
Promovec Group A/S

Brunbjergvej 2, DK-8240 Risskov

Annual Report for 1 July 2019 - 30 June 2020

CVR No 32 78 29 57

The Annual Report was
presented and adopted at
the Annual General
Meeting of the Company on
29/10 2020

Brian Christensen
Chairman of the General
Meeting



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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 2019 - 30 June 2020.

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 2020 of the Company and the Group and of the results of the Company and Group operations and of consolidated cash flows for 2019/20.

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.

Risskov, 29 October 2020

Executive Board

Jesper Lundqvist

Board of Directors

Gert Kristiansen
Chairman

Kurt Schlott Hansen

Brian Christensen

Independent Auditor's Report

To the Shareholders of Promovec Group A/S

Opinion

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 2020 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 2019 - 30 June 2020 in accordance with the Danish Financial Statements Act.

We have audited the Consolidated Financial Statements and the Parent Company Financial Statements of Promovec Group A/S for the financial year 1 July 2019 - 30 June 2020, 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 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 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.

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 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.

Management's responsibilities for the Financial Statements

Management is responsible for the preparation of consolidated financial statements and parent company

Independent Auditor's Report

financial statements that give a true and fair view in accordance with the Danish Financial Statements Act, and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the Financial Statements, Management is responsible for assessing the Group's and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting in preparing the Financial Statements unless Management either intends to liquidate the Group or the 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 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 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 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

Independent Auditor's Report

may cause the Group and 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.
- 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.

Esbjerg, 29 October 2020

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: 11st financial year
Municipality of reg. office: Aarhus

Board of Directors

Gert Kristiansen, Chairman
Kurt Schlott Hansen
Brian Christensen

Executive Board

Jesper Lundqvist

Auditors

PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
Esbjerg Brygge 28
DK-6700 Esbjerg
Telefon 76 12 45 00
www.pwc.dk

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				
	2019/20	2018/19	2017/18	2016/17	2015/16
	TDKK	TDKK	TDKK	TDKK	TDKK
Key figures					
Profit/loss					
Gross profit/loss	32.112	34.755	0	0	0
Operating profit/loss	8.501	13.830	-12	-10	-10
Profit/loss before financial income and expenses	8.501	13.830	-12	-10	-10
Net financials	-1.494	-2.979	2.172	4.686	4.663
Net profit/loss for the year	5.580	8.304	2.163	4.678	4.654
Balance sheet					
Balance sheet total	70.832	84.312	10.485	10.036	5.347
Equity	21.158	17.278	8.974	8.811	4.133
Cash flows					
Cash flows from:					
- operating activities	29.339	-24.197	-12	-10	-6
- investing activities	-2.238	-3.439	2.000	0	0
including investment in property, plant and equipment	-441	-1.844	0	0	0
- financing activities	-3.517	-2.520	-2.000	0	0
Number of employees	54	35	0	0	0
Ratios					
Return on assets	12,0%	16,4%	-0,1%	-0,1%	-0,2%
Solvency ratio	29,9%	20,5%	85,6%	87,8%	77,3%
Return on equity	29,0%	63,3%	24,3%	72,3%	257,7%

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 2015/16 have not been restated.

Management's Review

Key activities

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

Development in the year

The income statement of the Group for 2019/20 shows a profit of DKK 5,580,187, and at 30 June 2020 the balance sheet of the Group shows equity of DKK 21,157,960.

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

Profit for the year is considered satisfactory considering the challenges posed by COVID-19. We have succeeded in strengthening our position in both the Danish and the international markets despite some difficult months during the close-down of several countries in Q1 and Q2 2020. With respect to development, we have reached the finish line for new products and have moreover invested heavily in the future through new IT systems, an app-based service concept, considerable build-up of our staff segment throughout 2019/20 as well as through measures focusing more on the green transition, including measures regarding the production of lithium-ion batteries.

Targets and expectations for the year ahead

The effect of COVID-19 has pushed the already positive development of the electric bike industry as a whole and, accordingly, we see very positive trends in the market. Consequently, we also expect that we will perform well in the coming year while the growth that we anticipate will require our continued focus on procuring and developing the necessary intellectual capital resources among the Company's employees.

Unusual events

The financial position at 30 June 2020 of the Group and the results of the activities and cash flows of the Group for the financial year for 2019/20 have not been affected by any unusual events.

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	
		2019/20 DKK	2018/19 DKK	2019/20 DKK	2018/19 DKK
Gross profit/loss		32.111.552	34.755.073	0	0
Distribution expenses	1	-11.743.758	-9.580.161	0	0
Administrative expenses	1	-11.866.643	-11.344.620	-18.930	-10.075
Resultat før finansielle poster		8.501.151	13.830.292	-18.930	-10.075
Income from investments in subsidiaries		0	0	5.595.340	8.332.616
Income from investments in associates		-42.584	0	0	0
Financial income	2	203.537	110.752	0	0
Financial expenses	3	-1.655.020	-3.089.931	-497	-26.775
Resultat før skat		7.007.084	10.851.113	5.575.913	8.295.766
Tax on profit/loss for the year	4	-1.426.897	-2.547.240	4.274	8.107
Net profit/loss for the year		5.580.187	8.303.873	5.580.187	8.303.873

Balance Sheet 30 June

Assets

	Note	Group		Parent Company	
		2020 DKK	2019 DKK	2020 DKK	2019 DKK
Completed development projects		2.651.967	3.388.359	0	0
Development projects in progress		2.743.204	1.262.808	0	0
Intangible assets	5	5.395.171	4.651.167	0	0
Plant and machinery		3.390	5.554	0	0
Other fixtures and fittings, tools and equipment		711.458	742.166	0	0
Leasehold improvements		722.894	816.855	0	0
Property, plant and equipment	6	1.437.742	1.564.575	0	0
Investments in subsidiaries	7	0	0	23.908.371	20.313.031
Investments in associates	8	1.552.378	1.594.962	0	0
Other receivables	9	356.000	356.000	0	0
Fixed asset investments		1.908.378	1.950.962	23.908.371	20.313.031
Fixed assets		8.741.291	8.166.704	23.908.371	20.313.031
Inventories	10	17.373.286	27.991.855	0	0
Trade receivables		30.710.132	33.699.837	0	0
Receivables from group enterprises		213.333	175.332	38.276	0
Receivables from associates		8.058.578	5.716.982	0	0
Other receivables		1.678.392	428.100	0	0
Corporation tax receivable from group enterprises		0	0	12.381	10.759
Prepayments	11	2.527.999	956.921	0	0
Receivables		43.188.434	40.977.172	50.657	10.759
Cash at bank and in hand		1.528.972	7.176.459	21.094	1.315
Currents assets		62.090.692	76.145.486	71.751	12.074
Assets		70.831.983	84.312.190	23.980.122	20.325.105

Balance Sheet 30 June

Liabilities and equity

	Note	Group		Parent Company	
		2020	2019	2020	2019
		DKK	DKK	DKK	DKK
Share capital		746.401	746.401	746.401	746.401
Reserve for net revaluation under the equity method		0	0	18.217.542	14.735.929
Reserve for development costs		3.667.660	2.755.521	0	0
Retained earnings		14.743.899	12.075.851	194.017	95.443
Proposed dividend for the year		2.000.000	1.700.000	2.000.000	1.700.000
Equity		21.157.960	17.277.773	21.157.960	17.277.773
Provision for deferred tax	13	1.188.573	1.034.624	0	0
Other provisions	14	1.804.269	1.365.505	0	0
Provisions		2.992.842	2.400.129	0	0
Subordinate loan capital		0	733.350	0	0
Credit institutions		0	777.221	0	0
Other payables		1.528.123	0	0	0
Long-term debt	15	1.528.123	1.510.571	0	0
Subordinate loan capital	15	731.963	2.567.000	0	0
Credit institutions	15	12.366.955	41.597.900	0	0
Prepayments received from customers		0	23.409	0	0
Trade payables		15.018.219	9.923.649	0	0
Payables to group enterprises		0	58.487	2.812.162	3.037.332
Payables to associates		6.323.713	1.430.793	0	0
Corporation tax		3.589.836	2.962.402	0	0
Payables to group enterprises relating to corporation tax		84.284	29.381	0	0
Other payables	15	7.038.088	4.530.696	10.000	10.000
Short-term debt		45.153.058	63.123.717	2.822.162	3.047.332
Debt		46.681.181	64.634.288	2.822.162	3.047.332
Liabilities and equity		70.831.983	84.312.190	23.980.122	20.325.105

Balance Sheet 30 June

Liabilities and equity

	<u>Note</u>
Distribution of profit	12
Contingent assets, liabilities and other financial obligations	18
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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	2.755.521	12.075.851	1.700.000	17.277.773
Ordinary dividend paid	0	0	0	0	-1.700.000	-1.700.000
Development costs for the year	0	0	1.401.329	-1.401.329	0	0
Depreciation, amortisation and impairment for the year	0	0	-489.190	489.190	0	0
Net profit/loss for the year	0	0	0	3.580.187	2.000.000	5.580.187
Equity at 30 June	746.401	0	3.667.660	14.743.899	2.000.000	21.157.960

Parent Company

Equity at 1 July	746.401	14.735.929	0	95.443	1.700.000	17.277.773
Ordinary dividend paid	0	0	0	0	-1.700.000	-1.700.000
Net profit/loss for the year	0	3.481.613	0	98.574	2.000.000	5.580.187
Equity at 30 June	746.401	18.217.542	0	194.017	2.000.000	21.157.960

Cash Flow Statement 1 July - 30 June

	Note	Group	
		2019/20 DKK	2018/19 DKK
Net profit/loss for the year		5.580.187	8.303.873
Adjustments	16	4.541.467	6.928.543
Change in working capital	17	21.266.082	-35.192.014
Cash flows from operating activities before financial income and expenses		31.387.736	-19.959.598
Financial income		203.537	110.752
Financial expenses		-1.661.658	-3.089.931
Cash flows from ordinary activities		29.929.615	-22.938.777
Corporation tax paid		-590.611	-1.257.797
Cash flows from operating activities		29.339.004	-24.196.574
Purchase of intangible assets		-1.796.575	0
Purchase of property, plant and equipment		-441.486	-1.844.418
Business acquisition		0	-1.594.962
Cash flows from investing activities		-2.238.061	-3.439.380
Repayment of loans from credit institutions		-1.817.485	-2.520.450
Dividend paid		-1.700.000	0
Cash flows from financing activities		-3.517.485	-2.520.450
Change in cash and cash equivalents		23.583.458	-30.156.404
Cash and cash equivalents at 1 July		-34.421.441	-4.265.037
Cash and cash equivalents at 30 June		-10.837.983	-34.421.441
Cash and cash equivalents are specified as follows:			
Cash at bank and in hand		1.528.972	7.176.459
Overdraft facility		-12.366.955	-41.597.900
Cash and cash equivalents at 30 June		-10.837.983	-34.421.441

Notes to the Financial Statements

	Group		Parent Company	
	2019/20	2018/19	2019/20	2018/19
	DKK	DKK	DKK	DKK
1 Staff				
Wages and Salaries	17.808.202	16.064.224	0	0
Pensions	1.883.008	992.413	0	0
Other social security expenses	165.217	338.509	0	0
Other staff expenses	606.243	500.671	0	0
	20.462.670	17.895.817	0	0
Wages and Salaries, pensions, other social security expenses and other staff expenses are recognised in the following items:				
Cost of sales	7.944.921	6.856.733	0	0
Distribution expenses	7.363.586	6.355.021	0	0
Administrative expenses	5.154.163	4.684.063	0	0
	20.462.670	17.895.817	0	0
Average number of employees	54	35	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	197.173	110.752	0	0
Other financial income	6.361	0	0	0
Exchange adjustments	3	0	0	0
	203.537	110.752	0	0

3 Financial expenses

Other financial expenses	1.655.020	3.036.364	497	0
Exchange adjustments, expenses	0	17	0	0
Exchange loss	0	53.550	0	26.775
	1.655.020	3.089.931	497	26.775

Notes to the Financial Statements

4 Tax on profit/loss for the year	Group		Parent Company	
	2019/20	2018/19	2019/20	2018/19
	DKK	DKK	DKK	DKK
Current tax for the year	1.272.948	2.398.383	-4.274	-8.107
Deferred tax for the year	153.949	148.857	0	0
	1.426.897	2.547.240	-4.274	-8.107

5 Intangible assets

Group	Completed development projects	Development projects in progress
	DKK	DKK
Cost at 1 July	13.666.079	1.262.800
Additions for the year	0	1.881.057
Disposals for the year	0	-84.481
Transfers for the year	316.172	-316.172
Cost at 30 June	13.982.251	2.743.204
Impairment losses and amortisation at 1 July	10.277.720	0
Amortisation for the year	1.052.564	0
Impairment losses and amortisation at 30 June	11.330.284	0
Carrying amount at 30 June	2.651.967	2.743.204

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. Five of the projects are expected to be completed in FY 2020/21. The last four projects is not expected to be completed until 2021/22. The projects are progressing according to plan through the use of the resources allocated by Management to the development. The 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 new group of younger customers. Prior to the initiation of the projects, the Company inquired its customers as to the need for an updated program, which was well received.

Notes to the Financial Statements

6 Property, plant and equipment

Group

	Plant and machinery	Other fixtures and fittings, tools and equipment	Leasehold improvements
	DKK	DKK	DKK
Cost at 1 July	90.628	2.829.916	1.827.953
Exchange adjustment	-134	-979	0
Additions for the year	19.823	223.775	197.888
Cost at 30 June	<u>110.317</u>	<u>3.052.712</u>	<u>2.025.841</u>
Revaluations at 1 July	<u>0</u>	<u>0</u>	<u>0</u>
Revaluations at 30 June	<u>0</u>	<u>0</u>	<u>0</u>
Impairment losses and depreciation at 1 July	85.075	2.087.752	1.011.099
Exchange adjustment	-125	-603	0
Depreciation for the year	21.977	254.105	291.848
Impairment losses and depreciation at 30 June	<u>106.927</u>	<u>2.341.254</u>	<u>1.302.947</u>
Carrying amount at 30 June	<u>3.390</u>	<u>711.458</u>	<u>722.894</u>

Parent Company

	2020	2019
	DKK	DKK
Cost at 1 July	3.577.102	2.077.102
Additions for the year	<u>0</u>	<u>1.500.000</u>
Cost at 30 June	<u>3.577.102</u>	<u>3.577.102</u>
Value adjustments at 1 July	16.735.929	8.403.313
Net profit/loss for the year	5.595.340	8.332.616
Dividend to the Parent Company	<u>-2.000.000</u>	<u>0</u>
Value adjustments at 30 June	<u>20.331.269</u>	<u>16.735.929</u>
Carrying amount at 30 June	<u>23.908.371</u>	<u>20.313.031</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	Århus	DKK 746.401	100%
Promovec A/S	Århus	DKK 500.000	100%
Promovec GmbH	Flensburg	EUR 25.000	100%
Viridus A/S	Århus	DKK 500.000	100%

	Group		Parent Company	
	2020 DKK	2019 DKK	2020 DKK	2019 DKK
8 Investments in associates				
Cost at 1 July	1.595.382	420	420	420
Additions for the year	0	1.594.962	0	0
Cost at 30 June	1.595.382	1.595.382	420	420
Value adjustments at 1 July	-420	-420	-420	-420
Net profit/loss for the year	-42.584	0	0	0
Value adjustments at 30 June	-43.004	-420	-420	-420
Carrying amount at 30 June	1.552.378	1.594.962	0	0

Investments in associates are specified as follows:

Name	Place of registered office	Share capital	Votes and ownership
BatriBike Ltd.	Cleethorpes	GBP 100	50%
Viridus manufacturing A/S	Aarhus	DKK 3.000.000	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>	
	2020	2019	2020	2019
	DKK	DKK	DKK	DKK
10 Inventories				
Finished goods and goods for resale	17.373.286	27.991.855	0	0
	17.373.286	27.991.855	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>	
	2019/20	2018/19
	DKK	DKK
12 Distribution of profit		
Proposed dividend for the year	2.000.000	1.700.000
Reserve for net revaluation under the equity method	3.481.613	6.333.037
Retained earnings	98.574	270.836
	5.580.187	8.303.873

Notes to the Financial Statements

	Group		Parent Company	
	2020	2019	2020	2019
	DKK	DKK	DKK	DKK
13 Provision for deferred tax				
Provision for deferred tax at 1 July	1.034.624	885.767	0	0
Amounts recognised in the income statement for the year	153.949	148.857	0	0
Provision for deferred tax at 30 June	1.188.573	1.034.624	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 1,804 (2018/19 kDKK 1,366) have been recognised for expected warranty claims.

Other provisions	1.804.269	1.365.505	0	0
	1.804.269	1.365.505	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:

	Group		Parent Company	
	2020	2019	2020	2019
	DKK	DKK	DKK	DKK
Subordinate loan capital				
Between 1 and 5 years	0	733.350	0	0
Long-term part	0	733.350	0	0
Within 1 year	731.963	2.567.000	0	0
	731.963	3.300.350	0	0

Notes to the Financial Statements

15 Long-term debt (continued)

	Group		Parent Company	
	2020 DKK	2019 DKK	2019/20 DKK	2019 DKK
Credit institutions				
Between 1 and 5 years	0	777.221	0	0
Long-term part	0	777.221	0	0
Within 1 year	777.221	1.023.000	0	0
Other short-term debt to credit institutions	11.589.734	40.574.900	0	0
Short-term part	12.366.955	41.597.900	0	0
	12.366.955	42.375.121	0	0
Other payables				
Between 1 and 5 years	1.528.123	0	0	0
Long-term part	1.528.123	0	0	0
Other short-term payables	7.038.088	4.530.696	10.000	10.000
	8.566.211	4.530.696	10.000	10.000

16 Cash flow statement - adjustments

	Group	
	2019/20 DKK	2018/19 DKK
Financial income	-203.537	-110.752
Financial expenses	1.655.020	3.089.931
Depreciation, amortisation and impairment losses, including losses and gains on sales	1.620.503	1.402.124
Income from investments in associates	42.584	0
Tax on profit/loss for the year	1.426.897	2.547.240
	4.541.467	6.928.543

Notes to the Financial Statements

	Group	
	2019/20	2018/19
	DKK	DKK
17 Pengestrømsopgørelse - ændring i driftskapital		
Change in inventories	10.618.569	-8.339.627
Change in receivables	-2.211.261	-20.515.115
Change in other provisions	438.764	477.971
Change in trade payables	12.420.010	-6.815.243
	21.266.082	-35.192.014

	Group		Parent Company	
	2020	2019	2020	2019
	DKK	DKK	DKK	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 22,000, which provides security in the Company's intangible and tangible fixed assets, inventories and debtors with an accounting value of DKK	48.573.154	61.636.964	0	0
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Contingent liabilities

The 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 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.

The Company has provided a guarantee to Skjern Bank A/S for the banks facilities with promovec A/S and EB-Components A/S.

Notes to the Financial Statements

19 Related parties

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. There have been no such transactions.

Ownership

The following shareholders are recorded in the Company's register of shareholders as holding at least 5% of the votes or at least 5% of the share capital:

Jesper Lundqvist Holding ApS, Aarhus

Consolidated Financial Statements

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

<u>Name</u>	<u>Place of registered office</u>
Jesper Lundqvist Holding ApS	Aarhus

Notes to the Financial Statements

20 Accounting Policies

The Annual Report of Promovec Group A/S for 2019/20 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 Consolidated and Parent Company Financial Statements for 2019/20 are presented in DKK.

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

Notes to the Financial Statements

20 Accounting Policies (continued)

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.

Gross profit/loss

With reference to section 32 of the Danish Financial Statements Act, gross profit/loss is calculated as a summary of revenue, cost of sales and other operating income.

Administrative expenses

Administrative expenses comprise office expenses and expenses for auditors etc.

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.

Notes to the Financial Statements

20 Accounting Policies (continued)

Income from investments in subsidiaries and associates

The items “Income from investments in subsidiaries” and “Income from investments in associates” in the income statement include 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 enterprises in proportion to their taxable incomes.

Balance Sheet

Intangible assets

Development costs are measured at cost less accumulated depreciation and any accumulated impairment losses.

Development projects that are clearly defined and identifiable where the technical utilization rate, available resources and a potential future market or development opportunity in the company can be demonstrated, and where the intention is to manufacture, market or use, the project is recognized as intangible fixed assets if there is sufficient assurance that the capital value of future earnings can cover production, sales and administrative costs as well as the development costs themselves.

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

Costs for capitalized development costs include the cost of materials, services and direct wages plus indirect costs, which are calculated as costs in the income statement as incurred.

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 is expected to be 5 years.

Notes to the Financial Statements

20 Accounting Policies (continued)

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

Depreciation period and residual value are reassessed annually.

Impairment of fixed assets

The carrying amounts of intangible assets and 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 subsidiaries and associates

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

The items "Investments in subsidiaries" and "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 inter-company profits or losses.

The total net revaluation of investments in subsidiaries and 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 subsidiaries and the associates.

Subsidiaries and 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

Notes to the Financial Statements

20 Accounting Policies (continued)

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 direct 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.

Notes to the Financial Statements

20 Accounting Policies (continued)

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.

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 mortgage loans and 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

Notes to the Financial Statements

20 Accounting Policies (continued)

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".

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	$\frac{\text{Net profit for the year} \times 100}{\text{Average equity}}$