ICEpower Holding ApS

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

Annual Report for 1 June 2020 - 31 May 2021

CVR No 37 58 46 73

The Annual Report was presented and adopted at the Annual General Meeting of the Company on 2 /9 2021

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 2020 - 31 May 2021.

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

In our opinion the Financial Statements and the Consolidated Financial Statements give a true and fair view of the financial position at 31 May 2021 of the Company and the Group and of the results of the Company and Group operations and of consolidated cash flows for 2020/21.

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

Copenhagen, 2 September 2021

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 2021 and of the results of the Group's and the Parent Company's operations and of consolidated cash flows for the financial year 1 June 2020 - 31 May 2021 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 2020 - 31 May 2021, which comprise income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies, for both the Group and the Parent Company, as well as consolidated statement of cash flows ("the 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.

Independent Auditor's Report

Management's responsibilities for the Financial Statements
Management is responsible for the preparation of consolidated financial statements and parent company financial statements that give a true and fair view in accordance with the Danish Financial Statements Act, and for such internal control as Management determines is necessary to enable the preparation of 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, 2 September 2021
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				
	2020/21	2019/20	2018/19	2017/18	2016/17
	'000	'000	'000	'000	'000
Key figures					
Profit/loss					
Gross profit/loss	70,863	70,491	55,546	46,141	46,128
Profit/loss before financial income and expenses	3,991	13,238	10,795	1,883	13,611
Net financials	3,930	-4,012	-3,824	-547	-1,112
Net profit/loss for the year	8,103	7,455	5,398	791	10,386
Balance sheet					
Balance sheet total	123,476	121,677	111,847	95,950	93,471
Equity	58,828	50,055	47,600	42,202	41,411
Cash flows					
Cash flows from:					
- operating activities	34,927	43,995	35,568	22,579	25,544
- investing activities	-33,038	-35,716	-20,082	-15,733	-23,858
including investment in property, plant and equipment	-2,394	-3,154	-1,835	87	-3,201
- financing activities	1,729	-21,473	523	463	1,108
Change in cash and cash equivalents for the year	3,618	-13,194	16,009	7,309	2,794
Number of employees	53	46	39	35	31
Ratios					
Return on assets	3.2%	10.9%	9.7%	2.0%	14.6%
Solvency ratio	47.6%	41.1%	42.6%	44.0%	44.3%
Return on equity	14.9%	15.3%	12.0%	1.9%	29.0%

Management's Review

Key activities

The ICEpower Holding A/S consist of ICEpower A/S, Bolecano AB and ICEpower America Inc. The majority of the Gorups activities are carried out in ICEpower A/S.

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

Originally, ICEpower was focused on supply of parts such as amplification modules and switch mode power supplies for the audio industry. Over the past 5 years ICEpower has developed into a developer and manufacturer of turnkey products (finished goods) and customised electronic solutions to the audio industry including mechanics, software, analog and digital hardware.

While serving the entire audio industry with audio products, ICEpower focuses its turnkey business on 3 core application segments (1) Home Automation / Cinema rack amps, (2) PRO audio rack amps and (3) active loudspeakers for PRO.

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

Turnkey solutions are products developed for a specific customer project, and include turnkey products, custom designs and speaker backplates. Audio products are off-the-shelf products, and include amplifier power modules, audio integrated circuits (IC) and power supplies.

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

With app. 80 employees in the center of Copenhagen, Denmark, ICEpower has the largest number of power electronics engineers at one location in the world and is a global R&D center of excellence within audio electronics.

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

ICEpower has been able to prove this specific offer to turnkey customers during the last couple of years in which engineering excellence has proven better audio performance, improved sustainability and competitive pricing compared to its main competitors, the Electronic Manufacturing Suppliers (EMS) in Asia.

Management’s Review

Development in the year

During the financial year of 2020/21 ICEpower experienced revenue growth on the same level as the previous 3 business years despite being strongly impacted by COVID-19 (Corona virus). During the last quarter of FY 2019/20 (March-May) and first quarter of 2020/21 (June-August) a slowdown in order intake was realised. During the remaining 2 quarters of 2020/21 the order in-take became the strongest ever in combination with the last 3 quarters of the year being characterised by an immense lack of all kinds of components and materials for the electronic industry.

The result was a lesser revenue growth than potentially could have realized and an EBT at 8,637 MKK, app. half of the level that could have been reached if the company had been able to manufacture and deliver the orders at hand.

During 2020/21 ICEpower continued winning a number of new projects - all contracted in Development and Supply Agreements for the coming years. At the same time investments in new employees have been done in all functional areas in order to accommodate the intake of new development projects for Key Accounts.

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

Considering the difficulties for the electronic industry due to COVID-19 and related impacts, management considers the result satisfactory and in line with expectations for the year.

Operating risks

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

Targets and expectations for the year ahead

Management has considered the outbreak of the COVID-19 and its current and future potential effects on the Group. Despite the continued lack of components, and an expected higher impact on the Group’s two Thailand-based outsourced manufacturing facilities due to the local pandemic situation in Thailand, ICEpower expects a revenue growth above 20% and a considerable growth in EBIT for 2021/22.

During the previous two years ICEpower has won and signed a number of development projects that shall fuel the growth and earnings going forward. ICEpower estimates that finalising the projects already won and delivering accordingly to its customers shall result in a doubling of the revenue in 3 years (i. e. FY 2023/24).

The Group has a solid cash position in order to fund the Group's organic growth and operations through the financial year 2021/22 and beyond.

Management’s Review

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 2021 of the Group and the results of the activities and cash flows of the Group for the financial year for 2020/21 have not been affected by any unusual events.

Income Statement 1 June - 31 May

	Note	Group 2020/21 kDKK	Group 2019/20 kDKK	Parent Company 2020/21 kDKK	Parent Company 2019/20 kDKK
Gross profit/loss		**70,863**	**70,491**	**-21**	**-20**
Staff expenses	1	-41,199	-34,950	0	0
Depreciation, amortisation and impairment of intangible assets and property, plant and equipment	2	-25,673	-21,976	0	0
Other operating expenses		0	-327	0	-327
Profit/loss before financial income and expenses		**3,991**	**13,238**	**-21**	**-347**
Income from investments in subsidiaries	3	0	0	8,122	7,858
Financial income	4	10,345	2,999	0	0
Financial expenses	5	-6,415	-7,011	-3	-141
Profit/loss before tax		**7,921**	**9,226**	**8,098**	**7,370**
Tax on profit/loss for the year	6	182	-1,771	5	85
Net profit/loss for the year		**8,103**	**7,455**	**8,103**	**7,455**

Balance Sheet 31 May

Assets

		Group		Parent Company	
	Note	2021	2020	2021	2020
		'000	'000	'000	'000
Completed development projects		42,924	47,023	0	0
Acquired patents		100	200	0	0
Acquired software		1,049	1,373	0	0
Acquired licens agreements		1,507	2,411	0	0
Acquired rights		0	0	0	0
Goodwill		330	527	0	0
Development projects in progress		23,561	10,906	0	0
Intangible assets	7	**69,471**	**62,440**	**0**	**0**
Plant and machinery		5,030	5,197	0	0
Other equipment		855	727	0	0
Leasehold improvements		1,375	1,002	0	0
Property, plant and equipment	8	**7,260**	**6,926**	**0**	**0**
Investments in subsidiaries	9	0	0	57,934	55,944
Deposits	10	889	554	0	0
Fixed asset investments		**889**	**554**	**57,934**	**55,944**
Fixed assets		**77,620**	**69,920**	**57,934**	**55,944**
Inventories		**5,936**	**10,029**	**0**	**0**
Trade receivables		13,545	24,381	0	0
Receivables from group enterprises		0	0	7,966	1,166
Other receivables		6,243	751	0	0
Deferred tax asset	14	393	393	393	393
Corporation tax		2,049	1,950	1,676	115
Prepayments	11	1,088	1,269	0	0
Receivables		**23,318**	**28,744**	**10,035**	**1,674**
Cash at bank and in hand		**16,602**	**12,984**	**224**	**67**
Currents assets		**45,856**	**51,757**	**10,259**	**1,741**
Assets		**123,476**	**121,677**	**68,193**	**57,685**

Balance Sheet 31 May

Liabilities and equity

		Group		Parent Company	
	Note	2021	2020	2021	2020
		'000	'000	'000	'000
Share capital	12	1,130	1,130	1,130	1,130
Reserve for net revaluation under the equity method		0	0	24,134	21,474
Retained earnings		57,698	48,925	24,564	27,451
Proposed dividend for the year		0	0	9,000	0
Equity		**58,828**	**50,055**	**58,828**	**50,055**
Provision for deferred tax	14	12,416	12,477	0	0
Other provisions	15	2,714	581	0	0
Provisions		**15,130**	**13,058**	**0**	**0**
Other payables		2,977	2,388	0	0
Long-term debt	16	**2,977**	**2,388**	**0**	**0**
Prepayments received from customers		3,000	1,361	0	0
Trade payables		27,587	39,991	19	19
Payables to group enterprises		1,730	0	0	0
Corporation tax		0	143	0	0
Payables to group enterprises relating to corporation tax		0	0	2,632	897
Deposits		468	360	0	0
Other payables	17	13,756	14,321	6,714	6,714
Short-term debt		**46,541**	**56,176**	**9,365**	**7,630**
Debt		**49,518**	**58,564**	**9,365**	**7,630**
Liabilities and equity		**123,476**	**121,677**	**68,193**	**57,685**

Distribution of profit	13
Contingent assets, liabilities and other financial obligations	20
Accounting Policies	21

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	48,925	0	50,055
Exchange adjustments	0	0	77	0	77
Other equity movements	0	0	593	0	593
Net profit/loss for the year	0	0	8,103	0	8,103
Equity at 31 May	**1,130**	**0**	**57,698**	**0**	**58,828**

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	21,474	27,451	0	50,055
Exchange adjustments	0	77	0	0	77
Fair value adjustment of hedging instruments, end of year	0	760	0	0	760
Tax on other equity movements	0	-167	0	0	-167
Net profit/loss for the year	0	1,990	-2,887	9,000	8,103
Equity at 31 May	**1,130**	**24,134**	**24,564**	**9,000**	**58,828**

Cash Flow Statement 1 June - 31 May

	Note	Group 2020/21	Group 2019/20
		kDKK	kDKK
Net profit/loss for the year		8,103	7,455
Adjustments	18	21,808	27,777
Change in working capital	19	-1,531	12,008
Cash flows from operating activities before financial income and expenses		**28,380**	**47,240**
Financial income		10,345	2,999
Financial expenses		-6,416	-7,010
Cash flows from ordinary activities		**32,309**	**43,229**
Corporation tax paid		2,618	766
Cash flows from operating activities		**34,927**	**43,995**
Purchase of intangible assets		-30,644	-32,563
Purchase of property, plant and equipment		-2,394	-3,154
Fixed asset investments made etc		0	1
Cash flows from investing activities		**-33,038**	**-35,716**
Repayment of payables to group enterprises		1,729	0
Repayment of payables to associates		0	-16,473
Dividend paid		0	-5,000
Cash flows from financing activities		**1,729**	**-21,473**
Change in cash and cash equivalents		**3,618**	**-13,194**
Cash and cash equivalents at 1 June		12,984	26,178
Cash and cash equivalents at 31 May		**16,602**	**12,984**
Cash and cash equivalents are specified as follows:			
Cash at bank and in hand		16,602	12,984
Cash and cash equivalents at 31 May		**16,602**	**12,984**

Notes to the Financial Statements

		Group		Parent Company	
		2020/21	2019/20	2020/21	2019/20
		kDKK	kDKK	kDKK	kDKK
1	**Staff expenses**				
	Wages and salaries	38,330	32,300	0	0
	Pensions	2,522	2,336	0	0
	Other social security expenses	347	314	0	0
		41,199	**34,950**	**0**	**0**
	Average number of employees	**53**	**46**	**0**	**0**
2	**Depreciation, amortisation and impairment of intangible assets and property, plant and equipment**				
	Amortisation of intangible assets	23,612	20,090	0	0
	Depreciation of property, plant and equipment	2,072	1,886	0	0
	Gain and loss on disposal	-11	0	0	0
		25,673	**21,976**	**0**	**0**
3	**Income from investments in subsidiaries**				
	Share of profits of subsidiaries			9,057	8,793
	Amortisation of goodwill			-1,201	-1,201
	Other equity movements			266	266
				8,122	**7,858**

Notes to the Financial Statements

	Group		Parent Company	
	2020/21	2019/20	2020/21	2019/20
	kDKK	kDKK	kDKK	kDKK
4 Financial income				
Other financial income	160	351	0	0
Exchange adjustments	10,185	2,648	0	0
	10,345	**2,999**	**0**	**0**
5 Financial expenses				
Other financial expenses	1,003	1,145	3	141
Exchange adjustments, expenses	5,412	5,866	0	0
	6,415	**7,011**	**3**	**141**
6 Tax on profit/loss for the year				
Current tax for the year	-186	-1,529	-5	-35
Deferred tax for the year	-96	3,450	0	0
Adjustment of tax concerning previous years	100	-109	0	-109
Adjustment of deferred tax concerning previous years	0	-41	0	59
	-182	**1,771**	**-5**	**-85**

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
	'000	'000	'000	'000	'000	'000	'000
Cost at 1 June	141,953	500	3,178	6,027	1,533	1,315	10,906
Additions for the year	7,008	0	362	0	0	0	23,273
Transfers for the year	10,618	0	0	0	0	0	-10,618
Cost at 31 May	159,579	500	3,540	6,027	1,533	1,315	23,561
Impairment losses and amortisation at 1 June	94,930	300	1,805	3,616	1,533	788	0
Amortisation for the year	21,725	100	686	904	0	197	0
Impairment losses and amortisation at 31 May	116,655	400	2,491	4,520	1,533	985	0
Carrying amount at 31 May	**42,924**	**100**	**1,049**	**1,507**	**0**	**330**	**23,561**

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	11,073	6,726	2,141	19,940
Additions for the year	1,209	376	820	2,405
Disposals for the year	0	-34	0	-34
Cost at 31 May	12,282	7,068	2,961	22,311
Impairment losses and depreciation at 1 June	5,876	5,999	1,139	13,014
Depreciation for the year	1,376	246	447	2,069
Reversal of impairment and depreciation of sold assets	0	-32	0	-32
Impairment losses and depreciation at 31 May	7,252	6,213	1,586	15,051
Carrying amount at 31 May	**5,030**	**855**	**1,375**	**7,260**

Notes to the Financial Statements

9 Investments in subsidiaries

	Parent Company 2021 '000	Parent Company 2020 '000
Cost at 1 June	34,470	34,470
Cost at 31 May	34,470	34,470
Value adjustments at 1 June	21,474	32,313
Exchange adjustment	75	0
Net profit/loss for the year	9,057	8,793
Dividend to the Parent Company	-6,800	-18,697
Fair value adjustment of hedging instruments for the year	593	0
Other equity movements, net	266	266
Amortisation of goodwill	-1,201	-1,201
Value adjustments at 31 May	23,464	21,474
Carrying amount at 31 May	**57,934**	**55,944**
Positive differences arising on initial measurement of subsidiaries at net asset value	1,937	3,138

Investments in subsidiaries are specified as follows:

Name	Place of registered office	Share capital	Votes and ownership
ICEpower A/S	Søborg, Denmark	DKK 1.940k	100%
Bolecano Holding AB	Helsingborg, Sverige	SEK 100k	100%

10 Other fixed asset investments

	Group Deposits '000
Cost at 1 June	554
Additions for the year	335
Cost at 31 May	889
Carrying amount at 31 May	**889**

Notes to the Financial Statements

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:

	2020/21	2019/20	2018/19	2017/18
	'000	'000	'000	'000
Share capital at 1 June	1,130	1,130	1,130	1,130
Capital increase	0	0	0	0
Capital decrease	0	0	0	0
Share capital at 31 May	**1,130**	**1,130**	**1,130**	**1,130**

13 Distribution of profit

Proposed dividend for the year	9,000	0
Reserve for net revaluation under the equity method	1,990	-10,839
Retained earnings	-2,887	18,294
	8,103	**7,455**

Notes to the Financial Statements

	Group		Parent Company	
	2021	2020	2021	2020
	'000	'000	'000	'000
14 Provision for deferred tax				
Provision for deferred tax at 1 June	12,084	8,512	-393	-516
Amounts recognised in the income statement for the year	-96	3,450	0	0
Amounts recognised in equity for the year	35	122	0	123
Provision for deferred tax at 31 May	**12,023**	**12,084**	**-393**	**-393**

15 Other provisions

Other provisions	2,714	581	0	0
	2,714	**581**	**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 2,714 (2020: kDKK 581) have been recognised for expected warranty claims.

Furthermore DKK 2.049 in provision have been recognized for a specific warranty claim in FY 2020/21.

Notes to the Financial Statements

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	
	2021	2020	2021	2020
	'000	'000	'000	'000
Other payables				
Between 1 and 5 years	2,977	2,388	0	0
Long-term part	2,977	2,388	0	0
Within 1 year	0	0	0	0
	2,977	**2,388**	**0**	**0**

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.

18 Cash flow statement - adjustments

	Group	
	2020/21	2019/20
	kDKK	kDKK
Financial income	-10,345	-2,999
Financial expenses	6,415	7,011
Depreciation, amortisation and impairment losses, including losses and gains on sales	25,673	21,976
Tax on profit/loss for the year	-182	1,771
Other adjustments	247	18
	21,808	**27,777**

Notes to the Financial Statements

19 Cash flow statement - change in working capital

	Group	
	2020/21	2019/20
	kDKK	kDKK
Change in inventories	4,093	954
Change in receivables	5,525	-9,200
Change in other provisions	2,133	114
Change in trade payables, etc	-13,282	20,140
	-1,531	**12,008**

20 Contingent assets, liabilities and other financial obligations

	Group		Parent Company	
	2021	2020	2021	2020
	'000	'000	'000	'000
Rental and lease obligations				
Lease obligations under operating leases. Total future lease payments:				
Within 1 year	2,166	1,574	0	0
Between 1 and 5 years	4,218	4,845	0	0
	6,384	**6,419**	**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 20,000k, are given floating charge.

Inventory totalling DKK 5,936k 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 2021 ICEpower A/S has a negative pledge regarding receivables, which have been factored. The receivables are amount to DKK 5,312k at 31 May 2021.

There are no further security and contingent liabilitites at 31 May 2021, 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 2020/21 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to medium-sized enterprises of reporting class C.

The accounting policies applied remain unchanged from last year.

Consolidated and Parent Company Financial Statements for 2020/21 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

21 Accounting Policies (continued)

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.

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

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

The fixed assets' residual values are determined at nil.

Depreciation period and residual value are reassessed annually.

Impairment of fixed assets

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

If so, 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 acquisi-

21 Accounting Policies (continued)

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