ICEpower Holding ApS

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

Annual Report for 1 June 2019 - 31 May 2020

CVR No 37 58 46 73

The Annual Report was presented and adopted at the Annual General Meeting of the Company on 23/9 2020

Henrik Bjørn Rasmussen
Chairman of the General Meeting

Contents

Management's Statement

The Executive Board and Board of Directors have today considered and adopted the Annual Report of ICEpower Holding ApS for the financial year 1 June 2019 - 31 May 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 31 May 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.

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

Copenhagen, 23 September 2020

Executive Board

Keld Lindegaard Andersen
Executive Officer

Board of Directors

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

Independent Auditor's Report

To the Shareholders of ICEpower Holding ApS

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 31 May 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 June 2019 - 31 May 2020 in accordance with the Danish Financial Statements Act.

We have audited the Consolidated Financial Statements and the Parent Company Financial Statements of ICEpower Holding ApS for the financial year 1 June 2019 - 31 May 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

Independent Auditor's Report

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

In preparing the Financial Statements, Management is responsible for assessing the Group's and the 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 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.

Hellerup, 23 September 2020
PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
CVR No 33 77 12 31

Niels Henrik B. Mikkelsen
State Authorised Public Accountant
mne16675

Company Information

The Company	ICEpower Holding ApS Vandtårnsvej 62 A, 3. b. DK-2860 Søborg CVR No: 37 58 46 73 Financial period: 1 June - 31 May Incorporated: 3 April 2016 Municipality of reg. office: Gladsaxe Kommune
Board of Directors	Henrik Bjørn Rasmussen, Chairman Ronnie Møller-Thorsøe Anders Sejer Tranberg-Hansen
Executive Board	Keld Lindegaard Andersen
Auditors	PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab Strandvejen 44 DK-2900 Hellerup

Financial Highlights

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

	Group				
	2019/20	2018/19	2017/18	2016/17	2015/16
	'000	'000	'000	'000	'000
Key figures					
Profit/loss					
Gross profit/loss	70,491	55,546	46,141	46,128	5,111
Profit/loss before financial income and expenses	13,238	10,795	1,883	13,611	3,877
Net financials	-4,012	-3,824	-547	-1,112	17,355
Net profit/loss for the year	7,455	5,398	791	10,386	20,331
Balance sheet					
Balance sheet total	121,677	111,847	95,950	93,471	83,659
Equity	50,055	47,600	42,202	41,411	30,331
Cash flows					
Cash flows from:					
- operating activities	43,995	35,568	22,579	25,544	-155
- investing activities	-35,716	-20,082	-15,733	-23,858	-24,779
including investment in property, plant and equipment	-3,154	-1,835	87	-3,201	-1,189
- financing activities	-21,473	523	463	1,108	25,000
Change in cash and cash equivalents for the year	-13,194	16,009	7,309	2,794	66
Number of employees	46	39	35	31	31
Ratios					
Return on assets	10.9%	9.7%	2.0%	14.6%	4.6%
Solvency ratio	41.1%	42.6%	44.0%	44.3%	36.3%
Return on equity	15.3%	12.0%	1.9%	29.0%	21.6%

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.

Management's Review

Consolidated and Parent Company Financial Statements of ICEpower Holding ApS 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 Consolidated and Parent Company Financial Statements have been prepared under the same accounting policies as last year.

Key activities

The Group develops, manufactures and markets products based on highly effective amplifier technologies for the global audio industry.

Development in the year

The income statement of the Group for 2019/20 shows a profit of kDKK 7,455, and at 31 May 2020 the balance sheet of the Group shows equity of kDKK 50,055.

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

Management considers the result satisfactory as it exceed expectations for the year.

Intellectual capital resources

The Company operates in a very specialized market and great emphasis is placed on recruiting and retaining the best employees. Focus is on the continued development and training of the employees via ongoing feedback on performance and by offering relevant courses to the associates.

Operating risks

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

Targets and expectations for the year ahead

Management have considered the outbreak of the COVID 19 (Coronavirus) pandemic and its current and future potential effects on the Company. Management expect a revenue growth for the financial year 2020/21 compared with previous year.

The Company has a solid cash position in order to fund the Company's organic growth and operations through the financial year 2020/21 and beyond.

Despite the implications of COVID 19, a situation that management is monitoring closely, management expects that revenue will increase, while profitability will remain at the same level as the financial year 2019/20.

Management's Review

Research and development

In line with its strategy, the Company continuously focuses on the development of its product portfolio in order to create value for both customers and consumers. The Company has an ongoing dialogue with it's partners and sees this as an essential driver for future success in the market.

The Company has closed new contracts with customers during the financial year 2019/20. This has resulted in an increased activity level in R&D, including new products and an increased level of capitalizations. Furthermore, the Company will continue to invest more than 15% of the annual revenue in product development. On behalf of this ICEpower expects an increasing revenue during the financial year 2020/21 and 2021/22.

External environment

ICEpower is making a continuous effort to limit the environmental impact of the Company's activities.

The main environmental impacts related to ICEpower's activities occur in connection with the consumption of energy, raw material and related material waste.

It is ICEpower's policy to comply with applicable laws and regulations as well as on its own initiative to make progress on environmental impact. When introducing new processes, and investing in new production equipment, consideration is given to the level of safety and environmental impact, such as energy consumption and waste volumes. This ensures the least possible impact on the internal and external environment and compliance with the relevant legal requirements.

Environmental, safety and health considerations are an important part of ICEpower's business policy, and ICEpower's production partners are environmentally certified according to ISO 14 001 and Occupational Health Safety certified by OHSAS18001.

Foreign Branches

Through subsidiaries the Group is represented with branches in Taiwan and Japan.

Uncertainty relating to recognition and measurement

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

Unusual events

The financial position at 31 May 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.

Income Statement 1 June - 31 May

	Note	Group 2019/20 kDKK	Group 2018/19 kDKK	Parent Company 2019/20 kDKK	Parent Company 2018/19 kDKK
Gross profit/loss		**70,491**	**55,546**	**-20**	**-21**
Staff expenses	1	-34,950	-27,229	0	0
Depreciation, amortisation and impairment of intangible assets and property, plant and equipment	2	-21,976	-17,522	0	0
Other operating expenses		-327	0	-327	0
Profit/loss before financial income and expenses		**13,238**	**10,795**	**-347**	**-21**
Income from investments in subsidiaries	3	0	0	7,858	5,834
Financial income	4	2,999	4,469	0	0
Financial expenses	5	-7,011	-8,293	-141	-538
Profit/loss before tax		**9,226**	**6,971**	**7,370**	**5,275**
Tax on profit/loss for the year	6	-1,771	-1,573	85	123
Net profit/loss for the year		**7,455**	**5,398**	**7,455**	**5,398**

Balance Sheet 31 May

Assets

		Group		Parent Company	
	Note	2020	2019	2020	2019
		'000	'000	'000	'000
Completed development projects		47,023	24,464	0	0
Acquired patents		200	300	0	0
Acquired software		1,373	1,340	0	0
Acquired licens agreements		2,411	3,315	0	0
Acquired rights		0	0	0	0
Goodwill		527	724	0	0
Development projects in progress		10,906	19,824	0	0
Intangible assets	7	**62,440**	**49,967**	**0**	**0**
Plant and machinery		5,197	3,982	0	0
Other equipment		727	582	0	0
Leasehold improvements		1,002	1,094	0	0
Property, plant and equipment	8	**6,926**	**5,658**	**0**	**0**
Investments in subsidiaries	9	0	0	55,944	66,783
Deposits	10	554	554	0	0
Fixed asset investments		**554**	**554**	**55,944**	**66,783**
Fixed assets		**69,920**	**56,179**	**55,944**	**66,783**
Inventories		**10,029**	**10,983**	**0**	**0**

Balance Sheet 31 May

Assets

		Group		Parent Company	
	Note	2020	2019	2020	2019
		'000	'000	'000	'000
Trade receivables		24,381	15,432	0	0
Receivables from group enterprises		0	0	1,166	166
Other receivables		751	1,043	0	0
Deferred tax asset	14	393	516	393	516
Corporation tax		1,950	790	115	0
Prepayments	11	1,269	726	0	0
Receivables		**28,744**	**18,507**	**1,674**	**682**
Cash at bank and in hand		**12,984**	**26,178**	**67**	**3,014**
Currents assets		**51,757**	**55,668**	**1,741**	**3,696**
Assets		**121,677**	**111,847**	**57,685**	**70,479**

Balance Sheet 31 May

Liabilities and equity

		Group		Parent Company	
	Note	2020	2019	2020	2019
		'000	'000	'000	'000
Share capital		1,130	1,130	1,130	1,130
Reserve for net revaluation under the equity method		1,735	0	21,474	32,313
Retained earnings		47,190	46,470	27,451	9,157
Proposed dividend for the year		0	0	0	5,000
Equity	12	**50,055**	**47,600**	**50,055**	**47,600**
Provision for deferred tax	14	12,477	9,028	0	0
Other provisions	15	581	467	0	0
Provisions		**13,058**	**9,495**	**0**	**0**
Payables to owners and Management		0	16,473	0	16,473
Other payables		2,388	6,387	0	6,387
Long-term debt	16	**2,388**	**22,860**	**0**	**22,860**
Prepayments received from customers		1,361	0	0	0
Trade payables		39,991	24,486	19	19
Corporation tax		143	0	0	0
Payables to group enterprises relating to corporation tax		0	0	897	0
Deposits		360	252	0	0
Other payables	17	14,321	7,154	6,714	0
Short-term debt		**56,176**	**31,892**	**7,630**	**19**
Debt		**58,564**	**54,752**	**7,630**	**22,879**
Liabilities and equity		**121,677**	**111,847**	**57,685**	**70,479**

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Statement of Changes in Equity

Group

	Share capital	Reserve for net revaluation under the equity method	Retained earnings	Proposed dividend for the year	Total
	'000	'000	'000	'000	'000
Equity at 1 June	1,130	0	41,470	5,000	47,600
Ordinary dividend on treasury shares	0	0	0	-5,000	-5,000
Net profit/loss for the year	0	1,735	5,720	0	7,455
Equity at 31 May	**1,130**	**1,735**	**47,190**	**0**	**50,055**

Parent Company

	Share capital	Reserve for net revaluation under the equity method	Retained earnings	Proposed dividend for the year	Total
Equity at 1 June	1,130	32,313	9,157	5,000	47,600
Ordinary dividend paid	0	0	0	-5,000	-5,000
Net profit/loss for the year	0	-10,839	18,294	0	7,455
Equity at 31 May	**1,130**	**21,474**	**27,451**	**0**	**50,055**

Cash Flow Statement 1 June - 31 May

	Note	Group 2019/20 kDKK	Group 2018/19 kDKK
Net profit/loss for the year		7,455	5,398
Adjustments	18	27,777	22,954
Change in working capital	19	12,008	13,382
Cash flows from operating activities before financial income and expenses		**47,240**	**41,734**
Financial income		2,999	4,469
Financial expenses		-7,010	-8,293
Cash flows from ordinary activities		**43,229**	**37,910**
Corporation tax paid		766	-2,342
Cash flows from operating activities		**43,995**	**35,568**
Purchase of intangible assets		-32,563	-18,247
Purchase of property, plant and equipment		-3,154	-1,835
Fixed asset investments made etc		1	0
Cash flows from investing activities		**-35,716**	**-20,082**
Repayment of payables to associates		-16,473	523
Dividend paid		-5,000	0
Cash flows from financing activities		**-21,473**	**523**
Change in cash and cash equivalents		**-13,194**	**16,009**
Cash and cash equivalents at 1 June		26,178	10,169
Cash and cash equivalents at 31 May		**12,984**	**26,178**
Cash and cash equivalents are specified as follows:			
Cash at bank and in hand		12,984	26,178
Cash and cash equivalents at 31 May		**12,984**	**26,178**

Notes to the Financial Statements

	Group		Parent Company	
	2019/20	2018/19	2019/20	2018/19
	kDKK	kDKK	kDKK	kDKK
1 Staff expenses				
Wages and salaries	32,300	25,032	0	0
Pensions	2,336	1,888	0	0
Other social security expenses	314	309	0	0
	34,950	**27,229**	**0**	**0**
Average number of employees	**46**	**39**	**0**	**0**

2 Depreciation, amortisation and impairment of intangible assets and property, plant and equipment

Amortisation of intangible assets	20,090	15,639	0	0
Depreciation of property, plant and equipment	1,886	1,883	0	0
	21,976	**17,522**	**0**	**0**

3 Income from investments in subsidiaries

Share of profits of subsidiaries			8,793	6,769
Amortisation of goodwill			-1,201	-1,201
Other equity movements			266	266
			7,858	**5,834**

Notes to the Financial Statements

		Group		Parent Company	
		2019/20	2018/19	2019/20	2018/19
		kDKK	kDKK	kDKK	kDKK
4	**Financial income**				
	Other financial income	351	692	0	0
	Exchange adjustments	2,648	3,777	0	0
		2,999	**4,469**	**0**	**0**
5	**Financial expenses**				
	Other financial expenses	1,145	1,505	141	538
	Exchange adjustments, expenses	5,866	6,788	0	0
		7,011	**8,293**	**141**	**538**
6	**Tax on profit/loss for the year**				
	Current tax for the year	-1,529	49	-35	0
	Deferred tax for the year	3,450	2,411	0	-123
	Adjustment of tax concerning previous years	-109	10	-109	0
	Adjustment of deferred tax concerning previous years	-41	-897	59	0
		1,771	**1,573**	**-85**	**-123**

Notes to the Financial Statements

7 Intangible assets

Group

	Completed development projects	Acquired patents	Acquired software	Acquired licens agreements	Acquired rights	Goodwill	Development projects in progress	Total
	'000	'000	'000	'000	'000	'000	'000	'000
Cost at 1 June	101,116	500	2,534	6,027	1,533	1,315	19,824	132,849
Additions for the year	348	0	644	0	0	0	31,571	32,563
Transfers for the year	40,489	0	0	0	0	0	-40,489	0
Cost at 31 May	141,953	500	3,178	6,027	1,533	1,315	10,906	165,412
Impairment losses and amortisation at 1 June	76,652	200	1,194	2,712	1,533	591	0	82,882
Amortisation for the year	18,278	100	611	904	0	197	0	20,090
Impairment losses and amortisation at 31 May	94,930	300	1,805	3,616	1,533	788	0	102,972
Carrying amount at 31 May	**47,023**	**200**	**1,373**	**2,411**	**0**	**527**	**10,906**	**62,440**

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

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

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

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

Notes to the Financial Statements

8 Property, plant and equipment

Group

	Plant and machinery	Other equipment	Leasehold improvements	Total
	'000	'000	'000	'000
Cost at 1 June	8,649	6,286	1,851	16,786
Additions for the year	2,424	440	290	3,154
Cost at 31 May	11,073	6,726	2,141	19,940
Impairment losses and depreciation at 1 June	4,667	5,704	757	11,128
Depreciation for the year	1,209	295	382	1,886
Impairment losses and depreciation at 31 May	5,876	5,999	1,139	13,014
Carrying amount at 31 May	**5,197**	**727**	**1,002**	**6,926**

Notes to the Financial Statements

		Parent Company	
		2020	2019
		'000	'000
9	**Investments in subsidiaries**		
	Cost at 1 June	34,470	34,470
	Cost at 31 May	34,470	34,470
	Value adjustments at 1 June	32,313	26,479
	Exchange adjustment	0	0
	Net profit/loss for the year	8,793	6,769
	Dividend to the Parent Company	-18,697	0
	Other equity movements, net	266	266
	Amortisation of goodwill	-1,201	-1,201
	Value adjustments at 31 May	21,474	32,313
	Carrying amount at 31 May	**55,944**	**66,783**
	Positive differences arising on initial measurement of subsidiaries at net asset value	3,138	4,339

Investments in subsidiaries are specified as follows:

Name	Place of registered office	Share capital	Votes and ownership	Equity	Net profit/loss for the year
ICEpower A/S	Søborg, Denmark	DKK 1.940k	100%	52,724,622	8,159,660
Bolecano Holding AB	Helsingborg, Sverige	SEK 100k	100%	154,628	635,213

Notes to the Financial Statements

10 Other fixed asset investments

	Group
	Deposits
	'000
Cost at 1 June	554
Cost at 31 May	554
Carrying amount at 31 May	**554**

11 Prepayments

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

12 Equity

The share capital is broken down as follow:

	Number	Nominal value
		'000
A-shares	872,000	872
B-shares	109,000	218
C-shares	148,636	149
		1,239

The B-shares have extended rihts.
The C-shares have no voting rights.

The share capital has developed as follows:

	2019/20	2018/19	2017/18	2016/17
	'000	'000	'000	'000
Share capital at 1 June	1,130	1,130	1,130	981
Capital increase	0	0	0	149
Capital decrease	0	0	0	0
Share capital at 31 May	**1,130**	**1,130**	**1,130**	**1,130**

	Parent Company	
	2019/20	2018/19
13 Distribution of profit	kDKK	kDKK
Proposed dividend for the year	0	5,000
Reserve for net revaluation under the equity method	-10,839	7,306
Retained earnings	18,294	-6,908
	7,455	**5,398**

	Group		Parent Company	
	2020	2019	2020	2019
14 Provision for deferred tax	'000	'000	'000	'000
Provision for deferred tax at 1 June	8,512	6,237	-516	-393
Amounts recognised in the income statement for the year	3,450	2,411	0	-123
Amounts recognised in equity for the year	122	-136	123	0
Provision for deferred tax at 31 May	**12,084**	**8,512**	**-393**	**-516**

15 Other provisions

Other provisions	581	467	0	0
	581	**467**	**0**	**0**

The Group 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 467 (2018: kDKK 469) have been recognised for expected warranty claims.

16 Long-term debt

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

The debt falls due for payment as specified below:

	Group		Parent Company	
	2020	2019	2020	2019
	'000	'000	'000	'000
Payables to owners and Management				
Between 1 and 5 years	0	16,473	0	16,473
Long-term part	0	16,473	0	16,473
Within 1 year	0	0	0	0
	0	**16,473**	**0**	**16,473**
Other payables				
Between 1 and 5 years	2,388	6,387	0	6,387
Long-term part	2,388	6,387	0	6,387
Within 1 year	0	0	0	0
	2,388	**6,387**	**0**	**6,387**

Settlement of the amount payable is subject to financial developments in the subsidiary.

17 Other payables

Deferred income consists of payments received in respect of income in subsequent years.

Notes to the Financial Statements

	Group	
	2019/20	2018/19
	kDKK	kDKK
18 Cash flow statement - adjustments		
Financial income	-2,999	-4,469
Financial expenses	7,011	8,293
Depreciation, amortisation and impairment losses, including losses and gains on sales	21,976	17,522
Tax on profit/loss for the year	1,771	1,573
Other adjustments	18	35
	27,777	**22,954**

19 Cash flow statement - change in working capital

	2019/20	2018/19
Change in inventories	954	-2,007
Change in receivables	-9,200	5,592
Change in other provisions	114	-2
Change in trade payables, etc	20,140	9,799
	12,008	**13,382**

20 Contingent assets, liabilities and other financial obligations

Rental and lease obligations

	Group 2020 '000	Group 2019 '000	Parent Company 2020 '000	Parent Company 2019 '000
Lease obligations under operating leases. Total future lease payments:				
Within 1 year	1,574	1,614	0	0
Between 1 and 5 years	4,845	6,284	0	0
	6,419	**7,898**	**0**	**0**

Other 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 by the Group amounts to DKK 0. 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 unearned income. Any subsequent adjustments of corporation taxes and withholding taxes may increase the Company's liability.

For assurance of all accounts with the Company's Financial Institute, credit facility totalling DKK 15,000k, are given floating charge.

Inventory totalling DKK 10,029k at external partner will be subject to a lien for any unpaid charges and advances.

The Parent Company's shares in ICEpower A/S are collateral for all accounts with ICEpower A/S' financial institutes.

At 31 May 2020 ICEpower A/S has a negative pledge regarding receivables, which have been factored. The receivables are amount to DKK 5,312k at 31 May 2020.

There are no further security and contingent liabilitites at 31 May 2020, other than what is normal in the line of business.

Notes to the Financial Statements

21 Accounting Policies

The Annual Report of ICEpower Holding ApS 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.

Consolidated and Parent Company Financial Statements for 2019/20 are presented in TDKK.

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, ICEpower Holding ApS, 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

21 Accounting Policies (continued)

Business combinations

Business acquisitions carried through on or after 1 July 2018

Acquisitions of subsidiaries are accounted for using the purchase method under which the identifiable assets and liabilities of the entity acquired are measured at fair value at the time of acquisition. Acquired contingent liabilities are recognised at fair value in the Consolidated Financial Statements to the extent that the value can be measured reliably.

The time of acquisition is the time when the Group obtains control of the entity acquired.

The cost of the entity acquired is the fair value of the consideration agreed, including consideration contingent on future events. Transaction costs directly attributable to the acquisition of subsidiaries are recognised in the income statement as incurred.

Positive differences between the cost of the entity acquired and identifiable assets and liabilities are recognised as goodwill in intangible assets in the balance sheet and are amortised in the income statement on a straight-line basis over their estimated useful lives. Amortisation of goodwill is allocated in the Consolidated Financial Statements to the operations to which goodwill is related. Where the differences are negative, they are recognised immediately in the income statement.

Where the purchase price allocation is not final, positive and negative differences from acquired subsidiaries due to changes to the recognition and measurement of identifiable net assets may be adjusted for up to 12 months after the time of acquisition. These adjustments are also reflected in the value of goodwill or negative goodwill, including in amortisation already made.

Where cost includes contingent consideration, this is measured at fair value at the time of acquisition. Contingent consideration is subsequently measured at fair value. Any value adjustments are recognised in the income statement.

In respect of step acquisitions, any previously held investments in the entity acquired are remeasured at fair value at the time of acquisition. The difference between the carrying amount of the investment previously held and the fair value is recognised in the income statement.

Business acquisitions carried through before 1 July 2018

Subject to some exemptions, acquisitions carried through before 1 July 2018 are accounted for under the same accounting policies as those applying to business combinations carried through on or after 1 July 2018. The most material exemptions are:

- Identifiable assets and liabilities of the entity acquired are recognised only if they are probable.

- Identifiable contingent liabilities of the entity acquired are not recognised in the consolidated balance sheet.

- Where the purchase price allocation is not final, positive and negative differences due to changes to the recognition and measurement of the acquired net assets may be adjusted until the end of the financial year following the year of acquisition. These adjustments are also reflected in the value of goodwill or negative goodwill, including in amortisation already made.

- Transaction costs directly attributable to the acquisition of subsidiaries are included as part of cost.

- After the initial recognition, adjustment of contingent consideration is recognised directly with its counter entry in initial purchase price, thus correcting the value of goodwill or negative goodwill.

- In respect of step acquisitions, the carrying amount of the existing investments is recognised in cost.

Leases

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

Translation policies

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

Receivables, payables and other monetary items in foreign currencies that have not been settled at the 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 from license and royalty agreements is recognised as risks and rewards transfer during the

Notes to the Financial Statements

21 Accounting Policies (continued)

course of the underlying agreement.

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

Expenses for raw materials and consumables

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

Other external expenses

Other external expenses comprise administration costs 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, work on own account recognised in assets, expenses for raw materials and consumables and other external expenses.

Staff expenses

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

Amortisation, depreciation and impairment losses

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

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 subsidiaries

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

Notes to the Financial Statements

21 Accounting Policies (continued)

Financial income and expenses

Financial income and expenses comprise interest, financial expenses, realised and unrealised exchange adjustments as well as extra payments and repayment under the on account taxation scheme.

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 subsidiaries. The tax effect of the joint taxation is allocated to enterprises in proportion to their taxable incomes.

Balance Sheet

Intangible assets

Development projects, patents, software, acqured rights and licence

Costs of development projects comprise salaries and other expenses directly or indirectly attributable to the Company's development activities.

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 sales, distribution and administrative expenses involved as well as the development costs.

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

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 3-6 years.

Development projects, patents, software, acqured rights and licence are measured at cost less accumulated amortisation and less any accumulated impairment losses or at a lower value in use.

Patents are amortised over the remaining patent period or a shorter useful life. The amortisation period is 5 years. Software licences are amortised over the period of the agreement, however not exceeding 5 years.

Notes to the Financial Statements

21 Accounting Policies (continued)

Goodwill

Goodwill is amortised on a straight-line basis over the estimated useful life of 5 years. determined on the basis of Management's experience with the individual business areas.

Property, plant and equipment

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

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

Interest expenses on loans raised directly for financing the construction of property, plant and equipment are recognised in cost over the period of construction. All indirectly attributable borrowing expenses are recognised in the income statement.

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

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

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 subsidiaries

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

The item"Investments in subsidiaries" in the balance sheet include the proportionate ownership share of the net asset value of the enterprises calculated on the basis of the fair values of identifiable net assets at the time of acquisition with deduction or addition of unrealised intercompany profits or losses 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 subsidiaries is transferred upon distribution of profit to “Reserve for net revaluation under the equity method“ under equity. The reserve is reduced by dividend distributed to the Parent Company and adjusted for other equity movements in the subsidiaries.

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

Other fixed asset investments

Other fixed asset investments consist of deposits.

Inventories

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

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

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

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

Receivables

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

Prepayments

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

Equity

Dividend

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

Notes to the Financial Statements

21 Accounting Policies (continued)

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.

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

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

Other payables

Other payables comprises payments received in respect of income in subsequent years.

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

Notes to the Financial Statements

21 Accounting Policies (continued)

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”.

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

Notes to the Financial Statements

21 Accounting Policies (continued)

Financial Highlights

Explanation of financial ratios

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