BAVLA ApS

Sanatorievej 16B, 8680 Ry

Company reg. no. 39 83 73 66

Annual report

1 January 2021 - 30 April 2022

The annual report was submitted and approved by the general meeting on the 31 October 2022.

Bo Ankerfelt
Chairman of the meeting

Notes:

- To ensure the greatest possible applicability of this document, IAS/IFRS English terminology has been used.
- Please note that decimal points have not been used in the usual English way. This means that for instance DKK 146.940 means the amount of DKK 146,940, and that 23,5 % means 23.5 %.

Contents

Management's statement

Today, the managing director has presented the annual report of BAVLA ApS for the financial year 1 January 2021 - 30 April 2022.

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

I consider the accounting policies appropriate and, in my opinion, the consolidated financial statements and the financial statements provide a fair presentation of the assets, equity and liabilities, and the financial position, consolidated and for the company, respectively, at 30 April 2022, and of the result of the activities, consolidated and of the company, respectively, during the financial year 1 January 2021 – 30 April 2022.

I am of the opinion that the management commentary presents a fair account of the issues dealt with.

We recommend that the annual report be approved at the Annual General Meeting.

Ry, 31 October 2022

Managing Director

Bo Ankerfelt

Independent auditor's report

To the shareholders of BAVLA ApS

Opinion

We have audited the consolidated financial statements and the financial statements of BAVLA ApS for the financial year 1 January 2021 to 30 April 2022, which comprise a summary of significant accounting policies, income statement, statement of financial position, statement of changes in equity and notes, consolidated and of the company, respectively, as well as consolidated statement of cash flows. The consolidated financial statements and the financial statements have been prepared in accordance with the Danish Financial Statements Act.

In our opinion, the consolidated financial statements and the financial statements present a fair view of the assets, equity and liabilities, and financial position, consolidated and of the company, respectively, at 30 April 2022 and of the results of the company's activities, consolidated and of the company, respectively as well as the consolidated cash flows, for the financial year 1 January 2021 - 30 April 2022 in accordance with the Danish Financial Statements Act.

Basis for Opinion

We conducted our audit in accordance with international standards on auditing and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the section "Auditor's responsibilities for the audit of the consolidated financial statements and the financial statements". We are independent of the company 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.

Responsibilities of management and those charged with governance for the consolidated financial statements and the financial statements

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

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

Independent auditor's report

Auditor’s responsibilities for the audit of the consolidated annual accounts and the financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements and the financial statements, as a whole, are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report including an opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with international standards on auditing, and the additional requirements applicable in Denmark, will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements and financial statements.

As part of an audit conducted in accordance with international standards on auditing, and the additional requirements applicable in Denmark, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements and 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 the 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 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 preparation of the consolidated financial statements and the financial statements using the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists arising from events or conditions that may cast significant doubt on the group’s and the company’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor’s report to the related disclosures in the consolidated financial statements and the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor’s report. However, future events or conditions may cause the group and the company to cease to continue as a going concern.

Independent auditor's report

- Evaluate the overall presentation, structure, and contents of the consolidated financial statements and the financial statements, including disclosures in notes, and whether the consolidated financial statements and the financial statements reflect the underlying transactions and events in a manner that presents a fair view.

- Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or the 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 the internal control that we identify during our audit.

Statement on the Management's Review
Management is responsible for the Management's Review.

Our opinion on the consolidated financial statements and the financial statements does not cover the management commentary, and we express no assurance opinion thereon.

In connection with our audit of the consolidated financial statements and the financial statements, it is our responsibility to read the management commentary and to consider whether the management commentary is materially inconsistent with the consolidated financial statements or the financial statements or the evidence obtained during the audit, or whether it otherwise appears to contain material misstatement.

Furthermore, it is our responsibility to consider whether the Management's Review provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we believe that the Management's Review is consistent with the consolidated financial statements and the financial statements and that it has been prepared in accordance with the provisions of the Danish Financial Statement Act. We did not discover any material misstatement in the Management's Review.

Aarhus, 31 October 2022

Redmark
Godkendt Revisionspartnerselskab
Company reg. no. 29 44 27 89

Morten Ryberg Nielsen
State Authorised Public Accountant
mne33221

Company information

The company	BAVLA ApS Sanatorievej 16B 8680 Ry	
	Company reg. no.	39 83 73 66
	Financial year:	1 January - 30 April
Managing Director	Bo Ankerfelt	
Auditors	Redmark Godkendt Revisionspartnerselskab Sommervej 31C 8210 Aarhus V	
Subsidiaries	BMLP ApS, Horsens Elogic A/S, Horsens Elogic Polska Sp. z o.o., Polen	

Consolidated financial highlights

DKK in thousands.	2021/22	2020/21	2018/20
Income statement:			
Gross profit	22.687	0	0
Profit from operating activities	-90	-8	40
Net financials	-3.339	371	88
Net profit or loss for the year	-2.841	365	126
Statement of financial position:			
Balance sheet total	74.492	541	939
Equity	-399	541	176
Cash flows:			
Operating activities	-17.692	-779	0
Investing activities	-6.580	1.320	0
Financing activities	25.819	0	0
Total cash flows	1.547	541	0
Employees:			
Average number of full-time employees	219	0	0
Key figures in %:			
Acid test ratio	115,5	-	-
Solvency ratio	-1,9	100,0	-
Return on equity	-	134,9	-

Calculations of key figures and ratios do, in all material respects, follow the recommendations of the Danish Association of Finance Analysts, only in a few respects deviating from the recommendations.

The key figures and ratios shown in the statement of financial highlights have been calculated as follows:

Acid test ratio $\frac{\text{Current assets x 100}}{\text{Short term liabilities other than provisions}}$

Solvency ratio $\frac{\text{Equity less non-controlling interests, closing balance x 100}}{\text{Total assets, closing balance}}$

Return on equity $\frac{\text{*Profit x 100}}{\text{Average equity exclusive of non-controlling interests}}$

***Profit** Net profit or loss for the year less non-controlling interests' share hereof

Management´s review

Business review

The group's primary activities is Sale, Design, Project Management, Sourcing, Mounting and Installation of electrical panels for the construction segment and industrial applications.

Unusual matters having affected the financial statements

The ongoing global supply chain crunch has delayed delivery and invoicing of planned orders. This has reduced turnover and contribution margin for the year.

Development in activities and financial matters

The income statement for the group for 2021/22 shows an EBIT of t.DKK -91 and a loss after tax of t.DKK -2.841. The balance sheet on 30 April 2022 shows equity of t.DKK -1.428 incl. subordinated equity loan from Vækstfonden.

The loss after tax is mainly due to non-cash forex adjustment related to the DKK-PLN exchange rate and financing costs. Management considers the result financial unsatisfactory but also reflecting the actions taken during the year, which will bring improvements and higher efficiency in the coming years.

Knowledge resources

The Group has focus on being attractive to key employees and has currently limited difficulties in attracting new talent. Training of employees will be scaled up in the coming year.

Financial exposure

As the main market is Denmark with initial sales in Poland, the Group's primary currency exchange challenges are towards PLN, also as the main operating unit is the Polish subsidiary Elogic Polska.

It is the Group's policy not to engage in speculation of financial risks. The Group's financial policy focuses only on the management and reduction of the financial risks that are a direct consequence of the Group's operations, investments, and financing.

Impact on the external environment

Each year, the Group obtains approval from the local authorities concerning environmental issues.
The audits made by the authorities during the period did not result in any special activities. The Group is in the process of obtaining a ISO 14001 certification.

Events after the balance sheet date

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

Outlook

For 2022/23, management expects higher margins and a profit after tax due to higher sales and effect of initiated efficiency initiatives. Delayed components are still expected to have a negative effect for most of the period on performance. However, operating procedures are being adapted to this new normal, which will reduce the negative effect somewhat.

Income statement

DKK thousand.

Note		Group 1/1 2021 - 30/4 2022	Group 1/1 2020 - 31/12 2020	Parent 1/1 2021 - 30/4 2022	Parent 1/1 2020 - 31/12 2020
	Gross profit	**22.687**	**0**	**0**	**0**
	Distribution costs	-7.361	0	0	0
	Administration expenses	-15.389	-8	-15	-8
	Other operating expenses	-27	0	0	0
	Operating profit	**-90**	**-8**	**-15**	**-8**
	Income from investments in subsidiaries	0	0	-1.880	0
	Income from other financial investments and receivables which are non current assets	0	382	0	382
	Other financial income from subsidiaries	0	0	1	0
2	Other financial expenses	-3.339	-11	-75	-11
	Pre-tax net profit or loss	**-3.429**	**363**	**-1.969**	**363**
	Tax on net profit or loss for the year	588	2	0	2
3	**Net profit or loss for the year**	**-2.841**	**365**	**-1.969**	**365**
	Break-down of the consolidated profit or loss:				
	Shareholders in BAVLA ApS	-1.969	365		
	Non-controlling interests	-872	0		
		-2.841	**365**		

Balance sheet

DKK thousand.

Note	Assets	Group 30/4 2022	Group 31/12 2020	Parent 30/4 2022	Parent 31/12 2020
	Non-current assets				
4	Other intagible assets	2.370	0	0	0
5	Goodwill	683	0	0	0
	Total intangible assets	3.053	0	0	0
6	Property	178	0	0	0
7	Plant and machinery	732	0	0	0
8	Other fixtures and fittings, tools and equipment	737	0	0	0
	Total property, plant, and equipment	1.647	0	0	0
9	Investments in subsidiaries	0	0	2.220	0
	Total investments	0	0	2.220	0
	Total non-current assets	**4.700**	**0**	**2.220**	**0**
	Current assets				
	Raw materials and consumables	17.930	0	0	0
	Work in progress	11.934	0	0	0
	Total inventories	29.864	0	0	0
	Trade receivables	33.169	0	0	0
	Receivables from subsidiaries	0	0	81	0
10	Deferred tax assets	1.243	0	0	0
	Income tax receivables	550	0	0	0
	Other receivables	1.885	0	0	0
11	Prepayments	867	0	0	0
	Total receivables	37.714	0	81	0
	Cash and cash equivalents	2.214	541	0	541
	Total current assets	**69.792**	**541**	**81**	**541**
	Total assets	**74.492**	**541**	**2.301**	**541**

Balance sheet

DKK thousand.

Equity and liabilities

Note		Group		Parent	
		30/4 2022	31/12 2020	30/4 2022	31/12 2020
	Equity				
	Contributed capital	50	50	50	50
	Retained earnings	-1.478	491	-1.478	491
	Equity before non-controlling interest.	-1.428	541	-1.428	541
	Non-controlling interests	1.029	0	0	0
	Total equity	**-399**	**541**	**-1.428**	**541**
	Provisions				
12	Provisions for pensions and similar liabilities	280	0	0	0
13	Other provisions	239	0	0	0
	Total provisions	**519**	**0**	**0**	**0**
	Long term labilities other than provisions				
	Subordinate loan capital	6.595	0	0	0
	Other mortgage loans	1.653	0	0	0
	Lease liabilities	364	0	0	0
	Other payables	1.622	0	0	0
	Payables to shareholders and management	3.719	0	3.714	0
14	Total long term liabilities other than provisions	13.953	0	3.714	0

Balance sheet

DKK thousand.

Equity and liabilities

Note		Group 30/4 2022	Group 31/12 2020	Parent 30/4 2022	Parent 31/12 2020
14	Current portion of long term liabilities	347	0	0	0
	Bank loans	11.518	0	0	0
	Prepayments received from customers	2.911	0	0	0
	Trade payables	33.251	0	15	0
	Other payables	12.392	0	0	0
	Total short term liabilities other than provisions	60.419	0	15	0
	Total liabilities other than provisions	**74.372**	**0**	**3.729**	**0**
	Total equity and liabilities	**74.492**	**541**	**2.301**	**541**

1 Employee issues

15 Charges and security

16 Contingencies

17 Related parties

Consolidated statement of changes in equity

DKK thousand.

	Contributed capital	Reserve for net revaluation according to the equity method	Retained earnings	Non-controlling interests	Total
Equity 1 January 2020	50	0	126	0	176
Share of profit or loss	0	0	365	0	365
Equity 1 January 2021	50	0	491	0	541
Share of profit or loss	0	0	-1.969	-871	-2.840
Non-controlling interests	0	0	0	1.900	1.900
	50	**0**	**-1.478**	**1.029**	**-399**

Statement of changes in equity of the parent

DKK thousand.

	Contributed capital	Retained earnings	Total
Equity 1 January 2020	50	126	176
Retained earnings for the year	0	365	365
Equity 1 January 2021	50	491	541
Retained earnings for the year	0	-1.969	-1.969
	50	**-1.478**	**-1.428**

Statement of cash flows

DKK thousand.

Note		Group 1/1 2021 - 30/4 2022	1/1 2020 - 31/12 2020
	Net profit or loss for the year	-2.841	365
18	Adjustments	3.940	-373
19	Change in working capital	-17.232	-760
	Cash flows from operating activities before net financials	-16.133	-768
	Interest paid, etc.	-1.559	-11
	Cash flows from ordinary activities	-17.692	-779
	Cash flows from operating activities	**-17.692**	**-779**
	Purchase of intangible assets	-2.481	0
	Sale of property, plant, and equipment	1	0
	Purchase of fixed asset investments	-4.100	0
	Sale of fixed asset investments	0	1.320
	Cash flows from investment activities	**-6.580**	**1.320**
	Long-term payables incurred	14.300	0
	Changes in short-term bank loans	11.519	0
	Cash flows from investment activities	**25.819**	**0**
	Change in cash and cash equivalents	**1.547**	**541**
	Cash and cash equivalents at 1 January 2021	541	0
	Foreign currency translation adjustments (cash and cash equivalents)	126	0
	Cash and cash equivalents at 30 April 2022	**2.214**	**541**

Cash and cash equivalents		
Cash and cash equivalents	2.214	541
Cash and cash equivalents at 30 April 2022	**2.214**	**541**

Notes

DKK thousand.

		Group		Parent	
		1/1 2021 - 30/4 2022	1/1 2020 - 31/12 2020	1/1 2021 - 30/4 2022	1/1 2020 - 31/12 2020
1.	**Employee issues**				
	Salaries and wages	42.255	0	0	0
	Pension costs	4.169	0	0	0
	Other costs for social security	1.487	0	0	0
	Other staff costs	926	0	0	0
	Total staff costs	48.837	0	0	0
	Staff costs transferred to assets	-4.208	0	0	0
		44.629	**0**	**0**	**0**
	Average number of employees	219	0	0	0

By reference to section 98b (3), (ii), of the Danish Financial Statements Act, remuneration to Management is not disclosed.

2.	**Other financial expenses**				
	Other financial costs	3.339	11	75	11
		3.339	**11**	**75**	**11**

3.	**Proposed appropriation of net profit**		
	Transferred to retained earnings	0	365
	Allocated from retained earnings	-1.969	0
	Total allocations and transfers	**-1.969**	**365**

Notes

DKK thousand.

		Group		Parent	
		30/4 2022	31/12 2020	30/4 2022	31/12 2020
4.	**Other intagible assets**				
	Cost 1 January 2021	1.313	0	0	0
	Additions during the year	1.722	0	0	0
	Cost 30 April 2022	**3.035**	**0**	**0**	**0**
	Amortisation and writedown 1 January 2021	-312	0	0	0
	Amortisation and depreciation for the year	-353	0	0	0
	Amortisation and writedown 30 April 2022	**-665**	**0**	**0**	**0**
	Carrying amount, 30 April 2022	**2.370**	**0**	**0**	**0**
5.	**Goodwill**				
	Additions during the year	759	0	0	0
	Cost 30 April 2022	**759**	**0**	**0**	**0**
	Amortisation and depreciation for the year	-76	0	0	0
	Amortisation and writedown 30 April 2022	**-76**	**0**	**0**	**0**
	Carrying amount, 30 April 2022	**683**	**0**	**0**	**0**

Notes

DKK thousand.

		Group		Parent	
		30/4 2022	31/12 2020	30/4 2022	31/12 2020
6.	**Property**				
	Cost 1 January 2021	1.852	0	0	0
	Cost 30 April 2022	**1.852**	**0**	**0**	**0**
	Depreciation and writedown 1 January 2021	-1.489	0	0	0
	Amortisation and depreciation for the year	-185	0	0	0
	Depreciation and writedown 30 April 2022	**-1.674**	**0**	**0**	**0**
	Carrying amount, 30 April 2022	**178**	**0**	**0**	**0**
7.	**Plant and machinery**				
	Cost 1 January 2021	1.447	0	0	0
	Cost 30 April 2022	**1.447**	**0**	**0**	**0**
	Depreciation and writedown 1 January 2021	-539	0	0	0
	Amortisation and depreciation for the year	-176	0	0	0
	Depreciation and writedown 30 April 2022	**-715**	**0**	**0**	**0**
	Carrying amount, 30 April 2022	**732**	**0**	**0**	**0**

Notes

DKK thousand.

		Group		Parent	
		30/4 2022	31/12 2020	30/4 2022	31/12 2020
8.	**Other fixtures and fittings, tools and equipment**				
	Cost 1 January 2021	4.849	0	0	0
	Disposals during the year	-210	0	0	0
	Cost 30 April 2022	**4.639**	**0**	**0**	**0**
	Depreciation and writedown 1 January 2021	-3.713	0	0	0
	Amortisation and depreciation for the year	-371	0	0	0
	Reversal of depreciation, amortisation and impairment loss, assets disposed of	182	0	0	0
	Depreciation and writedown 30 April 2022	**-3.902**	**0**	**0**	**0**
	Carrying amount, 30 April 2022	**737**	**0**	**0**	**0**

Notes

DKK thousand.

		Parent	
		30/4 2022	31/12 2020
9.	**Investments in subsidiaries**		
	Additions during the year	4.100	0
	Cost 30 April 2022	**4.100**	**0**
	Net profit or loss for the year before amortisation of goodwill	-1.880	0
	Revaluation 30 April 2022	**-1.880**	**0**
	Carrying amount, 30 April 2022	**2.220**	**0**

Financial highlights for the enterprises according to the latest approved annual reports

	Equity interest	**Equity**	**Results for the year**	**Carrying amount, BAVLA ApS**
BMLP ApS, Horsens	68,33 %	3.249	-2.751	2.220
Elogic A/S, Horsens	68,33 %	2.681	-2.560	0
Elogic Polska Sp. z o.o., Polen	68,33 %	4.667	346	0
		10.597	**-4.965**	**2.220**

		Group		Parent	
		30/4 2022	31/12 2020	30/4 2022	31/12 2020
10.	**Deferred tax assets**				
	Deferred tax assets 1 January 2021	518	0	0	0
	Deferred tax of the net profit or loss for the year	725	0	0	0
		1.243	**0**	**0**	**0**

11. Prepayments

Prepayments primarily relate to IT licenses paid in advance.

Notes

DKK thousand.

		Group		Parent	
		30/4 2022	31/12 2020	30/4 2022	31/12 2020
12.	**Provisions for pensions and similar liabilities**				
	Provisions for pension obligations and similar obligations	280	0	0	0
		280	**0**	**0**	**0**
13.	**Other provisions**				
	Other provisions 1 January 2021	239	0	0	0
		239	**0**	**0**	**0**

14. Long term labilities other than provisions

	Total payables 30 Apr 2022	Current portion of long term payables	Long term payables 30 Apr 2022	Outstanding payables after 5 years
Group				
Subordinate loan capital	6.595	0	6.595	0
Other mortgage loans	2.000	347	1.653	0
Lease liabilities	364	0	364	0
Other payables	1.622	0	1.622	0
Payables to shareholders and management	3.719	0	3.719	0
	14.300	**347**	**13.953**	**0**
Parent				
Payables to shareholders and management	3.714	0	3.714	0
	3.714	**0**	**3.714**	**0**

Notes

DKK thousand.

15. Charges and security

Parent company:
The shares regarding the investments in subsidiaries have been provided as security to the bank.

The company has provided a general guarantee for the bankengagement in the subsidiaries.

Group:
For bank loans, t.DKK 13.519, the group has provided security in group assets representing a nominal value of t.DKK 17.700. This security comprises the assets below, stating the carrying amounts:

	DKK in thousands
Inventories	6.254
Trade receivables	33.363

16. Contingencies

Contingent liabilities

	DKK in thousands
Lease liabilities	1.095
Warranty commitments	2.932
Total contingent liabilities	**4.027**

Lease liabilities

The company has entered into operational leases with an average annual lease payment of t.DKK 703. The leases have between 8 and 31 months to maturity and total outstanding lease payments total t.DKK 1.095.

Joint taxation

The company acts as administration company for the group of companies subject to the Danish scheme of joint taxation and is unlimitedly, jointly, and severally liable, along with the other jointly taxed companies, to pay the total corporation tax.

The company is unlimitedly, jointly, and severally liable, along with the other jointly taxed companies, for any obligations to withhold tax on interest, royalties, and dividends.

The liability relating to obligations in connection with withholding tax on dividends, interest, and royalties represents an estimated maximum of DKK 0.

Notes

DKK thousand.

16. Contingencies (continued)

Joint taxation (continued)

Any subsequent adjustments of corporate taxes or withholding taxes, etc., may result in changes in the company's liabilities.

17. Related parties

Controlling interest

Bo Ankerfelt, Solbakkevej 8, 8700 Horsens — Majority shareholder

Transactions

All of the companies transactions with related parties has been on market terms.

	Group	
	1/1 2021 - 30/4 2022	1/1 2020 - 31/12 2020
18. Adjustments		
Depreciation, amortisation, and impairment	1.162	0
Loss from disposal of non-current assets	27	0
Other financial income	0	-382
Other financial expenses	3.339	11
Tax on net profit or loss for the year	-588	-2
	3.940	**-373**
19. Change in working capital		
Change in inventories	-29.864	0
Change in receivables	-35.921	0
Change in trade payables and other payables	48.553	-760
	-17.232	**-760**

Accounting policies

The annual report for BAVLA ApS has been presented in accordance with the Danish Financial Statements Act regulations concerning reporting class C enterprises (medium sized enterprises).

The accounting policies are unchanged from the previous year, and the annual report is presented in TDKK. The accounting period has been changed in the current financial year and comprises the period 1 January 2021 – 30 April 2022. The comparative figures in the income statement comprise the period 1 January 2020 – 31 December 2020.

The consolidated financial statements

The consolidated income statements comprise the parent company BAVLA ApS and those group enterprises of which BAVLA ApS directly or indirectly owns more than 50 % of the voting rights or in other ways exercise control.

Consolidation policies

The consolidated financial statements have been prepared as a summary of the parent company's and the group enterprises' financial statements by adding together uniform accounting records calculated in accordance with the group's accounting policies.

Investments in group enterprises are eliminated by the proportionate share of the group enterprises' market value of net assets and liabilities at the acquisition date.

In the consolidated financial statements, the accounting records of the group enterprises are recognised by 100%. The minority interests' share of the profit for the year and of the equity in the group enterprises, which are not 100% owned, is included in the group's profit and equity, but presented separately.

Purchases and sales of minority interests under continuing control are recognised directly in equity as a transaction between shareholders.

Investments in associates are measured in the statement of financial position at the proportionate share of the enterprises' equity value i calculated in accordance with the parent company's accounting policies and with proportionate elimination of unrealised intercompany gains and losses. In the income statement, the proportional share of the associates' results is recognised after elimination of the proportional share of intercompany gains and losses.

The group activities in joint operations are recognised in the consolidated financial statements record by record.

Non-controlling interests

Non-controlling interests constitute a share of the group's total equity. By distribution of net profit, profit or loss for the year is distributed on the share attributable to the non-controlling interests and the share attributable to the parent's shareholders respectively.

Accounting policies

Income statement

Gross profit

Gross profit comprises revenue, production costs, and other operating income.

Income from the sale of goods for resale and finished goods is recognised in revenue when the most significant rewards and risks have been transferred to the buyer, the income can be measured reliably and payment is expected to be received. The date of the transfor of the most significant rewards and risks is based on standardised terms of delivery.

Revenue from the sale of services, which include service contracts and extended warranty commitments relating to producs and services sold, is recognised on a straight-line basis as the services are rendered.

Cost of sales comprises costs concerning purchase of raw materials and consumables less discounts and changes in inventories.

Production costs include the manufacturing and procurement costs incurred to achieve the revenue for the year. Direct and indirect manufacturing costs are recognized, including costs for raw materials and consumables, wages and salaries, energy consumption, maintenance, leasing and depreciation on production facilities, with adjustments for changes in finished goods inventories and work in progress.

Furthermore, production costs comprise research costs, development costs which do not meet the criteria for capitalisation, and amortisation of capitalised development costs.

Distribution costs

Distribution costs comprise costs incurred for the distribution of goods sold during the year and for sales campaigns carried out during the year. Also, costs concerning sales staff, advertising and exhibitions costs, and amortisations.

Administration costs

Administration costs comprise costs incurred during the year concerning management and administration, including costs concerning administrative staff, the executive board, office premises, stationery and office supplies, and depreciations.

Other operating costs

Other operating costs comprise items of secondary nature as regards the principal activities of the enterprise, including losses on the disposal of intangible and tangible assets.

Accounting policies

Financial income and expenses

Financial income and expenses are recognised in the income statement with the amounts concerning the financial year. Financial income and expenses comprise interest income and expenses, realised and unrealised capital gains and losses relating to securities, debt and transactions in foreign currency, amortisation of financial assets and liabilities as well as surcharges and reimbursements under the advance tax scheme, etc.

Results from equity investments in subsidiaries

After full elimination of intercompany profit or loss less amortised consolidated goodwill, the equity investment in the individual group enterprises are recognised in the income statement of the parent as a proportional share of the group enterprises' post-tax profit or loss.

Tax on net profit or loss for the year

Tax for the year comprises the current income tax for the year and changes in deferred tax and is recognised in the income statement with the share attributable to the net profit or loss for the year and directly in equity with the share attributable to entries directly in equity.

The parent and the Danish group enterprises are subject to Danish rules on compulsory joint taxation of Danish group enterprises. The parent acts as an administration company in relation to the joint taxation. This means that the total Danish income tax payable by the Danish group companies is paid to the tax authorities by the company.

The current Danish income tax is allocated among the jointly taxed companies proportional to their respective taxable income (full allocation with reimbursement of tax losses).

Statement of financial position

Intangible assets

Other intagible assets

Other Intangible assets includes acquired intangible rights, including software licenses and distribution rights.

Other Intangible assets are measured at cost less accumulated amortisation and impairment losses.

Goodwill

Acquired goodwill is measured at cost less accumulated amortisation. Given that it is impossible to make a reliable estimate of the useful life, the amortisation period is set at 10 years.

Accounting policies

Property, plant, and equipment

Property is measured at cost plus revaluations and less accrued depreciation and writedown for impairment. Land is not subject to depreciation.

Property is revaluated on the basis of regular, independent fair-value assessments. Net revaluation at fair value adjustment is recognised directly in equity less deferred tax and tied up in a particular revaluation reserve. Net impairment loss at fair value adjustment is recognised in the income statement.

The depreciable amount is cost plus revaluations at fair value less expected residual value after the end of the useful life of the asset. The amortisation period is fixed at the acquisition date and reassessed annually. If the residual value exceeds the carrying mount of the asset, depreciation is discontinued.

Other property, plant, and equipment are measured at cost less accrued depreciation and writedown for impairment.

The depreciable amount is cost less any expected residual value after the end of the useful life of the asset. The amortisation period and the residual value are determined at the acquisition date and reassessed annually. If the residual value exceeds the carrying amount, the depreciation is discontinued.

If the amortisation period or the residual value is changed, the effect on amortisation will, in future, be recognised as a change in the accounting estimates.

The cost comprises acquisition cost and costs directly associated with the acquisition until the time when the asset is ready for use.

Depreciation is done on a straight-line basis according to an assessment of the expected useful life:

	Useful life
Buildings	10 years
Plant and machinery	5-15 years
Other fixtures and fittings, tools and equipment	3-10 years

Minor assets with an expected useful life of less than 1 year are recognised as costs in the income statement in the year of acquisition.

Profit or loss derived from the disposal of property, land, and equipment is measured as the difference between the sales price less selling costs and the carrying amount at the date of disposal. Profit or loss is recognised in the income statement as other operating income or other operating expenses.

Accounting policies

Leases

All leases are regarded as operating leases. Payments in connection with operating leases and other lease agreements are recognised in the income statement for the term of the contract. The company's total liabilities concerning operating leases and lease agreements are recognised under contingencies, etc.

Impairment loss relating to non-current assets

The carrying amount of both intangible and tangible fixed assets as well as equity investments in subsidiaries are subject to annual impairment tests in order to disclose any indications of impairment beyond those expressed by amortisation and depreciation respectively.

If indications of impairment are disclosed, impairment tests are carried out for each individual asset or group of assets, respectively. Writedown for impairment is done to the recoverable amount if this value is lower than the carrying amount.

The recoverable amount is the higher value of value in use and selling price less expected selling cost. The value in use is calculated as the present value of the expected net cash flows from the use of the asset or the asset group and expected net cash flows from the sale of the asset or the asset group after the end of their useful life.

Previously recognised impairment losses are reversed when conditions for impairment no longer exist. Impairment relating to goodwill is not reversed.

Investments

Investments in subsidiaries

Investments in subsidiaries are recognised and measured by applying the equity method. The equity method is used as a method of consolidation.

Investments in subsidiaries are recognised in the statement of financial position at the proportionate share of the enterprise's equity value. This value is calculated in accordance with the parent's accounting policies with deductions or additions of unrealised intercompany gains and losses as well as with additions or deductions of the remaining value of positive or negative goodwill calculated in accordance with the acquisition method. Negative goodwill is recognised in the income statement at the time of acquisition of the equity investment. If the negative goodwill relates to contingent liabilities acquired, negative goodwill is not recognised until the contingent liabilities have been settled or lapsed.

Consolidated goodwill is amortised over its estimated useful life, which is determined on the basis of the management's experience with the individual business areas. Consolidated goodwill is amortised on a straight-line basis over the amortisation period, which represent 5-20 years. The depreciation period is determined on the basis of an assessment that these are strategically acquired enterpriseswith a strong market position and a long-term earnings profile.

Accounting policies

In relation to material assets and liabilities recognised in subsidiaries but are not represented in the parent, the following accounting policies have been applied.

Investments in subsidiaries with a negative equity value are measured at DKK 0, and any accounts receivable from these enterprises are written down to the extent that the account receivable is uncollectible. To the extent that the parent has a legal or constructive obligation to cover an negative balance that exceeds the account receivable, the remaining amount is recognised under provisions.

To the extent the equity exceeds the cost, the net revaluation of equity investments in subsidiaries transferred to the reserve under equity for net revaluation according to the equity method. Dividends from subsidiaries expected to be adopted before the approval of this annual report are not subject to a limitation of the revaluation reserve. The reserve is adjusted by other equity movements in subsidiaries.

Newly acquired or newly established companies are recognised in the financial statement as of the time of acquisition. Sold or liquidated companies are recognised until the date of disposal.

On the acquisition of enterprises, the acquisition method, the uniting-of-interests method or the book value method is applied.

Inventories

Inventories are measured at cost according to the FIFO method. In cases when the net realisable value of the inventories is lower than the cost, the latter is written down for impairment to this lower value.

Costs of goods for resale, raw materials, and consumables comprise acquisition costs plus delivery costs.

Costs of manufactured goods and work in progress comprise the cost of raw materials, consumables and direct wages. Borrowing expenses are not recognised in cost.

The net realisable value for inventories is recognised as the market price less costs of completion and selling costs. The net realisable value is determined with due consideration of negotiability, obsolescence, and the development of expected market prices.

Receivables

Receivables are measured at amortised cost, which usually corresponds to nominal value.

In order to meet expected losses, impairment takes place at the net realisable value. The company has chosen to use IAS 39 as a basis for interpretation when recognising impairment of financial assets, which means that impairments must be made to offset losses where an objective indication is deemed to have occurred that an account receivable or a portfolio of accounts receivable is impaired.If an objective indication shows that an individual account receivable has been impaired, an impairment takes place at individual level.

Accounting policies

Accounts receivable for which there is no objective indication of impairment at the individual level are evaluated at portfolio level for objective indication of impairment. The portfolios are primarily based on the debtors' domicile and credit rating in accordance with the company's and the group's credit risk management policy. Determination of the objective indicators applied for portfolios are based on experience with historical losses.

Impairment losses are calculated as the difference between the carrying amount of accounts receivable and the present value of the expected cash flows, including the realisable value of any securities received. The effective interest rate for the individual account receivable or portfolio is used as the discount rate.

Prepayments and accrued income

Prepayments and accrued income recognised under assets comprise incurred costs concerning the following financial year.

Cash on hand and demand deposits

Cash on hand and demand deposits comprise cash at bank and on hand.

Income tax and deferred tax

As administration company, BAVLA ApS is liable to the tax authorities for the subsidiaries' corporate income taxes.

Current tax liabilities and current tax receivable are recognised in the statement of financial position as calculated tax on the taxable income for the year, adjusted for tax of previous years' taxable income and for tax paid on account.

The company is jointly taxed with consolidated Danish companies. The current corporate income tax is distributed between the jointly taxed companies in proportion to their taxable income and with full distribution with reimbursement as to tax losses. The jointly taxed companies are comprised by the Danish tax prepayment scheme.

Joint taxation contributions payable and receivable are recognised in the statement of financial position as ”Income tax receivable” or “Income tax payable”.

Deferred tax is measured on the basis of temporary differences in assets and liabilities with a focus on the statement of financial position. Deferred tax is measured at net realisable value.

Adjustments take place in relation to deferred tax concerning elimination of unrealised intercompany gains and losses.

Deferred tax is measured based on the tax rules and tax rates applying under the legislation prevailing in the respective countries on the reporting date when the deferred tax is expected to be released as current tax. Changes in deferred tax due to changed tax rates are recognised in the income statement, except for items included directly in the equity.

Deferred tax assets, including the tax value of tax losses allowed for carryforward, are recognised at the value at which they are expected to be realisable, either by settlement against tax of future earnings or by set-off in deferred tax liabilities within the same legal tax unit. Any deferred net tax assets are measured at net realisable value.

Provisions

Provisions comprise expected costs of warranty commitments, loss on work in progress, restructuring, etc. Provisions are recognised when the group has a legal or actual commitment resulting from a previously occurred event and when it is probable that the settlement of the liability will result in consumption of the financial resources of the group.

Provisions are measured at net realisable value or at fair value. If the fulfilment of a liability is expected to take place far in the future, the liability is measured at fair value.

Liabilities other than provisions

Financial liabilities other than provisions related to borrowings are recognised at the received proceeds less transaction costs incurred. In subsequent periods, the financial liabilities are recognised at amortised cost, corresponding to the capitalised value when using the effective interest rate. The difference between the proceeds and the nominal value is recognised in the income statement during the term of the loan.

Other liabilities concerning payables to suppliers, group enterprises, and other payables are measured at amortised cost which usually corresponds to the nominal value.

Statement of cash flows

The cash flow statement shows the cash flows for the year, divided in cash flows deriving from operating activities, investment activities and financing activities, respectively, the changes in the liabilities, and cash and cash equivalents at the beginning and the end of the year, respectively.

The effect on cash flows derived from the acquisition and sale of enterprises appears separately under cash flows from investment activities. In the statement of cash flows, cash flows derived from acquirees are recognised as of the date of acquisition, and cash flows derived from sold enterprises are recognised until the date of sale.

Cash flows from operating activities

Cash flows from operating activities are calculated as the group's share of the profit adjusted for non-cash operating items, changes in the working capital, and corporate income tax paid. Dividend income from equity investments are recognised under “Interest income and dividend received”.

Accounting policies

Cash flows from investment activities

Cash flows from investment activities comprise payments in connection with the acquisition and sale of enterprises and activities as well as the acquisition and sale of intangible assets, property, plant, and equipment, and investments, respectively.

Cash flows from financing activities

Cash flows from financing activities include changes in the size or the composition of the group's share capital and costs attached to it, as well as raising loans, repayments of interest-bearing payables and payment of dividend to shareholders.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits and shortterm financial instruments with a term of less than 3 months, which can easily be converted into cash and cash equivalents and are associated with an insignificant risk of value change.