Kelvin HoldCo A/S

Trollesmindealle 25, DK-3400 Hillerød
CVR No. 39 63 10 08

Annual report for
1 January 2019 to 30 April 2020

The Annual Report was presented and adopted at the Annual General Meeting of the Company on:
26 August 2020

Chairman
Michael Engstrøm

Contents

Management's Statement

The Executive and Board of Directors have discussed and approved the Annual Report of Kelvin HoldCo A/S for the financial year 1 January 2019 to 30 April 2020.

The annual report and consolidated accounts have been prepared in accordance with International Financial Reporting Standards as adopted by the EU, and further requirements in the Danish Financial Statements Act.

In our opinion, the Financial Statements give a true and fair view of the financial position at 30 April 2020 of the Group and Parent and of the results of the the Group and Parent's operations and cash flows for the financial year 1 January 2019 to 30 April 2020.

In our opinion, Management's Review includes a true and fair account of the matters dealt with.

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

Hillerød, 26 August 2020

Executive Board

Peter Krogh

Board of Directors

Bo Harald Peter Risberg Chairman	Claus Bjerre
Sarah Katherine Newbitt	Niels Erik Olsen
Rikke Kjær Nielsen	

Independent Auditors Report

To the Shareholders of Kelvin HoldCo A/S

Opinion

In our opinion, the Consolidated Financial Statements and the Parent Company Financial Statements give a true and fair view of the Group's and the Parent Company's financial position at 30 April 2020 and of the results of the Group's and the Parent Company's operations and cash flows for the financial year 1 January 2019 to 30 April 2020 in accordance with International Financial Reporting Standards as adopted by the EU and further requirements in the Danish Financial Statements Act.

We have audited the Consolidated Financial Statements and the Parent Company Financial Statements of Kelvin HoldCo A/S-Group for the financial year 1 January 2019 - 30 April 2020, which comprise income statement and statement of comprehensive income, balance sheet, statement of changes in equity, cash flow statement and notes, including a summary of significant accounting policies, for both the Group and the Parent Company ("financial statements").

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the addi-tional 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 Financial 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 Statement Act. We did not identify any material misstatement in Management's Review.

Management's Responsibilities for the Financial Statements

Management is responsible for the preparation of Consolidated Financial Statements and Parent Company Financial Statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the EU and further requirements in 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 Parent 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 Parent Company or to cease operations, or has no realistic alternative but to do so.

Independent Auditors Report

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 judgment and maintain professional skepticism 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 over-ride of internal control.

• Obtain an understanding of internal control relevant to the audit in order to design audit proce-dures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Parent Company'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 ma-terial uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Parent 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 relat-ed 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 Parent 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.

Hillerød, 26 August 2020
PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
CVR No 33 77 12 31

Henrik Aslund Pedersen
State Authorised Public Accountant
mne17120

Christian Engelbrecht Friis
State Authorised Public Accountant
mne44180

Company Information

The Company
Kelvin HoldCo A/S
Trollesmindealle 25
DK-3400 Hillerød

Central Business Registration No:	39 63 10 08
Registered in:	Hillerød
Financial period:	1 January 2019 - 30 April 2020
Municipality of reg. office:	Hillerød, Denmark

Board of directors
Bo Risberg, Chairman
Claus Bjerre, Vice Chairman
Sarah Newbitt
Niels Erik Olsen
Rikke Kjær Nielsen

Executive Board
Peter Krogh

Auditors
PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
Milnersvej 43
DK-3400 Hillerød

Management's Review

Key activities

Kelvin HoldCo A/S ("the Company") is the ultimative parent company of Ellab Group, a leading supplier of Validation and Monitoring Solutions. Ellab is providing high end thermal validation and monitoring solutions and validation services to life science and food industries for applications where accurate and complete documentation is essential. The Group designs, develop and manufactures high-precision equipment, and software for temperature, pressure and humidity validation and monitoring.

In September 2019 the previous owners of the Ellab Group IK VII Fund managed by IK Investment Partners signed an agreement regarding sale of Ellab Group to EQT Mid Market Europe GP B.V., acting in its capacity as general partner of EQT Mid Market Europe Limited Partnership ("EQT") through the company, Kelvin HoldCo A/S. Both IK Investment Partners and EQT are members of the organization for venture capital and private equity (DVCA).

Following the acquisition of Ellab Group through the subsidiary, Kelvin HoldCo A/S presents consolidated financial statements for the period 26 September 2019 to 30 April 2020. The management's review covers the operational activities of Ellab Group on a full year perspective combined with the owner period.

Market overview

The Group handles sales and services by own sales companies in Nordics, DACH, Italy, UK, Ireland, France, Benelux, North America, Middle East and Philippines. Other markets are handled through independent distributors.

Production, assembly, quality inspection and development of Ellab Validation equipment (Data Loggers and Thermocouple Systems) takes place mainly in the facility in Hillerød, Denmark and production, assembly, quality inspection of Monitoring Systems takes place in the facility in Letchwoth, United Kingdom.

Development in the year

Kelvin HoldCo A/S acquired Ellab A/S through a subsidiary on 26 September 2019.

Following the acquisition of Ellab A/S, the Group has invested further in direct markets in North America, DACH and Ireland.

In January 2020, the Group announced the acquisition of Instrument Technology Limited in Ireland specialized in the supply of instrumentation products and services to the life science industry. Later in April 2020, The Group acquired QualUs, an Irish company specialized in thermal qualification and validation services.

The expansion in the DACH region continued during the year and in April 2020 the Group announced the acquisition of Adsano, a company specialized in thermal qualification and validation services.

In 2019/20, the Group had a positive sales trend and following the Group's strategy for organic growth, significant investments in product development activities and market development have been made.

Revenue for Kelvin HoldCo A/S' owner period from 26 September 2019 to 30 April 2020 was DKK 257.0m.

The income statement for the Company for 2019/20 from 26 September 2019 to 30 April 2020 shows a profit from operating activities of DKK 40.2m before special items and a loss for the year of DKK 42.5m.

The balance sheet at 30 April 2020 of the Group shows equity of DKK 1,507.5m. Total assets amount to DKK 2,638.7m.

Cash flow from operating activities was negative by DKK 58.0m for 26 September 2019 to 30 April 2020. Cash flow from investing activities amounted to DKK 1.776,8m due to acquisitions.

Management's Review

Expectations for development for the coming year.

The current activities of the group continue in 2020/21, and the management expects continued market development and a sales development that are impacted by the Covid-19. The impact from Covid-19 in 2020/21 is still uncertain but the Group expects the largest negative impact in Q1 of the fiscal year. The Group expects to continue to increase market activity and new product innovation.

Operating risk and financial risks

With activities around the world the Group is exposed to risks inherent in international activities, including currency risks and interest rate risks.

The risk are described in detail in the notes to the consolidated financial statements.

Research and development

The Group continuously develops products and processes related to its primary activities.

Impact of the external environment

The Group meets the environmental requirements in the legislation and works consciously and continuously to reduce the environmental impact from the operations. In continuation of this work the Group has an environmental policy and environmental certification (ISO14001) from 2018/19.

The Group has implemented an anti-corruption and anti-bribery policy in all affiliates and countries, as it does not accept corruption and bribery practice in any shape or form in our business. Further the Group requests and demands decent and proper conduct of business from company associates involved in trade with Ellab and Ellab has implemented a Code of Conduct.

Intellectual capital resources of importance for future earnings

The Group's policy is a continuous development of products and processes. It is therefore crucial that the Group in the future can attract and retain competent and motivated employees, including engineers.

Uncertainty relating to recognition and measurement

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

Unusual events

The spread of Covid-19 has affected the global economic and short-term growth prospects negatively. The financial position and results of operations for the year ended 30 April 2020 has not been severely impacted by the Covid-19 pandemic, and no adjustments relating to Covid-19 have been made to the Financial Statements.

Apart from the impacts of Covid-19, the financial position at 30 April 2020 of the Group and the results of the activities and cash flows of the Group for the financial year for 2019/20 have not been affected by any unusual events.

Subsequent events

No events materially affecting the assessment of the Annual Report have occurred after the balance sheet date.

Financial Highlights

The Group is described by the following financial highlights:

Kelvin HoldCo A/S	2019/20 16 months TDKK	2018 7 months TDKK
Key figures		
Income statement		
Revenue	256.978	0
Gross profit/loss	170.402	0
Operating profit/loss	1.035	0
Net financials	-37.813	0
Net profit/loss for the year	-42.467	-12
Balance Sheet		
Balance sheet total	2.638.726	50
Equity	1.507.500	38
Cash flows		
From investment in property, plant and equipment	-17.898	0
Number of employees	300	0
Ratios		
EBITDA	63.826	-
Adjusted EBITDA	103.040	-
Solvency ratio	57,1%	0,0%
Return on equity	-5,6%	N/A

The Group was etablished on 11 June 2018, and the financial year 2018 only covers the period 11 June to 31 December 2018.

Through the subsidiary Kelvin BidCo A/S, the Company acquired Saballe TopCo ApS, the owner of Ellab A/S, on 26 September 2019. Hence the figures in the income statement do not cover a full 12 months period.

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.

Consolidated Income Statement

	Notes	1 January 2019 to 30 April 2020 TDKK	11 June to 31 December 2018 TDKK
Revenue	3	256.978	0
Cost of production	4, 5	(86.575)	0
Gross profit		**170.402**	**0**
Distribution costs	4, 5	(103.515)	0
Development costs	4, 5	(10.770)	0
Administration costs	4, 5	(15.869)	(12)
Profit/loss before special items		**40.249**	**(12)**
Special items	6	(39.214)	0
Profit/loss before net financials		**1.035**	**(12)**
Financial income	7	12.158	0
Financial expenses	8	(49.971)	0
Profit/loss before tax		**(36.778)**	**(12)**
Income tax expense	9	(5.689)	0
Profit/loss for the year		**(42.467)**	**(12)**

Consolidated Statement of Comprehensive Income

	1 January 2019 to 30 April 2020 TDKK	11 June to 31 December 2018 TDKK
Profit for the period	**(42.467)**	**(12)**
Other comprehensive income		
Items that will be subsequently reclassified to profit or loss		
Exchange differences on translation of foreign operations	194	0
Income tax relating to these items	0	0
Other comprehensive income for the period, net of tax	**194**	**0**
Total comprehensive income for the period	**(42.274)**	**(12)**

Consolidated Balance Sheet

	Notes	30 April 2020 TDKK	31 December 2018 TDKK
Intangible assets	10	2.326.189	0
Property, plant and equipment	11	36.787	0
Right-of-use assets	13	57.682	0
Other receivables		2.371	0
Deferred tax assets	12	2.476	0
Total non-current assets		**2.425.506**	**0**
Inventories	14	27.149	0
Trade receivables	15	100.122	0
Contract assets	15	2.144	0
Other receivables		4.381	0
Prepayments		4.628	0
Cash and cash equivalents		74.797	50
Total current assets		**213.220**	**50**
Total assets		**2.638.726**	**50**

	Note	30 April 2020 TDKK	31 December 2018 TDKK
Share capital	17	154.904	50
Share premium		1.394.882	0
Foreign currency translation reserve		194	0
Retained earnings		(42.479)	(12)
Total equity		**1.507.501**	**38**
Borrowings	18	718.146	0
Lease liabilities	13	52.505	0
Deferred tax liabilities	12	228.659	0
Other payables		5.503	0
Warranty provisions		250	0
Total non-current liabilities		**1.005.063**	**0**
Borrowings	18	31.313	
Trade payables		14.977	0
Contract liabilities	16	1.830	0
Lease liabilities	13	9.318	0
Income tax payables		17.486	0
Other payables		48.446	12
Deferred revenue	15	2.793	0
Total current liabilities		**126.162**	**12**
Total liabilities		**1.131.226**	**12**
Total equity and liabilities		**2.638.726**	**50**

Consolidated Statement of Changes in Equity

	Notes	Share capital TDKK	Share premium TDKK	Foreign currency translation reserve TDKK	Retained earnings TDKK	Total TDKK
Equity at 1 January 2019	17	**50**	**0**	**0**	**(12)**	**38**
Profit for the year		0	0	0	(42.467)	(42.467)
Other comprehensive income		0	0	194	0	194
Total comprehensive income for the period		**0**	**0**	**194**	**(42.467)**	**(42.274)**
Capital increase		154.899	1.394.882	0	0	1.549.781
Capital reduction		(45)	0	0	0	(45)
Total transactions with owners in their capacity as owners		**154.854**	**1.394.882**	**0**	**0**	**1.549.736**
Equity at 30 April 2020		**154.904**	**1.394.882**	**194**	**(42.479)**	**1.507.500**
Equity at 11 June 2018	17	50	0	0	0	50
Profit for the year		0	0	0	(12)	(12)
Other comprehensive income		0	0	0	0	0
Total comprehensive income for the period		**50**	**0**	**0**	**(12)**	**38**
Total transactions with owners in their capacity as owners		**0**	**0**	**0**	**0**	**0**
Equity at 30 December 2018		**50**	**0**	**0**	**(12)**	**38**

Consolidated Cash Flow Statement

	Notes	2019/20 TDKK	2018 TDKK
Profit/loss for the year		(42.467)	(12)
Adjustments	27	101.465	0
Changes in net working capital	28	(67.259)	12
Interests received		296	0
Interests paid		(25.405)	0
Income taxes paid		(24.633)	0
Net cash flow from operating activities		**(58.002)**	**0**
Purchase of intangible assets	10	(2.942)	0
Purchase of property, plant and equipment	11	(17.898)	0
Payment for acquisition of subsidiary, net of cash acquired	21	(1.755.990)	0
Net cash flow from investing activities		**(1.776.830)**	**0**
Repayment of loans		(384.500)	0
Raising of loans		748.813	0
Principal elements of lease payments	13	(4.496)	0
Cash capital increase		1.549.786	50
Cash flow from financing activities		**1.909.603**	**50**
Net cash flow for the year		**74.771**	**50**
Cash and cash equivalents, beginning of the year		50	0
Effects of exchange rate changes on cash and cash equivalents		(25)	0
Cash and cash equivalents at end of the year		**74.797**	**50**
Cash and cash equivalents comprise the following:			
Cash at bank and in hand		74.797	50
Cash and cash equivalents at end of the year		**74.797**	**50**

Notes

1. Accounting policies
2. Critical accounting estimates and judgements
3. Revenue from contracts with customers
4. Staff costs
5. Amortisation, depreciation and impairment losses
6. Special items
7. Financial income
8. Financial expenses
9. Tax on profit for the year
10. Intangible assets
11. Property, plant and equipment
12. Deferred tax
13. Leases
14. Inventories
15. Trade receivables
16. Contract balances
17. Share capital
18. Borrowings
19. Financial risk management
20. Capital management
21. Business Combinations
22. Commitments and contingent liabilities
23. Fee to auditors appointed at the general meeting
24. Changes in liabilities arising from financing activities
25. Related parties
26. Events after the balance sheet date
27. Cash flow statement - adjustments
28. Cash flow statement - changes in net working capital
29. List of group companies

Notes

1. Accounting policies

The consolidated financial statements of the group have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU as well as additional Danish disclosure requirements applying to entities of medium-sized enterprises reporting class C.

The annual report has been prepared under the historical cost convention, except for derivative financial instruments that are measured at fair value. The financial statements are presented in Danish Kroner (DKK), which is also the parent company's functional currency. The financial statements have been rounded to the nearest thousand.

Change of reporting period

In connection with the acquistion of Ellab A/S through the subsidiary, Kelvin BidCo A/S, the parent company has changed its reporting period to 1 January 2019 - 30 April 2020 (16 months). The first period covered 11 June 2018 to 30 December 2018. Consequently, the figures in the financial statements are not directly comparable.

First time adoption

This Annual Report is the first Annual Report that is presented in accordance with IFRS. The Company was established in 2018, and the financial statements therefore only include figures for 2018 and 2019/20. The comparative figures for 2018 in the income statement and the balance sheet items at 31 December 2018 were restated in accordance with IFRS. The accounting policies applied are based on the standards and interpretations effective at 30 April 2020. No standards or interpretations which are not yet effective have been adopted.

The disclosures required by IFRS 1, First-time Adoption of International Financial Reporting Standards, concerning the transition from the Danish Financial Statements Act to IFRS are provided in the following.

As the Parent was without activity before the aquisition of Ellab A/S, the transition from Danish GAAP to IFRS has not had any impact on the income statement, balance sheet or cash flow statement for the year ending 31 December 2018. Hence it has not been relevant for the Group to apply any exemptions provided under IFRS 1.

Basis of consolidation

The consolidated financial statements include the parent company, Kelvin HoldCo A/S, and its subsidiaries (the Group). Subsidiaries are all entities over which the Group has control. The Group controls an entity when the group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset.

Foreign currency translation

Functional currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency').

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognised in profit or loss.

The results and financial position of foreign operations that have a functional currency different from the presentation currency are translated into the presentation currency as follows:
- assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet
- income and expenses for each statement of profit or loss and statement of comprehensive income are translated at average exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions), and
- all resulting exchange differences are recognised in other comprehensive income.

Notes

Business Combinations

The acquisition method of accounting is used to account for all business combinations, regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a subsidiary comprises the:
- fair values of the assets transferred
- liabilities incurred to the former owners of the acquired business
- equity interests issued by the group
- fair value of any asset or liability resulting from a contingent consideration arrangement, and
- fair value of any pre-existing equity interest in the subsidiary.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. The group recognises any non-controlling interest in the acquired entity on an acquisition-by-acquisition basis either at fair value or at the non-controlling interest's proportionate share of the acquired entity's net identifiable assets.

Acquisition-related costs are expensed as incurred.

The excess of the:
- consideration transferred,
- amount of any non-controlling interest in the acquired entity, and
- acquisition-date fair value of any previous equity interest in the acquired entity

over the fair value of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the business acquired, the difference is recognised directly in profit or loss as a bargain purchase.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

Contingent consideration is classified either as equity or a financial liability. Amounts classified as a financial liability are subsequently remeasured to fair value, with changes in fair value recognised in profit or loss.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date. Any gains or losses arising from such measurement are recognised in profit or loss.

Revenue

The Group generates revenue from the sale of validation and monitoring equipment and validation services.

Revenue relating to sale of validation and monitoring equipment is recognised at a point in time when control of the products transfers to the customers, usually upon delivery, and it is probable that the Group will collect the consideration to which it is entitled for transferring the products. The amount of sales to be recognised is based on the consideration the Group expects to receive in exchange for its goods. Each product is considered as one performance obligation.

The revenue from validation service relates to consultancy services for validation. Revenue is derived over time and recognised in the income statement as the services are rendered. Validation service contracts include fixed price contracts and contracts based on hourly rates. Distinct validation service contracts are considered as one performance obligation. Revenue is recognized by measuring progress towards completion of the performance obligation. For contracts with differences between cumulative revenue recognized and cumulative amounts invoiced to the customer, the Group recognizes a contract asset or a contract liability for the difference.

For validation service contracts where the customers are invoiced a fixed amount for each hour of services provided, Ellab applies the practical expedient in IFRS 15, whereby revenue is recognised in the amount to which Ellab has a right to invoice, as this corresponds directly with the value of the completed services.

Cost of production

Cost of production comprises costs incurred to achieve revenue for the year. Cost comprises raw materials, consumables, direct labour costs and indirect production costs such as maintenance and depreciation, etc, as well as operation, administration and management of factories.

Distribution costs

Distribution expenses from sales units comprise costs in the form of salaries to sales and distribution staff, advertising and marketing expenses, sales office expenses as well as operation of motor vehicles, depreciation, etc.

Notes

Development costs

Research and development costs comprise research costs, costs relating to development projects that do not qualify for recognition in the balance sheet as well as amortisation and impairment of development projects.

Administrative costs

Administrative expenses comprise expenses for Management, administrative staff, office expenses, depreciation, etc.

Other operating income and expenses

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

Special items

Special items include significant income and expenses of a special non-recurring nature which cannot be attributed directly to the Group's ordinary operating activities of the continued activities. Special items include costs related to acquisition of businesses and other consultancy assistance.

These items are classified separately in the income statement to provide a transparent view of the Group's ordinary operating profit.

Financial income and expenses

Financial income and expenses are recognised in the income statements at the amounts that concern the financial year. Net financials include interest income and expenses as well as allowances and surcharges under the advance-payment-of-tax scheme, etc.

Income tax

The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions, where appropriate, on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. Deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

Notes

Intangible assets

Goodwill

Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill is not amortised but is tested for impairment annually, or more frequently, is events or changes in material circumstances indicate that it might be impaired. Goodwill is carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relation to the entity sold.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose. The units or groups of units are identified at the lowest level at which goodwill is monitored for internal management purposes, being the total revenue streams which is considered as one cash-generating unit in the Group based on the internal management reporting.

Other intangible assets

The Group amortises intangible assets with a finite useful life using the straight-line method over the following periods:

Completed development projects	3 years
Patents and trademarks	10-20 years
Brand	10-20 years
Customers and distributors	5-20 years
Technology	20 years

Development projects

Development costs cover costs and salaries directly or indirectly attributable to the development activities of the enterprise.

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 enterprise can be demonstrated, and where it is the intention to manufacture, market or use the project, are recognised as intangible assets. This applies where the cost can be measured reliably and if sufficient certainty exists that future earnings cover production costs, selling costs and administrative expenses as well as the development costs. Amortisation of development projects recognised will start when the asset is ready for use.

Other development costs are recognised in the income statement as incurred

Property, plant and equipment

Property, plant and equipment is measured at historical cost less accumulated depreciation. The cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the group and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

Depreciations are calculated using the straight-line method, net of their residual values over their estimated useful lives, as follows:

Buildings	40 years
Plant and machinery	5 years
Other fixtures and fittings, tools and equipment	3-5 years
Leasehold improvements	5-10 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in profit or loss as other operating income/expenses.

Notes

Leases

Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the group. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Leases include mainly properties and cars.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:
- fixed payments (including in-substance fixed payments), less any lease incentives receivable
- variable lease payment that are based on an index or a rate
- amounts expected to be payable by the lessee under residual value guarantees
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option, and
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

The lease payments are discounted using the interest rate implicit in the lease, if that rate can be determined, or the group's incremental borrowing rate.

Lease liabilities are subsequently measured by increasing the carrying amount to reflect interest on the lease liability, and reducing the carrying amount to reflect the lease payments made.

Right-of-use assets are measured at cost comprising the following:
- the amount of the initial measurement of lease liability
- any lease payments made at or before the commencement date less any lease incentives received
- any initial direct costs, and restoration costs.

Variable lease payments, payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in Income Statement. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise IT-equipment and small items of office furniture.

Impairment of non-current assets

Goodwill and development projects in progress are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

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 finished goods and work in progress comprises the cost of raw materials, consumables and direct labour with addition of indirect production costs. Indirect production costs comprise the cost of indirect materials and labour as well as maintenance and depreciation of the machinery, factory buildings and equipment used in the manufacturing process as well as costs of factory administration and management.

Notes

Trade receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less loss allowance. The Group hold the trade receivables with the objective to collect the contractual cash flows and therefor measures them subsequently at amortised cost.

The Group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables. See note 15 for a description of the Group's impairment policies for trade receivables.

Contract assets

Contract assets relates to validation service contracts with customers where revenue is recognised over time. If the services rendered by the Group exceed the payment, a contract asset is recognised.

Prepayments

Prepayments recognised as an asset comprise prepaid expenses regarding subsequent financial reporting years.

Cash and cash equivalents comprises cash and bank balances.

Cash and cash equivalents comprises cash and bank balances.

Equity

Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deductions, net of tax, from the proceeds.

Foreign currency translation reserve

Exchange differences arising on translation of the foreign controlled entity are recognised in other comprehensive income and accumulated in a separate reserve within equity. The cumulative amount is reclassified to profit or loss when the net investment is disposed of.

Dividends

Provision is made for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the entity, on or before the end of the reporting period but not distributed at the end of the reporting period.

Financial liabilities

Borrowings are initially recognised at fair value which is generally proceeds received, and net of transaction costs incurred. Subsequently, borrowings are measured at amortised cost. Borrowings are classified as current liabilities unless the group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

Other financial liabilities, including bank and loans, trade and other payables, are on initial recognition measured at fair value. The liabilities are subsequently measured at amortised cost.

Derivative financial instruments

Derivative financial instruments are recognised and measured in the balance sheet at fair value. Positive and negative fair values of derivative financial instruments are included in other receivables and other payables, respectively.

Fair values of derivative financial instruments are calculated on the basis of observable data applying generally accepted valuation methods.

Changes in the fair values of derivative financial instruments entered into for the purpose of hedging cash flow which do not qualify for hedge accountingGains and losses on derivative financial instruments are recognised as they arise in financial income and expense.

Contract liabilities

Contract liabilities relates to the Group's validation service activities. A contract liability is the obligation to transfer validation services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Group transfers services to the customer, a contract liability is recognised when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the Group performs under the contract.

Deferred revenue

Deferred revenue is prepayments by customers for equipment that have not been delivered and prepayments relating to rental of equipment.

Notes

Provisions

Provisions consist of provisions for warranty claims in respect of goods or services already delivered.
Provisions for warranties and such obligations are recognised when the group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Provisions are not recognised for future operating losses.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

Fair value estimation

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value of financial assets traded in active markets are based on quoted market prices at the close of trading on the reporting date.
The fair value of financial instruments that are not traded in an active market is determined using generally accepted valuation technics based on observable inputs from active markets. For financial liabilities where the fair value is disclosed, the fair value is estimated by discounting future contractual cash flows at the current market interest rate.

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 Company's cash and cash equivalents at the beginning and end of the year.

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 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 comprise cash flows from the raising and repayment of long term debt and principal element on lease payments as well as payments to and from shareholders.

Key Figures

The financial ratios have been calculated in accordance with the recommendations of the Association of Danish Financial Analysts.

Financial highlights

Solvency ratio $$\frac{\text{Equity at year end * 100}}{\text{Total assets at year end}}$$

Return on equity $$\frac{\text{Net profit for the year * 100}}{\text{Average equity}}$$

Adjusted EBITDA

Adjusted EBITDA is defined as operating profit before depreciation, amortization and special items.

New standards and interpretations not yet adopted

Certain new accounting standards and interpretations have been published that are not mandatory for 30 April 2020 reporting periods and have not been early adopted by the group. These standards are not expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

2. Critical accounting estimates and judgements

In the preparation of the consolidated financial statements according to IFRS, Management is required to make certain estimates as many financial statement items cannot be reliably measured, but must be estimated as the value of assets and liabilities often depends on future events that are somewhat uncertain.

The judgments, estimates and assumptions made are based on historical experience and other factors that Management considers to be reliable, but which by their very nature are associated with uncertainty and unpredictability. These assumptions may prove incomplete or incorrect, and unexpected events or circumstances may arise. The most critical judgments, estimates and assumptions for the individual items are described below.

Critical accounting estimates

Business Combinations, key assumptions in identifying assets acquired and liabilities assumed

As a result of acquisitions, management makes estimates relating to identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination, and with measuring the fair value at the time of acquisition. Significant estimates are made in the measurement of the fair value of the brand, customers & distributors and technology at the time of acquisition in relation to cash-flow projections, discount rates and terminal growth rates. Furthermore, key assumptions have been made in relation to the useful lives of the intangible assets identified in the acquisitions. When estimating the useful lives of the assets, management has considered among other expectations to technologic development and expected churn rates based on historical customer churn rates and the group's primary customer groups. The churn rate and expected useful lifes of assets acquired in a business combination are reassessed annually. Changes in actual useful lives or expected useful lives of these assets are recognized in the financial statements, when such changes are ascertained. The valuation of brands is based on royalty rates observable for comparable brands.
For further information relating to business combinations, see note 20. Business combinations.

Goodwill, key assumptions used for value-in-use calculations

The group tests whether goodwill has suffered any impairment on an annual basis. Qualitative factors considered in this assessment include industry and market considerations, financial performance and other relevant events and factors affecting the Group. For the 2019-20 reporting period, the recoverable amount of the cash-generating unit was determined based on value-in-use calculations which require the use of assumptions in the calculation of cash-flow projections, discount rates and terminal growth rates. The calculations use cash flow projections based on financial forecasts covering a ten-year period. Cash flows beyond the ten-year period are extrapolated using an estimated growth rate. Key estimates in the calculation of discounted future cash flows include expected growth in revenue, estimated costs and discount rate. Estimates of growth and costs are based on historical data combined with various internal estimates and external sources including macro economy expectations. The discount rate is based on weighted average cost of capital determined by considering the observable weighted average cost of capital of comparable companies. For further information on goodwill, see note 10. Intangible assets.

Receivables, key assumptions in estimated credit loss allowances

Management makes allowance for doubtful trade receivables based on the simplified approach to provide for expected credit losses, which permits the use of the lifetime expected loss provision for all trade receivables. The allowance is an estimate based on shared credit risk characteristics, ageing factor, geographical risk, specific customer knowledge and past history. For a detailed description of credit risk allowances, please see note 15. Trade receivables.

Leases, key assumptions in determining the lease term

Extension and termination options are included in a number of property leases across the Group. In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options or periods after termination options are only included in the lease term if the lease is reasonably certain to be extended or not terminated based on the Group's strategy and other relevant factors such as significant leasehold improvements. When assessing lease terms, Management has considered the fair value of the underlying assets and availability of alternative options are considered. For further information on leases, please see note 13. Leases.

Notes

3. Revenue from contracts with customers

The Group derives revenue from the following major business lines.

	1 January 2019 to 30 April 2020	11 June to 31 December 2018
	TDKK	TDKK
Sale of equipment	223.995	0
Validation service contracts	32.983	0
	256.978	**0**

Revenue is recognised as follows:

At a point in time	223.995	0
Over time	32.983	0
	256.978	**0**

4. Employee costs	**TDKK**	**TDKK**
Wages and salaries	72.121	0
Defined contribution plans	3.210	0
Other social security costs	4.557	0
	79.888	**0**

Wages and Salaries, pensions and other social security expenses are recognised in the following items:

Cost of production	32.117	0
Distribution expenses	32.494	0
Development expenses	10.940	0
Administrative expenses	4.337	0
	79.888	**0**
Average number of employees	300	0

Key Management Compensation

Key Management consists of Executive Board and Board of Directors. The compensation paid or payable to key management for employee services is shown below:

	TDKK	TDKK
Wages and salaries and Board fee	2.655	0
Defined contribution plans	170	0
Other social security costs	1	0
Total compensation of key management personnel	**2.826**	**0**

With reference to section 98b of the Danish Financial Statements Act, remuneration to the Executive Board and Board of Directors is disclosed in total.

Notes

5. Depreciation, amortisation and impairment losses

	1 January 2019 to 30 April 2020	11 June to 31 December 2018
	TDKK	TDKK
Depreciation on property, plant and equipment	8.420	0
Amortisation on intangible assets	50.244	0
Depreciation on right-of-use assets	4.128	0
Depreciation, amortisation and impairment losses	**62.792**	**0**

Depreciation, amortisation and impairment losses are recognised in the following items:

Cost of production	6.057	0
Distribution expenses	52.945	0
Development expenses	848	0
Administrative expenses	2.942	0
	62.792	**0**

6. Special items	**TDKK**	**TDKK**
Acquisition costs	35.071	0
Legal cost for preliminary compliance study	2.703	0
Other	1.440	0
	39.214	**0**

7. Financial income	**TDKK**	**TDKK**
Foreign exchange rate gains	10.965	0
Other financial income	1.193	0
	12.158	**0**

8. Financial expenses	**TDKK**	**TDKK**
Foreign exchange rate losses	12.650	0
Interest expense on lease liabilities	1.633	0
Other financial expenses	35.688	0
	49.971	**0**

Notes

9. Tax on profit for the year

	1 January 2019 to 30 April 2020	11 June to 31 December 2018
	TDKK	**TDKK**
Current tax:		
Current tax on profits for the year	(5.275)	0
Deferred tax on profit for the year	10.964	0
	5.689	**0**
Calculated 22.0% tax on profit for the year before income tax	**(8.091)**	**0**
Tax effects of:		
Differences in the tax rates in foreign subsidiaries relative to 22%	499	0
Non-deductible expenses	7.576	0
Unrecognised deferred tax assets	2.925	0
Other	2.780	0
	13.780	**0**
Effective tax rate	**-15%**	**0%**

Notes

10. Intangible assets	Goodwill TDKK	Patents and trademarks TDKK	Brand TDKK	Customers and distributors TDKK	Technology TDKK	Completed development projects TDKK	Development projects in progress TDKK	Total TDKK
Cost:								
At 1 January 2019	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Additions during the year	0	248	0	0	0	677	2.017	2.942
Acquisition of business	1.273.312	295	85.937	677.983	310.191	2.333	4.684	2.354.735
Disposals during the year	0	0	0	0	0	0	0	0
Transfers for the year	0	0	0	0	0	1.065	(1.065)	0
Exchange difference	0	0	0	0	0	0	0	0
At 30 April 2020	**1.273.312**	**543**	**85.937**	**677.983**	**310.191**	**4.075**	**5.636**	**2.357.677**
Accumulated amortisation and impairment:								
At 1 January 2019	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Amortisation for the year	0	17	2.506	19.723	8.448	794	0	31.488
Impairment for the year	0	0	0	0	0	0	0	0
Transfers for the year	0	0	0	0	0	0	0	0
Exchange difference	0	0	0	0	0	0	0	0
At 30 April 2020	**0**	**17**	**2.506**	**19.723**	**8.448**	**794**	**0**	**31.488**
Carrying amount 30 April 2020	**1.273.312**	**526**	**83.431**	**658.260**	**301.743**	**3.281**	**5.636**	**2.326.189**

Goodwill, customers and distributors and technology relates to the acquisition of Ellab Group through the subsidiary, Kelvin BidCo A/S, Fas Italy, Hanwell Group, United Kingdom, Instrument Technology Limited, Ireland, Adsano Group, Germany and Switzerland, and Argideen Science Limited, Ireland, in 2019/20. Acquired technology relates to established systems and procedures while acquired customers and distributors relates to the existing network of customers and distributors that will expand the group's current markets.

Acquired intangible assets are specified in note 20. Business Combinations.

Goodwill is not amortised but tested for impairment at least once a year. Customers and distributors are amortised over 5 - 10 years while technology is amortised over 20 years. Remaining usefull life for customers and distributors are 4-9 years while remaining usefull life for technology is 19-20 years.

Development projects in progress and completed development projects relates to development of the Group's products. Completed development projects are amortised over 3 years. Remaining usefull life for completed development projects are 1-3 years.

Amortisation on intangible assets are included as "Amortisations on intangible assets" in note 5. Depreciation, amortisation and impairment losses. Amortisations on completed development projects are recognised as "Development expenses". Amortisations on other intangible assets are recognised as "Distribution expenses".

Research and development costs expensed during the year amount to TDKK 10.770.

Impairment tests

The Group continuously assesses whether there is any indication that an asset may be impaired. If any indication exists, or when annual impairment testing of goodwill and other assets with indefinite usufull life is required, the Group estimates the recoverable amount of the asset. Goodwill, customers and distributors and technology relates to the acquisitions in 2019/20 detailed above.

Result of the annual impairment test

The carrying amount of goodwill is tested annually for impairment. The recoverable amount is calculated as the present value of future net cash flows.

Key paramenters in the test are revenue growth, EBITDA margins, expected capital expenditure and growth expectations for the terminal period.

The estimated future free net cash flows for the impairment test at 30 April 2020 are based on budgets for 2020/21 and business plans and projections for 2021/22 to 2029/30 for the combined business activities considered as one CGU. Revenue is expected to increase annually by 15 % from 2021/22 to 2024/25 followed by an annually growth of 5 % from 2025/26 to 2029/30. The long-term growth rate in the terminal period from 2029/30 is estimated to 1%. Growth is mainly expected in North America, the DACH region, UK and Ireland where the Group expects to expand activities relating to sale of equipment and further develop validation service activities. The EBITDA margin is estimated to a level corresponding to historical EBITDA margins and in line with long term expectations and forecasts. A discount rate (WACC) is applied for the specific business areas based on assumptions about interest rates and risks reflecting the risks inherent in the assets. WACC has been estimated to 10 %.

Key assumptions have been determined by using a combination of long term trends, historical performance and the Group's strategy. The expected annual growth rate and the expected margins in the budget period are based on historical experience and assumptions about expected market developments.

The impairment tests did not show indications of impairment losses to be recognised. In Management’s opinion, changes in key assumptions mentioned above will not cause significant impairment losses.

Development projects in progress

For development projects in progress, Management estimates on an ongoing basis whether each project is likely to generate future economic benefits for the Group in order to qualify for recognition. The development projects are evaluated on technical as well as commercial criteria. In Management’s opinion, the development projects qualify for recognition.

Notes

11. Property, plant and equipment

	Land and buildings TDKK	Plant and machinery TDKK	Other fixtures, fittings, tools and equipment TDKK	Leasehold improvements TDKK	Total TDKK
Cost:					
At 1 January 2019	**0**	**0**	**0**	**0**	**0**
Additions during the year	0	812	16.703	383	17.898
Acquisition of business	1.705	1.878	23.106	320	27.009
Disposals during the year	0	0	(265)	0	(265)
Transfers for the year	0	0	0	0	0
Exchange difference	0	(1)	804	(1)	802
At 30 April 2020	**1.705**	**2.689**	**40.348**	**702**	**45.444**
Accumulated amortisation and impairment:					
At 1 January 2019	**0**	**0**	**0**	**0**	**0**
Amortisation for the year	14	620	7.683	103	8.420
Amortisation of sold assets during the year	0	0	(265)	0	(265)
Transfers for the year	0	0	0	0	0
Exchange difference	0	0	501	0	501
At 30 April 2020	**14**	**620**	**7.919**	**103**	**8.656**
Carrying amount 30 April 2020	**1.691**	**2.069**	**32.429**	**599**	**36.787**

Notes

12. Deferred tax

	30 April 2020	31 December 2018
	TDKK	TDKK
Deferred tax at 1 May	0	0
Deferred tax reccognised in the statement of profit or loss	10.964	0
Additions relating to acquisition of subsidiaries	(237.147)	0
Deferred tax at 30 April	**(226.183)**	**0**

Deferred tax relates to:	**TDKK**	**TDKK**
Intangible assets	(226.061)	0
Property, plant and equipment	453	0
Right-of-use assets	(5.630)	0
Inventories	(634)	0
Trade receivables	(22)	0
Lease liabilities	5.460	0
Contract assets	54	0
Provisions	(55)	0
Other	91	0
Tax loss carry forwards	162	0
	(226.183)	**0**
Of which presented as deferred tax assets	2.476	0
Of which presented as deferred tax liabilities	(228.658)	0
	(226.183)	**0**

The tax value of losses are recognized as deferred tax to the extent that there is certainty supported by budgets that sufficient future taxable income will be available against which such deferred tax assets can be utilised in a period of 3-5 years. The budgets are based on changes in the structure of the entitities resulting in a positive taxable income in the entities from 2020/21.

The Group has an unrecognised tax loss TDKK 168, which relates to foreign subsidiaries.

Unrecognised deferred tax assets have no expiration date.

13. Leases

The Group has recognised the following amounts relating to leases:

Right-of-use assets	**TDKK**	**TDKK**
Properties	56.427	0
Cars and other leases	1.255	0
	57.682	**0**

Lease liabilities	**TDKK**	**TDKK**
Current	8.573	0
Non-current	52.505	0
	61.078	**0**

Additions to the right-of-use assets during the financial year from the acquisition date to 30 April 2020 were TDKK 4.536.

Notes

The statement of profit or loss shows the following amounts relating to leases:

	1 January 2019 to 30 April 2020	11 June to 31 December 2018
Depreciation charge of right-of-use assets	**TDKK**	**TDKK**
Properties	3.770	0
Cars and other leases	358	0
	4.128	**0**
Interest expense (included in financial expenses)	1.633	0
Expense relating to short-term leases (included in other operating expenses)	107	0

The total cash outflow for leases in 2019/20 was TDKK 4,559.

The Group leases various properties, equipment and cars. Rental contracts are typically made for fixed periods of 3 to 10 years but may have extension options. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants, but leased assets may not be used as security for borrowing purposes.

Extension options or periods after termination options are included in the lease term if the lease is reasonably certain to be extended or not terminated based on the Group's strategy and other relevant factors such as significant leasehold improvements.

14. Inventories

	30 April 2020	31 December 2018
	TDKK	**TDKK**
Raw materials and consumables	10.376	0
Finished goods and goods for resale	16.773	0
	27.149	**0**

The following are included in "Costs of production":

Inventories recognised as an expense	24.514	0
Write-downs of inventories to net realisable value	2.111	0

15. Trade receivables

	TDKK	TDKK
Trade receivables before provision for bad debts	101.094	0
Less provision for impairment of trade receivables	(972)	0
Trade receivables net	**100.122**	**0**

Trade receivables are amounts due from customers for subscriptions sold in the ordinary course of business. They are generally due for settlement within 30 to 90 days and therefore are all classified as current. Trade receivables are recognised initially at the amount of consideration that is unconditional.

Due to the short-term nature of the current receivables, their carrying amount is considered to be the same as their fair value.

The group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables.

The maximum credit exposure is equal to the carrying value of trade receivables.

For a further description of management of credit risks, please see note 19. Financial risk management.

Movement on the Group's provision for impairment of trade receivables are as follows:	TDKK	TDKK
Opening balances	0	0
Increase in loss allowance recognised in profit or loss during the year	(972)	0
Provision for impairment of trade receivables	**(972)**	**0**

Provision for impairment of trade receivables are included in administration and distribution costs.

Notes

16. Contract balances

The Group has recognised the following assets and liabilities related to contracts with customers:

	30 April 2020	31 December 2018
	TDKK	TDKK
Trade receivables	100.122	0
Contract assets	2.144	0
Contract liabilities	1.830	0
Deferred revenue	2.793	0

Trade receivables are non-interest bearing and are generally on terms of 30 to 90 days.

Contract assets and libilities are all related to ongoing validation service projects. Contract liabilities are expected to be included in the income statement in the next financial year. Contract assets are recognised as revenue in the income statement when the outcome of the contracts can be estimated reliably. The change in contract assets and liabilities compared to last year relates to increased activity relating to validation service projects.

The aggregate amount of the transaction price allocated to performance obligations that have not been satisfied at the end of the year has not been disclosed, as the Group's revenue are either related to contracts that have an original duration of one year or less; or as revenue is recognised in the amount to which the Group has a right to invoice in accordance with the practical expedient in IFRS 15.B16.

Deferred revenue is prepayments by customers for goods that have not been delivered and prepayments relating to rental of equipment and will be included n the Profit and Loss in the next financial year.

Revenue recognised in the reporting period that was included in deferred revenue at the beginning of the period is TDKK 280.

17. Share capital

	30 April 2020		31 December 2018	
The share capital comprise:	Number of shares	Nominal value (TDKK)	Number of shares	Nominal value (TDKK)
A shares	138.364.871	138.365	50.000	50
B shares	16.539.176	16.539	0	0
Share capital	**154.904.047**	**154.904**	**50.000**	**50**

All shares have a nominal value of DKK 1. Each A share and each B share shall carry 1 vote.

The A shares carry a preferential right to the amount paid plus an annual return of 10%. The remaining earnings will be distributed among the holders of B shares.

	30 April 2020		31 December 2018	
Changes in share capital	A shares	B shares	A shares	B shares
Opening balance	50	0	50	0
Capital reduction	-45	0	0	0
Capital increase	138.360	16.539	0	0
Share capital	**138.365**	**16.539**	**50**	**0**

18. Borrowings

Borrowings are comprised of acquisition related loans as well as credit facilities to fund the ongoing operations.

	Interest rate	Effective interest rate	Currency	Maturity	Carrying amount
					TDKK
Loan from credit institution	Fixed	3,75%	DKK	26 September 2026	490.000
Loan from credit institution	Variable	6,50%	USD	26 September 2026	247.476

19. Financial risk management

Financial risk factors

The Group's Management of financial risks is centralized to Ellab A/S. The Group identifies, monitors, assesses and mitigates financial risk at headquarter in cooperation with the Group's business units. The Group is exposed to foreign exchange risk, liquidity risk and credit risk that can have a significant impact on the financial performance of the Group. Significant risks are continuously assessed by Management and the Board of Directors.

Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates.

As a result of the Group's international operating activities, the Group is exposed to fluctuations in foreign exchange rates. The Group has assessed the risks related to foreign exchange rate as normal. The Group's exchange rate exposure is primarily related to USD, EUR and GBP as a major part of the Group's sales are invoiced in those currencies. The Group handle exchange rate risk by establishing sales entities in countries where the Group has significant activities or where the Group expects growth, thereby matching income and expenses in the same currency. As a result of the Group's structure, sales from local sales entities are invoiced in the local functional currency and expenses incurred are in the local functional currency.

The Group has entered into interest-bearing long-term loan agreements in USD.

Sensitivy:

The Group is primarily exposed to changes in USD. The sensitivity of profit or loss to changes in the exchange rates arises mainly from USD denominated financial instruments. A 5% increase and decrease in the year-end rate in the following currencies versus DKK would impact the Group's profit as follows:

	Impact on profit before tax	
	1 January 2019 to 30 April 2020	**11 June to 31 December 2018**
	TDKK	**TDKK**
DKK/USD exchange rate - increase 5%	-12.374	0
DKK/USD exchange rate - decrease 5%	12.374	0

The foreign exchange sensitivity analysis comprises effects from the group's loan in foreign currencies.
The Group does not hedge foreign currency risk. The sensitivity analysis is based on financial instruments recognized at 30 April 2020 in the balance sheet and the assumption that all other variables and exposures remain constant.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Group's main interest rate risk arises from long-term debt with variable rates, which exposes the group to cash flow interest rate risk. The risk is considered normal for the Group and is managed by derivatives such as interest rate swaps for debt with variable interest rates. At 30 April 2020, the Group has hedged 50 % of the Groups long-term debt carrying variable interest rates.

The fair value of interest rate swaps are TDKK 5.386 at 30 April 2020, which is recognised as Other Payables. The maturity of derivatives is 31 October 2022. The group does not use hedge accounting for accounting purposes. Therefore, the fair value movement on the hedging instruments are recognised in the income statement.

Notes

Credit risk

Credit risk arises from cash and cash equivalents, as well as credit exposures to customers, including outstanding receivables. The Group's primary credit exposure is related to trade receivables and cash positions.

The credit risk of the Group is assessed to be low. Credit risk related to trade receivables is managed by continuous risk assessment of major customers. The Group has policies in relation to maximum credit limits and prepayment requirements for customers with high credit risk. Based on forecasts as well as historical data, the Group expects only insignificant loss allowances for trade receivables. The Group has no major exposure relating to one single customer or business partner.

In relation to the credit risk related to financial institutions, the Group monitors financial institutions and places funds in financial institutions with satisfactory credit ratings.

Liquidity risk

Based on the Group's financial reserves and credit facilities, the liquidity risk of the Group is assessed to be low. Overall, the Group's debt financing is limited. The financial position of the Group and short-term forecasts of liquidity reserves is continuously monitored by Management and the finance department to ensure that sufficient financial resources are available.

Maturity analysis

The tables below analyse the Group's financial liabilities into relevant maturity groupings based on their contractual maturities.

The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

Non-derivatives	Carrying amount TDKK	Less than 1 year TDKK	Between 1 and 5 year TDKK	More than 5 years TDKK	Total TDKK
As at 30 April 2020					
Borrowings*	718.146	65.972	138.731	786.663	991.366
Lease liabilities	61.823	9.318	32.158	35.537	77.013
Trade payables	14.977	14.977	0	0	14.977
	794.946	**90.267**	**170.889**	**822.200**	**1.083.356**
Derivatives					
Interest rate swaps	5.386	0	5.386	0	5.386
	5.386	**0**	**5.386**	**0**	**5.386**

* Compared to the carrying value of borrowings at 30 April 2020, amortized borrowing costs of TDKK 18.253 have been deducted.

As at 30 April 2019					
Borrowings	0	0	0	0	0
Lease liabilities	0	0	0	0	0
Trade payables	0	0	0	0	0
	0	**0**	**0**	**0**	**0**

Notes

Financial assets and liabilities per measurement category	30 April 2020 TDKK	31 December 2018 TDKK
Financial assets		
Financial assets at amortised cost:		
Trade receivables	100.122	0
Contract assets	2.144	0
Cash and cash	74.797	50
	177.062	**50**
Financial liabilities		
Liabilities at amortised cost:		
Borrowings	749.459	0
Lease liabilities	61.823	0
Trade payables	14.977	0
	826.259	**0**
Liabilities at fair value:		
Derivative financial instruments	5.386	0
	5.386	**0**

Financial assets and liabilities measured at fair value relate to derivatives. Calculation of fair value of these derivatives is based on valuation techniques and observable inputs such as interest rates, currency rates etc.

20. Capital management

The Group's objective when managing capital is to safeguard their ability to continue as a going concern, so that the Company can continue to provide returns for shareholders and benefits for other stakeholders and maintain an optimal capital structure.

The Group centrally monitors capital on relevant key figures. The Group manages its capital structure and makes adjustments in light of changes in economic conditions. The Group monitors capital on the basis of the net debt to EBITDA ratio. The Group's strategy during 2019/20 was to maintain a net debt to EBITDA ratio below 8. The Group fulfilled capital management targets during 2019/20.

Notes

21. Business combinations

Acquisitions 2019/20

Saballe TopCo ApS

On 26 September 2019, Kelvin HoldCo A/S acquired 100% of the issued share capital of Saballe TopCo ApS through its subsidiary. Saballe TopCo Group owns 100% of the issued share capital of Ellab Group, a leading supplier of Validation and Monitoring Solutions. Details of the purchase consideration, the net assets acquired and goodwill are as follows:

	Fair value TDKK
Cash	30.016
Trade receivables	70.470
Inventories	31.305
Plant and equipment	20.842
Right-of-use assets	57.274
Other receivables	3.809
Deferred tax asset	1.630
Prepayments	4.417
Intangible assets: Development projects	7.102
Intangible assets: Customer and distributors	644.225
Intangible assets: Brand	85.937
Intangible assets: Technology	286.456
Intangible assets: Order backlog	18.308
Deferred tax liability relating to intangibles	-227.684
Borrowings	-348.493
Lease liabilities	-58.695
Trade payables	-14.153
Prepayments from customers	-3.410
Income tax payable	-19.473
Other liabilities	-25.221
Net identifiable assets acquired	**564.661**
Goodwill	1.250.008
Net assets acquired	**1.814.669**
Less: Balances acquired	
Cash	-30.016
Investing activities	**1.784.653**
Of which relating to:	
Reinvesting sellers	113.726
Net outflow of cash – investing activities	1.670.927

Goodwill of TDKK 1.250.008 arising from the acquisition is attributable to know-how and profitability of Group. The goodwill recognized is not deductible for income tax purposes.

Notes

Purchase Consideration

Of the total purchase consideration of TDKK 1.814.669, TDKK 113.826 is related to reinvesting sellers. The remaining purchase consideration has been settled in cash.

Acquired receivables

The fair value of acquired trade receivables is TDKK 70.470 with no loss allowance recognised in the acquisition.

Revenue and profit contribution

Acquisition contributed revenues of TDKK 256.978 and net loss of TDKK 43.479 to the group for the period from 26 September 2019 to 30 April 2020.

If the acquisitions had occurred on 1 May 2019 covering a 12 months period, consolidated pro-forma revenue and loss for the year ended 30 April 2020 would have been TDKK 464.554 and TDKK 28.697 respectively.

These amounts have been calculated using the subsidiary's results and adjusting them for:
- differences in the accounting policies between the group and the subsidiary, and
- the additional depreciation and amortisation that would have been charged assuming the fair value adjustments to property, plant and equipment and intangible assets had applied from 1 May 2019, together with the consequential tax effects.

Acquisition-related costs

Acquisition-related costs of TDKK 31.201 are included in Special Items in the statement of profit or loss and in operating cash flows in the statement of cash flows.

Notes

Other Acquisitions

Instrument Technology Limited, Ireland

Ellab Group acquired 100 % of the shares in Instrument Technology Limited, Ireland, on 20 December 2019 to strengthen focus on the supply of instrumentation products and services to the life science industry.

Adsano in Germany

The Group acquired 100 % of the shares in Adsano, on 1 April 2020 to further develop specialization in thermal qualification and validation services.

Argideen Science Limited, Ireland

On 29 April 2020, Ellab Group acquired 100% of the issued share capital of Argideen Science Limited, a service company providing validation services. With the acquisition, the Group expects to develop its validation service business.

Details of the purchase consideration, the net assets acquired and goodwill are as follows:

The assets and liabilities recognised as a result of the acquisition are as follows:

	Fair value TDKK
Cash	32.426
Trade and other receivables	21.862
Inventories	1.203
Plant and equipment	6.166
Intangible assets: Customer and distributors	33.758
Intangible assets: Technology	23.735
Intangible assets: Order backlog	447
Deferred tax liability relating to intangibles	-11.020
Trade payables and other liabilities	-14.393
Net identifiable assets acquired	**94.185**
Goodwill	23.304
Net assets acquired	**117.489**
Less: Balances acquired	
Cash	-32.426
Net outflow of cash – investing activities	**85.063**

Goodwill of TDKK 23.303 arising from the acquisitions is attributable to know-how, profitability and synergies expected from combining the operations of Group and the acquired businesses relating to sale of equipment and validation activities. The goodwill recognized is not deductible for income tax purposes.

Purchase Consideration

The purchase consideration has been settled in cash.

Acquired receivables

The fair value of acquired trade receivables is TDKK 22.377 with no loss allowance recognised in the acquisitions.

Revenue and profit contribution

Acquisitions contributed revenues of TDKK 8.902 and net loss of TDKK 1 to the group for the period from 20 December 2019 to 30 April 2020.

If the acquisitions had occurred on 1 May 2019 covering a 12 months period, consolidated pro-forma revenue and loss for the year ended 30 April 2020 would have been TDKK 464.554 and TDKK 28.697 respectively.

These amounts have been calculated using the subsidiary's results and adjusting them for:
- differences in the accounting policies between the group and the subsidiary, and
- the additional depreciation and amortisation that would have been charged assuming the fair value adjustments to property, plant and equipment and intangible assets had applied from 1 May 2019, together with the consequential tax effects.

Acquisition-related costs

Acquisition-related costs of TDKK 3.870 are included in Special Items in the statement of profit or loss and in operating cash flows in the statement of cash flows.

22. Commitments and contingent liabilities

Notes

Charges and security

Shares in the subsidiaries Kelvin BidCo A/S, Saballe TopCo ApS, Ellab A/S, Ellab Inc., Ellab GmbH, Ellab UK Limited, The IMC Group (International) Limited, IMC International Holdings Limited, Hanwell Solutions Limited Have been pledged as security for credit institutions. The shares in Kelvin BidCo A/s are recognized at cost of 1.528.700. The shares in Ellab A/S owned through the subsidiary, Saballe TopCo ApS, are recognized at book value of 214.820 TDKK. The shares for Ellab A/S' subsidiaries are recognized at booked value of 39.881 TDKK in the annual report for Ellab A/S.
The Group has pledged assets of 707.841 TDKK in the above subsidiaries as security for credit institutions of the parent company Kelvin BidCo A/S.

Contingent liabilities

The group companies are jointly and severally liable for tax on the jointly taxed incomes etc of the Group. The total amount of corporation tax payable is disclosed in the Annual Report of Kelvin HoldCo A/S, which is the management company of the joint taxation. 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.

The Group is not involved in lawsuits expected to have a material effect on the financial position of the Group. The Group is involved in an ongoing preliminary compliance study. It is not practical to estimate the potential effect of this study, but management estimates that it is not probable that a significant liability will arise resulting from the study.

23. Fee to auditors	**1 January 2019 to 30 April 2020 TDKK**	**11 June to 31 December 2018 TDKK**
Audit fee to PwC	343	0
Audit fee to other auditors	61	0
Other assurance engagements	0	0
Tax advisory services	36	0
Non-audit services	342	0
	782	0

Notes

24. Changes in liabilities arising from financing activities

This section sets out an analysis of liabilities arising from financing activities and the movements in each of the periods presented.

	1 January 2019	Financing cash flows	Additions	Changes in foreign exchange rates	Other changes*	30 April 2020
	TDKK	TDKK	TDKK	TDKK	TDKK	TDKK
Current borrowings	**0**	-384.500	1.133.313	646	0	**749.459**
Lease liabilities	**0**	-4.496	64.685	0	1.634	**61.823**
Total liabilities from financing activities	**0**	-388.996	1.197.998	0	0	**809.002**

	11 June 2018	Financing cash flows	Additions	Changes in foreign exchange rates	Other changes*	31 December 2018
	TDKK	TDKK	TDKK	TDKK	TDKK	TDKK
Current borrowings	**0**	0	0	0	0	**0**
Total liabilities from financing activities	**0**	0	0	0	0	**0**

The 'Other' column includes the effect of reclassification of non-current portion of interest-bearing loans and borrowings to current due to the passage of time, and the effect of accrued but not yet paid interest on interest-bearing loans and borrowings.

Notes

25. Related parties
Kelvin HoldCo Group's parent is: EQT Mid Market Europe

Transactions with key management personnel and the ultimate parent
Transactions with key management personnel include transactions with companies controlled by the key management personnel. Reference is made to note 5 and 6. EQT Mid Market Europe Fund (EQT).

Significant transactions between related parties

Transactions with related parties:

Rental agreement with Ellab Properties ApS in which Ellab CEO has significant ownership interest 3.542 TDKK (2018/19 3.499 TDKK).

All transactions were performed on an arm's length basis. Other than these transactions, there has been no trading with key management personnel or their close relatives.

26. Events after the balance sheet date
No events materially affecting the assessment of the Annual Report have occurred after the balance sheet date.

27. Cash flow statement - adjustments

	30 April 2020 TDKK	31 December 2018 TDKK
Financial income	-12.158	0
Financial expenses	49.971	0
Depreciation, amortisation and impairment losses, including losses and gains on sales	62.792	0
Tax on profit/loss for the year	5.689	0
Other adjustmenst	-4.829	0
	101.465	**0**

28. Changes in net working capital

	TDKK	TDKK
Change in inventories	-27.149	0
Change in trade and group receivables	-100.122	0
Change in contract assets	-2.144	0
Change in other receivables	-6.752	0
Change in prepayments	-4.628	0
Change in trade and group payables	14.977	0
Change in contract liabilities	1.830	12
Change in other payables	56.730	0
	-67.259	**12**

Notes

29. List of group companies

The Group's principal subsidiaries at 30 April 2020 are set out below:

	Type	Place of incorporation	Ownership interest
Kelvin BidCo A/S	Subsidiary	Denmark	100%
Saballe TopCo ApS	Subsidiary	Denmark	100%
Ellab A/S	Subsidiary	Denmark	100%
Ellab Inc.	Subsidiary	USA	100%
Ellab (UK) Limited	Subsidiary	UK	100%
Ellab GmbH	Subsidiary	Germany	100%
Ellab SARL	Subsidiary	France	100%
Ellab Philippines Corp.	Subsidiary	Philippines	95%
Ellab Benelux B.V.	Subsidiary	Netherlands	100%
Ellab FZCO	Subsidiary	Dubai	100%
FasInternational Sarl	Subsidiary	Italy	100%
The IMC Group (International) Limited	Subsidiary	UK	100%
IMC International Holdings Limited	Subsidiary	UK	100%
Hanwell Solutions Limited	Subsidiary	UK	100%
Hanwell Inc.	Subsidiary	USA	100%
Instrument Technology Limited	Subsidiary	Ireland	100%
Adsano Engineering GmbH	Subsidiary	Germany	100%
Adsano Engineering AG	Subsidiary	Switzerland	100%
Argideen Science Limited	Subsidiary	Ireland	100%

Income Statement - Parent

	Notes	1 January 2019 to 30 April 2020 TDKK	11 June to 31 December 2018 TDKK
Administration costs		(61)	(12)
Profit/loss before net financials		**(61)**	**(12)**
Financial income	1	79	0
Financial expenses	2	(2)	0
Profit/loss before tax		**16**	**(12)**
Income tax expense	3	(1)	0
Profit/loss for the year		**15**	**(12)**

Statement of Comprehensive Income - Parent

	1 January 2019 to 30 April 2020 TDKK	11 June to 31 December 2018 TDKK
Profit for the period	**15**	**(12)**
Other comprehensive income		
Items that will be subsequently reclassified to profit or loss		
Other comprehensive income for the period, net of tax	**0**	**0**
Total comprehensive income for the period	**15**	**(12)**

Balance Sheet - Parent

	Notes	30 April 2020 TDKK	31 December 2018 TDKK
Investments in subsidiaries	5	1.528.700	50
Total non-current assets		**1.528.700**	**50**
Receivables from group enterprises		13.078	0
Corporation tax receivable from group enterprises		12.739	0
Cash and cash equivalents		8.047	0
Total current assets		**33.864**	**0**
Total assets		**1.562.564**	**50**

	Note	30 April 2020 TDKK	31 December 2018 TDKK
Share capital	6	154.904	50
Premium		1.394.882	0
Retained earnings		3	(12)
Total equity		**1.549.789**	**38**
Trade payables		35	12
Income tax payables		12.740	0
Total current liabilities		**12.775**	**12**
Total liabilities		**12.775**	**12**
Total equity and liabilities		**1.562.564**	**50**

Statement of Changes in Equity - Parent

	Share capital TDKK	Share premium TDKK	Retained earnings TDKK	Total TDKK
Equity at 1 January 2019	**50**	**0**	**(12)**	**38**
Profit for the year	0	0	15	15
Other comprehensive income	0	0	0	0
Total comprehensive income for the period	**0**	**0**	**15**	**15**
Capital increase	154.899	1.394.882	0	1.549.781
Capital reduction	(45)	0	0	(45)
Total transactions with owners in their capacity as owners	**154.854**	**1.394.882**	**0**	**1.549.736**
Equity at 30 April 2020	**154.904**	**1.394.882**	**3**	**1.549.789**
Equity at 11 June 2018	50	0	0	50
Profit for the year	0	0	(12)	(12)
Other comprehensive income	0	0	0	0
Total comprehensive income for the period	**50**	**0**	**(12)**	**38**
Total transactions with owners in their capacity as owners	**0**	**0**	**0**	**0**
Equity at 30 December 2018	**50**	**0**	**(12)**	**38**

Cash Flow Statement - Parent

	Notes	2019/20 TDKK	2018 TDKK
Profit/loss for the year		15	(12)
Adjustments	13	(76)	12
Changes in net working capital	14	24	0
Interests paid		(2)	0
Net cash flow from operating activities		**(39)**	**0**
Payment for acquisition and capital increase in subsidiaries		(1.386.026)	0
Loans to related parties and repayment		(13.000)	0
Net cash flow from investing activities		**(1.399.026)**	**0**
Cash capital increase		1.407.112	0
Cash flow from financing activities		**1.407.112**	**0**
Net cash flow for the year		**8.047**	**0**
Cash and cash equivalents, beginning of the year		0	0
Cash and cash equivalents at end of the year		**8.047**	**0**
Cash and cash equivalents comprise the following:			
Cash at bank and in hand		8.047	0
Cash and cash equivalents at end of the year		**8.047**	**0**

Notes

1. Accounting policies
2. Financial income
3. Financial expenses
4. Tax on profit for the year
5. Investments in subsidiaries
6. Share capital
7. Financial risk management
8. Capital management
9. Commitments and contingent liabilities
10. Fee to auditors
11. Related parties
12. Events after the balance sheet date
13. Cash flow statement - adjustments
14. Changes in net working capital

Notes

1. Accounting policies

The financial statements of the parent have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU as well as additional Danish disclosure requirements applying to entities of reporting class C. The Parent Company Financial Statements for 2019/20 are presented in Danish kroner (TDKK), which is considered the functional currency of the company's activities.

The accounting policies are the same as for the consolidated financial statements with the following exceptions. For a detailed specification of the parent's accounting policies, please see note 1 of the consolidated financial statements.

Investments in subsidiaries

Investments in subsidiaries are recognised and measured at cost. Where cost exceeds the recoverable amount, write-down is made to this lower value.

First time adoption

This Annual Report is the first Annual Report that is presented in accordance with IFRS. The Company was established in 2018, and the financial statements therefore only include figures for 2018 and 2019/20. The comparative figures for 2018 in the income statement and the balance sheet items at 31 December 2018 were restated in accordance with IFRS. The accounting policies applied are based on the standards and interpretations effective at 30 April 2020. No standards or interpretations which are not yet effective have been adopted.

The disclosures required by IFRS 1, First-time Adoption of International Financial Reporting Standards, concerning the transition from the Danish Financial Statements Act to IFRS are provided in the following.

As the Parent was without activity before the aquisition of Ellab A/S, the transition from Danish GAAP to IFRS has not had any impact on the income statement, balance sheet or cash flow statement for the year ending 31 December 2018. Hence it has not been relevant for the Group to apply any exemptions provided under IFRS 1.

Critical accounting estimates and judgements

For a description of critical accounting estimates and judgements, please see note 2 of the consolidated financial statements.

Notes

	1 January 2019 to 30 April 2020	11 June to 31 December 2018
2. Financial income	**TDKK**	**TDKK**
Interest received from group companies	79	0
	79	**0**

3. Financial expenses	**TDKK**	**TDKK**
Other financial expenes	2	0
	2	**0**

4. Tax on profit for the year	**TDKK**	**TDKK**
Current tax:		
Current tax on profits for the year	1	0
	1	**0**
Calculated 22.0% tax on profit for the year before income tax	**4**	**(3)**
Tax effects of:		
Adjustment of tax relating to previous years	(3)	0
	(3)	**0**
Effective tax rate	**6%**	**0%**

Notes

5. Investment in subsidiaries	30 April 2020 TDKK	31 December 2018 TDKK
Cost:		
At 1 May 2019	**50**	**0**
Additions during the year	1.528.650	50
At 30 April 2020	**1.528.700**	**50**
Carrying amount 30 April 2020	**1.528.700**	**50**

Reference is made to note 29 in the consolidated financial statements for a overview of subsidiaries.

6. Share capital

For a specifikation of the share capital of the Parent, reference is made to note 16 of the consolidated financial statements.

7. Financial risk management

The activity of the Parent is limited, and the main financial risk that the company is exposed to is credit risk.

Credit risk

The Parent's primary credit exposure is related to group receivables. The Company has significant intercompany receivables related to loan to group companies. The credit loss is estimated to TDKK 0.

Financial assets and liabilities per measurement category	30 April 2020 TDKK	31 December 2018 TDKK
Financial assets		
Financial assets at amortised cost:		
Receivables from Group	13.078	0
Cash and cash equivalents	8.047	0
	21.125	**0**
Financial liabilities		
Liabilities at amortised cost:		
Trade payables	35	12
	35	**12**

The carrying value of financial assets and liabilities is, in all materiality, equal to fair value.

Notes

8. Capital management

For disclosure on capital management, reference is made to note 20 of the consolidated financial statements.

9. Commitments and contingent liabilities

Charges and security

Shares in the subsidiaries Kelvin BidCo A/S, Ellab A/S, Ellab Inc., Ellab GmbH, Ellab UK Limited, The IMC Group (International) Limited, IMC International Holdings Limited, Hanwell Solutions Limited Have been pledged as security for credit institutions. The shares in Kelvin BidCo A/s are recognized at cost of 1.528.700. The shares in Ellab A/S owned through the subsidiary, Saballe TopCo ApS, are recognized at book value of 214.820 TDKK. The shares for Ellab A/S' subsidiaries are recognized at booked value of 39.881 TDKK in the annual report for Ellab A/S.

The Group has placed assets of 683.124 TDKK in the above subsidiaries as security for credit institutions of the parent company Kelvin BidCo A/S.

Contingent liabilities

The group companies are jointly and severally liable for tax on the jointly taxed incomes etc of the Group. The total amount of corporation tax payable is disclosed in the Annual Report of Kelvin HoldCo A/S, which is the management company of the joint taxation purposes. Moreover, the group companies are jointly and severally liable for Danish withholding taxes by way of dividend tax, tax on royalty payments and tax on unearned income. Any subsequent adjustments of corporation taxes and withholding taxes may increase the Company's liability.

The Group is not involved in lawsuits expected to have a material effect on the financial position of the Group. The Group is involved in an ongoing preliminary compliance study. It is not practical to estimate the potential effect of this study, but management estimates that it is not probable that a significant liability will arise resulting from the study.

10. Fee to auditors	1 May 2019 to 30 April 2020 TDKK	1 May 2018 to 30 April 2019 TDKK
Audit fee to PwC	61	0
Audit fee to other auditor	0	12
	61	**12**

11. Related parties

For related parties disclosure, reference is made to note 24 in the consolidated financial statements. Details for transactions between Kelvin HoldCo A/S and subsidiaries are provided in the following.

Significant transactions between Kelvin HoldCo A/S and subsidiaries

During the year, Kelvin HoldCo provided loan to subsidiaries of TDKK 13.000 (2018/19: TDKK 0) with an interest rate of 4 % and accrued interest amounting to TDKK 78. The loan is repayable upon 5 business days written notice and is expcted to be repaid in cash.

12. Events after the balance sheet date

No events materially affecting the assessment of the Annual Report have occurred after the balance sheet date.

13. Cash flow statement - adjustments

	30 April 2020 TDKK	31 December 2018 TDKK
Financial income	-79	0
Financial expenses	2	0
	-76	**0**

14. Changes in net working capital

	30 April 2020 TDKK	31 December 2018 TDKK
Change in trade and group payables	24	12
	24	**12**