Kelvin HoldCo A/S

Trollesmindealle 25, DK-3400 Hillerød

CVR No. 39 63 10 08

Annual report for
1 May 2021 to 30 April 2022

The Annual Report was presented and adopted at the Annual General Meeting of the Company on:
24 August 2022

Chair of the meeting

Contents

Management's Statement

The Executive Board and the Board of Directors have discussed and approved the Annual Report of Kelvin HoldCo A/S for the financial year 1 May 2021 to 30 April 2022.

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 2022 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 May 2021 to 30 April 2022.

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, 24 August 2022

Executive Board

Olof Ludvig Enlund CEO	Lars Normand Hansen CTO
Andreas Morthorst CFO	

Board of Directors

Bo Harald Peter Risberg Chairperson	Anna Karolina Levander
Sarah Katherine Newbitt	Rikke Kjær Nielsen
Peter Krogh	

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 2022 and of the results of the Group's and the Parent Company's operations and cash flows for the financial year 1 May 2021 to 30 April 2022 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 May 2021 - 30 April 2022, 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 additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (IESBA Code) and the additional ethical requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. 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 override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the 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 material 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 related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and the 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.

Hellerup, 24 August 2022
PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
CVR No 33 77 12 31

Torben Jensen	Daniel Nielsen
State Authorised Public Accountant	State Authorised Public Accountant
mne18651	mne45105

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 May 2021 to 30 April 2022
Municipality of reg. office:	Hillerød, Denmark

Board of directors
Bo Harald Peter Risberg, Chairperson
Anna Karolina Levander
Sarah Katherine Newbitt
Rikke Kjær Nielsen
Peter Krogh

Executive Board
Olof Ludvig Enlund, CEO
Lars Normand Hansen, CTO
Andreas Morthorst, CFO

Auditors
PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
Strandvejen 44
DK-2900 Hellerup

Management's Review

Key activities

Kelvin HoldCo A/S ("the Company") is the ultimative parent company of the Group (Ellab Group), a market leading player within high-end Validation and Monitoring Solutions and Ellab is also providing Field Service & Consulting to primarily customers within the life science industry and food industry 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.

Ellab was established in Denmark in 1949. Today, the Group is headquartered in Hillerød, Denmark, and holds worldwide presence with R&D and production in Denmark and UK and has 27 sales and service centers and over 50 distributors around the globe. "Together we build confidence in consumer safety", is the overall purpose of the Ellab Group.

Segments

Validation Solutions:

Ellab provides mission-critical validation systems, used for measuring and documenting critical parameters such as temperature, humidity, pressure and CO2 through an industry leading and highly automated software suite supporting both on-premises and (hybrid) cloud environments.

Monitoring Solutions:

Ellab provides continuous monitoring of critical processes or environments covering temperature, humidity, pressure and CO2 in a hybrid on-premises/cloud IoT solution supported by industry leading software solutions.

Field Services & Consulting:

Ellab offers various outsourcing services within calibration, validation and GMP consulting, which are essential to regulatory compliance and must be performed on a regular basis, from annual calibrations to multi-year validations.

Overview

The Ellab Group handles sales and services by own sales companies in Nordics, Germany, Austria, Switzerland, Italy, UK, Ireland, France, Benelux, Spain, 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) take place in the facility in Hillerød, Denmark and production, assembly, quality inspection of Monitoring Systems take place in the facility in Letchwoth, United Kingdom.

Development in the year

During 2021-22 the activities of the Group has grown driven by a strong organic growth in all segments as well as through M&A supported by significant investments in product & software development, as well as in global and local commercial market activities.

In 2021-22 Ellab established a new office in Spain and acquired the following companies as part of the Ellabs offensive M&A strategy:

- In August 2021, Valcom, a Dutch company specialized in thermal qualification and validation services in the Benelux region.
- In October 2021, Arena Instrumentation, an English UKAS accredited calibration company.
- In March 2022, Clover Life Science, an Italian qualification, validation and consulting service company.
- In April 2022, Autocal, an Irish a high-quality validation service provider to the pharmaceutical and healthcare industries.

Revenue amounts to DKK 650.8 million and has increased by DKK 153.6 million (+31%) compared to last year. The increase is driven by growth in all segments, especially in the US, as well as acquisitions during the year.

Operating profit before special items amounts to DKK 159.4 million and has increased by DKK 39.9 million (+33%) compared to last year. The growth in operating profit is driven by the increasing activity level.

Adjusted EBITDA (note 7) for the period amounts to DKK 248.5 million and has increased by DKK 45.6 million (+22%). The adjusted EBITDA margin for the period amounts to 38.2% compared to 40.8% for the same period last year. The lower margin is explained by the impact from acquired growth in Field Service & Consulting, where the margins are lower compared to Validation and Monitoring Solutions, as well as the investments in the commercial and administrative organizations.

The reported revenue and adjusted EBITDA do not include 12 months from the acquisitions during the financial year. The proforma table is to disclose the full-year revenue and adj. EBITDA run rate entering the next financial year.

DKK million	Reported	M&A impact	Proforma
Revenue	650.8	31.7	682.5
Adj. EBITDA	248.5	6.5	255.0

Management's Review

Special items mainly consist of acquisition costs for M&A, severance costs and a legal dispute regarding import tariffs. Net financial items amount to a cost of DKK 59.5 million compared to a cost of DKK 17.1 million last year. The increase in net financial costs is driven by exchange rate losses. Income taxes for the period amount to DKK 34.0 million, equivalent to a tax percentage of 44%, in line with 42% last year. The tax percentages in 2021/22 and 2020/21 are higher than the anticipated tax percentages, related to the operating business, as they are impacted by movement of IP rights (transferring previous setup to current transfer pricing setup) and interest deduction limitation.

Net profit for year for the period amounts to DKK 43.1 million compared to DKK 53.4 million for the same period last year. Total comprehensive income amounts to DKK 51.6 million and consists of the net profit for the year and positive exchange rate adjustments of net investments in foreign operations.

Total assets amount to DKK 2,755.1 million as per 30 April 2022 compared to DKK 2,658.0 million for the same period last year. Total assets are impacted by the increasing activity level and acquisitions during the year. Total equity amounts to DKK 1,590.5 million as per 30 April 2022 and has increased by DKK 23.3 million compared to the same period last year. The development is driven by the positive comprehensive income for period partly offset by the net acquisition of treasury shares of DKK 28.3 million.

Cash flow from operating activities amounts to DKK 127.4 million for 2021/22 (2020/21 DKK 119.0 million). The cash flow for the year is positively impacted by the increasing operating profit, which is partly offset by an increasing net working capital level and higher tax payments (due to internal cross border transfer of IP rights). Cash flow from investing activities was an outflow of DKK 92.2 million (2020/21 DKK 53.0 million). The higher outflow is mainly due to a high M&A activity. Cash flow from financing activities amounts to DKK 36.2 million and is in line with last year (2020/21 DKK 31.5 million).

Expectations from last year and development for the coming year.

Management considers the result to be satisfactory and in line with expectations.

Management expects the Group to continue the positive development in revenue, EBITDA and net profit as new product innovation will increase the activity level.

Adj. EBITDA is expected to increase organically by at least 15%.

The Group has a M&A strategy and plans to add more members to the Ellab Family in 2022-23.

Operating risk and financial risks

With activities around the world Ellab has the risks inherent in international activities, including currency risks, particular in GBP and USD. The Ellab Group is not particularly exposed to changes in interest rates. 'The risks are described in detail in the notes to the consolidated financial statements.

Research and development

The Group continuously investments significantly in Research and Development. Research and Development costs for 2021-22 amount to DKK 21.7 million (DKK 21.1 million) and relates to the development of software, products and processes within Validation and Monitoring Solutions as well as Field Service and Consulting.

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.

Intellectual properties

Due to a growing organization and market presence, and in order to strategically harvest the benefits of such growth, the operating model of the Ellab Group has naturally evolved to a more centralized operating model over time, with a number of key functions being performed centrally and key strategic and operational decisions taken centrally by the Company for the global organization.

The subsidiary Ellab A/S is generally the legal and economic owner of the Group’s intangible property rights. This ownership is aligned to and supported by the fact that Ellab A/S also initiates, manages, finances, oversees and controls all research and development activities within the Group.

Management's Review

Sustainability
Ellab provides several sustainable benefits to customers such as improving efficiencies, lowering CO_2 emissions, ensuring quality and safety and help customers optimize their processes. Ellab is taking action on environmental and sustainability issues by committing to Science Based targets globally to follow the Paris Agreement from 2015. The journey has started, and we have already procured renewable energy by EAC's for 2021. Further we work internally with production and R&D and external with our partners to reduce waste and energy.
Our Sustainability strategy include Anti-Corruption, Supplier Code of Conduct, Employee Code of Conduct, Privacy Policy, and Environmental Policy.

Diversity
Diversity is the existence of many unique individuals in the workplace and community, individuals from different genders, nations, cultures, ethnic groups, backgrounds, skills, abilities and all the other differences that make each of us who we are. An inclusive culture in Ellab is a work environment where every person can fully participate in creating business success and where each person is valued for their distinctive skills, experiences and perspectives.

In 2021/22, we continued our efforts to create and sustain an environment that actively embraces diversity and inclusion in all areas. In Ellab, diversity and inclusion are key priorities since the Group believe that these priorities enhance employee wellbeing and create both financial and innovative growth from incorporating a wide variety of capabilities, ideas and insights into our decision-making.

At the Management level in Kelvin Group (Ellab Group), our target is to have a balanced management composition and for the time being the mix at management level is 60% (2020/21: 60%) women and 40% (2020/21: 40%) men in the Board of Directors and 38% (2020/21: 38%) women and 62% (2020/21: 62%) men when including Executive Board. At the management level, the underrepresented gender is 22% and, at present, the underrepresented gender represents 31% (2020/21: 32%) of all employees in the Ellab Group. The Ellab Group has a target for the coming financial year to increase from the 31% to 35%, as well as a target of increasing the level of the underrepresented gender at the management level. These targets should be achieved by the Ellab Group's continued focus on diversity with respect for hiring the best candidate.

On average Ellab Group had 480 employees in 2021/22 (370 in 2020/21). End of April 2022 Ellab Group had 559 employees.

Data ethics
In 2021/22, initial steps were taken to develop a Data Ethics Policy for Ellab in accordance with the Danish Financial Statements Act § 99d ("Redegørelse for politik for dataetik, jf. årsregnskabslovens § 99 d"). This work has not yet been completed and consequently no Data Ethics Policy where in effect in 2021/22. However, throughout the year the Group generated, handled and used data in accordance with prior practices and policies, including policies on data privacy and GDPR, and as a responsible company. Ellab's Data Ethics Policy is expected to be adopted in 2022/23 and will apply to the entire Group.

Other policies
Our Sustainability policy guarantees equal rights and opportunities for all employees regardless of race, gender, religion, age, ethnicity, sex and sexual orientation. Personal privacy is respected; discrimination and verbal or psychological harassment is not tolerated. We choose the best person for all positions in our organization based on merit and what that person can bring to the role.

In addition to our sustainability policy Kelvin Group (Ellab Group) has established a whistleblowing system. It enables internal, as well as external stakeholders, to raise concerns around discrimination anonymously if they feel it is not possible to raise issues through normal channels.

The Ellab Group has set realistic targets for the above CSR initiatives and will work towards these targets and will continue to work for improvement. The development in 2021/22 within the above areas has been satisfactory and is described below.

Corporate Social Responsibility

This section is to report on corporate social responsibility (CSR) for the financial year 2021/22, in accordance with the Danish Financial Statements Act ("Lovpligtig redegørelse for samfundsansvar, jf årsregnskabslovens §99a") for Kelvin HoldCo A/S.

Business model

Information on the Group’s business model can be found on page 7 in section ‘Key activities’, ‘Segments’ and ‘Overview’.

Risks related to the business model, policies, activities and results in the financial year

The Group focuses its CSR activities on the areas that directly impacts our business as well as the impact on the external environment caused by the activities of the Group.

<u>Environment and climate</u>

Environment and climate are key to the Group, as complying with selected standards is a prerequisite for the trading with our customers. Further, taking responsibility for the Group’s impact on the external environment and climate is important to us. Our policy is to reduce our negative impact where possible with respect to emissions of particularly CO2.

To enforce this, the Group constantly work with procedures to comply with the environmental requirements in the legislation, as well as those set by customers. Further, certain employees are dedicated to work with this as part of their daily job, and environmental polices are in place and updated when needed. 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 Company has an environmental policy and environmental certification (ISO14001). The production facilities in Denmark and UK are mainly assembly facilities with very limited water and electricity usage and low waste from production that impacts environment.

These procedures have been in place during the financial year and as a result the Group are fully compliant with requirements. Further, local initiatives like garbage sorting and installation of charging stations have been carried out during the financial year. This work will continue during the next financial year as the Group appreciate the value of the work, both for the Group, its stakeholders and the external environment.

<u>Employees and human rights</u>

The employees in the Group are key to the achieved and future success and results. With respect to our supply chains and associate companies, we have not identified any material risks with respect to employee conditions and human rights.

To secure the Group’s ability to attract and retain employees, policies and procedures are in place to ensure an internal work environment that supports this. Policies like ‘employee code of conduct’, and ways of working when hiring people must be applied (see page 9 section ‘Diversity’). ‘Global HR Policy’ is in place to secure employee human rights that contribute to creating an internal work environment with healthy work terms, protected from bullying & discrimination and with the rights to enter unions. A whistleblowing system is available for employees to make use of if they experience incidents that do not comply with the terms of Group.

The Group has worked with enforcing the policies during 2021/22 and to assess the results of the efforts a survey on employee satisfaction was carried out where the target was to have a net score (eNPS) of above 50. Both in 2021/22 and 2020/21 the score has been well above 50. The results achieved are to a high extent the result of dedicated effort and constructive attitude from all the employees and leaders. Management thanks all for their excellent efforts.

The Group will in the next financial year continue with a high level of activities to secure a satisfying result of the employee surveys and ensure protection of human rights.

<u>Anti-corruption</u>

The Group do not operate in businesses and markets where corruption is considered a major risk but as part of the Group’s approach to CSR, a business code of conduct and an anti-corruption policy are in place.

Ellab has implemented an anti-corruption and anti-bribery policy across the Group, as it does not accept corruption and bribery practice in any shape or form in our business. Whoever Ellab may deal with, and wherever Ellab may operate, Ellab is committed to doing so lawfully, ethically and with integrity. Ellab request and demand decent and proper conduct of business from company associates involved in trade with Ellab. Ellab is of the conviction that it is of unquestionable mutual interest, that existing rules and conventions are always adhered to. To trade with Ellab the supplier must of course adhere to all international conventions and national legislation, which are applicable to the country where the work or service is carried out. In 2021/22 the code of conduct and policies are made available to all employees and new employees will receive information on this subject as part of their onboarding in the Group.

The procedures have been in place during the financial year and as a result the awareness of the Group’s policies are in place. This is also the target for the next financial year. No incidents of corruption or breaches of our business Code of Conduct have been reported.

Management's Review

Audit Committee

The Group has an Audit Committee. The purpose of this Committee is to overview the processes for reporting, internal controls, risk assessment and cooperation with the independent auditor. The Audit Committee has meeting 4-5 times a year.

Uncertainty relating to recognition and measurement

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

Unusual events

The Group and the results of the activities and cash flows of the Group for the financial year for 2021/22 have not been affected by any unusual events.

Subsequent events

In June-July 2022 the Group completed the acquisitions of Causa (Field Service company in the Netherlands) and Project Support A/S (Field Service company in Denmark). Please refer to note 21 'Business combinations' for more information.

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

Ownership

In September 2019 EQT Mid Market Europe GP B.V., acting in its capacity as general partner of EQT Mid Market Europe Limited Partnership ("EQT") acquired Ellab Group. EQT are members of the organization for venture capital and private equity (DVCA).

Financial Highlights

DKK million	**2021/22** 12 months	**2020/21** 12 months	**2019/20** 16 months	**2018** 7 months
Key figures				
Income statement				
Revenue	650.8	497.2	257.0	0.0
Gross profit	415.9	326.4	170.4	0.0
Operating profit	136.6	109.3	1.0	0.0
Net financials	(59.5)	(17.1)	(37.8)	0.0
Net profit for the year	43.1	53.4	(42.5)	(0.0)
Balance Sheet				
Balance sheet total	2,755.1	2,658.0	2,638.7	0.1
Equity	1,590.5	1,567.2	1,507.5	0.0
Investment in property, plant and equipment	(21.5)	(21.8)	(17.9)	0.0
Cash flows				
Cash flow from operating activities	127.4	119.0	(58.0)	0.0
Cash flow from investing activities	(92.2)	(53.0)	(1,776.8)	0.0
Cash flow from financing activities	(36.2)	(31.5)	1,909.6	0.0
Cash flow for the year	(1.0)	34.5	74.8	0.0
Number of employees	480	373	270	0
Ratios				
Adjusted EBITDA	248.5	202.9	103.0	(0.0)
Adj. EBITDA margin	38.2%	40.8%	40.1%	N/A
Solvency ratio	57.7%	59.0%	57.1%	N/A
Return on equity	2.7%	3.5%	-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 (7 months).

The year 2019/20 covers the period 1 January 2019 - 30 April 2020 (16 months).
Through the subsidiary Kelvin BidCo A/S, the Company acquired Saballe TopCo ApS in liquidation, the owner of Ellab A/S, on 26 September 2019. Hence the figures in the income statement for 2019/20 do not cover a full 12 months owner 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

1 May - 30 April

DKK million	Notes	2021/22	2020/21
Revenue	3	650.8	497.2
Cost of production	4, 5	(234.9)	(170.8)
Gross profit		**415.9**	**326.4**
Distribution costs	4, 5	(196.0)	(159.3)
Development costs	4, 5	(21.7)	(21.1)
Administration costs	4, 5	(38.8)	(26.5)
Operating profit before special items		**159.4**	**119.5**
Special items	6	(22.8)	(10.2)
Operating profit		**136.6**	**109.3**
Financial income	8	21.2	29.0
Financial expenses	8	(80.7)	(46.1)
Profit before tax		**77.1**	**92.2**
Income taxes	9	(34.0)	(38.8)
Net profit for the year		**43.1**	**53.4**
Adjusted EBITDA	7		

Consolidated Statement of Comprehensive Income

1 May - 30 April

DKK million		2021/22	2020/21
Net profit for the year		**43.1**	**53.4**
Other comprehensive income			
Items that will be recycled subsequently to the Consolidated Income Statement, when specific conditions are met:			
Foreign exchange adjustments on net investments in foreign operations		8.5	(3.3)
Other comprehensive income for the year, net of tax		**8.5**	**(3.3)**
Total comprehensive income for the year		**51.6**	**50.1**

Consolidated Balance Sheet at 30 April

ASSETS

DKK million	Notes	2022	2021
Intangible assets	10	2,332.8	2,304.7
Property, plant and equipment	11	48.3	39.2
Right-of-use assets	13	53.6	53.0
Other receivables		2.3	2.7
Deferred tax assets	12	1.6	0.5
Total non-current assets		**2,438.6**	**2,400.1**
Inventories	14	45.5	32.9
Trade receivables	15	143.5	102.4
Contract assets	16	7.2	5.6
Income tax receivables		1.3	0.0
Other receivables		1.5	3.8
Prepayments		7.1	5.4
Cash and cash equivalents		110.4	107.8
Total current assets		**316.5**	**257.9**
Total assets		**2,755.1**	**2,658.0**

EQUITY AND LIABILITIES

DKK million	Note	2022	2021
Share capital	17	155.5	155.5
Foreign currency translation reserve		5.4	(3.1)
Retained earnings		1,429.6	1,414.8
Total equity		**1,590.5**	**1,567.2**
Borrowings	18	731.4	694.9
Lease liabilities	13	48.1	47.9
Deferred tax liabilities	12	220.2	216.9
Other payables		0.0	3.4
Total non-current liabilities		**999.7**	**963.1**
Trade payables		28.3	13.9
Contract liabilities	16	0.0	0.5
Lease liabilities	13	11.4	9.6
Income tax payables		44.0	44.2
Other payables		70.9	54.1
Deferred revenue	16	10.3	5.4
Total current liabilities		**164.9**	**127.7**
Total liabilities		**1,164.6**	**1,090.8**
Total equity and liabilities		**2,755.1**	**2,658.0**

Consolidated Statement of Changes in Equity

DKK million	Notes	Share capital	Share premium	Foreign currency translation reserve	Retained earnings	Total
Equity at 1 May 2021	17	**155.5**	**0.0**	**(3.1)**	**1,414.8**	**1,567.2**
Profit for the year		0.0	0.0	0.0	43.1	43.1
Other comprehensive income		0.0	0.0	8.5	0.0	8.5
Total comprehensive income for the year		**0.0**	**0.0**	**8.5**	**43.1**	**51.6**
Capital increase		0.0	0.0	0.0	0.0	0.0
Transferred from share premium		0.0	0.0	0.0	0.0	0.0
Acquisition of treasury shares		0.0	0.0	0.0	(44.3)	(44.3)
Disposal of treasury shares		0.0	0.0	0.0	16.0	16.0
Transactions with owners		**0.0**	**0.0**	**0.0**	**(28.3)**	**(28.3)**
Equity at 30 April 2022		**155.5**	**0.0**	**5.4**	**1,429.6**	**1,590.5**

DKK million	Notes	Share capital	Share premium	Foreign currency translation reserve	Retained earnings	Total
Equity at 1 May 2020	17	**154.9**	**0.0**	**0.2**	**1,352.4**	**1,507.5**
Profit for the year		0.0	0.0	0.0	53.4	53.4
Other comprehensive income		0.0	0.0	(3.3)	0.0	(3.3)
Total comprehensive income for the year		**0.0**	**0.0**	**(3.3)**	**53.4**	**50.1**
Capital increase		0.6	9.4	0.0	0.0	10.0
Transferred from share premium		0.0	(9.4)	0.0	9.4	0.0
Acquisition of treasury shares		0.0	0.0	0.0	(8.3)	(8.3)
Disposal of treasury shares		0.0	0.0	0.0	7.9	7.9
Transactions with owners		**0.6**	**0.0**	**0.0**	**9.0**	**9.6**
Equity at 30 April 2021		**155.5**	**0.0**	**(3.1)**	**1,414.8**	**1,567.2**

Consolidated Cash Flow Statement
1 May - 30 April

DKK million	Notes	2021/22	2020/21
Net profit for the year		43.1	53.4
Adjustments	27	187.7	142.2
Changes in net working capital	28	(20.6)	(8.2)
Financial income received		3.8	2.6
Financial expenses paid		(34.6)	(43.7)
Income taxes paid		(52.0)	(27.3)
Net cash flow from operating activities		**127.4**	**119.0**
Purchase of intangible assets	10	(11.6)	(8.4)
Purchase of property, plant and equipment	11	(21.5)	(21.8)
Payment for acquisition of subsidiaries, net of cash acquired	21	(59.1)	(23.2)
Sale of property, plant and equipment		0.0	0.4
Net cash flow from investing activities		**(92.2)**	**(53.0)**
Repayment of loans		0.0	(31.3)
Principal elements of lease payments	13	(7.9)	(9.7)
Acquisition of treasury shares		(44.3)	(8.3)
Disposal of treasury shares		16.0	7.9
Cash capital increase		0.0	10.0
Cash flow from financing activities		**(36.2)**	**(31.5)**
Net cash flow for the year		**(1.0)**	**34.5**
Cash and cash equivalents, beginning of the year		107.8	74.8
Effects of exchange rate changes on cash and cash equivalents		3.6	(1.5)
Net cash flow for the year		(1.0)	34.5
Cash and cash equivalents at end of the year		**110.4**	**107.8**
Cash and cash equivalents comprise the following:			
Cash at bank and in hand		110.4	107.8
Cash and cash equivalents at end of the year		**110.4**	**107.8**

Notes - Group

Notes - Group

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 large enterprises reporting in 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 million Danish Kroner (mDKK) with one digit, which is also the parent company's functional currency.

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.

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.

Notes - Group

Business Combinations (continued)

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.

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. Amortisation of intangible assets, except for development projects, are included in distribution costs.

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.

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 - Group

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.

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.

Treasury shares

Cost of acquisition and consideration received are recognised directly in equity as retained earnings.
Gains and losses on sale are thus recognised directly in equity.

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.

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.

Notes - Group

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 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 companies, 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 $\dfrac{\text{Equity at year end * 100}}{\text{Total assets at year end}}$

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

Adoption of new and amended IFRSs

Management has assessed the impact of new or amended and revised accounting standards and interpretations (IFRSs) issued by the IASB and IFRSs endorsed by the European Union effective on or after 1 May 2021. It is assessed that application of amendments effective from 1 May 2021 has not had a material impact on the consolidated financial statements for 2021/22. Furthermore, Management does not anticipate any significant impact on future periods from the adoption of these amendments.

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 judgements, estimates and assumptions for the individual items are:

- Goodwill (note 10)
- Business combinations (note 21)

Please refer to the specific notes for further information on the key accounting estimates and assumptions applied.

Notes - Group

3. Revenue from contracts with customers

The Group derives revenue from the following major business lines.

DKK million	2021/22	2020/21
Validation Solutions	425.5	332.3
Monitoring Solutions	57.3	40.6
Field Services & Consulting	168.0	124.3
Total revenue	**650.8**	**497.2**

Revenue is recognised as follows:		
At a point in time	482.8	372.9
Over time	168.0	124.3
Total revenue	**650.8**	**497.2**

Accounting policies:

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 field service and other consultancy services relates to consultancy services for validation and other services. Revenue is derived over time and recognised in the income statement as the services are rendered. Field service and other consultancy contracts include fixed price contracts and contracts based on hourly rates. Distinct contracts are considered as one performance obligation. Revenue is recognized by measuring progress towards completion of the performance obligation. Measurement of progress is based on an input method relating to direct labour hours spent. 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 field service and other consultancy 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.

Notes - Group

4. Employee costs

DKK million	2021/22	2020/21
Wages and salaries	224.1	169.9
Defined contribution plans	8.4	6.8
Other social security costs	14.1	18.2
Other staff costs	14.0	4.9
Total employee costs for the year	**260.6**	**199.8**
Employee costs included in intangible assets	(6.7)	(4.2)
Change in employee costs included in inventories	(1.0)	(0.5)
Total employee costs expensed to the income statement	**252.9**	**195.1**
Wages and Salaries, pensions and other social security expenses are recognised in the following items:		
Cost of production	133.1	100.8
Distribution costs	84.5	61.7
Development costs	15.9	16.0
Administrative costs	19.4	16.6
Total employee costs expensed to the income statement	**252.9**	**195.1**
Average number of employees	480	373

Key Management Compensation

Key Management consists of Executive Board (2021/22: DKK 9.3 million. 2020/21: DKK 6.1 million) and Board of Directors (2021/22: DKK 0.6 million 2020/21: DKK 0.6 million) and the total compensation paid or payable to key management for employee services is shown below:

DKK million	2021/22	2020/21
Wages and salaries	8.9	5.7
Board fee	0.6	0.6
Defined contribution plans	0.4	0.4
Other social security costs	0.0	0.0
Total compensation of key management personnel	**9.9**	**6.7**

In 2020/21 salary for the CTO is included for 7 months and salary for the former CFO is included for 9 months. In 2021/22 salary for the former CFO is included for 8 months and for 2 months for the new CFO. Wages and salaries also include compensation to board members for misc. advisory work.

Wages and salaries include fixed-base salary and accrued cash bonuses designed to incentivize individual performance and the achievement of a number of predefined short-term functional and individual business targets.

If an individual is dismissed, the ordinary salary is paid for up to a 9-month notice period. In the event of change of control, individuals do not receive any additional compensation.

Certain employees participate in a management equity program, which allows them to acquire shares in Kelvin HoldCo A/S. The investment was made at fair value why no economic benefit to the participants, hence, no expenditure or effect on either the balance sheet or on the income statement of the Group.

Notes - Group

5. Amortisation, depreciation and impairment losses

DKK million	2021/22	2020/21
Amortisation on intangible assets	63.6	60.6
Depreciation on property, plant and equipment	16.6	14.8
Depreciation on right-of-use assets	8.9	8.0
Total amortisation, depreciation and impairment losses	**89.1**	**83.4**

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

Cost of production	10.9	9.9
Distribution expenses	69.8	65.5
Development expenses	3.9	3.5
Administrative expenses	4.5	4.5
Total amortisation, depreciation and impairment losses	**89.1**	**83.4**

6. Special items

Acquisition costs related to M&A activities	4.8	2.9
Legal cost regarding import tariffs	8.5	3.6
Other (severance costs etc.)	9.5	3.7
Total special items	**22.8**	**10.2**

Total special items specified by line item in the income statement are: 'Administration costs'.

Accounting policies:
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.

7. Adjusted EBITDA

DKK million	2021/22	2021/22
Operating profit before special items	159.4	119.5
Depreciation, amortisation and impairment losses (note 5)	89.1	83.4
Adjusted EBITDA	**248.5**	**202.9**

8. Financial income and expenses

Financial income		
Exchange rate gains	17.4	26.6
Other financial income	3.8	2.4
Total financial income	**21.2**	**29.0**

Financial expenses

Exchange rate losses	43.1	6.7
Interest expense on lease liabilities	2.8	2.9
Other financial expenses	34.8	36.5
Total financial expenses	**80.7**	**46.1**

Effective interest expenses on financial liabilities measured at amortised cost amounted to DKK 28.8 million (2020/21 DKK 34.4 million).

Accounting policies:
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.

Notes - Group

9. Income taxes

DKK million	2021/22	2020/21
Current tax:		
Current tax on profits for the year	52.3	52.9
Current tax on profits for previous years	(3.3)	(0.6)
Deferred tax on profit for the year	(13.7)	(17.8)
Deferred tax on profit for previous years	(1.3)	4.3
Total	**34.0**	**38.8**
Tax calculated at 22.0% of profit before tax	17.0	20.3
Tax according to income statement	34.0	38.8
Variance	**17.0**	**18.5**
Tax effects of:		
Differences in the tax rates in foreign subsidiaries relative to 22%	1.7	(6.3)
Internal cross border transfer of IP rights	8.2	14.0
Interest deduction limitation	9.0	8.3
Non-deductible expenses	1.4	0.1
Adjustment of tax relating to previous years	(4.6)	3.5
Additional deductions for specific expenses	0.0	(0.7)
Other	1.3	(0.4)
Total	**17.0**	**18.5**
Effective tax rate	**44.1%**	**42.1%**

Notes - Group

10. Intangible assets

DKK million	Goodwill	Patents and trademarks	Brand	Customers and distributors	Technology	Completed development projects	Development projects in progress	Total
Cost:								
At 1 May 2021	**1,288.1**	**0.6**	**85.9**	**688.9**	**316.2**	**13.6**	**3.6**	**2,396.9**
Acquisition of business	26.9	0.0	0.0	44.7	8.4	0.0	0.0	80.0
Additions during the year	0.0	0.0	0.0	0.0	0.0	0.0	11.6	11.6
Transfers for the year	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Exchange difference	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
At 30 April 2022	**1,315.0**	**0.6**	**85.9**	**733.6**	**324.6**	**13.6**	**15.2**	**2,488.5**
Accumulated amortisation:								
At 1 May 2021	**0.0**	**0.1**	**6.8**	**57.0**	**23.9**	**4.3**	**0.0**	**92.1**
Amortisation for the year	0.0	0.0	4.3	39.4	16.0	3.9	0.0	63.6
Exchange difference	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
At 30 April 2022	**0.0**	**0.1**	**11.1**	**96.4**	**39.9**	**8.2**	**0.0**	**155.7**
Carrying amount 30 April 2022	**1,315.0**	**0.5**	**74.8**	**637.2**	**284.7**	**5.4**	**15.2**	**2,332.8**

DKK million	Goodwill	Patents and trademarks	Brand	Customers and distributors	Technology	Completed development projects	Development projects in progress	Total
Cost:								
At 1 May 2020	**1,273.3**	**0.5**	**85.9**	**678.0**	**310.2**	**4.1**	**5.6**	**2,357.7**
Additions during the year	0.0	1.0	0.0	0.0	0.0	0.9	6.5	8.4
Acquisition of business	14.8	0.0	0.0	10.9	6.0	0.0	0.0	31.6
Transfers for the year	0.0	(0.9)	0.0	0.0	0.0	8.6	(8.6)	(0.9)
At 30 April 2021	**1,288.1**	**0.6**	**85.9**	**688.9**	**316.2**	**13.6**	**3.6**	**2,396.8**
Accumulated amortisation:								
At 1 May 2020	**0.0**	**0.0**	**2.5**	**19.7**	**8.4**	**0.8**	**0.0**	**31.5**
Amortisation for the year	0.0	0.1	4.3	37.3	15.5	3.5	0.0	60.6
Impairment for the year	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Transfers for the year	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Exchange difference	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
At 30 April 2021	**0.0**	**0.1**	**6.8**	**57.0**	**23.9**	**4.3**	**0.0**	**92.1**
Carrying amount 30 April 2021	**1,288.1**	**0.5**	**79.1**	**631.9**	**292.3**	**9.3**	**3.6**	**2,304.7**

Amortisations for completed development projects are in the income statement recognised as "Development costs" and for other intangible assets as "Distribution costs".

Notes - Group

10. Intangible assets (continued)

Accounting policies:

Goodwill

Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill is not amortised but is tested for impairment annually, or more frequently, if events or changes in material circumstances indicate that it might be impaired. Goodwill is carried at cost less accumulated impairment losses.

Other intangible assets

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

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

Customers and distributors

On initial recognition, customers and distributors identified from business combinations are recognised in the balance sheet at fair value. Subsequently, customers and distributors are measured at cost less accumulated amortisation and impairment losses.

Brand

On initial recognition, brand identified from business combinations are recognised in the balance sheet at fair value. Subsequently, brand is measured at cost less accumulated amortisation and impairment losses.

Technology

On initial recognition, technology identified from business combinations are recognised in the balance sheet at fair value. Subsequently, technology is measured at cost less accumulated amortisation and impairment losses.

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.

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.

Goodwill, customers and distributors and technology

Goodwill, brand, customers and distributors and technology relates to the completed acquisitions in:
- 2021/22 (Valcom Compliance and Validation B.V., the Netherlands, Arena Instrumentation Ltd., United Kingdom, Clover Life Science S.r.l., Italy, Manilite Limited, Ireland),
- 2020/21 (P.E.C. (Denmark) A/S, Denmark),
- 2019/20 (Hanwell Group, United Kingdom, Instrument Technology Limited, Ireland, Adsano Group, Germany and Switzerland, Argideen Science Limited, Ireland.
- 2018/19 (Ellab A/S, FasInternational Sarl, Italy)

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. Brand value relates to the purchase of the Ellab brand in September 2019.

Notes - Group

10. Intangible assets *(continued)*

Development projects in progress and completed development projects
Development projects in progress and completed development projects relates to development of the Group's products.
Research and development costs expensed during the year amount to DKK 17.8 million (2020/21 DKK 17.6 million) excluding amortisation.

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 is required, the Group estimates the recoverable amount of the asset.

Result of the annual impairment test - goodwill
The carrying amount of goodwill, DKK 1,315.0 million (2020/21: DKK 1,288.1 million), relating to completed acquisitions, is tested annually for impairment. The recoverable amount is calculated as the present value of future net cash flows. The entities are monitored by management as a single cash generating unit due to the fact that it is not practicably possible to separate the revenue streams into smaller cash generating units and cash inflows are largely dependent on cash inflows from other groups of assets.

Key parameters 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 in the impairment test at 30 April 2022 are based on budget for 2022/23 and the business plans and projections to 2026/27 for the combined business activities considered as one CGU. Revenue is expected to increase by an annually average of 15% from 2021/22 to 2026/27. The long-term growth rate in the terminal period is estimated to 1% for the use of this impairment test. All regions are expected to continue the growth relating to sale of validation and monitoring solutions and further develop field service and other consultancy 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) was applied for the specific business areas based on assumptions about interest rates and risks reflecting the risks inherent in the assets. WACC was estimated to 10% (pre-tax discount rate 12.8%) based on the cost of debt related to external financing of bank loan for the acquisitions and cost of equity based on the rate of return.
The assumptions used in the impairment test at 30 April 2022 were in all materiality in accordance with the impairment test at 30 April 2021 for key assumptions relating to growth and discount rate. For the period ending 30 April 2021, the business plans were based on revenue expected to increase annually by 17 % from 2021/22 to 2024/25 followed by an annually growth of 5 % from 2025/26 to 2030/31. The long-term growth rate in the terminal period was estimated to 1%. A discount rate (WACC) was 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% (pre-tax discount rate 12.8%).
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.

KEY ACCOUNTING ESTIMATES:
Goodwill impairment test
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 2021/22 and 2020/21 reporting periods, 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 five-year period. Cash flows beyond the five-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.

Notes - Group

11. Property, plant and equipment

DKK million	Land and buildings	Plant and machinery	Other fixtures and equipment	Leasehold improvements	Total
Cost:					
At 1 May 2021	**1.7**	**3.2**	**51.3**	**4.2**	**60.4**
Acquisition of business	2.5	0.0	2.1	0.0	4.6
Additions	0.0	1.2	20.1	0.2	21.5
Disposals	0.0	0.0	(2.8)	0.0	(2.8)
Transfers	0.0	0.3	(0.3)	0.0	0.0
Exchange rate adjustments	0.0	0.0	11.3	0.9	12.2
At 30 April 2022	**4.2**	**4.7**	**81.7**	**5.3**	**95.9**
Accumulated depreciation:					
At 1 May 2021	**0.1**	**1.2**	**18.1**	**1.8**	**21.2**
Depreciation	0.1	0.9	15.2	0.4	16.6
Disposals	0.0	0.0	(0.7)	0.0	(0.7)
Transfers	0.0	0.0	0.0	0.0	0.0
Exchange rate adjustments	0.0	0.0	9.6	0.9	10.5
At 30 April 2022	**0.2**	**2.1**	**42.2**	**3.1**	**47.6**
Carrying amount 30 April 2022	**4.0**	**2.6**	**39.5**	**2.2**	**48.3**

DKK million	Land and buildings	Plant and machinery	Other fixtures and equipment	Leasehold improvements	Total
Cost:					
At 1 May 2020	**1.7**	**2.7**	**40.3**	**0.7**	**45.4**
Additions	0.0	0.5	19.2	2.1	21.8
Disposals	0.0	0.0	(10.4)	0.0	(10.4)
Transfers	0.0	0.0	1.9	1.4	3.2
Exchange difference	0.0	0.0	0.3	0.0	0.3
At 30 April 2021	**1.7**	**3.2**	**51.3**	**4.2**	**60.4**
Accumulated depreciation:					
At 1 May 2020	**0.0**	**0.6**	**7.9**	**0.1**	**8.7**
Depreciation	0.1	0.6	13.8	0.3	14.8
Disposals	0.0	0.0	(3.5)	0.0	(3.5)
Transfers	0.0	0.0	(0.1)	1.4	1.2
Exchange rate adjustments	0.0	0.0	0.0	0.0	0.0
At 30 April 2021	**0.1**	**1.2**	**18.1**	**1.8**	**21.2**
Carrying amount 30 April 2021	**1.6**	**2.0**	**33.2**	**2.4**	**39.2**

Depreciations are recognised in the income statement as "Cost of production", "Distribution costs" and "Administration costs".

Accounting policies:

Property, plant and equipment is measured at historical cost less accumulated depreciation and impairment losses. 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 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.

Notes - Group

12. Deferred tax

DKK million	2021/22	2020/21
Deferred tax at 1 May	(216.4)	(226.2)
Deferred tax recognised in the income statement	15.0	13.5
Additions relating to acquisition of subsidiaries	(17.2)	(3.7)
Deferred tax at 30 April	**(218.6)**	**(216.4)**
Deferred tax relates to:		
Intangible assets	(217.4)	(216.2)
Property, plant and equipment	(2.0)	(0.8)
Right-of-use assets	(4.4)	(5.0)
Inventories	(0.3)	(0.2)
Trade receivables	0.5	0.2
Contract assets	(0.5)	(0.3)
Lease liabilities	5.0	5.5
Tax loss carry forwards	0.5	0.4
	(218.6)	**(216.4)**
Of which presented as deferred tax assets	1.6	0.5
Of which presented as deferred tax liabilities	(220.2)	(216.9)
	(218.6)	**(216.4)**

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 Group has an unrecognised tax loss of DKK 0.4 million (2020/21: DKK 1.3 million), 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:

DKK million	2022	2021
Right-of-use assets		
Properties	50.1	50.2
Cars and other leases	3.5	2.8
Total	**53.6**	**53.0**
Lease liabilities		
Non-current	48.1	47.9
Current	11.4	9.6
Total	**59.5**	**57.5**

Additions to the right-of-use assets during the financial year ending 30 April 2022 were DKK 7.3 million (2021/22: DKK 4.0 million) of which DKK 4.3 million is from business acquisitions.

Notes - Group

13. Leases *(continued)*

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

DKK million	2021/22	2020/21
Depreciation, properties	7.4	6.9
Depreciation, cars and other leases	1.5	1.1
Expense relating to short-term leases	0.1	0.0
Expense relating to leases of low value assets that are not short-term leases	0.0	0.1
Interest expense on lease liabilities	2.8	2.9
Total amount recognised in the income statement	**11.8**	**11.0**

The total cash outflow for leases in 2021/22 was DKK 10.8 million (2020/21: DKK 9.7 million).

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. The Group has entered into lease contracts at a value of DKK 12.9 million that have not yet commenced (2020/21: DKK 0.0 million).

Accounting policies:

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 the income statement 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 the 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.

Notes - Group

14. Inventories

DKK million	2022	2021
Raw materials and consumables	27.6	15.1
Finished goods and goods for resale	17.9	17.8
	45.5	**32.9**

The following are included in "Costs of production":

Inventories recognised as an expense	63.8	48.6
Write-downs of inventories to net realisable value	4.0	1.7

Accounting policies:
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 - Group

15. Trade receivables

DKK million	2022	2021
Trade receivables before provision for bad debts	146.1	104.0
Less provision for impairment of trade receivables	(2.6)	(1.6)
Trade receivables net	**143.5**	**102.4**

Movement on the Group's provision for impairment of trade receivables are as follows:

Opening balances	(1.6)	(1.0)
Increase in loss allowance recognised in profit or loss during the year	(1.4)	(1.6)
Unused amount reversed	0.3	1.0
Confirmed losses	0.1	0.0
Provision for impairment of trade receivables	**(2.6)**	**(1.6)**

			2022
DKK million	**Receivable**	**Loss rate %**	**Provision**
Impairment of trade receivables can be specified as follows:			
Current	77.4	0.5%	0.4
Overdue < 30 days	23.7	1.3%	0.3
Overdue 31 - 60 days	14.6	0.7%	0.1
Overdue 61 - 90 days	20.2	2.0%	0.4
Overdue 91 - 180 days	6.6	4.5%	0.3
Overdue > 180 days	3.6	30.6%	1.1
Total	**146.1**		**2.6**

			2021
DKK million	**Receivable**	**Loss rate %**	**Provision**
Impairment of trade receivables can be specified as follows:			
Current	54.3	0.7%	0.4
Overdue < 30 days	23.0	0.9%	0.2
Overdue 31 - 60 days	10.8	0.9%	0.1
Overdue 61 - 90 days	10.3	1.0%	0.1
Overdue 91 - 180 days	5.0	4.0%	0.2
Overdue > 180 days	0.6	100.0%	0.6
Total	**104.0**		**1.6**

Accounting policies:

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 therefore measures them subsequently at amortised cost. Trade receivables are generally due for settlement within 30 to 90 days and therefore are all classified as current. Due to the short-term nature of the current receivables, their carrying amount is considered to be the same as their fair value. Trade receivables are recognised initially at the amount of consideration that is unconditional.

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 allowance is based on a provision matrix on aging of customers and includes both historical as well as forward-looking information. The cost of allowances for expected credit losses are recognized in the income statements as distribution costs. Subsequent recoveries of amounts previously written off are credited against distribution costs.

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.

Notes - Group

16. Contract balances

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

DKK million	**2022**	**2021**
Trade receivables	143.5	102.4
Contract assets	7.2	5.6
Contract liabilities	0.0	0.5
Deferred revenue	10.3	5.4

The income statement includes DKK 0.5 million (2020/21: DKK 1.8 million) that was recognised as a contract liability at the beginning of the year. 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.

Revenue recognised in the reporting period that was included in deferred revenue at the beginning of the period is DKK 5.4 million (2020/21: DKK 2.8 million).

Accounting policies:

Contract assets relates to field service contracts and other consultancy contracts with customers where revenue is recognised over time in the income statement when the outcome of the contracts can be estimated reliably. If the services rendered by the Group exceed the payment, a contract asset is recognised.

Contract liabilities relates to the Group's field service activities and other consultancy services. A contract liability is the obligation to transfer services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer. Contract liabilities are recognised as revenue when the Group performs under the contract.

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

Notes - Group

17. Share capital and treasury shares

The share capital comprise:	30 April 2022 Number of shares ('000)	Nominal value (DKK million)	30 April 2021 Number of shares ('000)	Nominal value (DKK million)
A shares	138,740	138.8	138,740	138.8
B shares	16,726	16.7	16,726	16.7
Share capital	**155,466**	**155.5**	**155,466**	**155.5**

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 2022		30 April 2021	
Changes in share capital	A shares ('000)	B shares ('000)	A shares ('000)	B shares ('000)
Opening balance	138,740	16,726	138,365	16,539
Capital reduction	0	0	0	0
Capital increase	0	0	375	187
Share capital	**138,740**	**16,726**	**138,740**	**16,726**

Treasury shares

Kelvin HoldCo acquired 1,340,888 treasury shares of DKK 1, of which 916,979 A shares and 423,909 B shares, norminal at a value of DKK 1.3 million equal to 0.9% of the share capital. The acquisition price for the shares was DKK 44.3 million.
The shares were acquired in connection with a change in ownership.

632,661 treasury shares of nominal DKK 1, of which 508,879 A shares and 123,782 B shares, equal to 0.4% of the share capital, have been sold at a value of DKK 16.0 million.

The Company owns 959,365 treasury shares at the balance sheet date, of which 645,949 A shares and 313,416 B shares, equal to 0.6% of the share capital.

Notes - Group

18. Borrowings

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

DKK millions	Interest rate	Effective interest rate	Maturity	Carrying amount 2022	Carrying amount 2021
DKK loan from credit institution	Variable	3.00%	26 September 2026	481.1	479.1
USD loan from credit institution	Variable	4.99%	26 September 2026	250.3	215.8
				731.4	**694.9**

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, such as external and intercompany loans. The sensitivity analysis is based on financial instruments recognized at 30 April 2022 in the balance sheet and the assumption that all other variables and exposures remain constant. The sensitivity analysis does not include financial assets and liabilities in the functional currency of the Group's subsidiaries or translation risk from consolidation of income statement.

A 5% increase in the year-end rate in the following currencies versus DKK would impact the Group's profit as follows (a 5% decrease would have the opposite impact):

	Impact on profit for the year	
DKK million	2021/22	2020/21
USD	(10.8)	(10.2)

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. The Group has hedged 70% of the interest rate risk on long-term debt for the next six months.

The fair value of interest rate swap is positive by DKK 0.4 million at 30 April 2022 (2020/21: negative by DKK 3.3 million recognised as 'Other payables'), which is recognised as 'Other receivables'. 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 as part of financial expenses.

Notes - Group

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.

DKK million	**Carrying amount**	**Less than 1 year**	**Between 1 and 5 year**	**More than 5 years**	**Total**
As at 30 April 2022					
Borrowings	731.4	27.4	845.8	0.0	873.2
Lease liabilities	59.5	11.7	37.6	20.1	69.4
Trade payables	28.3	28.3	0.0	0.0	28.3
	819.2	**67.4**	**883.4**	**20.1**	**970.9**
Derivatives					
Interest rate swaps (positive fair value)	0.4	0.4	0.0	0.0	0.4
	0.4	**0.4**	**0.0**	**0.0**	**0.4**
As at 30 April 2021					
Borrowings	694.9	30.2	120.7	786.7	937.6
Lease liabilities	57.5	9.8	32.8	27.5	70.1
Trade payables	13.9	13.9	0.0	0.0	13.9
	766.3	**53.9**	**153.5**	**814.2**	**1,021.6**
Derivatives					
Interest rate swaps (negative fair value)	3.3	0.0	3.3	0.0	3.3
	3.3	**0.0**	**3.3**	**0.0**	**3.3**

Notes - Group

Financial assets and liabilities per measurement category

DKK million	2022	2021
Financial assets		
Financial assets at amortised cost:		
Trade receivables	143.5	102.4
Contract assets	7.2	5.6
Cash and cash equivalents	110.4	107.8
	261.1	**215.8**
Financial assets at amortised cost:		
Derivative financial instruments	0.4	0.0
	0.4	**0.0**
Financial liabilities		
Liabilities at amortised cost:		
Borrowings	731.4	694.9
Lease liabilities	59.5	57.5
Trade payables	28.3	13.9
	819.2	**766.3**
Liabilities at fair value:		
Derivative financial instruments	0.0	3.3
	0.0	**3.3**

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 2021/22 was to maintain a net debt to EBITDA ratio below 5.7 (2020/21: ratio below 6.9). The Group fulfilled capital management targets during 2021/22.

Notes - Group

21. Business combinations

Acquisitions 2021/22

No single acquisition during 2021/22 is considered significant for individual financial disclosure, and information relating to the acquisitions have been combined in the following note. The disclosures for the business combinations are considered provisional as the acquisitions of Clover Life Science and Manilite Limited were completed during March and April 2022. Changes to the accounting can be made up until 12 month after the acquisitions.

Valcom Compliance and Validation B.V., the Netherlands

Ellab Group acquired 100% of the share capital in Valcom Compliance and Validation B.V. on 2 August 2021. Valcom is a Dutch company specialized in thermal qualification and validation services in the Benelux region and is servicing the pharmaceutical industry, offering qualification and validation for many types of units, such as autoclaves, CTUs, SIP, process equipment/lines, depyrogenation tunnels, ovens, warehouses, incubators, and stability chambers. The acquisition of Valcom fits with Ellab Group’s corporate strategy of expanding its field services in key markets and this acquisition will strengthen its service activities in the Benelux region.

Arena Instrumentation Ltd., United Kingdom

Ellab Group acquired 100% of the shares in Arena Instrumentation Ltd., United Kingdom, on 4 October 2021. Arena is an English UKAS accredited calibration company providing field calibration, instrument commissioning, qualification, and relocation services to the pharmaceutical, biotech, healthcare, and process/manufacturing industries. The acquisition of Arena fits with Ellab Group’s corporate strategy of expanding its field services in key markets as well as entering the market for field calibration services.

Clover Life Science S.r.l., Italy

Ellab Group acquired, in an assets deal, the business of Clover Life Science S.r.l. on 31 March 2022.Clover is an Italian qualification, validation and consulting service company that supports companies in the biotech, pharmaceutical, medical devices, food manufacturing and cosmetics sectors in the processes of validation and qualification of manufacturing facilities, manufacturing equipment and work environments. The acquisition of Clover fits with Ellab Group’s corporate strategy of expanding its field services in key markets and this acquisition will strengthen its service activities in Italy.

Autocal Ireland Limited, Ireland

Ellab Group acquired 100% of the shares in Autocal Ireland Limited, Ireland, on 29 April 2022. Autocal is an Irish validation service company based in Dublin. Autocal is a high-quality validation service provider to the pharmaceutical and healthcare industries and is considered a premier source for validation professionals for projects of all sizes, specializing in all areas of thermal validation and project management. The acquisition of Autocal fits with Ellab Group's corporate strategy of expanding its field services in key markets and this acquisition will grow the Group's presence within validation services in Ireland.

Acquisitions completed after April 30, 2022

Ellab Group has completed two acquisitions after April 30, 2022. The disclosures for these acquisitions are considered provisional as the figures are based on the unaudited closing balances of the acquired companies. The provisional figures can be changed up until June 2023.

Causa B.V., the Netherlands

Ellab Group acquired 100% of the share capital in Causa B.V. on 29 June 2022. Causa is one of the leading Dutch providers of qualification and validation services, specialized in qualification of disinfection and sterilization equipment in the healthcare, pharma and food industries. The acquisition of Causa fits with Ellab Group’s corporate strategy of expanding its field services in key markets and this acquisition will strengthen its service activities in the Benelux region.

Project Support A/S, Denmark

Ellab Group acquired 100% of the share capital in Project Support A/S on 1 July 2022. Project Support is a leading provider of validation, calibration, consulting as well as equipment rental solutions to the pharmaceutical and biotech industries. The acquisition of Project Support fits with Ellab Group’s corporate strategy of expanding its field services in key markets.

Notes - Group

21. Business combinations *(continued)*

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

DKK million	**Fair value of acquisitions completed on 30 April 2022**	**Fair value of acquisitions completed after 30 April 2022**
Intangible assets: Customer and distributors	44.7	23.3
Intangible assets: Technology	8.4	0.0
Property, plant and equipment	4.6	1.5
Right-of-use assets	4.3	2.0
Inventories	0.4	0.0
Trade and other receivables	10.7	6.3
Cash	5.6	7.8
Total assets	**78.7**	**40.9**
Deferred tax liability, net	17.2	10.8
Lease liabilities	4.6	2.0
Trade payables	1.5	0.2
Income tax payables	1.4	2.4
Other liabilities	8.0	1.7
Total liabilities	**32.7**	**17.1**
Acquired net assets	**46.0**	**23.8**
Goodwill	26.9	58.0
Total purchase price	**72.9**	**81.8**
Purchase price:		
Cash payment	64.7	
Contingent consideration	4.5	
Deferred consideration	3.7	
Total purchase price	**72.9**	
Cash flow for acquisition:		
Cash payment	64.7	
Less cash in acquired business	(5.6)	
Cash flow in investing activities	**59.1**	

Goodwill 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 validation and monitoring solutions as well as optimising processes within sales, workforce and validation expertise. The goodwill recognized from the asset deal (DKK 3.8 million) is tax deductable whereas the goodwill from the share deals is not deductible for income tax purposes.

Purchase Consideration
Of the total purchase consideration of DKK 72.9 million, purchase consideration payable at 30 April 2022 amounts to DKK 8.2 million and is related to earn-outs and other deferred payments. The contingent consideration is recognised at fair value.

Acquired receivables
The fair value of acquired trade receivables is DKK 10.0 million with no loss allowance recognised in the acquisitions completed on 30 April 2022.

Revenue and profit contribution
Acquisitions contributed revenues of DKK 17.0 million and profit for the year of DKK 2.9 million to the Group for the period from 2 August 2021 to 30 April 2022. If the acquisitions had occurred on 1 May 2021, pro-forma revenue and profit for the year ended 30 April 2022 would have been DKK 48.7 million and DKK 6.8 million 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.

21. Business combinations *(continued)*

Acquisition-related costs

Acquisition-related costs of DKK 4.2 million are included in 'Special Items' (note 6) in the income statement and in operating cash flows in the statement of cash flows.

Acquisitions 2020/21

P.E.C.(Denmark) A/S

Ellab A/S acquired 100% of the issued share capital of P.E.C.(Denmark) A/S, a Danish company specializing in field and other consultancy services, at 5 February 2021 as a result of the Group's strategy to focus on service activities in Denmark. The purchase consideration was DKK 34.3 million.

Revenue and profit contribution

Acquisitions contributed revenues of DKK 4.1 million and net profit of DKK 0.5 million to the group for the period from 5 February 2021 to 30 April 2021. If the acquisition had occurred on 1 May 2020, pro-forma revenue and profit for the year ended 30 April 2021 would have been DKK 16.1 million and DKK 2.7 million respectively.

KEY ACCOUNTING ESTIMATES:

Business combinations

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 lives 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.

Notes - Group

22. Commitments and contingent liabilities

Charges and security

Shares in the subsidiaries Kelvin BidCo A/S, Saballe TopCo ApS in liquidation, Ellab A/S, Ellab Inc., Ellab GmbH, Ellab UK Limited, The IMC Group (International) Limited, IMC International Holdings Limited, Hanwell Solutions Limited and Ellab Ireland Ltd. have been pledged as security for credit institutions of the parent company Kelvin BidCo A/S. The Group has placed assets in its subsidiaries as security with Kelvin BidCo's credit institutions. The carrying amount of the shares are at 30 April 2022 DKK 1,530.6 million (2020/21: 1,528.7 million).

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 has been involved in an ongoing preliminary compliance study since 2019/20 expected to be ended in 2022/23. 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

DKK million	**2021/22**	**2020/21**
Audit fee to PwC	1.3	0.9
Audit fee to other auditors	0.3	0.5
Other assurance engagements	0.3	0.1
Tax advisory services	1.2	0.6
Non-audit services	0.5	0.3
Total	**3.6**	**2.5**

Notes - Group

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.

DKK million	1 May 2021	Financing cash flows	Additions	Changes in foreign exchange rates	Other changes*	30 April 2022
Borrowings	**694.9**	0.0	0.0	33.5	3.0	**731.4**
Lease liabilities	**57.5**	-7.9	7.3	2.6	0.0	**59.5**
Total liabilities from financing activities	**752.3**	-7.9	7.3	36.1	3.0	**790.8**

DKK million	1 May 2020	Financing cash flows	Additions	Changes in foreign exchange rates	Other changes*	30 April 2021
Borrowings	**749.5**	-31.3	0.0	-26.2	3.0	**694.9**
Lease liabilities	**61.8**	-9.7	4.5	-2.1	2.9	**57.5**
Total liabilities from financing activities	**811.3**	-41.0	4.5	-28.3	5.9	**752.3**

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.

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 Group note 4 'Employee costs' as well as EQT Mid Market Europe Fund (EQT).

Significant transactions between related parties

Transactions with related parties:

Rental agreement with Ellab Properties A/S, in which a board member has significant ownership interest, of DKK 3.9 million (2020/21 DKK 3.6 million).

Based on Management's assessment, transactions between related parties were carried out on 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

In June and July 2022 the Group completed the acquisitions of Causa (Field Service company in the Netherlands) and Project Support A/S (Field Service company in Denmark). Please refer to note 21 'Business combinations' for more information.

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

Notes - Group

27. Cash flow statement - adjustments

DKK million	2021/22	2020/21
Financial income	-21.2	-29.0
Financial expenses	80.7	46.1
Depreciation, amortisation and impairment losses, including losses and gains on sales	89.1	83.3
Income tax expense	34.0	38.8
Other adjustmenst	5.1	2.9
	187.7	**142.2**

28. Cash flow statement - changes in net working capital

Change in inventories	-12.2	-5.7
Change in trade receivables	-30.5	-2.3
Change in contract assets	-1.6	-3.4
Change in other receivables	2.7	0.2
Change in prepayments	-1.7	-0.8
Change in trade payables	12.9	-1.1
Change in contract liabilities	-0.5	-1.3
Change in other payables	10.3	6.3
	-20.6	**-8.2**

29. List of group companies

	Type	Place of incorporation	Ownership interest
Kelvin BidCo A/S	Subsidiary	Denmark	100%
Saballe TopCo ApS in liquidation	Subsidiary	Denmark	100%
Ellab A/S	Subsidiary	Denmark	100%
Ellab Inc.	Subsidiary	USA	100%
Ellab (UK) Limited	Subsidiary	UK	100%
The IMC Group (International) Limited	Subsidiary	UK	100%
IMC International Holdings Limited	Subsidiary	UK	100%
Hanwell Solutions Limited	Subsidiary	UK	100%
Arena Instrumentation Ltd.	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%
Ellab Italy Sarl	Subsidiary	Italy	100%
Ellab Ireland Ltd.	Subsidiary	Ireland	100%
Autocal Ireland Ltd.	Subsidiary	Ireland	100%
Argideen Science Limited	Subsidiary	Ireland	100%
Ellab AG	Subsidiary	Switzerland	100%
Ellab Austria	Subsidiary	Austria	100%
Ellab Solutions Spain	Subsidiary	Spain	100%

Income Statement - Parent
1 May - 30 April

DKK million	Notes	2021/22	2020/21
Administration costs		(0.1)	(0.1)
Operating profit		**(0.1)**	**(0.1)**
Financial income	2	0.4	0.5
Profit before tax		**0.3**	**0.4**
Income tax expense	3	3.0	(0.1)
Net profit for the year		**3.3**	**0.3**

Statement of Comprehensive Income - Parent

DKK million		2021/22	2020/21
Net profit for the year		**3.3**	**0.3**
Other comprehensive income			
Items that will be subsequently reclassified to profit or loss		0	0.0
Other comprehensive income for the period, net of tax		**0.0**	**0.0**
Total comprehensive income for the year		**3.3**	**0.3**

Balance Sheet - Parent

30 April

DKK million	Notes	2022	2021
Investments in subsidiaries	4	1,530.6	1,528.7
Total non-current assets		**1,530.6**	**1,528.7**
Receivables from group enterprises		6.4	23.6
Corporation tax receivable from group enterprises		0.0	13.4
Cash and cash equivalents		1.3	8.2
Total current assets		**7.7**	**45.2**
Total assets		**1,538.3**	**1,573.9**

DKK million	Note	2022	2021
Share capital	5	155.5	155.5
Retained earnings		1,379.2	1,404.2
Total equity		**1,534.7**	**1,559.7**
Trade payables		0.0	0.1
Income tax payables		0.1	10.7
Other payables		3.5	3.4
Total current liabilities		**3.6**	**14.2**
Total liabilities		**3.6**	**14.2**
Total equity and liabilities		**1,538.3**	**1,573.9**

Statement of Changes in Equity - Parent

DKK million	Share capital	Share premium	Retained earnings	Total
Equity at 1 May 2021	**155.5**	**0.0**	**1,404.2**	**1,559.7**
Profit for the year	0.0	0.0	3.3	3.3
Other comprehensive income	0.0	0.0	0.0	0.0
Total comprehensive income for the period	**0.0**	**0.0**	**3.3**	**3.3**
Capital increase	0.0	0.0	0.0	0.0
Transferred from share premium	0.0	0.0	0.0	0.0
Acquisition of treasury shares	0.0	0.0	(44.3)	(44.3)
Disposal of treasury shares	0.0	0.0	16.0	16.0
Total transactions with owners in their capacity as owners	**0.0**	**0.0**	**(28.3)**	**(28.3)**
Equity at 30 April 2022	**155.5**	**0.0**	**1,379.2**	**1,534.7**
Equity at 1 May 2020	**154.9**	**0.0**	**1,394.9**	**1,549.8**
Profit for the year	0.0	0.0	0.3	0.3
Other comprehensive income	0.0	0.0	0.0	0.0
Total comprehensive income for the period	**0.0**	**0.0**	**0.3**	**0.3**
Capital increase	0.6	9.4	0.0	10.0
Transferred from share premium	0.0	(9.4)	9.4	0.0
Acquisition of treasury shares	0.0	0.0	(8.3)	(8.3)
Disposal of treasury shares	0.0	0.0	7.9	7.9
Total transactions with owners in their capacity as owners	**0.6**	**0.0**	**9.0**	**9.6**
Equity at 30 April 2021	**155.5**	**0.0**	**1,404.2**	**1,559.7**

Cash Flow Statement - Parent
1 May - 30 April

DKK million	Notes	2021/22	2020/21
Net profit for the year		3.3	0.3
Adjustments	12	(3.0)	(0.4)
Changes in net working capital	13	0.0	3.4
Income taxes paid		5.8	(2.7)
Net cash flow from operating activities		**6.1**	**0.6**
Capital increase in subsidiaries		(1.9)	0.0
Loan/repayment to/from related parties		17.2	(10.0)
Net cash flow from investing activities		**15.3**	**(10.0)**
Acquisition of treasury shares		(44.3)	(8.3)
Disposal of treasury shares		16.0	7.9
Cash capital increase		0.0	10.0
Cash flow from financing activities		**(28.3)**	**9.6**
Net cash flow for the year		**(6.9)**	**0.2**
Cash and cash equivalents, beginning of the year		8.2	8.0
Net cash flow for the year		(6.9)	0.2
Cash and cash equivalents at end of the year		**1.3**	**8.2**
Cash and cash equivalents comprise the following:			
Cash at bank and in hand		1.3	8.2
Cash and cash equivalents at end of the year		**1.3**	**8.2**

Notes - parent

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

Notes - parent

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 large enterprises reporting in class C. The Parent Company Financial Statements for 2021/22 are presented in million Danish Kroner (mDKK) with one digit, 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.

Critical accounting estimates and judgements

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

Notes - parent

2. Financial income

DKK million	2021/22	2020/21
Interest received from group companies	0.4	0.5
	0.4	**0.5**

3. Tax on profit for the year

Current tax:		
Current tax on profits for the year	0.0	0.1
Current tax on profits for previous years	(3.0)	0.0
	(3.0)	**0.1**
Calculated 22.0% tax on profit for the year before income tax	**0.1**	**0.1**
Tax effects of:		
Adjustment of tax relating to previous years	(3.0)	0.0
	(3.0)	**0.0**
Effective tax rate	**-1158%**	**22%**

Notes - parent

4. Investment in subsidiaries

DKK million	2022	2021
Cost:		
At 1 May	**1,528.7**	**1,528.7**
Additions during the year	1.9	0.0
At 30 April	**1,530.6**	**1,528.7**
Carrying amount 30 April	**1,530.6**	**1,528.7**

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

5. Share capital

For a specifikation of the share capital of the Parent, reference is made to note 17 of the consolidated financial statements.

6. 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 intercompany receivables related to loan to group companies. The credit loss is estimated to DKK 0.0 million (2020/21: DKK 0.0 million).

Financial assets and liabilities per measurement category

DKK million	2022	2021
Financial assets		
Financial assets at amortised cost:		
Receivables from Group	6.4	23.6
Cash and cash equivalents	1.3	8.2
	7.7	**31.8**
Financial liabilities		
Liabilities at amortised cost:		
Trade payables	0.0	0.1
Other payables	3.5	3.4
	3.5	**3.5**

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

Notes - parent

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

8. Commitments and contingent liabilities

Charges and security
Shares in the subsidiaries Kelvin BidCo A/S, Saballe TopCo ApS in liquidation, Ellab A/S, Ellab Inc., Ellab GmbH, Ellab UK Limited, The IMC Group (International) Limited, IMC International Holdings Limited, Hanwell Solutions Limited and Ellab Ireland Ltd. have been pledged as security for credit institutions of the Group company Kelvin BidCo A/S. Kelvin HoldCo A/S has entered into a surety contract and placed assets in its subsidiaries as security with Kelvin BidCo's credit institutions. The carrying amount of the shares are at 30 April 2022 DKK 1,530.6 million (2020/21: 1,528.7 million).

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.

9. Fee to auditors

DKK million	**2021/22**	**2020/21**
Audit fee to PwC	0.1	0.1
	0.1	**0.1**

10. Related parties
For related parties disclosure, reference is made to note 29 in the consolidated financial statements. Details about transactions between Kelvin HoldCo A/S and subsidiaries are provided in the following.

Significant transactions between Kelvin HoldCo A/S and subsidiaries
Loans from Kelvin HoldCo A/S to subsidiaries of DKK 6.4 million (2020/21: DKK 23.6 million) with an interest rate of 4%. The loans are repayable upon 5 business days written notice and is expected to be repaid in cash.

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

12. Cash flow statement - adjustments

DKK million	**2021/22**	**2020/21**
Financial income	(0.4)	(0.5)
Income tax expense	(3.0)	0.1
Other adjustmenst	0.4	0.0
	(3.0)	**(0.4)**

13. Changes in net working capital

Change in trade payables and other payables	0.0	3.4
	0.0	**3.4**