
Promovec Group A/S

Brunbjergvej 2, DK-8240 Risskov

Annual Report for 1 July 2020 - 30 June 2021

CVR No 32 78 29 57

The Annual Report was
presented and adopted at
the Annual General
Meeting of the Company on
28/10 2021

Brian Christensen
Chairman of the General
Meeting



pwc

Contents

	<u>Page</u>
Management's Statement and Auditor's Report	
Management's Statement	1
Independent Auditor's Report	2
Management's Review	
Company Information	5
Financial Highlights	6
Management's Review	7
Consolidated and Parent Company Financial Statements	
Income Statement 1 July - 30 June	9
Balance Sheet 30 June	10
Statement of Changes in Equity	13
Cash Flow Statement 1 July - 30 June	14
Notes to the Financial Statements	15

Management's Statement

The Executive Board and Board of Directors have today considered and adopted the Annual Report of Promovec Group A/S for the financial year 1 July 2020 - 30 June 2021.

The Annual Report is prepared in accordance with the Danish Financial Statements Act.

In our opinion the Financial Statements and the Consolidated Financial Statements give a true and fair view of the financial position at 30 June 2021 of the Company and the Group and of the results of the Company and Group operations and of consolidated cash flows for 2020/21.

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

Risskov, 28 October 2021

Executive Board

Jesper Lundqvist

Board of Directors

Gert Kristiansen
Chairman

Brian Christensen

Kurt Schlott Hansen

Independent Auditor's Report

To the Shareholder of Promovec Group A/S

Opinion

We have audited the Consolidated Financial Statements and the Parent Company Financial Statements of Promovec Group A/S for the financial year 1 July 2020 - 30 June 2021, which comprise income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies, for both the Group and the Parent Company, as well as consolidated statement of cash flows. 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 June 2021 and of the results of the Group's and the Parent Company's operations and of consolidated cash flows for the financial year 1 July 2020 - 30 June 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 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 Consolidated Financial Statements and the Parent Company Financial Statements" section of our report. 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 the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Management's responsibilities for the Consolidated Financial Statements and Parent Company 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 consolidated financial statements and parent company financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the Consolidated Financial Statements and the Parent Company Financial Statements, Management is responsible for assessing the Group's and 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 Consolidated Financial Statements and the Parent Company Financial Statements unless Management either intends to liquidate the Group or the Company or to cease operations, or has no realistic alternative but to do so.

Independent Auditor's Report

Auditor's responsibilities for the audit of the Consolidated Financial Statements and Parent Company Financial Statements

Our objectives are to obtain reasonable assurance about whether the Consolidated Financial Statements and the Parent Company 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 Consolidated Financial Statements and the Parent Company 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 Consolidated Financial Statements and the Parent Company 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 and the Group'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 Consolidated Financial Statements and the Parent Company 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 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 Consolidated Financial Statements and the Parent Company 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 Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and contents of the Consolidated Financial Statements and the Parent Company Financial Statements, including the disclosures, and whether the Consolidated Financial Statements and the Parent Company Financial Statements represent the underlying

Independent Auditor's Report

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 Management's Review

Management is responsible for Management's Review.

Our opinion on the Consolidated Financial Statements and the Parent Company 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 Consolidated Financial Statements and the Parent Company Financial Statements, our responsibility is to read Management's Review and, in doing so, consider whether Management's Review is materially inconsistent with the Consolidated Financial Statements and the Parent Company 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 Consolidated Financial Statements and the Parent Company 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.

Esbjerg, 28 October 2021

PricewaterhouseCoopers

Statsautoriseret Revisionspartnerselskab

CVR No 33 77 12 31

Palle H. Jensen

State Authorised Public Accountant

mne32115

Company Information

The Company

Promovec Group A/S
Brunbjergvej 2
DK-8240 Risskov

CVR No: 32 78 29 57
Financial period: 1 July - 30 June
Financial year: 12nd financial year
Municipality of reg. office: Aarhus

Board of Directors

Gert Kristiansen, Chairman
Brian Christensen
Kurt Schlott Hansen

Executive Board

Jesper Lundqvist

Auditors

PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
Esbjerg Brygge 28
DK-6700 Esbjerg

Bankers

Skjern Bank
Banktorvet 3
6900 Skjern

Financial Highlights

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

	Group				
	2020/21 TDKK	2019/20 TDKK	2018/19 TDKK	2017/18 TDKK	2016/17 TDKK
Key figures					
Profit/loss					
Operating profit/loss	32.837	8.345	13.830	-12	-10
Profit/loss before financial income and expenses	33.049	8.501	13.830	-12	-10
Net financials	-10	-1.494	-2.979	2.172	4.686
Net profit/loss for the year	26.157	5.580	8.304	2.163	4.678
Balance sheet					
Balance sheet total	145.505	70.832	84.312	10.485	10.036
Equity	45.315	21.158	17.278	8.974	8.811
Cash flows					
Cash flows from:					
- operating activities	-4.475	29.339	-24.197	-12	-10
- investing activities	-19.624	-2.238	-3.439	2.000	0
including investment in property, plant and equipment	-15.677	-441	-1.844	0	0
- financing activities	23.836	-32.748	-2.520	-2.000	0
Change in cash and cash equivalents for the year	-264	-5.647	-30.156	-12	-10
Number of employees	64	54	35	0	0
Ratios					
Return on assets	22,7%	12,0%	16,4%	-0,1%	-0,1%
Solvency ratio	31,1%	29,9%	20,5%	85,6%	87,8%
Return on equity	78,7%	29,0%	63,3%	24,3%	72,3%

The ratios have been prepared in accordance with the recommendations and guidelines issued by the Danish Society of Financial Analysts. For definitions, see under accounting policies.

In connection with changes to reporting class from B to C (medium) and the preparation of the consolidated Financial statements, the comparative figures from 2017/18 to 2016/17 have not been restated.

Management's Review

Key activities

The company's activity is to be a holding company etc.

Market overview

Development in the year

The income statement of the Group for 2020/21 shows a profit of DKK 26,157,343, and at 30 June 2021 the balance sheet of the Group shows equity of DKK 45,315,303.

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

Despite supply uncertainty our targets for the year have been met and the result for the year must be considered satisfactory. Our position is strengthened in both the Danish and international markets but particularly in Italy and UK as well as the USA where we started a sales and service company in the autumn.

Regarding development we have continued to develop new products, as a result we have received an innovation award at Eurobike. Furthermore, we have reached the goal of implementing a major IT project, by replacing C5 with BusinessCentral (Navision), a new website and complaints system.

We have increased the staff, as a part of the continued upgrading which has led to the establishment of a HR function, and purchase of land for construction of a new domicile, to gather all employees under one roof. Our lithium-ion battery production had a well startup, and we have been working on optimizations and purchasing of new machines to increase capacity to keep up with the increased demand we have experienced over the year.

Targets and expectations for the year ahead

In general, the electric bicycle industry is in a continuing positive development, and we expect further solid growth despite the constant uncertainty on the supply side. The focus in the coming year will be on securing our deliveries and the further product development, which will require further recruitment of qualified employees. Efforts must be made to build and move into our new sustainability-certified domicile, which is expected to be completed in June 2022. The green agenda remains important to us and we will invest even more in this agenda over the coming years.

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 30 June 2021 of the Group and the results of the activities and cash flows of the Group for the financial year for 2020/21 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 July - 30 June

	Note	Group		Parent Company	
		2020/21 DKK	2019/20 DKK	2020/21 DKK	2019/20 DKK
Gross profit/loss		61.982.999	30.582.971	-125.653	-18.930
Staff expenses	1	-26.321.425	-20.461.317	0	0
Depreciation, amortisation and impairment of intangible assets and property, plant and equipment		-2.612.826	-1.620.503	0	0
Profit/loss before financial income and expenses		33.048.748	8.501.151	-125.653	-18.930
Income from investments in subsidiaries		0	0	25.659.689	5.595.340
Income from investments in associates		401.835	-42.584	299.381	0
Financial income	2	1.089.229	203.537	296.335	0
Financial expenses	3	-1.500.709	-1.655.020	-68	-497
Profit/loss before tax		33.039.103	7.007.084	26.129.684	5.575.913
Tax on profit/loss for the year	4	-6.881.760	-1.426.897	27.659	4.274
Net profit/loss for the year		26.157.343	5.580.187	26.157.343	5.580.187

Balance Sheet 30 June

Assets

	Note	Group		Parent Company	
		2021 DKK	2020 DKK	2021 DKK	2020 DKK
Completed development projects		2.081.633	2.651.967	0	0
Development projects in progress		4.739.149	2.743.204	0	0
Intangible assets	5	6.820.782	5.395.171	0	0
Plant and machinery		1.985	3.390	0	0
Other fixtures and fittings, tools and equipment		1.225.179	711.458	0	0
Leasehold improvements		516.552	722.894	0	0
Property, plant and equipment in progress		14.604.863	0	0	0
Property, plant and equipment	6	16.348.579	1.437.742	0	0
Investments in subsidiaries	7	0	0	48.031.659	23.908.371
Investments in associates	8	3.456.749	1.552.378	299.381	0
Other receivables	9	356.000	356.000	0	0
Fixed asset investments		3.812.749	1.908.378	48.331.040	23.908.371
Fixed assets		26.982.110	8.741.291	48.331.040	23.908.371
Inventories	10	53.608.452	17.373.286	0	0
Trade receivables		38.543.598	30.710.132	0	0
Receivables from group enterprises		1.000.000	213.333	0	38.276
Receivables from associates		13.076.307	8.058.578	0	0
Other receivables		6.345.014	1.678.392	0	0
Corporation tax receivable from group enterprises		0	0	31.933	12.381
Prepayments	11	4.684.005	2.527.999	0	0
Receivables		63.648.924	43.188.434	31.933	50.657
Cash at bank and in hand		1.265.422	1.528.972	1.363	21.094
Currents assets		118.522.798	62.090.692	33.296	71.751
Assets		145.504.908	70.831.983	48.364.336	23.980.122

Balance Sheet 30 June

Liabilities and equity

	Note	Group		Parent Company	
		2021 DKK	2020 DKK	2021 DKK	2020 DKK
Share capital		746.401	746.401	746.401	746.401
Reserve for net revaluation under the equity method		0	0	41.289.919	18.217.542
Reserve for development costs		5.041.697	3.667.660	0	0
Retained earnings		36.527.205	14.743.899	278.983	194.017
Proposed dividend for the year		3.000.000	2.000.000	3.000.000	2.000.000
Equity		45.315.303	21.157.960	45.315.303	21.157.960
Provision for deferred tax	13	1.593.993	1.188.573	0	0
Other provisions	14	1.860.092	1.804.269	0	0
Provisions		3.454.085	2.992.842	0	0
Credit institutions		33.215.516	0	0	0
Other payables		1.793.988	1.528.123	0	0
Long-term debt	15	35.009.504	1.528.123	0	0
Subordinate loan capital		0	731.963	0	0
Credit institutions	15	5.453.454	12.366.955	0	0
Prepayments received from customers		1.283.768	0	0	0
Trade payables		40.243.624	15.018.219	0	0
Payables to group enterprises		0	0	3.038.612	2.812.162
Payables to associates		2.451.081	6.323.713	421	0
Corporation tax		7.670.036	3.589.836	0	0
Payables to group enterprises relating to corporation tax		82.046	84.284	0	0
Other payables	15	4.542.007	7.038.088	10.000	10.000
Short-term debt		61.726.016	45.153.058	3.049.033	2.822.162
Debt		96.735.520	46.681.181	3.049.033	2.822.162
Liabilities and equity		145.504.908	70.831.983	48.364.336	23.980.122
Distribution of profit	12				
Contingent assets, liabilities and other financial obligations	18				
Related parties	19				

Balance Sheet 30 June

Liabilities and equity

	<u>Note</u>
Accounting Policies	20

Statement of Changes in Equity

Group

	Share capital	Reserve for net revaluation under the equity method	Reserve for development costs	Retained earnings	Proposed dividend for the year	Total
	DKK	DKK	DKK	DKK	DKK	DKK
Equity at 1 July	746.401	0	3.667.660	14.743.899	2.000.000	21.157.960
Ordinary dividend paid	0	0	0	0	-2.000.000	-2.000.000
Development costs for the year	0	0	1.907.312	-1.907.312	0	0
Depreciation, amortisation and impairment for the year	0	0	-533.275	533.275	0	0
Net profit/loss for the year	0	0	0	23.157.343	3.000.000	26.157.343
Equity at 30 June	746.401	0	5.041.697	36.527.205	3.000.000	45.315.303

Parent Company

Equity at 1 July	746.401	18.217.542	0	194.017	2.000.000	21.157.960
Ordinary dividend paid	0	0	0	0	-2.000.000	-2.000.000
Net profit/loss for the year	0	23.072.377	0	84.966	3.000.000	26.157.343
Equity at 30 June	746.401	41.289.919	0	278.983	3.000.000	45.315.303

Cash Flow Statement 1 July - 30 June

	Note	Group	
		2020/21 DKK	2019/20 DKK
Net profit/loss for the year		26.157.343	5.580.187
Adjustments	16	8.676.770	4.541.467
Change in working capital	17	-36.499.375	21.266.082
Cash flows from operating activities before financial income and expenses		-1.665.262	31.387.736
Financial income		1.089.228	203.537
Financial expenses		-1.500.707	-1.661.658
Cash flows from ordinary activities		-2.076.741	29.929.615
Corporation tax paid		-2.398.378	-590.611
Cash flows from operating activities		-4.475.119	29.339.004
Purchase of intangible assets		-2.445.272	-1.796.575
Purchase of property, plant and equipment		-15.676.540	-441.486
Fixed asset investments made etc		-1.502.536	0
Cash flows from investing activities		-19.624.348	-2.238.061
Repayment of loans from credit institutions		25.835.917	-31.048.430
Dividend paid		-2.000.000	-1.700.000
Cash flows from financing activities		23.835.917	-32.748.430
Change in cash and cash equivalents		-263.550	-5.647.487
Cash and cash equivalents at 1 July		1.528.972	7.176.459
Cash and cash equivalents at 30 June		1.265.422	1.528.972
Cash and cash equivalents are specified as follows:			
Cash at bank and in hand		1.265.422	1.528.972
Cash and cash equivalents at 30 June		1.265.422	1.528.972

Notes to the Financial Statements

	Group		Parent Company	
	2020/21 DKK	2019/20 DKK	2020/21 DKK	2019/20 DKK
1 Staff expenses				
Wages and salaries	22.249.742	17.585.304	0	0
Pensions	2.766.450	1.883.008	0	0
Other social security expenses	435.884	388.116	0	0
Other staff expenses	869.349	604.889	0	0
	26.321.425	20.461.317	0	0
Average number of employees	64	54	0	0
Remuneration to the Executive Board has not been disclosed in accordance with section 98 B(3) of the Danish Financial Statements Act.				
2 Financial income				
Interest received from associates	119.707	197.173	0	0
Other financial income	969.512	6.361	296.335	0
Exchange adjustments	10	3	0	0
	1.089.229	203.537	296.335	0
3 Financial expenses				
Other financial expenses	1.500.709	1.655.020	68	497
	1.500.709	1.655.020	68	497
4 Tax on profit/loss for the year				
Current tax for the year	6.474.202	1.272.948	-27.659	-4.274
Deferred tax for the year	405.420	153.949	0	0
Adjustment of tax concerning previous years	2.138	0	0	0
	6.881.760	1.426.897	-27.659	-4.274

Notes to the Financial Statements

5 Intangible assets

Group	Completed development projects DKK	Development projects in progress DKK
Cost at 1 July	13.982.251	2.743.205
Additions for the year	0	3.167.645
Disposals for the year	0	-10.730
Transfers for the year	449.326	-1.160.971
Cost at 30 June	<u>14.431.577</u>	<u>4.739.149</u>
Impairment losses and amortisation at 1 July	11.330.284	0
Amortisation for the year	1.019.660	0
Impairment losses and amortisation at 30 June	<u>12.349.944</u>	<u>0</u>
Carrying amount at 30 June	<u>2.081.633</u>	<u>4.739.149</u>

Development projects relate to the development of new versions of the Company's existing products as well as expansion of the Company's product range. In FY 2020/21 two development projects was completed, and other two projects have been postponed one year due to COVID-19 challenges. Therefore, it is expected, that three projects will be completed in FY 2021/22 and two projects will be completed in FY 2022/23. The development in the Grip/Display project won a gold award at this year's Eurobike Fair and the expectations for the launch of this invention next year is high. Further, there is a high demand from the market on special bikes, which is a main project focus for us which we are launching next year. These products are expected to be sold in the present market to the Company's existing customers, but it is also expected that the new products will be able to reach a broader customers group.

Notes to the Financial Statements

6 Property, plant and equipment

Group

	Plant and machinery	Other fixtures and fittings, tools and equipment	Leasehold improvements	Property, plant and equipment in progress
	DKK	DKK	DKK	DKK
Cost at 1 July	110.318	3.052.712	2.025.842	0
Exchange adjustment	-243	-1.460	0	0
Additions for the year	13.265	251.870	95.301	14.604.863
Transfers for the year	0	711.645	0	0
Cost at 30 June	<u>123.340</u>	<u>4.014.767</u>	<u>2.121.143</u>	<u>14.604.863</u>
Impairment losses and depreciation at 1 July	106.927	2.341.254	1.302.947	0
Exchange adjustment	-235	-1.063	0	0
Depreciation for the year	14.663	449.397	301.644	0
Impairment losses and depreciation at 30 June	<u>121.355</u>	<u>2.789.588</u>	<u>1.604.591</u>	<u>0</u>
Carrying amount at 30 June	<u>1.985</u>	<u>1.225.179</u>	<u>516.552</u>	<u>14.604.863</u>

Parent Company

7 Investments in subsidiaries

	2021 DKK	2020 DKK
Cost at 1 July	3.577.102	3.577.102
Additions for the year	463.599	0
Cost at 30 June	<u>4.040.701</u>	<u>3.577.102</u>
Value adjustments at 1 July	20.331.269	16.735.929
Net profit/loss for the year	25.659.689	5.595.340
Dividend to the Parent Company	-2.000.000	-2.000.000
Value adjustments at 30 June	<u>43.990.958</u>	<u>20.331.269</u>
Carrying amount at 30 June	<u>48.031.659</u>	<u>23.908.371</u>

Notes to the Financial Statements

7 Investments in subsidiaries (continued)

Investments in subsidiaries are specified as follows:

Name	Place of registered office	Share capital	Votes and ownership
EB-Component A/S	Aarhus	DKK 746.401	100%
Promovec A/S	Aarhus	DKK 5.000.000	100%
Promovec GmbH	Flensburg	EUR 25.000	100%
Viridus A/S	Aarhus	DKK 500.000	100%
Promovec America Inc.	Conshohocken	USD 10.000	100%

	Group		Parent Company	
	2021 DKK	2020 DKK	2021 DKK	2020 DKK
8 Investments in associates				
Cost at 1 July	1.595.382	1.595.382	420	420
Additions for the year	1.502.536	0	0	0
Cost at 30 June	3.097.918	1.595.382	420	420
Value adjustments at 1 July	-43.004	-420	-420	-420
Net profit/loss for the year	401.835	-42.584	299.381	0
Value adjustments at 30 June	358.831	-43.004	298.961	-420
Carrying amount at 30 June	3.456.749	1.552.378	299.381	0

Investments in associates are specified as follows:

Name	Place of registered office	Share capital	Votes and ownership
BatriBike Ltd.	Cleethorpes	GPB 100	50%
Viridus Manufacturing A/S	Aarhus	DKK 4.000.000	49%

Notes to the Financial Statements

9 Other fixed asset investments

	<u>Group</u>
	Other receiv- ables
	DKK
Cost at 1 July	356.000
Cost at 30 June	356.000
Carrying amount at 30 June	356.000

	<u>Group</u>		<u>Parent Company</u>	
	2021	2020	2021	2020
	DKK	DKK	DKK	DKK
10 Inventories				
Finished goods and goods for resale	53.608.452	17.373.286	0	0
	53.608.452	17.373.286	0	0

11 Prepayments

Prepayments consist of prepaid expenses concerning rent, insurance premiums, subscriptions and interest as well as fair value adjustments of derivative financial instruments with a positive fair value.

	<u>Parent Company</u>	
	2020/21	2019/20
	DKK	DKK
12 Distribution of profit		
Proposed dividend for the year	3.000.000	2.000.000
Reserve for net revaluation under the equity method	23.072.377	3.481.613
Retained earnings	84.966	98.574
	26.157.343	5.580.187

Notes to the Financial Statements

	Group		Parent Company	
	2021 DKK	2020 DKK	2021 DKK	2020 DKK
13 Provision for deferred tax				
Provision for deferred tax at 1 July	1.188.573	1.034.624	0	0
Amounts recognised in the income statement for the year	405.420	153.949	0	0
Provision for deferred tax at 30 June	1.593.993	1.188.573	0	0

14 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 kDKK 1,860 (2019/20: kDKK 1,804) have been recognised for expected warranty claims.

Other provisions	1.860.092	1.804.269	0	0
	1.860.092	1.804.269	0	0

15 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:

Credit institutions

Between 1 and 5 years	33.215.516	0	0	0
Long-term part	33.215.516	0	0	0
Within 1 year	0	777.221	0	0
Other short-term debt to credit institutions	5.453.454	11.589.734	0	0
Short-term part	5.453.454	12.366.955	0	0
	38.668.970	12.366.955	0	0

Notes to the Financial Statements

15 Long-term debt (continued)

	Group		Parent Company	
	2021	2020	2020/21	2020
	DKK	DKK	DKK	DKK
Other payables				
Between 1 and 5 years	1.793.988	1.528.123	0	0
Long-term part	1.793.988	1.528.123	0	0
Other short-term payables	4.542.007	7.038.088	10.000	10.000
	6.335.995	8.566.211	10.000	10.000

16 Cash flow statement - adjustments

	Group	
	2020/21	2019/20
	DKK	DKK
Financial income	-1.089.229	-203.537
Financial expenses	1.500.709	1.655.020
Depreciation, amortisation and impairment losses, including losses and gains on sales	1.785.365	1.620.503
Income from investments in associates	-401.835	42.584
Tax on profit/loss for the year	6.881.760	1.426.897
	8.676.770	4.541.467

17 Cash flow statement - change in working capital

Change in inventories	-36.235.166	10.618.569
Change in receivables	-20.460.492	-2.211.261
Change in other provisions	55.823	438.764
Change in trade payables, etc	20.140.460	12.420.010
	-36.499.375	21.266.082

Notes to the Financial Statements

	Group		Parent Company	
	2021 DKK	2020 DKK	2021 DKK	2020 DKK
18 Contingent assets, liabilities and other financial obligations				
Charges and security				
The following assets have been placed as security with mortgage credit institutes:				
Company mortgage on nom. kDKK 32,000, which provides security in the Company's intangible and tangible fixed assets, inventories and debtors with an accounting value of DKK	97.990.039	48.573.154	0	0
Rental and lease obligations				
Lease obligations under operating leases. Total future lease payments:				
Within 1 year	37.176	37.176	0	0
Between 1 and 5 years	68.156	105.332	0	0
	105.332	142.508	0	0
Lease obligations, period of non-terminability 12 months	662.448	662.448	0	0
Lease obligations, period of non-terminability 11 months	291.500	609.500	0	0
Lease obligations, period of non-terminability 6 months	117.000	117.000	0	0

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 Jesper Lundqvist Holding ApS, which is the management company of the joint taxation purposes. Moreover, the Danish group companies are jointly and severally liable for Danish withholding taxes by way of dividend tax, tax on royalty payments and tax on unearned income. Any subsequent adjustments of corporation taxes and withholding taxes may increase the Company's liability.

The Parent Company has provided a guarantee to Skjern Bank A/S for the banks facilities with Promovec A/S, Promovec Properties A/S and EB Components A/S.

Notes to the Financial Statements

18 Contingent assets, liabilities and other financial obligations (continued)

Shares of DKK 500.000 in Promovec A/S has been charged as collateral for the banks facilities with Promovec A/S. Accounting value of Equity is DKK 43,362,588 per 30 June 2021.

19 Related parties

	Basis
Controlling interest	
Jesper Lundqvist Holding ApS	Parent Company
Other related parties	
Jesper Lundqvist Manbjergvej 32, Løgten DK-8541 Skødstrup	Executive Board
Gert Kristiansen Stensballe Strandvej 195 DK-8700 Horsens	Chairman of the Board of Directors
Brian Christensen Martensens Alle 9, 3. DK-1828 Frederiksberg C	Member of the Board of Directors
Kurt Schlott Hansen Brombærhegnet 41 DK-8700 Horsens	Member of the Board of Directors

Notes to the Financial Statements

19 Related parties (continued)

Transactions

The Company has chosen only to disclose transactions which have not been made on an arm's length basis in accordance with section 98(c)(7) of the Danish Financial Statements Act.

Consolidated Financial Statements

The Company is included in the Group Annual Report of the Parent Company of the largest and smallest group:

Name	Place of registered office
Jesper Lundqvist Holding ApS	Løgten, Denmark

Notes to the Financial Statements

20 Accounting Policies

The Annual Report of Promovec Group A/S for 2020/21 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to medium-sized enterprises of reporting class C.

The Consolidated and Parent Company Financial Statements for 2020/21 are presented in DKK.

Changes in accounting policies

Accounting policies has changed for "Cash and cash equivalents" in the Cash Flow Statement, which previously consisted of "Cash and cash equivalents" and "Overdraft facilities" and now consists exclusively of "Cash and cash equivalents". The change has resulted in a reduction in cash flows from financing activities of TDKK 12,367 (2020: TDKK 29,231) and an increase in Change in cash and cash equivalents pr 30 June 2021 of TDKK 41,597.

Recognition and measurement

Revenues are recognised in the income statement as earned. Furthermore, value adjustments of financial assets and liabilities measured at fair value or amortised cost are recognised. Moreover, all expenses incurred to achieve the earnings for the year are recognised in the income statement, including depreciation, amortisation, impairment losses and provisions as well as reversals due to changed accounting estimates of amounts that have previously been recognised in the income statement.

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.

Basis of consolidation

The Consolidated Financial Statements comprise the Parent Company, Promovec Group A/S, and subsidiaries in which the Parent Company directly or indirectly holds more than 50% of the votes or in which the Parent Company, through share ownership or otherwise, exercises control. Enterprises in which the Group holds between 20% and 50% of the votes and exercises significant influence but not control are classified as associates.

On consolidation, items of a uniform nature are combined. Elimination is made of intercompany income and expenses, shareholdings, dividends and accounts as well as of realised and unrealised profits and losses on transactions between the consolidated enterprises.

The Parent Company's investments in the consolidated subsidiaries are set off against the Parent Compa-

Notes to the Financial Statements

20 Accounting Policies (continued)

ny's share of the net asset value of subsidiaries stated at the time of consolidation.

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 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.

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 Group.

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, other operating income, expenses for raw materials and consumables and other external expenses.

Notes to the Financial Statements

20 Accounting Policies (continued)

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.

Other operating income and expenses

Other operating income and other operating expenses comprise items of a secondary nature to the main activities of the Group, including gains and losses on the sale of intangible assets and property, plant and equipment.

Income from investments in associates

The item “Income from investments in associates” in the income statement includes the proportionate share of the profit for the year.

Financial income and expenses

Financial income and expenses are recognised in the income statement at the amounts relating to the financial year.

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 wholly owned Danish and foreign subsidiaries. The tax effect of the joint taxation is allocated to Danish enterprises in proportion to their taxable incomes.

Notes to the Financial Statements

20 Accounting Policies (continued)

Balance Sheet

Intangible assets

Development projects, patents and licences

Development projects that are clearly defined and identifiable and in respect of which technical feasibility, sufficient resources and a potential future market or development opportunity in the Group can be demonstrated, and where it is the intention to manufacture, market or use the project, are recognised as intangible assets. This applies if sufficient certainty exists that the value in use of future earnings can cover cost of materials, services and direct wages plus indirect costs, which are calculated as costs in the income statement as incurred.

Development projects that do not meet the criteria for recognition in the balance sheet are recognised as expenses in the income statement as incurred.

Capitalised development costs are measured at cost less accumulated amortisation and impairment losses or at a lower recoverable amount. An amount corresponding to the recognised development costs is allocated to the equity item "Reserve for development costs". The reserve comprises only development costs recognised in financial years beginning on or after 1 January 2016. The reserve is reduced by amortisation of and impairment losses on the development projects on a continuing basis.

As of the date of completion, capitalised development costs are amortised on a straight-line basis over the period of the expected economic benefit from the development work. The amortisation period is 5 years.

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.

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	3-7 years
Other fixtures and fittings, tools and equipment	3-7 years
Leasehold improvements	5 years

Notes to the Financial Statements

20 Accounting Policies (continued)

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, the asset is written down to its lower recoverable amount.

Investments in associates

Investments in associates are recognised and measured under the equity method.

The item "Investments in associates" 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 and with addition of the remaining value of any increases in value and goodwill calculated at the time of acquisition of the enterprises.

The total net revaluation of investments in associates 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 associates.

Associates 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.

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 di-

Notes to the Financial Statements

20 Accounting Policies (continued)

rect labour.

Receivables

Receivables are measured in the balance sheet at the lower of amortised cost and net realisable value, which corresponds to nominal value less provisions for bad debts.

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 Group 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 of 1-5. 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.

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.

Notes to the Financial Statements

20 Accounting Policies (continued)

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.

Financial debts

Loans, such as loans from credit institutions, are recognised initially at the proceeds received net of transaction expenses incurred. Subsequently, the loans are measured at amortised cost; the difference between the proceeds and the nominal value is recognised as an interest expense in the income statement over the loan period.

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

Cash Flow Statement

The cash flow statement shows the Group's cash flows for the year broken down by operating, investing and financing activities, changes for the year in cash and cash equivalents as well as the Group's cash and cash equivalents at the beginning and end of the year.

Cash flows from operating activities

Cash flows from operating activities are calculated as the net profit/loss for the year adjusted for changes in working capital and non-cash operating items such as depreciation, amortisation and impairment losses, and provisions. Working capital comprises current assets less short-term debt excluding items included in cash and cash equivalents.

Cash flows from investing activities

Cash flows from investing activities comprise cash flows from acquisitions and disposals of intangible assets, property, plant and equipment as well as fixed asset investments.

Cash flows from financing activities

Cash flows from financing activities comprise cash flows from the raising and repayment of long-term debt as well as payments to and from shareholders.

Cash and cash equivalents

Cash and cash equivalents comprise "Cash at bank and in hand" and "Overdraft facilities".

Notes to the Financial Statements

20 Accounting Policies (continued)

The cash flow statement cannot be immediately derived from the published financial records.

Financial Highlights

Explanation of financial ratios

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