



Kohsel Holding ApS

Sønderskovej 1
8362 Hørning
CVR No. 35867694

Annual report 01.05.2020 - 30.04.2021

The Annual General Meeting adopted the
annual report on 05.10.2021

Carl Erik Skovgaard

Chairman of the General Meeting

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Entity details

Entity

Kohsel Holding ApS

Sønderskovvej 1

8362 Hørning

Business Registration No.: 35867694

Registered office: Skanderborg

Financial year: 01.05.2020 - 30.04.2021

Board of Directors

Morten Vestergaard Kohsel

Christian Møller Christensen

Thomas Hougaard Bonde

Executive Board

Thomas Hougaard Bonde

Auditors

Deloitte Statsautoriseret Revisionspartnerselskab

City Tower, Værkmestergade 2

8000 Aarhus C

Statement by Management on the annual report

The Board of Directors and the Executive Board have today considered and approved the annual report of Kohsel Holding ApS for the financial year 01.05.2020 - 30.04.2021.

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

In our opinion, the consolidated financial statements and the parent financial statements give a true and fair view of the Group's and the Parent's financial position at 30.04.2021 and of the results of their operations and the consolidated cash flows for the financial year 01.05.2020 - 30.04.2021.

We believe that the management commentary contains a fair review of the affairs and conditions referred to therein.

We recommend the annual report for adoption at the Annual General Meeting.

Hørning, 05.10.2021

Executive Board

Thomas Hougaard Bonde

Board of Directors

Morten Vestergaard Kohsel

Christian Møller Christensen

Thomas Hougaard Bonde

Independent auditor's report

To the shareholders of Kohsel Holding ApS

Opinion

We have audited the consolidated financial statements and the parent financial statements of Kohsel Holding ApS for the financial year 01.05.2020 - 30.04.2021, which comprise the income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies, for the Group as well as the Parent, and the consolidated cash flow statement. The consolidated financial statements and the parent financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the consolidated financial statements and the parent financial statements give a true and fair view of the Group's and the Parent's financial position at 30.04.2021 and of the results of their operations and the consolidated cash flows for the financial year 01.05.2020 - 30.04.2021 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the consolidated financial statements and the parent financial statements" section of this auditor's report. We are independent of the Group in accordance with the International Ethics Standards Board of 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 the parent financial statements

Management is responsible for the preparation of consolidated financial statements and parent 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 financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements and the parent financial statements, Management is responsible for assessing the Group's and the Entity's ability to continue as a going concern, for disclosing, as applicable, matters related to going concern, and for using the going concern basis of accounting in preparing the consolidated financial statements and the parent financial statements unless Management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the consolidated financial statements and the parent financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements and the parent 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 parent 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 financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Entity'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 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 Entity'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 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 Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements and the parent financial statements, including the disclosures in the notes, and whether the consolidated financial statements and the parent financial statements represent the underlying transactions and events in a manner that gives a true and fair view.
- Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Statement on the management commentary

Management is responsible for the management commentary.

Our opinion on the consolidated financial statements and the parent financial statements does not cover the management commentary, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements and the parent financial statements, our responsibility is to read the management commentary and, in doing so, consider whether the management commentary is materially inconsistent with the consolidated financial statements and the parent financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether the management commentary provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we conclude that the management commentary is in accordance with the consolidated financial statements and the parent financial statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement of the management commentary.

Aarhus, 05.10.2021

Deloitte

Statsautoriseret Revisionspartnerselskab
CVR No. 33963556

Michael Bach

State Authorised Public Accountant
Identification No (MNE) mne19691

Søren Lassen

State Authorised Public Accountant
Identification No (MNE) mne18520

Management commentary

Financial highlights

	2020/21	2019/20	2018/19	2017/18	2016/17
	DKK'000	DKK'000	DKK'000	DKK'000	DKK'000
Key figures					
Gross profit/loss	75,153	79,686	65,680	52,176	53,611
Operating profit/loss	17,355	26,841	19,382	15,421	23,136
Net financials	(7,221)	(2,159)	(447)	(3,155)	(1,179)
Profit/loss for the year	7,368	17,921	13,677	8,444	15,935
Balance sheet total	173,688	172,135	144,840	141,722	150,430
Investments in property, plant and equipment	18,246	30,871	8,563	4,263	2,596
Equity	74,397	67,631	109,867	95,950	87,507
Ratios					
Return on equity (%)	10.38	20.19	13.29	9.21	20.00
Equity ratio (%)	42.90	39.29	75.85	67.70	58.17

Financial highlights are defined and calculated in accordance with the current version of "Recommendations & Ratios" issued by the CFA Society Denmark.

Return on equity (%):

Profit/loss for the year * 100

Average equity

Equity ratio (%)

Equity * 100

Total assets

Primary activities

The Group's activity consists of development, production and marketing of inductive solutions.

Kohsel Holding ApS' activity consists in investing in Kohsel A/S.

In the following, the name Group is used as a general name covering all Kohsel and therefore applies to the Group, Kohsel A/S, Kohsel Holding ApS and all underlying subsidiaries.

Development in activities and finances

The Group realized a profit of DKK 7,367,737 for the financial year 2020/21. Management considers profit for the year satisfactory. The financial year 2020/21 has been characterized by large investments in new production facilities, IT and the worldwide covid 19 pandemics.

Profit/loss for the year in relation to expected developments

The ongoing COVID-19 pandemic may have an effect on profit and revenue, but management does not consider that it will have a material impact on the company's financial position and development as a whole.

Outlook

Management expects a slight increase in the activity level for the coming financial year. The profit margin is expected to be lower due to change in product mix, rising prices for raw material and transport, rising depreciation following investments in new factories and a new ERP system.

Currency risks

A large part of the Group's activities takes place abroad. The Group is aware, to the necessary extent, of the risks involved and the possibilities of current hedging, i.a. by way of invoicing and purchasing in local currency etc.

Cash

The Group's cash position is satisfactory. The external financing primarily comprises floating interest loans.

Intellectual capital resources

The Group is delivering high-quality products. The Group's staff is working according to an extensive quality management system ISO 9001 (2015), ensuring optimum use of the Group's knowledge resources.

The Group takes on responsibility for the working environment and focuses on employee health. The working environment meets the highest national requirements in Denmark, Latvia and Thailand. We attach importance to being an attractive workplace, contributing to the employees' health and well-being. During the year, a CSR audit was carried out by BSI at the Group's production facilities in Thailand. This to ensure that all requirements are fulfilled.

Environmental performance

Kohsel A/S is an environmentally conscious enterprise, which carries out ongoing improvements in relation to environmental considerations and has been awarded for participation in 3R Project (Reduce, Re-use and Recycle) with Ministry of Industry, Thailand

The Group's quality and environment handbook complies with the DS/ENISO 9001 (2015) and DS/ENISO 14001 (2015) standards. Kohsel Thailand have in 2020/21 been Green Industry, level 3 certified.

Events after the balance sheet date

No events have occurred after the balance sheet date to this date, which would influence the evaluation of this annual report.

Consolidated income statement for 2020/21

	Notes	2020/21 DKK	2019/20 DKK
Gross profit/loss		75,152,639	79,686,309
Staff costs	1	(47,294,429)	(43,325,409)
Depreciation, amortisation and impairment losses	2	(10,503,647)	(9,519,898)
Operating profit/loss		17,354,563	26,841,002
Other financial income		154,392	1,597,911
Other financial expenses		(7,375,476)	(3,756,677)
Profit/loss before tax		10,133,479	24,682,236
Tax on profit/loss for the year	3	(2,765,742)	(6,761,143)
Profit/loss for the year	4	7,367,737	17,921,093

Consolidated balance sheet at 30.04.2021

Assets

	Notes	2020/21 DKK	2019/20 DKK
Completed development projects	6	0	342,289
Acquired intangible assets		426,730	107,788
Goodwill		41,111,558	46,189,550
Development projects in progress	6	8,253,198	4,155,330
Intangible assets	5	49,791,486	50,794,957
Land and buildings		12,678,346	2,075,365
Other fixtures and fittings, tools and equipment		13,542,899	13,455,838
Leasehold improvements		28,065,524	17,269,025
Property, plant and equipment in progress		1,258,964	11,975,720
Property, plant and equipment	7	55,545,733	44,775,948
Fixed assets		105,337,219	95,570,905
Raw materials and consumables		22,857,268	23,416,771
Manufactured goods and goods for resale		19,560,441	18,616,801
Prepayments for goods		1,294,354	1,009,738
Inventories		43,712,063	43,043,310
Trade receivables		12,568,437	15,907,032
Other receivables		4,109,371	4,742,073
Prepayments	8	618,053	732,044
Receivables		17,295,861	21,381,149
Cash		7,342,994	12,139,462
Current assets		68,350,918	76,563,921
Assets		173,688,137	172,134,826

Equity and liabilities

	Notes	2020/21 DKK	2019/20 DKK
Contributed capital		200,000	200,000
Translation reserve		(601,970)	0
Retained earnings		74,798,857	67,431,120
Equity		74,396,887	67,631,120
Deferred tax	9	2,030,400	1,203,100
Other provisions	10	1,784,224	600,000
Provisions		3,814,624	1,803,100
Bank loans		41,910,000	39,880,000
Other payables		0	2,013,136
Non-current liabilities other than provisions	11	41,910,000	41,893,136
Current portion of non-current liabilities other than provisions	11	13,000,000	10,000,000
Bank loans		18,591,906	14,721,411
Trade payables		14,549,500	15,890,616
Tax payable		295,245	4,620,404
Other payables		7,129,975	15,575,039
Current liabilities other than provisions		53,566,626	60,807,470
Liabilities other than provisions		95,476,626	102,700,606
Equity and liabilities		173,688,137	172,134,826
Contingent liabilities	13		
Assets charged and collateral	14		
Transactions with related parties	15		
Subsidiaries	16		

Consolidated statement of changes in equity for 2020/21

	Contributed capital DKK	Translation reserve DKK	Retained earnings DKK	Total DKK
Equity beginning of year	200,000	0	67,431,120	67,631,120
Exchange rate adjustments	0	(601,970)	0	(601,970)
Profit/loss for the year	0	0	7,367,737	7,367,737
Equity end of year	200,000	(601,970)	74,798,857	74,396,887

Consolidated cash flow statement for 2020/21

	Notes	2020/21 DKK	2019/20 DKK
Operating profit/loss		17,354,563	26,841,002
Amortisation, depreciation and impairment losses		10,503,647	9,400,787
Working capital changes	12	(5,752,298)	3,180,393
Cash flow from ordinary operating activities		22,105,912	39,422,182
Financial income received		154,392	1,509,916
Financial expenses paid		(7,345,476)	(2,262,168)
Taxes refunded/(paid)		(6,024,835)	(5,316,424)
Cash flows from operating activities		8,889,993	33,353,506
Acquisition etc. of intangible assets		(4,355,774)	(2,621,831)
Acquisition etc. of property, plant and equipment		(18,245,683)	(34,727,756)
Sale of property, plant and equipment		44,501	1,008,883
Cash flows from investing activities		(22,556,956)	(36,340,704)
Free cash flows generated from operations and investments before financing		(13,666,963)	(2,987,198)
Loans raised		15,000,000	53,818,098
Repayments of loans etc.		(10,000,000)	(10,000,000)
Dividend paid		0	(60,000,000)
Guarantee cover account		0	3,000,000
Short-term bank loans		18,591,906	14,721,411
Repayments of short-term bank loans		(14,721,411)	0
Cash flows from financing activities		8,870,495	1,539,509
Increase/decrease in cash and cash equivalents		(4,796,468)	(1,447,689)

Cash and cash equivalents beginning of year	12,139,462	13,587,151
Cash and cash equivalents end of year	7,342,994	12,139,462

Cash and cash equivalents at year-end are composed of:

Cash	7,342,994	12,139,462
Cash and cash equivalents end of year	7,342,994	12,139,462

Notes to consolidated financial statements

1 Staff costs

	2020/21 DKK	2019/20 DKK
Wages and salaries	41,798,951	38,588,660
Pension costs	1,782,263	1,690,602
Other social security costs	3,713,215	3,046,147
	47,294,429	43,325,409

Average number of full-time employees	520	572
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	Remuneration of manage- ment 2020/21 DKK	Remuneration of manage- ment 2019/20 DKK
Executive Board	2,582,881	2,527,582
Board of Directors	322,500	270,000
	2,905,381	2,797,582

2 Depreciation, amortisation and impairment losses

	2020/21 DKK	2019/20 DKK
Amortisation of intangible assets	5,350,921	5,081,448
Depreciation on property, plant and equipment	5,157,726	4,438,450
Profit/loss from sale of intangible assets and property, plant and equipment	(5,000)	0
	10,503,647	9,519,898

3 Tax on profit/loss for the year

	2020/21 DKK	2019/20 DKK
Current tax	1,938,442	6,100,743
Change in deferred tax	827,300	660,400
	2,765,742	6,761,143

4 Proposed distribution of profit/loss

	2020/21 DKK	2019/20 DKK
Extraordinary dividend distributed in the financial year	0	60,000,000
Retained earnings	7,367,737	(42,078,907)
	7,367,737	17,921,093

5 Intangible assets

	Completed development projects DKK	Acquired intangible assets DKK	Goodwill DKK	Development projects in progress DKK
Cost beginning of year	342,289	116,846	76,169,847	4,155,330
Exchange rate adjustments	0	(5,975)	0	0
Transfers	(342,289)	702,390	0	0
Additions	0	257,906	0	4,097,868
Cost end of year	0	1,071,167	76,169,847	8,253,198
Amortisation and impairment losses beginning of year	0	(9,058)	(29,980,297)	0
Exchange rate adjustments	0	744	0	0
Transfers	0	(363,194)	0	0
Amortisation for the year	0	(272,929)	(5,077,992)	0
Amortisation and impairment losses end of year	0	(644,437)	(35,058,289)	0
Carrying amount end of year	0	426,730	41,111,558	8,253,198

6 Development projects

The Company's development projects consists of development of ERP system, which is still under development. The ERP-system is expected to be completed in the coming year. Completed development projects consists of software for management, optimization and software for simulation and BIM. There are no identified indicators of impairment.

7 Property, plant and equipment

	Land and buildings DKK	Other fixtures and fittings, tools and equipment DKK	Leasehold improvements DKK	Property, plant and equipment in progress DKK
Cost beginning of year	3,002,976	15,327,150	18,950,914	11,975,720
Exchange rate adjustments	(437,597)	(884,252)	(1,256,473)	(115,264)
Transfers	3,430,500	9,281,172	11,148,230	(13,286,594)
Additions	11,461,671	3,299,952	798,958	2,685,102
Disposals	0	(431,245)	(19,952)	0
Cost end of year	17,457,550	26,592,777	29,621,677	1,258,964
Depreciation and impairment losses beginning of year	(927,611)	(1,871,312)	(1,681,889)	0
Exchange rate adjustments	11,141	308,588	42,974	0
Transfers	(3,430,500)	(8,632,346)	1,428,197	0
Depreciation for the year	(432,234)	(3,305,438)	(1,357,909)	0
Reversal regarding disposals	0	450,630	12,474	0
Depreciation and impairment losses end of year	(4,779,204)	(13,049,878)	(1,556,153)	0
Carrying amount end of year	12,678,346	13,542,899	28,065,524	1,258,964

8 Prepayments

Costs incurred relating to the subsequent financial year.

9 Deferred tax

	2020/21 DKK	2019/20 DKK
Intangible assets	1,843,000	989,000
Property, plant and equipment	83,000	99,000
Receivables	111,000	108,500
Provisions	(6,600)	6,600
Deferred tax	2,030,400	1,203,100
	2020/21 DKK	2019/20 DKK
Changes during the year		
Beginning of year	1,203,100	542,700
Recognised in the income statement	827,300	660,400
End of year	2,030,400	1,203,100

10 Other provisions

Provision for general guarantee commitments are based on the annual sales.

11 Non-current liabilities other than provisions

	Due within 12 months 2020/21 DKK	Due within 12 months 2019/20 DKK	Due after more than 12 months 2020/21 DKK
Bank loans	13,000,000	10,000,000	41,910,000
	13,000,000	10,000,000	41,910,000

Outstanding after 5 years: 0 DKK

12 Changes in working capital

	2020/21 DKK	2019/20 DKK
Increase/decrease in inventories	(668,753)	(2,625,813)
Increase/decrease in receivables	3,338,595	188,018
Increase/decrease in trade payables etc.	(8,422,140)	5,618,188
	(5,752,298)	3,180,393

13 Contingent liabilities

None.

14 Assets charged and collateral

Kohsel A/S has provided payment guarantees to AL Finans of DKK 4,500,000 nominal.

15 Transactions with related parties

Transactions with related parties are only disclosed in the annual report if they are not on arm's length terms. No such transactions have been conducted in the financial year.

16 Subsidiaries

	Registered in	Corporate form	Ownership %
Kohsel A/S	Hørning	A/S	100
- Kohsel (Thailand) Co. Ltd.	Thailand	Ltd.	100
- SIA Kohsel	Latvia	Sia	100
- Kohsel GmbH	Germany	GmbH	100

Parent income statement for 2020/21

	Notes	2020/21 DKK	2019/20 DKK
Gross profit/loss		(33,310)	(30,213)
Income from investments in group enterprises		8,214,574	18,893,916
Other financial income	1	141,924	69,732
Other financial expenses		(1,194,217)	(1,286,858)
Profit/loss before tax		7,128,971	17,646,577
Tax on profit/loss for the year	2	238,766	274,516
Profit/loss for the year	3	7,367,737	17,921,093

Parent balance sheet at 30.04.2021

Assets

	Notes	2020/21 DKK	2019/20 DKK
Investments in group enterprises		107,788,298	110,175,694
Financial assets	4	107,788,298	110,175,694
Fixed assets		107,788,298	110,175,694
Dividends receivable from group enterprises		6,300,000	7,169,344
Deferred tax	5	6,600	6,600
Joint taxation contribution receivable		415,441	4,318,800
Receivables		6,722,041	11,494,744
Cash		170,567	22,719
Current assets		6,892,608	11,517,463
Assets		114,680,906	121,693,157

Equity and liabilities

	Notes	2020/21 DKK	2019/20 DKK
Contributed capital		200,000	200,000
Reserve for net revaluation according to the equity method		11,236,022	13,623,418
Retained earnings		62,960,865	53,807,702
Equity		74,396,887	67,631,120
Bank loans		29,910,000	39,880,000
Non-current liabilities other than provisions	6	29,910,000	39,880,000
Current portion of non-current liabilities other than provisions	6	10,000,000	10,000,000
Trade payables		25,000	20,000
Tax payable		176,675	4,050,884
Other payables		172,344	111,153
Current liabilities other than provisions		10,374,019	14,182,037
Liabilities other than provisions		40,284,019	54,062,037
Equity and liabilities		114,680,906	121,693,157
Contingent liabilities	7		
Assets charged and collateral	8		
Related parties with controlling interest	9		
Transactions with related parties	10		

Parent statement of changes in equity for 2020/21

	Contributed capital DKK	Reserve for net revaluation according to the equity method DKK	Retained earnings DKK	Total DKK
Equity beginning of year	200,000	13,623,418	53,807,702	67,631,120
Other entries on equity	0	(601,970)	0	(601,970)
Transfer to reserves	0	(10,000,000)	10,000,000	0
Profit/loss for the year	0	8,214,574	(846,837)	7,367,737
Equity end of year	200,000	11,236,022	62,960,865	74,396,887

Notes to parent financial statements

1 Other financial income

	2020/21 DKK	2019/20 DKK
Financial income from group enterprises	141,924	69,732
	141,924	69,732

2 Tax on profit/loss for the year

	2020/21 DKK	2019/20 DKK
Current tax	(238,766)	(267,916)
Change in deferred tax	0	(6,600)
	(238,766)	(274,516)

3 Proposed distribution of profit and loss

	2020/21 DKK	2019/20 DKK
Extraordinary dividend distributed in the financial year	0	60,000,000
Retained earnings	7,367,737	(42,078,907)
	7,367,737	17,921,093

4 Financial assets

	Investments in group enterprises DKK
Cost beginning of year	96,552,276
Cost end of year	96,552,276
Revaluations beginning of year	13,623,418
Exchange rate adjustments	(601,970)
Amortisation of goodwill	(5,077,992)
Share of profit/loss for the year	13,292,566
Dividend	(10,000,000)
Revaluations end of year	11,236,022
Carrying amount end of year	107,788,298

A specification of investments in subsidiaries is evident from the notes to the consolidated financial statements.

5 Deferred tax

	2020/21
Changes during the year	DKK
Beginning of year	6,600
End of year	6,600

Deferred tax relates to intangible assets, property, plant and equipment, inventories and other provisions.

6 Non-current liabilities other than provisions

	Due within 12	Due within 12	Due after
	months	months	more than 12
	2020/21	2019/20	2020/21
	DKK	DKK	DKK
Bank loans	10,000,000	10,000,000	29,910,000
	10,000,000	10,000,000	29,910,000

7 Contingent liabilities

The Entity serves as the administration company in a Danish joint taxation arrangement. According to the joint taxation provisions of the Danish Corporation Tax Act, the Entity is therefore liable for income taxes etc. for the jointly taxed entities,

8 Assets charged and collateral

Investments in group enterprises are lodged as collateral for bank loans. The carrying amount of the mortgaged investments is 107.788K DKK at 30 April 2021 (2020: 110.176K DKK).

Collateral securities provided for subsidiaries and group enterprises

The Entity has guaranteed the subsidiaries' debt to Sydbank. The subsidiaries' bank loans amount to DKK 18,592K at 30 April 2021. (2020: DKK 14,721K)

The Entity warrants for the subsidiary's liability to a lender regarding a hedge account of DKK 2,000K.

9 Related parties with controlling interest

Related parties with controlling interest in the Company includes:

SE Blue Equity I K/S, CVR No. 35485058, Kolding holds the majority of Kohsel Holding ApS and thereby controlling interest.

10 Transactions with related parties

Transactions with related parties are only disclosed in the annual report if they are not on arm's length terms.

No such transactions have been conducted in the financial year.

Accounting policies

Reporting class

This annual report has been prepared in accordance with the provisions of the Danish Financial Statements Act governing reporting class C enterprises (medium).

Changes in accounting policies

In accordance with an interpretation from the Danish Business Authority, bank overdraft withdrawals are classified as cash flows from financing activities in the cash flow statement as opposed to previously when bank overdraft withdrawals were classified as cash in the cash flow statement. The change results in a positive impact on cash flows from financing activities of DKK 15.990.495 in 2020/21 (DKK 17.539.509 for 2019/20 and an increase in cash of DKK 14.721.411 at 30.04.2021 (DKK 6.061.902 at 30.04.2020). The comparative figures have been restated.

Apart from the areas mentioned above, the annual report has been presented applying the accounting policies consistent with last year.

Recognition and measurement

Assets are recognised in the balance sheet when it is probable as a result of a prior event that future economic benefits will flow to the Entity, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when the Entity has a legal or constructive obligation as a result of a prior event, and it is probable that future economic benefits will flow out of the Entity, and the value of the liability can be measured reliably.

On initial recognition, assets and liabilities are measured at cost. Measurement subsequent to initial recognition is effected as described below for each financial statement item.

Anticipated risks and losses that arise before the time of presentation of the annual report and that confirm or invalidate affairs and conditions existing at the balance sheet date are considered at recognition and measurement.

Income is recognised in the income statement when earned, whereas costs are recognised by the amounts attributable to this financial year.

Consolidated financial statements

The consolidated financial statements comprise the Parent and the group enterprises (subsidiaries) that are controlled by the Parent. Control is achieved by the Parent, either directly or indirectly, holding more than 50% of the voting rights or in any other way possibly or actually exercising controlling influence.

Basis of consolidation

The consolidated financial statements are prepared on the basis of the financial statements of the Parent and its subsidiaries. The consolidated financial statements are prepared by combining uniform items. On consolidation, intra-group income and expenses, intra-group accounts and dividends as well as profits and losses on transactions between the consolidated enterprises are eliminated. The financial statements used for consolidation have been prepared applying the Group's accounting policies.

Subsidiaries' financial statement items are recognised in full in the consolidated financial statements. Minority interests' pro rata shares of the profit/loss and the net assets are disclosed as separate items in Management's proposal for the distribution of net profit/loss and equity, respectively.

Investments in subsidiaries are offset at the pro rata share of such subsidiaries' net assets at the takeover date, with net assets having been calculated at fair value.

Income statement

Gross profit or loss

Gross profit or loss comprises revenue, changes in inventories and other external expenses.

Revenue

Revenue is recognised in the income statement when delivery is made and risk has passed to the buyer.

Revenue is recognised net of VAT, duties and sales discounts and is measured at fair value of the consideration fixed.

Other external expenses

Other external expenses include expenses relating to the Entity's ordinary activities, including expenses for premises, stationery and office supplies, promotion expenses, etc. Other external expenses also include impairment losses on receivables recognised in current assets.

Staff costs

Staff costs comprise wages and salaries, and social security contributions, pension contributions, etc. for entity staff.

Depreciation, amortisation and impairment losses

Depreciation, amortisation and impairment losses relating to property, plant and equipment and intangible assets comprise depreciation, amortisation and impairment losses for the financial year, calculated on the basis of the residual values and useful lives of the individual assets and impairment testing as well as gains and losses from the sale of intangible assets and property, plant and equipment.

Income from investments in group enterprises

Income from investments in group enterprises comprises the pro rata share of the individual enterprises' profit/loss after full elimination of intra-group profits or losses.

Other financial income

Other financial income comprises interest income, including interest income on receivables from group enterprises, net capital gains on transactions in foreign currencies as well as tax relief under the Danish Tax Prepayment Scheme etc.

Other financial expenses

Other financial expenses comprise interest expenses, including interest expenses on payables to group enterprises, net capital losses on transactions in foreign currencies, amortisation of financial liabilities and tax surcharge under the Danish Tax Prepayment Scheme etc.

Tax on profit/loss for the year

Tax for the year, which consists of current tax for the year and changes in deferred tax, is recognised in the

income statement by the portion attributable to the profit for the year and recognised directly in equity by the portion attributable to entries directly in equity.

Balance sheet

Goodwill

Goodwill is the positive difference between cost and fair value of assets and liabilities arising from acquisitions. Goodwill is amortised straight-line over its estimated useful life, which is fixed based on the experience gained by Management for each business area.

Useful life has been determined based on an assessment of whether the enterprises are strategically acquired enterprises with a strong market position and a long-term earnings profile and whether the amount of goodwill includes intangible resources of a temporary nature that cannot be separated and recognised as separate assets. If it is not possible to estimate the useful life reliably, it is set at 10 years. Useful lives are reassessed annually. The amortisation period used is 15 years.

Goodwill is written down to the lower of recoverable amount and carrying amount.

Intellectual property rights etc.

Intellectual property rights etc. comprise acquired intellectual property rights.

Development projects on clearly defined and identifiable products and processes, for which the technical rate of utilisation, adequate resources and a potential future market or development opportunity in the enterprise can be established, and where the intention is to manufacture, market or apply the product or process in question, are recognised as intangible assets. Other development costs are recognised as costs in the income statement as incurred. When recognising development projects as intangible assets, an amount equalling the costs incurred less deferred tax is taken to equity under reserve for development costs that is reduced as the development projects are amortised and written down.

The cost of development projects comprises costs such as salaries and amortisation that are directly and indirectly attributable to the development projects.

Intellectual property rights acquired are measured at cost less accumulated amortisation. Patents are amortised on a straight-line basis over their remaining duration, and licences are amortised on a straight-line basis over the term of the agreement.

Intellectual property rights etc. are written down to the lower of recoverable amount and carrying amount.

Property, plant and equipment

Land and buildings, plant and machinery, and other fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation and impairment losses. Land is not depreciated.

Cost comprises the acquisition price, costs directly attributable to the acquisition and preparation costs of the asset until the time when it is ready to be put into operation.

The basis of depreciation is cost less estimated residual value after the end of useful life. Straight-line depreciation is made on the basis of the following estimated useful lives of the assets:

Buildings	10-25 years
Other fixtures and fittings, tools and equipment	3-10 years
Leasehold improvements	10 years

Estimated useful lives and residual values are reassessed annually.

Items of property, plant and equipment are written down to the lower of recoverable amount and carrying amount.

Investments in group enterprises

Investments in group enterprises are recognised and measured in the parent financial statements according to the equity method. This means that investments are measured at the pro rata share of the enterprises' equity value plus or minus unamortised goodwill and plus or minus unrealised intra-group profits or losses.

Goodwill is the difference between cost of investments and fair value of the pro rata share of assets and liabilities arising from acquisitions. Goodwill is amortised straight-line over its estimated useful life, which is fixed based on the experience gained by Management for each business area. Useful life has been determined based on an assessment of whether the enterprises are strategically acquired enterprises with a strong market position and a long-term earnings profile and whether the amount of goodwill includes intangible resources of a temporary nature that cannot be separated and recognised as separate assets. If the useful life cannot be estimated reliably, it is fixed at 10 years. Useful lives are reassessed annually. The amortisation period used is 15 years.

Investments in group enterprises are written down to the lower of recoverable amount and carrying amount.

Inventories

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

Cost consists of purchase price plus delivery costs. Cost of manufactured goods and work in progress consists of costs of raw materials, consumables and direct labour costs.

The net realisable value of inventories is calculated as the estimated selling price less completion costs and costs incurred to execute sale.

Receivables

Receivables are measured at amortised cost, usually equalling nominal value, less writedowns for bad and doubtful debts.

Deferred tax

Deferred tax is recognised on all temporary differences between the carrying amount and the tax-based value of assets and liabilities, for which the tax-based value is calculated based on the planned use of each asset.

Deferred tax assets, including the tax base of tax loss carryforwards, are recognised in the balance sheet at their estimated realisable value, either as a set-off against deferred tax liabilities or as net tax assets.

Joint taxation contributions payable or receivable

Current joint taxation contributions payable or receivable are recognised in the balance sheet, stated as tax computed on this year's taxable income, adjusted for prepaid tax.

Prepayments

Prepayments comprise incurred costs relating to subsequent financial years. Prepayments are measured at cost.

Cash

Cash comprises cash in hand and bank deposits.

Other provisions

Other provisions comprise anticipated costs of non-recourse guarantee commitments.

Other provisions are recognised and measured as the best estimate of the expenses required to settle the liabilities at the balance sheet date.

Provisions that are estimated to mature more than one year after the balance sheet date are measured at their discounted value.

Non-recourse guarantee commitments comprise commitments to remedy defects and deficiencies within the guarantee period.

Other financial liabilities

Other financial liabilities are measured at amortised cost, which usually corresponds to nominal value.

Tax payable or receivable

Current tax payable or receivable is recognised in the balance sheet, stated as tax computed on this year's taxable income, adjusted for prepaid tax.

Cash flow statement

The cash flow statement shows cash flows from operating, investing and financing activities, and cash and cash equivalents at the beginning and the end of the financial year.

Cash flows from operating activities are presented using the indirect method and calculated as the operating profit/loss adjusted for non-cash operating items, working capital changes, and financial income, financial expenses and income tax paid.

Cash flows from investing activities comprise payments in connection with acquisition and divestment of enterprises, activities and fixed asset investments, and purchase, development, improvement and sale, etc. of intangible assets and property, plant and equipment, including acquisition of assets held under finance leases.

Cash flows from financing activities comprise changes in the size or composition of the contributed capital and related costs, and the raising of loans, inception of finance leases, instalments on interest-bearing debt, purchase of treasury shares and payment of dividend.

Cash and cash equivalents comprise cash less short-term bank loans.