for net revaluation under the equity method	Reserve for development costs	Reserve for hedging transactions	Retained earnings	Proposed dividend for the year	Total
	TDKK	TDKK	TDKK	TDKK	TDKK	TDKK	TDKK
2020/21							
Equity 1. juni	1,940	904	26,377	0	23,504	0	52,725
Exchange adjustments	0	6	0	0	0	0	6
Extraordinary dividend paid	0	0	0	0	-6,800	0	-6,800
Fair value adjustment of hedging instruments, end of year	0	0	0	760	0	0	760
Tax on adjustment of hedging instruments for the year	0	0	0	-167	0	0	-167
Development costs for the year	0	0	30,281	0	-30,281	0	0
Depreciation, amortisation and impairment for the year	0	0	-21,725	0	21,725	0	0
Net profit/loss for the year	0	-108	0	0	108	8,657	8,657
Equity at 31 May	**1,940**	**802**	**34,933**	**593**	**8,256**	**8,657**	**55,181**

Notes to the Financial Statements

		2022	2021
		TDKK	TDKK
1	**Special items**		
	Revenue - sale of ICEsound	12,512	0
	Severance agreement, salaries	-500	0
	Impairment of development costs	-3,015	0
		8,997	**0**

		2022	2021
2	**Staff expenses**		
	Wages and salaries	45,405	36,087
	Pensions	3,349	2,522
	Other social security expenses	489	347
		49,243	**38,956**
	Including remuneration to the Executive Board and Board of Directors	**2,848**	**2,231**
	Average number of employees	**73**	**52**

		2021/22	2020/21
		TDKK	TDKK
3	**Depreciation, amortisation and impairment of intangible assets and property, plant and equipment**		
	Amortisation of intangible assets	18,571	22,411
	Depreciation of property, plant and equipment	2,548	2,069
	Impairment of intangible assets	3,015	0
	Gain and loss on disposal	0	-11
		24,134	**24,469**

		2021/22	2020/21
4	**Income from investments in subsidiaries**		
	Share of profits of subsidiaries	161	102
		161	**102**

Notes to the Financial Statements

	2021/22	2020/21
	TDKK	TDKK

5 Financial income

	2021/22 TDKK	2020/21 TDKK
Other financial income	1,172	160
Exchange adjustments	0	10,185
	1,172	**10,345**

6 Financial expenses

	2021/22 TDKK	2020/21 TDKK
Other financial expenses	2,217	991
Exchange adjustments, expenses	5,225	5,374
	7,442	**6,365**

	2021/22	2020/21
	TDKK	TDKK

7 Tax on profit/loss for the year

	2021/22 TDKK	2020/21 TDKK
Current tax for the year	286	-288
Deferred tax for the year	5,335	168
Adjustment of tax concerning previous years	0	100
	5,621	**-20**

Notes to the Financial Statements

8 Intangible assets

	Completed development projects	Acquired licenses	Acquired other similar rights	Development projects in progress	Total
	TDKK	TDKK	TDKK	TDKK	TDKK
Cost at 1 June	159,579	3,540	1,533	23,561	188,213
Additions for the year	1,786	122	0	33,642	35,550
Transfers for the year	2,749	0	0	-2,749	0
Cost at 31 May	164,114	3,662	1,533	54,454	223,763
Impairment losses and amortisation at 1 June	116,655	2,491	1,533	0	120,679
Impairment losses for the year	3,015	0	0	0	3,015
Amortisation for the year	18,104	467	0	0	18,571
Impairment losses and amortisation at 31 May	137,774	2,958	1,533	0	142,265
Carrying amount at 31 May	**26,340**	**704**	**0**	**54,454**	**81,498**

The Company's development projects relate to development of new products, as well as continued development, improvements and upgrading of the Company's existing products.

The development, improvement and upgrading is completed on an ongoing basis and the projects are ready for use upon completion. The products form the basis of a large part of the Company's existing business, hence, there are markets and customers for the products. Projects in progress, consist of supplementary products as well as customer-specific products; hence, there is a market herefore.

The improvements and upgrades are expected to have lives of three to five years which are considered to reflect the useful lives.

The projects are progressing according to plan through the use of the resources allocated by Management to the development.

Notes to the Financial Statements

9 Property, plant and equipment

	Plant and machinery	Other fixtures and fittings, tools and equipment	Leasehold improvements	Total
	TDKK	TDKK	TDKK	TDKK
Cost at 1 June	12,269	7,070	2,961	22,300
Additions for the year	1,917	665	2,437	5,019
Cost at 31 May	14,186	7,735	5,398	27,319
Impairment losses and depreciation at 1 June	7,242	6,213	1,586	15,041
Depreciation for the year	1,652	322	574	2,548
Impairment losses and depreciation at 31 May	8,894	6,535	2,160	17,589
Carrying amount at 31 May	**5,292**	**1,200**	**3,238**	**9,730**

10 Investments in subsidiaries

	2022	2021
	TDKK	TDKK
Cost at 1 June	141	141
Cost at 31 May	141	141
Value adjustments at 1 June	1,012	904
Exchange adjustment	11	6
Net profit/loss for the year	161	102
Value adjustments at 31 May	1,184	1,012
Carrying amount at 31 May	**1,325**	**1,153**

Investments in subsidiaries are specified as follows:

Name	Place of registered office	Share capital	Votes and ownership
ICEpower USA	New Jersey	25.000 USD	100%

Notes to the Financial Statements

11 Other fixed asset investments

	Deposits
	TDKK
Cost at 1 June	889
Additions for the year	29
Cost at 31 May	918
Carrying amount at 31 May	**918**

12 Prepayments

Prepayments consist of prepaid expenses concerning rent, insurance premiums, subscriptions and interest as well.

13 Distribution of profit

	2021/22	2020/21
	TDKK	TDKK
Extraordinary dividend paid	0	6,800
Proposed dividend for the year	0	8,657
Reserve for net revaluation under the equity method	161	-108
Retained earnings	27,188	-6,692
	27,349	**8,657**

14 Provision for deferred tax

	2021/22	2020/21
Provision for deferred tax at 1 June	12,589	12,254
Amounts recognised in the income statement for the year	5,335	168
Amounts recognised in equity for the year	-1,570	167
Provision for deferred tax at 31 May	**16,354**	**12,589**

Notes to the Financial Statements

15 Other provisions

The Company provides warranties of 1 to 5 years on some of its products and is therefore obliged to repair or replace goods which are not satisfactory. Based on previous experience in respect of the level of repairs and returns, other provisions of DKK 500k (2021: DKK 500k) have been recognised for expected warranty claims.

Furthermore DKK 1.141k (2021: DKK 2.049k) in provision have been recognized for a specific warranty claim in FY 2021/22.

16 Long-term debt

Payments due within 1 year are recognised in short-term debt. Other debt is recognised in long-term debt.

The debt falls due for payment as specified below:

	2022	2021
	TDKK	TDKK
Other payables		
Between 1 and 5 years	2,977	2,977
Long-term part	2,977	2,977
Within 1 year	13,416	8,310
	16,393	**11,287**

	2022	2021
	TDKK	TDKK

17 Contingent assets, liabilities and other financial obligations

Charges and security

The following assets have been placed as security with mortgage credit institutes:
For assurance of all accounts with Financial institute, credit facility totalling DKK 15,000k, are given floating charge in all assets except accounts receivables. Financial institutes are given floating charge in accounts receivables

Inventory totalling DKK 3,779k at external partner will be subject to a lien for any unpaid charges and advances.

Rental and lease obligations

	2022 TDKK	2021 TDKK
Lease obligations under operating leases. Total future lease payments:		
Within 1 year	1,958	2,166
Between 1 and 5 years	1,786	4,218
	3,744	**6,384**

Other contingent liabilities

The Danish group companies are jointly and severally liable for tax on the jointly taxed incomes etc of the Group. The total amount of corporation tax payable is disclosed in the Annual Report of ICEpower Holding ApS, which is the management company of the joint taxation purposes. Moreover, the group companies are jointly and severally liable for Danish withholding taxes by way of dividend tax, tax on royalty payments and tax on un-earned income. Any subsequent adjustments of corporation taxes and withholding taxes may increase the Company’s liability.

There are no further security and contingent liabilitites at 31 May 2022, other than what is normal in the line of business.

Notes to the Financial Statements

18 Related parties

Consolidated Financial Statements

The Company is included in the Group Annual Report of the Parent Company

Name	Place of registered office
ICEpower Holding ApS	Søborg, Danmark

Notes to the Financial Statements

19 Accounting Policies

The Annual Report of ICEpower A/S for 2021/22 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to medium-sized enterprises of reporting class C.

The accounting policies applied remain unchanged from last year.

The Financial Statements for 2021/22 are presented in TDKK.

Consolidated financial statements

With reference to section 112 of the Danish Financial Statements Act and to the consolidated financial statements of ICEpower Holding ApS, the Company has not prepared consolidated financial statements.

Cash flow statement

With reference to section 86(4) of the Danish Financial Statements Act and to the cash flow statement included in the consolidated financial statements of ICEpower Holding ApS, the Company has not prepared a cash flow statement.

Recognition and measurement

Assets are recognised in the balance sheet when it is probable that future economic benefits attributable to the asset will flow to the Company, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when it is probable that future economic benefits will flow out of the Company, and the value of the liability can be measured reliably.

Assets and liabilities are initially measured at cost. Subsequently, assets and liabilities are measured as described for each item below.

Leases

All leases are considered operating leases. Payments made under operating leases are recognised in the income statement on a straight-line basis over the lease term.

Translation policies

Transactions in foreign currencies are translated at the exchange rates at the dates of transaction. Exchange differences arising due to differences between the transaction date rates and the rates at the dates of payment are recognised in financial income and expenses in the income statement. Where foreign exchange transactions are considered hedging of future cash flows, the value adjustments are recognised directly in equity.

Receivables, payables and other monetary items in foreign currencies that have not been settled at the

19 Accounting Policies (continued)

balance sheet date are translated at the exchange rates at the balance sheet date. Any differences between the exchange rates at the balance sheet date and the rates at the time when the receivable or the debt arose are recognised in financial income and expenses in the income statement.

Fixed assets acquired in foreign currencies are measured at the transaction date rates.

Hedge accounting

Changes in the fair values of financial instruments that are designated and qualify as fair value hedges of a recognised asset or a recognised liability are recognised in the income statement as are any changes in the fair value of the hedged asset or the hedged liability related to the hedged risk.

Changes in the fair values of derivative financial instruments that are designated and qualify as hedges of expected future transactions are recognised in retained earnings under equity as regards the effective portion of the hedge. The ineffective portion is recognised in the income statement. If the hedged transaction results in an asset or a liability, the amount deferred in equity is transferred from equity and recognised in the cost of the asset or the liability, respectively. If the hedged transaction results in an income or an expense, the amount deferred in equity is transferred from equity to the income statement in the period in which the hedged transaction is recognised. The amount is recognised in the same item as the hedged transaction.

Changes in the fair values of financial instruments that are designated and qualify as hedges of net investments in independent foreign subsidiaries or associates are recognised directly in equity as regards the effective portion of the hedge, whereas the ineffective portion is recognised in the income statement.

Income Statement

Revenue

Revenue from the sale of goods is recognised when the risks and rewards relating to the goods sold have been transferred to the purchaser, the revenue can be measured reliably and it is probable that the economic benefits relating to the sale will flow to the Company.

Notes to the Financial Statements

19 Accounting Policies (continued)

Revenue from license and royalty agreements is recognised as risks and rewards transfer during the course of the underlying agreement.

Revenue is measured at the consideration received and is recognised exclusive of VAT and net of discounts relating to sales.

Expenses for raw materials and consumables

Expenses for raw materials and consumables comprise the raw materials and consumables consumed to achieve revenue for the year.

Other external expenses

Other external expenses comprise indirect production costs and expenses for premises, sales and distribution as well as office expenses, etc.

Gross profit/loss

With reference to section 32 of the Danish Financial Statements Act, gross profit/loss is calculated as a summary of revenue, development performed for own account, recognised in assets, expenses for raw materials and consumables and other external expenses.

Staff expenses

Staff expenses comprise wages and salaries as well as payroll expenses.

Amortisation, depreciation and impairment losses

Amortisation, depreciation and impairment losses comprise amortisation, depreciation and impairment of intangible assets and property, plant and equipment.

Income from investments in subsidiaries

The item "Income from investments in subsidiaries" in the income statement includes the proportionate share of the profit for the year.

Financial income and expenses

Financial items include interest, amortization and allowance, fair value adjustments and realized and unrealized foreign exchange adjustments.

Notes to the Financial Statements

19 Accounting Policies (continued)

Tax on profit/loss for the year

Tax for the year consists of current tax for the year and changes in deferred tax for the year. The tax attributable to the profit for the year is recognised in the income statement, whereas the tax attributable to equity transactions is recognised directly in equity.

The Company is jointly taxed with Danish group company. The tax effect of the joint taxation is allocated to enterprises in proportion to their taxable incomes.

Balance Sheet

Intangible assets

Patents and licences are measured at the lower of cost less accumulated amortisation and recoverable amount. Patents are amortised over the remaining patent period, and licences are amortised over the licence period; however not exceeding 5 years.

Development projects are measured initially at cost. The cost of development projects comprises costs, including salaries and depreciation directly attributable to the development projects, which are necessary to complete the project, from the date when the development project first qualifies for recognition as an asset. Reimbursements and grants for development projects are deducted from the cost in line with the completion.

Completed development projects are amortised over the expected useful life. The amortisation period is normally 3 - 6 years. For development projects protected by intellectual property rights, the maximum amortisation period is the remaining term of the rights.

An amount corresponding to the capitalised development projects in the Balance Sheet, which have been incurred after 1 January 2016, has been recognised under Equity as “Reserve for development costs”. The reserve is reduced with amortisation of development projects.

Property, plant and equipment

Property, plant and equipment are measured at cost less accumulated depreciation and less any accumulated impairment losses.

Cost comprises the cost of acquisition and expenses directly related to the acquisition up until the time when the asset is ready for use.

Interest expenses on loans raised directly for financing the construction of property, plant and equipment are recognised in cost over the period of construction.

Notes to the Financial Statements

19 Accounting Policies (continued)

Depreciation based on cost reduced by any residual value is calculated on a straight-line basis over the expected useful lives of the assets, which are:

Plant and machinery	3 - 10 years
Other equipment	8 - 10 years
Leasehold Improvements	3 - 10 years

The fixed assets' residual values are determined at nil.

Depreciation period and residual value are reassessed annually.

Impairment of fixed assets

The carrying amounts of intangible assets and property, plant and equipment are reviewed on an annual basis to determine whether there is any indication of impairment other than that expressed by amortisation and depreciation.

If so, an impairment test is carried out to determine whether the recoverable amount is lower than the carrying amount. If so, the asset is written down to its lower recoverable amount.

The recoverable amount of the asset is calculated as the higher of net selling price and value in use. Where a recoverable amount cannot be determined for the individual asset, the assets are assessed in the smallest group of assets for which a reliable recoverable amount can be determined based on a total assessment.

Investments in subsidiaries

The item"Investments in subsidiaries" in the balance sheet include the proportionate ownership share of the net asset value of the enterprises calculated on the basis of the fair values of identifiable net assets at the time of acquisition with deduction or addition of unrealised intercompany profits or losses.

The total net revaluation of investments in subsidiaries is transferred upon distribution of profit to "Reserve for net revaluation under the equity method" under equity. The reserve is reduced by dividend distributed to the Parent Company and adjusted for other equity movements in the subsidiaries.

Subsidiaries with a negative net asset value are recognised at DKK 0. Any legal or constructive obligation of the Parent Company to cover the negative balance of the enterprise is recognised in provisions.

Other fixed asset investments

Other fixed asset investments consist of deposits.

Notes to the Financial Statements

19 Accounting Policies (continued)

Inventories

Inventories are measured at the lower of cost under the FIFO method and net realisable value.

The net realisable value of inventories is calculated at the amount expected to be generated by sale of the inventories in the process of normal operations with deduction of selling expenses. The net realisable value is determined allowing for marketability, obsolescence and development in expected selling price.

The cost of goods for resale, raw materials and consumables equals landed cost.

The cost of finished goods and work in progress comprises the cost of raw materials, consumables and direct labour.

Receivables

Receivables are recognised in the balance sheet at amortised cost, which substantially corresponds to nominal value. Provisions for estimated bad debts are made.

Prepayments

Prepayments comprise prepaid expenses concerning rent, insurance premiums, subscriptions and interest.

Equity

Dividend

Dividend distribution proposed by Management for the year is disclosed as a separate equity item.

Provisions

Provisions are recognised when - in consequence of an event occurred before or on the balance sheet date - the Company has a legal or constructive obligation and it is probable that economic benefits must be given up to settle the obligation.

Other provisions include warranty obligations in respect of repair work within the warranty period. Provisions are measured and recognised based on experience with guarantee work.

Deferred tax assets and liabilities

Deferred income tax is measured using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes on the basis of the intended use of the asset and settlement of the liability, respectively.

Notes to the Financial Statements

19 Accounting Policies (continued)

Deferred tax assets are measured at the value at which the asset is expected to be realised, either by elimination in tax on future earnings or by set-off against deferred tax liabilities within the same legal tax entity.

Deferred tax is measured on the basis of the tax rules and tax rates that will be effective under the legislation at the balance sheet date when the deferred tax is expected to crystallise as current tax. Any changes in deferred tax due to changes to tax rates are recognised in the income statement or in equity if the deferred tax relates to items recognised in equity.

Current tax receivables and liabilities

Current tax liabilities and receivables are recognised in the balance sheet as the expected taxable income for the year adjusted for tax on taxable incomes for prior years and tax paid on account. Extra payments and repayment under the on-account taxation scheme are recognised in the income statement in financial income and expenses.

Debts

Debts are measured at amortised cost, substantially corresponding to nominal value.

Financial Highlights

Explanation of financial ratios

Return on assets	$\frac{\text{Profit before financials x 100}}{\text{Total assets}}$
Solvency ratio	$\frac{\text{Equity at year end x 100}}{\text{Total assets at year end}}$
Return on equity	$\frac{\text{Net profit for the year x 100}}{\text{Average equity}}$