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## PR electronics A/S

Lerbakken 10

8410 Rønde

Central Business Registration

No 73438411

## Annual report 2019/20



The Annual General Meeting adopted the annual report on 29.10.2020

### Chairman of the General Meeting

DocuSigned by:

*Claus Berner Nielsen*

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Name: Claus Berner Nielsen

**PR electronics A/S**

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## **Entity details**

### **Entity**

PR electronics A/S  
Lerbakken 10  
8410 Rønde

Central Business Registration No: 73438411

Registered in: Rønde

Financial year: 01.07.2019 - 30.06.2020

### **Board of Directors**

Claus Berner Nielsen, Chairman

Kim Thomas Rasmussen

Knud Valdemar Mørk Krægpøth

### **Executive Board**

Kim Thomas Rasmussen, Chief Executive Officer

Stig Alnøe Lindemann, Chief Technological Officer

Simon Bisbo, Chief Sales Officer

### **Auditors**

Deloitte Statsautoriseret Revisionspartnerselskab

City Tower, Værkmestergade 2

8000 Aarhus C

## Statement by Management on the annual report

The Board of Directors and the Executive Board have today considered and approved the annual report of PR electronics A/S for the financial year 01.07.2019 - 30.06.2020.

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

In our opinion, the financial statements give a true and fair view of the Entity's financial position at 30.06.2020 and of the results of its operations and cash flows for the financial year 01.07.2019 - 30.06.2020.

We believe that the management commentary contains a fair review of the affairs and conditions referred to therein.

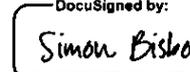
We recommend the annual report for adoption at the Annual General Meeting.

Rønede, 29.10.2020

### Executive Board

DocuSigned by:  
  
Kim Thomas Rasmussen  
Chief Executive Officer

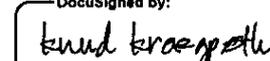
DocuSigned by:  
  
Stig Arne Eriksen  
Chief Technological Officer

DocuSigned by:  
  
Simon Bisbo  
Chief Sales Officer

### Board of Directors

DocuSigned by:  
  
Claus Berner Nielsen  
Chairman

DocuSigned by:  
  
Kim Thomas Rasmussen

DocuSigned by:  
  
Knud Valdemar Mørk Krægpøth

## **Independent auditor's report**

### **To the shareholders of PR electronics A/S**

#### **Opinion**

We have audited the consolidated financial statements and the parent financial statements of PR electronics A/S for the financial year 01.07.2019 - 30.06.2020, which comprise the income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies, for the Group as well as the Parent, and the consolidated cash flow statement. The consolidated financial statements and the parent financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the consolidated financial statements and the parent financial statements give a true and fair view of the Group's and the Parent's financial position at 30.06.2020, and of the results of their operations and the consolidated cash flows for the financial year 01.07.2019 - 30.06.2020 in accordance with the Danish Financial Statements Act.

#### **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 consolidated financial statements and the parent financial statements section of this auditor's report. We are independent of the Group in accordance with the International Ethics Standards Board of Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### **Management's responsibilities for the consolidated financial statements and the parent financial statements**

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

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

#### **Auditor's responsibilities for the audit of the consolidated financial statements and the parent financial statements**

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements and the parent 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

## **Independent auditor's report**

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 parent financial statements.

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements and the parent 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 Entity'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 consolidated financial statements and the parent 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 Entity'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 parent 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 Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements and the parent financial statements, including the disclosures in the notes, and whether the consolidated financial statements and the parent 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.

## Independent auditor's report

### Statement on the management commentary

Management is responsible for the management commentary.

Our opinion on the consolidated financial statements and the parent financial statements does not cover the management commentary, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements and the parent financial statements, our responsibility is to read the management commentary and, in doing so, consider whether the management commentary is materially inconsistent with the consolidated financial statements and the parent financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether the management commentary provides the information required under the Danish Financial Statements Act.

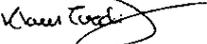
Based on the work we have performed, we conclude that the management commentary is in accordance with the consolidated financial statements and the parent financial statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement of the management commentary.

Aarhus, 29.10.2020

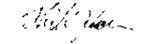
### Deloitte

Statsautoriseret Revisionspartnerselskab  
Central Business Registration No: 33963556

Klaus Tvede-Jensen  
State Authorised Public Accountant  
Identification number (MNE) mne23304

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Henrik Brorsbøl Jakobsen  
State Authorised Public Accountant  
Identification number (MNE) mne33233

DocuSigned by:  
  
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## Management commentary

|   | 2019/20<br>DKK'000 | 2018/19<br>DKK'000 | 2017/18<br>DKK'000 | 2016/17<br>DKK'000 | 2015/16<br>DKK'000 |
|---|--------------------|--------------------|--------------------|--------------------|--------------------|
| <b>Financial highlights</b>                       |                    |                    |                    |                    |                    |
| <b>Key figures</b>                                |                    |                    |                    |                    |                    |
| Revenue   | 327.914            | 322.139            | 305.233            | 279.963            | 267.748            |
| Gross profit/loss                                 | 191.720            | 181.251            | 174.602            | 161.468            | 152.194            |
| Operating profit/loss                             | 51.499             | 47.663             | 49.302             | 35.673             | 23.435             |
| Net financials                                    | (1.050)            | (1.562)            | (1.007)            | (1.729)            | (2.729)            |
| Profit/loss for the year                          | 41.079             | 35.990             | 37.525             | 26.174             | 15.965             |
| Total assets                                      | 296.686            | 308.498            | 295.878            | 280.805            | 316.496            |
| Investments in property,<br>plant and equipment   | 5.918              | 14.200             | 4.888              | 6.663              | 12.932             |
| Equity  | 184.753            | 173.726            | 197.701            | 182.929            | 227.125            |
| Cash flows from (used in)<br>operating activities | 69.947             | 58.602             | 47.952             | 50.937             | 39.278             |
| Employees in average                              | 200                | 203                | 199                | 197                | 206                |
| Investments in intangible<br>assets               | 7.560              | 12.966             | 16.450             | 18.373             | 18.477             |
| <b>Ratios</b>                                     |                    |                    |                    |                    |                    |
| Return on equity (%)                              | 22,9               | 19,4               | 19,7               | 12,8               | 7,2                |
| Profit margin (%)                                 | 15,7               | 14,8               | 16,2               | 12,7               | 8,8                |
| Equity ratio (%)                                  | 62,0               | 56,2               | 66,8               | 65,1               | 71,3               |

Financial highlights are defined and calculated in accordance with "Recommendations & Ratios 2015" issued by the Danish Society of Financial Analysts.

| Ratios               | Calculation formula  | Ratios   |
|----------------------|--|--|
| Return on equity (%) | $\frac{\text{Profit/loss for the year} \times 100}{\text{Average equity}}$ | The entity's return on capital invested in the entity by the owners. |
| Profit margin (%)    | $\frac{\text{EBIT} \times 100}{\text{Revenue}}$                            | The Entity's profitability   |
| Equity ratio (%)     | $\frac{\text{Equity} \times 100}{\text{Total assets}}$                     | The financial strength of the Entity                                 |

## Management commentary

### Primary activities

The Group develops, produces and sells electronic components. Development and production take place in PR electronics A/S, whereas the Group's products are sold through its foreign sales subsidiaries and independent distributors as well as from PR electronics A/S directly.

### Development in activities and finances

Revenue for the year amounts to DKK 327,914k against DKK 322,139k last year, which corresponds to a growth of 1,8%.

Other external expenses and staff costs decreased combined by 1,9% reflecting mainly increased efficiency in production and sales, partly offset by lower capitalization of wages in R&D.

The profit for the year increased from DKK 35,990k in 2018/2019 to DKK 41,079k in 2019/2020. The increase in profit for the year mainly reflects an increase in gross profit, partly offset by higher depreciation, amortisation and impairment losses.

The profit for the year is regarded as satisfactory considering challenging circumstances caused primarily by the outbreak of the Covid-19 pandemic towards the end of the fiscal year. The widespread lockdowns globally impacted revenue negatively by approximately 12% in the 4<sup>th</sup> quarter compared to the same quarter the previous year. The Group has taken mitigating actions to ensure that its strategy plan for growth in revenue and profitability is met despite the pandemic.

### Outlook

Founded in a continuously wider high-quality product range, increased activities to create market awareness and a larger sales force, the Group expects to continue its growth path. Increased profitability is expected through continued optimization of the Group's internal value chains, including purchasing and production optimizations.

Due to the uncertainties imposed by the Covid-19 pandemic, the Group cautiously expects that order intake and revenue will be at the same level in 2020/2021 as in 2019/2020 whereas profit is expected to be slightly higher in 2020/2021 than in 2019/2020.

### Research and development activities

Research and development activities are carried out in PR electronics A/S. The activities primarily comprise development of modules for electronic signal conditioning and related products.

Approx. 6,3% of revenue for the year is spent on research and development activities of which DKK 7,6m has been recognized under intangible assets.

For the next financial year, the Group expects that resources used for research and development activities will increase to approximately 10% of revenue.

## Management commentary

### Other financial matters

The Group is strongly focused on financial management, including continuous assessment and hedging of the Group's trading risks and financial risks, etc.

### Business risks

The markets, in which the Group operates, are mainly product-driven. Therefore, the Group's efforts in the research and development area contribute to securing the Group's long-term market position. Consequently, it is important to retain and further enhance the Group's innovative potential and to be able to attract the best-qualified candidates.

Product risks mainly relate to delays in launch of new products. The Group has focus on all parts of the product development and launch processes to minimize this risk. The Group's supply chain is constantly monitored, and policies ensure availability of minimum inventory levels to avoid adverse consequences of short and medium-term interruptions of the supply chain. Finally, significant resources are spent to protect inventions through patents and the Group continuously develop and maintain its competences in this area.

### Financial risks

As a result of its operations, investments and financing, the Group is exposed to changes in exchange rates and interest levels. The Group manages the financial risks centrally and has a central coordination of the Group's cash management, including capital procurement and investment of excess liquidity.

### Foreign exchange risks

Foreign exchange risks are primarily hedged by means of matching of payments received and made in the same currency and by means of forward exchange contracts.

### Credit risks

Credit risks related to financial assets correspond to the values recognized in the balance sheet. The Group does not have any material risks relating to a single customer or cooperative partner. According to the Group's policy for assuming credit risks, all major customers and other cooperative partners are credit rated on an ongoing basis.

According to the Group's policy, capital procurement as well as investment of surplus liquidity shall be managed centrally by PR electronics A/S.

### Interest risks

It is the Group's policy to hedge interest rate risks on Group loans if it is assessed that such interest payments can be ensured at a satisfactory level compared to the related costs. At present, the Group has limited debt compared to its activity level.

## **Management commentary**

### **Liquidity risks**

The Group has policies stipulating availability of minimum cash resources, which the Group must have at its disposal at any time.

### **Management and employees**

The average number of employees (converted into full-time employees) was 200 in 2019/2020 (203 in 2018/2019).

### **Knowledge resources**

The Group's strategic objective of continued growth in revenue and profit requires maintenance of a high level of innovation through a flexible and knowledge-based organization. This is a sustained process, which is facilitated through the implementation of educational plans, encouragement to cooperation and by inspiring employees to take responsibility.

Maintenance of the Group's leading technology edge requires core competencies amongst others within effective project management, hardware design of analogue and digital electronics, design of solid and high-efficient embedded software as well as development of advanced signal conditioning algorithms. Furthermore, outstanding product quality and productivity of new products requires core competencies within development of high-precision calibration equipment and end test equipment with high production efficiency.

To maintain a leading edge in the development of new innovative technologies and products, the Group cooperates with a number of external consultants as well as design and development companies.

### **Statutory report on corporate social responsibility**

The Group has focus on corporate social responsibility in relation to its activities and the following section describes policies, activities and results in relation hereto.

### **Environment and climate**

The risk of negative impact on the external environment is low for the Group as only small quantities of dangerous substances is used in the production process. The Group is certified according to the DS/EN ISO 14001:2015 standard and has continuous focus on minimizing our environmental footprint. Specifically, the standard is used in setting procedures for daily work routines, and therefore new and existing employees are constantly made aware of and trained to live up to the specified standard.

Management concludes that the Group's activities have contributed to minimizing its impact on environment as well as the climate in general in the fiscal year 2019/2020.

## **Management commentary**

### **Health and safety at work**

The Group takes responsibility for the working environment and focus on the health of its employees. Therefore, the Group is focusing on any potential risks related to work-related accidents and the employee's general wellbeing. The working environment complies with the highest national standards, and the Group focuses on being a healthy workplace for the well-being of its employees.

Health and safety at work is closely monitored amongst others through health and safety related questions in the yearly employee satisfactory survey as well as real time recording of work-related accidents and near-accidents.

Management concludes that the Group's activities have contributed to maintaining a work environment compliant with the highest national standards in the fiscal year 2019/2020..

### **Society & Human rights**

The Group consents with the 10 UN Global Compact Principles in its day-to-day business operations and has particular focus on maintaining compliance with human rights and labor rights and hereby mitigating any risk of employees feeling discriminated or not treated equally. The Group has a zero tolerance in relation to discrimination of employees and any breaches concerning human and labor rights. To ensure focus amongst employees, the policy is part of the employee handbook, which has been distributed to all employees.

During fiscal year 2019/2020, the management is not aware of any breaches of human rights in the Group.

### **Anti-corruption & Bribery**

The Group has a zero tolerance in relation to corruption and bribery and has strong values and a shared vision of professional business acumen. Additionally, internal controls and implemented authority matrix aim at ensuring and enhancing adherence.

Furthermore, the Group's Code of Conduct policy is an integrated part of the employee handbook and employees are made aware through their introductory training which also includes a Code of Conduct test and the employee's signature on the Code of Conduct to certify adherence.

During the fiscal year 2019/2020, the management is not aware of any breaches regarding corruption and bribery in the Group.

### **The underrepresented gender**

The Group has always and will also in the future strive to recruit the most competent and best suited human capital for any position irrespective of gender. Currently, the generally elected members of the board consist of three male members. The Group has set a target of 1 female member of the generally elected members

## **Management commentary**

of the board by 2023. The target was not achieved in the financial year, as there has not been an election for the board.

Currently, 33% of the members of the Group's enhanced executive management team belong to the underrepresented gender, which is in line with target.

## Consolidated income statement for 2019/20

|  | <u>Notes</u> | <u>2019/20<br/>DKK'000</u> | <u>2018/19<br/>DKK'000</u> |
|--|--------------|----------------------------|----------------------------|
| Revenue  | 2            | 327.914                    | 322.139                    |
| Other operating income                           |              | 400                        | 360                        |
| Cost of sales                                    |              | (94.277)                   | (95.363)                   |
| Other external expenses                          | 3            | (42.317)                   | (45.885)                   |
| <b>Gross profit/loss</b>                         |              | <b>191.720</b>             | <b>181.251</b>             |
| Staff costs                                      | 4            | (114.611)                  | (114.030)                  |
| Depreciation, amortisation and impairment losses | 5            | (25.610)                   | (19.558)                   |
| <b>Operating profit/loss</b>                     |              | <b>51.499</b>              | <b>47.663</b>              |
| Other financial income                           | 6            | 132                        | 41                         |
| Other financial expenses                         | 7            | (1.182)                    | (1.603)                    |
| <b>Profit/loss before tax</b>                    |              | <b>50.449</b>              | <b>46.101</b>              |
| Tax on profit/loss for the year                  | 8            | (9.370)                    | (10.111)                   |
| <b>Profit/loss for the year</b>                  | 9            | <b>41.079</b>              | <b>35.990</b>              |

## Consolidated balance sheet at 30.06.2020

|  | <u>Notes</u> | <u>2019/20</u><br><u>DKK'000</u> | <u>2018/19</u><br><u>DKK'000</u> |
|--|--------------|----------------------------------|----------------------------------|
| Completed development projects                   |              | 48.293                           | 53.937                           |
| Acquired patents                                 |              | 1.815                            | 1.864                            |
| Development projects in progress                 |              | 6.527                            | 10.570                           |
| <b>Intangible assets</b>                         | <b>10</b>    | <b>56.635</b>                    | <b>66.371</b>                    |
| Land and buildings                               |              | 72.886                           | 74.708                           |
| Plant and machinery                              |              | 15.981                           | 15.715                           |
| Other fixtures and fittings, tools and equipment |              | 4.314                            | 5.156                            |
| <b>Property, plant and equipment</b>             | <b>11</b>    | <b>93.181</b>                    | <b>95.579</b>                    |
| Other investments                                |              | 19                               | 23                               |
| Deposits   |              | 519                              | 570                              |
| <b>Fixed asset investments</b>                   | <b>12</b>    | <b>538</b>                       | <b>593</b>                       |
| <b>Fixed assets</b>                              |              | <b>150.354</b>                   | <b>162.543</b>                   |
| Raw materials and consumables                    |              | 30.023                           | 31.511                           |
| Work in progress                                 |              | 7.270                            | 6.019                            |
| Manufactured goods and goods for resale          |              | 6.436                            | 4.715                            |
| <b>Inventories</b>                               |              | <b>43.729</b>                    | <b>42.245</b>                    |
| Trade receivables                                |              | 42.211                           | 48.786                           |
| Other receivables                                |              | 6.495                            | 7.022                            |
| Prepayments                                      | 13           | 4.120                            | 3.279                            |
| <b>Receivables</b>                               |              | <b>52.826</b>                    | <b>59.087</b>                    |
| <b>Cash</b>                                      |              | <b>49.777</b>                    | <b>44.623</b>                    |
| <b>Current assets</b>                            |              | <b>146.332</b>                   | <b>145.955</b>                   |
| <b>Assets</b>                                    |              | <b>296.686</b>                   | <b>308.498</b>                   |

## Consolidated balance sheet at 30.06.2020

|  | <u>Notes</u> | <u>2019/20</u><br><u>DKK'000</u> | <u>2018/19</u><br><u>DKK'000</u> |
|--|--------------|----------------------------------|----------------------------------|
| Contributed capital  |              | 1.248                            | 1.248                            |
| Retained earnings  |              | 143.505                          | 142.478                          |
| Proposed dividend  |              | 40.000                           | 30.000                           |
| <b>Equity</b>  |              | <b>184.753</b>                   | <b>173.726</b>                   |
| Deferred tax   | 14           | 19.567                           | 21.379                           |
| <b>Provisions</b>  |              | <b>19.567</b>                    | <b>21.379</b>                    |
| Mortgage debts   |              | 14.114                           | 15.177                           |
| <b>Non-current liabilities other than provisions</b>           | 15           | <b>14.114</b>                    | <b>15.177</b>                    |
| Current portion of long-term liabilities other than provisions | 15           | 1.659                            | 2.857                            |
| Bank loans   |              | 10.625                           | 29.679                           |
| Trade payables   |              | 19.619                           | 28.966                           |
| Payables to group enterprises                                  |              | 245                              | 311                              |
| Income tax payable   |              | 8.575                            | 8.842                            |
| Other payables   |              | 37.048                           | 27.261                           |
| Deferred income  | 16           | 481                              | 300                              |
| <b>Current liabilities other than provisions</b>               |              | <b>78.252</b>                    | <b>98.216</b>                    |
| <b>Liabilities other than provisions</b>                       |              | <b>92.366</b>                    | <b>113.393</b>                   |
| <b>Equity and liabilities</b>                                  |              | <b>296.686</b>                   | <b>308.498</b>                   |
| Events after the balance sheet date                            | 1            |                                  |                                  |
| Unrecognised rental and lease commitments                      | 18           |                                  |                                  |
| Mortgages and securities                                       | 19           |                                  |                                  |
| Subsidiaries   | 20           |                                  |                                  |

## Consolidated statement of changes in equity for 2019/20

|                           | <b>Contributed<br/>capital<br/>DKK'000</b> | <b>Retained<br/>earnings<br/>DKK'000</b> | <b>Proposed<br/>dividend<br/>DKK'000</b> | <b>Total<br/>DKK'000</b> |
|---------------------------|--|--|--|--------------------------|
| Equity beginning of year  | 1.248                                      | 142.478                                  | 30.000                                   | 173.726                  |
| Ordinary dividend paid    | 0  | 0  | (30.000)                                 | (30.000)                 |
| Exchange rate adjustments | 0  | (52)                                     | 0  | (52)                     |
| Profit/loss for the year  | 0  | 1.079                                    | 40.000                                   | 41.079                   |
| <b>Equity end of year</b> | <b>1.248</b>                               | <b>143.505</b>                           | <b>40.000</b>                            | <b>184.753</b>           |

## Consolidated cash flow statement for 2019/20

|  | <u>Notes</u> | <u>2019/20<br/>DKK'000</u> | <u>2018/19<br/>DKK'000</u> |
|--|--------------|----------------------------|----------------------------|
| Operating profit/loss                                  |              | 51.499                     | 47.663                     |
| Amortisation, depreciation and impairment losses       |              | 25.610                     | 19.558                     |
| Working capital changes                                | 17           | 6.171                      | (276)                      |
| <b>Cash flow from ordinary operating activities</b>    |              | <b>83.280</b>              | <b>66.945</b>              |
| Financial income received                              |              | 132                        | 41                         |
| Financial income paid                                  |              | (2.017)                    | (906)                      |
| Income taxes refunded/(paid)                           |              | (11.448)                   | (7.478)                    |
| <b>Cash flows from operating activities</b>            |              | <b>69.947</b>              | <b>58.602</b>              |
| Acquisition etc of intangible assets                   |              | (7.560)                    | (12.966)                   |
| Acquisition etc of property, plant and equipment       |              | (5.918)                    | (14.200)                   |
| <b>Cash flows from investing activities</b>            |              | <b>(13.478)</b>            | <b>(27.166)</b>            |
| Instalments on loans etc                               |              | (2.261)                    | (2.020)                    |
| Dividend paid  |              | (30.000)                   | (60.000)                   |
| Cash increase of capital                               |              | 0                          | 68                         |
| <b>Cash flows from financing activities</b>            |              | <b>(32.261)</b>            | <b>(62.760)</b>            |
| <b>Increase/decrease in cash and cash equivalents</b>  |              | <b>24.208</b>              | <b>(31.324)</b>            |
| Cash and cash equivalents beginning of year            |              | 14.944                     | 46.268                     |
| <b>Cash and cash equivalents end of year</b>           |              | <b>39.152</b>              | <b>14.944</b>              |
| Cash and cash equivalents at year-end are composed of: |              |                            |                            |
| Cash   |              | 49.777                     | 44.623                     |
| Short-term debt to banks                               |              | (10.625)                   | (29.679)                   |
| <b>Cash and cash equivalents end of year</b>           |              | <b>39.152</b>              | <b>14.944</b>              |

## Notes to consolidated financial statements

### 1. Events after the balance sheet date

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

|                    | <b>2019/20</b><br><b>DKK'000</b> | <b>2018/19</b><br><b>DKK'000</b> |
|--------------------|----------------------------------|----------------------------------|
| <b>2. Revenue</b>  |                                  |                                  |
| Denmark            | 31.412                           | 29.830                           |
| Other EU-countries | 195.125                          | 194.358                          |
| Other countries    | 101.377                          | 97.951                           |
|                    | <b>327.914</b>                   | <b>322.139</b>                   |

All revenue relates to sale of electronics components. There are no separate business segments in terms of risk and return.

|   | <b>2019/20</b><br><b>DKK'000</b> | <b>2018/19</b><br><b>DKK'000</b> |
|---|----------------------------------|----------------------------------|
| <b>3. Fees to the auditor appointed by the Annual General Meeting</b> |                                  |                                  |
| Statutory audit services  | 156                              | 156                              |
| Tax services  | 119                              | 0                                |
| Other services  | 150                              | 325                              |
|   | <b>425</b>                       | <b>481</b>                       |

|                                  | <b>2019/20</b><br><b>DKK'000</b> | <b>2018/19</b><br><b>DKK'000</b> |
|----------------------------------|----------------------------------|----------------------------------|
| <b>4. Staff costs</b>            |                                  |                                  |
| Wages and salaries               | 102.212                          | 105.415                          |
| Pension costs                    | 6.272                            | 6.502                            |
| Other social security costs      | 9.283                            | 9.348                            |
| Other staff costs                | 3.351                            | 3.438                            |
| Staff costs classified as assets | (6.507)                          | (10.673)                         |
|                                  | <b>114.611</b>                   | <b>114.030</b>                   |
| Average number of employees      | <b>201</b>                       | <b>203</b>                       |

|                    | <b>Remunera-<br/>tion of<br/>manage-<br/>ment<br/>2019/20<br/>DKK'000</b> | <b>Remunera-<br/>tion of<br/>manage-<br/>ment<br/>2018/19<br/>DKK'000</b> |
|--------------------|---|---|
| Executive Board    | 7.251   | 7.238   |
| Board of Directors | 50  | 50  |
|                    | <b>7.301</b>  | <b>7.288</b>  |

## Notes to consolidated financial statements

|  | <b>2019/20</b><br><b>DKK'000</b> | <b>2018/19</b><br><b>DKK'000</b> |
|--|----------------------------------|----------------------------------|
| <b>5. Depreciation, amortisation and impairment losses</b>                   |                                  |                                  |
| Amortisation of intangible assets  | 17.296                           | 11.425                           |
| Depreciation of property, plant and equipment                                | 8.311                            | 7.873                            |
| Profit/loss from sale of intangible assets and property, plant and equipment | 3                                | 260                              |
|  | <b>25.610</b>                    | <b>19.558</b>                    |
| <b>6. Other financial income</b>   |                                  |                                  |
| Interest income  | 132                              | 40                               |
| Other financial income   | 0                                | 1                                |
|  | <b>132</b>                       | <b>41</b>                        |
| <b>7. Other financial expenses</b>   |                                  |                                  |
| Interest expenses  | 0                                | 15                               |
| Other financial expenses   | 1.182                            | 1.588                            |
|  | <b>1.182</b>                     | <b>1.603</b>                     |
| <b>8. Tax on profit/loss for the year</b>                                    |                                  |                                  |
| Tax on current year taxable income   | 11.182                           | 9.154                            |
| Change in deferred tax for the year  | (1.812)                          | 957                              |
|  | <b>9.370</b>                     | <b>10.111</b>                    |
| <b>9. Proposed distribution of profit/loss</b>                               |                                  |                                  |
| Ordinary dividend for the financial year                                     | 40.000                           | 30.000                           |
| Retained earnings  | 1.079                            | 5.990                            |
|  | <b>41.079</b>                    | <b>35.990</b>                    |

## Notes to consolidated financial statements

|   | <b>Completed<br/>develop-<br/>ment<br/>projects<br/>DKK'000</b> | <b>Acquired<br/>patents<br/>DKK'000</b> | <b>Develop-<br/>ment<br/>projects in<br/>progress<br/>DKK'000</b> |
|---|---|---|---|
| <b>10. Intangible assets</b>                          |   |   |   |
| Cost beginning of year                                | 147.479   | 2.385                                   | 10.570  |
| Transfers   | 11.387  | 0                                       | (11.387)  |
| Additions   | 0   | 216                                     | 7.344   |
| <b>Cost end of year</b>                               | <b>158.866</b>  | <b>2.601</b>                            | <b>6.527</b>  |
| Amortisation and impairment losses beginning of year  | (93.542)  | (521)                                   | 0   |
| Amortisation for the year                             | (17.031)  | (265)                                   | 0   |
| <b>Amortisation and impairment losses end of year</b> | <b>(110.573)</b>  | <b>(786)</b>                            | <b>0</b>  |
| <b>Carrying amount end of year</b>                    | <b>48.293</b>   | <b>1.815</b>                            | <b>6.527</b>  |

### Development projects in progress

The Company's development projects relate to development of new products to be used in industrial applications and control systems within the process industry, among others. Development of new products is made on the basis of an identified market need, a commercial long-term need for new technology or an identified need for production optimisation. All projects are assessed on the basis of a business case before they are initiated. Development projects are recognised in the balance sheet when it is assessed that the products derived from the project will yield a future financial benefit. The projects and their values are assessed on a continuous basis, and no indication of impairment of the carrying amount is found to exist.

## Notes to consolidated financial statements

|   | Land and<br>buildings<br>DKK'000 | Plant and<br>machinery<br>DKK'000 | Other<br>fixtures and<br>fittings, tools<br>and<br>equipment<br>DKK'000 |
|---|----------------------------------|-----------------------------------|---|
| <b>11. Property, plant and equipment</b>                  |                                  |                                   |   |
| Cost beginning of year                                    | 98.490                           | 60.681                            | 20.542  |
| Additions   | 61                               | 4.827                             | 1.030   |
| Disposals   | 0                                | 0                                 | (30)  |
| <b>Cost end of year</b>                                   | <b>98.551</b>                    | <b>65.508</b>                     | <b>21.542</b>   |
| Depreciation and impairment losses beginning of the year  | (23.782)                         | (44.966)                          | (15.386)  |
| Exchange rate adjustments                                 | (2)                              | 0                                 | 0   |
| Depreciation for the year                                 | (1.881)                          | (4.561)                           | (1.869)   |
| Reversal regarding disposals                              | 0                                | 0                                 | 27  |
| <b>Depreciation and impairment losses end of the year</b> | <b>(25.665)</b>                  | <b>(49.527)</b>                   | <b>(17.228)</b>   |
| <b>Carrying amount end of year</b>                        | <b>72.886</b>                    | <b>15.981</b>                     | <b>4.314</b>  |

### 12. Fixed asset investments

Fixed asset investments consist primarily of deposits on leases (other receivables).

### 13. Prepayments

Prepayments cover substantially prepaid insurance, licenses, lease payments, etc.

|                                    | <b>2019/20<br/>DKK'000</b> |
|------------------------------------|----------------------------|
| <b>14. Deferred tax</b>            |                            |
| <b>Changes during the year</b>     |                            |
| Beginning of year                  | 21.379                     |
| Recognised in the income statement | (1.965)                    |
| <b>End of year</b>                 | <b>19.414</b>              |

|  | Instalments<br>within 12<br>months<br>2019/20<br>DKK'000 | Instalments<br>within 12<br>months<br>2018/19<br>DKK'000 | Instalments<br>beyond 12<br>months<br>2019/20<br>DKK'000 | Outstanding<br>after 5 years<br>DKK'000 |
|--|--|--|--|---|
| <b>15. Liabilities other than provisions</b> |  |  |  |   |
| Mortgage debts                               | 1.659  | 2.857  | 14.114   | 7.851                                   |
|  | <b>1.659</b>   | <b>2.857</b>   | <b>14.114</b>  | <b>7.851</b>                            |

## Notes to consolidated financial statements

### 16. Short-term deferred income

Deferred income cover prepaid rental.

|   | <b>2019/20</b><br><b>DKK'000</b> | <b>2018/19</b><br><b>DKK'000</b> |
|---|----------------------------------|----------------------------------|
| <b>17. Change in working capital</b>    |                                  |                                  |
| Increase/decrease in inventories        | (1.484)                          | (8.829)                          |
| Increase/decrease in receivables        | 6.025                            | 7.203                            |
| Increase/decrease in trade payables etc | 1.818                            | 1.370                            |
| Other changes                           | (188)                            | (20)                             |
|   | <b>6.171</b>                     | <b>(276)</b>                     |

### 18. Unrecognised rental and lease commitments

The Group has entered into a number of operating leases. The leases have an average remaining term of 30 months and a total residual lease payment of DKK 6.144k (2018/19:DKK 6.757k).

### 19. Mortgages and securities

Mortgage debt is secured by way of mortgage on properties.

|   | <b>2019/20</b><br><b>DKK'000</b> | <b>2018/19</b><br><b>DKK'000</b> |
|---|----------------------------------|----------------------------------|
| Carrying amount of mortgaged properties | <b>71.554</b>                    | <b>73.179</b>                    |

|                         | <b>Registered in</b> | <b>Corpo-<br/>rate<br/>form</b> | <b>Equity<br/>inte-<br/>rest<br/>%</b> |
|-------------------------|----------------------|---------------------------------|--|
| <b>20. Subsidiaries</b> |                      |                                 |  |
| PR electronics Sarl     | France               | Sarl                            | 100,0                                  |
| PR electronics AB       | Sweden               | AB                              | 100,0                                  |
| PR electronics Srl      | Italy                | Srl                             | 100,0                                  |
| PR electronics GmbH     | Germany              | GmbH                            | 100,0                                  |
| PR electronics S.L.     | Spain                | S.L.                            | 100,0                                  |
| PR electronics Inc.     | USA                  | Inc.                            | 100,0                                  |
| PR electronics Ltd.     | China                | Ltd.                            | 100,0                                  |
| PR electronics UK       | Scotland             | Ltd.                            | 100,0                                  |
| PR electronics Lyon Sci | France               | Sci                             | 100,0                                  |
| PR electronics BVBA     | Belgium              | BVBA                            | 100,0                                  |

## Parent income statement for 2019/20

|  | <u>Notes</u> | <u>2019/20<br/>DKK'000</u> | <u>2018/19<br/>DKK'000</u> |
|--|--------------|----------------------------|----------------------------|
| Revenue  | 2            | 252.716                    | 253.601                    |
| Other operating income                           |              | 400                        | 360                        |
| Costs of raw materials and consumables           |              | (81.748)                   | (88.181)                   |
| Other external expenses                          | 3            | (26.236)                   | (27.493)                   |
| <b>Gross profit/loss</b>                         |              | <b>145.132</b>             | <b>138.287</b>             |
| Staff costs                                      | 4            | (73.556)                   | (74.362)                   |
| Depreciation, amortisation and impairment losses | 5            | (24.821)                   | (18.791)                   |
| <b>Operating profit/loss</b>                     |              | <b>46.755</b>              | <b>45.134</b>              |
| Income from investments in group enterprises     |              | 3.863                      | 1.715                      |
| Other financial income                           | 6            | 321                        | 251                        |
| Other financial expenses                         | 7            | (1.113)                    | (1.511)                    |
| <b>Profit/loss before tax</b>                    |              | <b>49.826</b>              | <b>45.589</b>              |
| Tax on profit/loss for the year                  | 8            | (8.747)                    | (9.599)                    |
| <b>Profit/loss for the year</b>                  | 9            | <b>41.079</b>              | <b>35.990</b>              |

## Parent income statement for 2019/20

|  | <u>Notes</u> | <u>2019/20</u><br><u>DKK'000</u> | <u>2018/19</u><br><u>DKK'000</u> |
|--|--------------|----------------------------------|----------------------------------|
| Completed development projects                   |              | 48.293                           | 53.937                           |
| Acquired patents                                 |              | 1.815                            | 1.864                            |
| Development projects in progress                 |              | 6.527                            | 10.570                           |
| <b>Intangible assets</b>                         | 10           | <b>56.635</b>                    | <b>66.371</b>                    |
| Land and buildings                               |              | 71.554                           | 73.179                           |
| Plant and machinery                              |              | 15.981                           | 15.715                           |
| Other fixtures and fittings, tools and equipment |              | 3.352                            | 3.815                            |
| <b>Property, plant and equipment</b>             | 11           | <b>90.887</b>                    | <b>92.709</b>                    |
| Investments in group enterprises                 |              | 24.633                           | 22.508                           |
| Other investments                                |              | 19                               | 23                               |
| Deposits   |              | 0                                | 17                               |
| <b>Fixed asset investments</b>                   | 12           | <b>24.652</b>                    | <b>22.548</b>                    |
| <b>Fixed assets</b>                              |              | <b>172.174</b>                   | <b>181.628</b>                   |
| Raw materials and consumables                    |              | 30.024                           | 31.510                           |
| Work in progress                                 |              | 7.270                            | 6.019                            |
| Manufactured goods and goods for resale          |              | 4.869                            | 2.385                            |
| <b>Inventories</b>                               |              | <b>42.163</b>                    | <b>39.914</b>                    |
| Trade receivables                                |              | 15.285                           | 17.489                           |
| Receivables from group enterprises               |              | 32.211                           | 34.573                           |
| Other receivables                                |              | 4.683                            | 5.407                            |
| Prepayments                                      | 13           | 2.943                            | 3.087                            |
| <b>Receivables</b>                               |              | <b>55.122</b>                    | <b>60.556</b>                    |
| <b>Cash</b>                                      |              | <b>15.224</b>                    | <b>15.453</b>                    |
| <b>Current assets</b>                            |              | <b>112.509</b>                   | <b>115.923</b>                   |
| <b>Assets</b>                                    |              | <b>284.683</b>                   | <b>297.551</b>                   |

## Parent balance sheet at 30.06.2020

|  | <u>Notes</u> | <u>2019/20<br/>DKK'000</u> | <u>2018/19<br/>DKK'000</u> |
|--|--------------|----------------------------|----------------------------|
| Contributed capital  | 14           | 1.248                      | 1.248                      |
| Reserve for development expenditure                            |              | 11.691                     | 19.285                     |
| Retained earnings  |              | 131.814                    | 123.193                    |
| Proposed dividend  |              | 40.000                     | 30.000                     |
| <b>Equity</b>  |              | <b>184.753</b>             | <b>173.726</b>             |
| Deferred tax   | 15           | 19.567                     | 21.379                     |
| <b>Provisions</b>  |              | <b>19.567</b>              | <b>21.379</b>              |
| Mortgage debts   |              | 14.114                     | 15.177                     |
| <b>Non-current liabilities other than provisions</b>           | 16           | <b>14.114</b>              | <b>15.177</b>              |
| Current portion of long-term liabilities other than provisions | 16           | 1.659                      | 2.857                      |
| Bank loans   |              | 10.625                     | 29.679                     |
| Trade payables   |              | 18.738                     | 27.606                     |
| Payables to group enterprises                                  |              | 245                        | 753                        |
| Income tax payable   |              | 8.395                      | 8.774                      |
| Other payables   |              | 26.106                     | 17.300                     |
| Deferred income  | 17           | 481                        | 300                        |
| <b>Current liabilities other than provisions</b>               |              | <b>66.249</b>              | <b>87.269</b>              |
| <b>Liabilities other than provisions</b>                       |              | <b>80.363</b>              | <b>102.446</b>             |
| <b>Equity and liabilities</b>                                  |              | <b>284.683</b>             | <b>297.551</b>             |
| Events after the balance sheet date                            | 1            |                            |                            |
| Unrecognised rental and lease commitments                      | 18           |                            |                            |
| Contingent liabilities   | 19           |                            |                            |
| Mortgages and securities                                       | 20           |                            |                            |
| Related parties with controlling interest                      | 21           |                            |                            |

## Parent statement of changes in equity for 2019/20

|                           | <b>Contributed<br/>capital<br/>DKK'000</b> | <b>Reserve for<br/>development<br/>expenditure<br/>DKK'000</b> | <b>Retained<br/>earnings<br/>DKK'000</b> | <b>Proposed<br/>dividend<br/>DKK'000</b> |
|---------------------------|--|--|--|--|
| Equity beginning of year  | 1.248                                      | 19.285   | 123.193                                  | 30.000                                   |
| Ordinary dividend paid    | 0  | 0  | 0  | (30.000)                                 |
| Exchange rate adjustments | 0  | 0  | (52)                                     | 0  |
| Profit/loss for the year  | 0  | (7.594)  | 8.673                                    | 40.000                                   |
| <b>Equity end of year</b> | <b>1.248</b>                               | <b>11.691</b>  | <b>131.814</b>                           | <b>40.000</b>                            |
|                           |  |  |  | <b>Total<br/>DKK'000</b>                 |
| Equity beginning of year  |  |  |  | 173.726                                  |
| Ordinary dividend paid    |  |  |  | (30.000)                                 |
| Exchange rate adjustments |  |  |  | (52)                                     |
| Profit/loss for the year  |  |  |  | 41.079                                   |
| <b>Equity end of year</b> |  |  |  | <b>184.753</b>                           |

## Notes to parent financial statements

### 1. Events after the balance sheet date

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

|                    | <b>2019/20</b><br><b>DKK'000</b> | <b>2018/19</b><br><b>DKK'000</b> |
|--------------------|----------------------------------|----------------------------------|
| <b>2. Revenue</b>  |                                  |                                  |
| Danmark            | 31.413                           | 29.829                           |
| Other EU-countries | 136.632                          | 142.590                          |
| Other countries    | 84.671                           | 81.182                           |
|                    | <b>252.716</b>                   | <b>253.601</b>                   |

All revenue relates to sale of electronics components. There are no separate business segments in terms of risk and return.

|   | <b>2019/20</b><br><b>DKK'000</b> | <b>2018/19</b><br><b>DKK'000</b> |
|---|----------------------------------|----------------------------------|
| <b>3. Fees to the auditor appointed by the Annual General Meeting</b> |                                  |                                  |
| Statutory audit services  | 156                              | 156                              |
| Tax services  | 119                              | 0                                |
| Other services  | 150                              | 325                              |
|   | <b>425</b>                       | <b>481</b>                       |

|                                  | <b>2019/20</b><br><b>DKK'000</b> | <b>2018/19</b><br><b>DKK'000</b> |
|----------------------------------|----------------------------------|----------------------------------|
| <b>4. Staff costs</b>            |                                  |                                  |
| Wages and salaries               | 71.169                           | 75.880                           |
| Pension costs                    | 4.792                            | 4.926                            |
| Other social security costs      | 1.478                            | 1.338                            |
| Other staff costs                | 2.624                            | 2.891                            |
| Staff costs classified as assets | (6.507)                          | (10.673)                         |
|                                  | <b>73.556</b>                    | <b>74.362</b>                    |
| <br>                             |                                  |                                  |
| Average number of employees      | <b>133</b>                       | <b>136</b>                       |

## Notes to parent financial statements

|  | <b>Remunera-<br/>tion of<br/>manage-<br/>ment<br/>2019/20<br/>DKK'000</b> | <b>Remunera-<br/>tion of<br/>manage-<br/>ment<br/>2018/19<br/>DKK'000</b> |
|--|---|---|
| Executive Board  | 7.251   | 7.238   |
| Board of Directors   | 50  | 50  |
|  | <b>7.301</b>  | <b>7.288</b>  |
|  | <b>2019/20<br/>DKK'000</b>  | <b>2018/19<br/>DKK'000</b>  |
| <b>5. Depreciation, amortisation and impairment losses</b>                   |   |   |
| Amortisation of intangible assets  | 17.296  | 11.425  |
| Depreciation of property, plant and equipment                                | 7.522   | 7.109   |
| Profit/loss from sale of intangible assets and property, plant and equipment | 3   | 257   |
|  | <b>24.821</b>   | <b>18.791</b>   |
|  | <b>2019/20<br/>DKK'000</b>  | <b>2018/19<br/>DKK'000</b>  |
| <b>6. Other financial income</b>   |   |   |
| Financial income arising from group enterprises                              | 192   | 219   |
| Interest income  | 129   | 31  |
| Other financial income   | 0   | 1   |
|  | <b>321</b>  | <b>251</b>  |
|  | <b>2019/20<br/>DKK'000</b>  | <b>2018/19<br/>DKK'000</b>  |
| <b>7. Other financial expenses</b>   |   |   |
| Interest expenses  | 0   | 4   |
| Other financial expenses   | 1.113   | 1.507   |
|  | <b>1.113</b>  | <b>1.511</b>  |
|  | <b>2019/20<br/>DKK'000</b>  | <b>2018/19<br/>DKK'000</b>  |
| <b>8. Tax on profit/loss for the year</b>                                    |   |   |
| Tax on current year taxable income   | 10.559  | 8.774   |
| Change in deferred tax for the year  | (1.812)   | 825   |
|  | <b>8.747</b>  | <b>9.599</b>  |



## Notes to parent financial statements

|   | <b>Land and<br/>buildings<br/>DKK'000</b> | <b>Plant and<br/>machinery<br/>DKK'000</b> | <b>Other<br/>fixtures and<br/>fittings, tools<br/>and<br/>equipment<br/>DKK'000</b> |
|---|---|--|---|
| <b>11. Property, plant and equipment</b>                  |   |  |   |
| Cost beginning of year                                    | 95.462                                    | 60.681                                     | 16.706  |
| Additions   | 61  | 4.827                                      | 814   |
| Disposals   | 0   | 0  | (30)  |
| <b>Cost end of year</b>                                   | <b>95.523</b>                             | <b>65.508</b>                              | <b>17.490</b>   |
| Depreciation and impairment losses beginning of the year  | (22.283)                                  | (44.966)                                   | (12.891)  |
| Depreciation for the year                                 | (1.686)                                   | (4.561)                                    | (1.275)   |
| Reversal regarding disposals                              | 0   | 0  | 28  |
| <b>Depreciation and impairment losses end of the year</b> | <b>(23.969)</b>                           | <b>(49.527)</b>                            | <b>(14.138)</b>   |
| <b>Carrying amount end of year</b>                        | <b>71.554</b>                             | <b>15.981</b>                              | <b>3.352</b>  |

|   | <b>Investments<br/>in group<br/>enterprises<br/>DKK'000</b> | <b>Deposits<br/>DKK'000</b> |
|---|---|-----------------------------|
| <b>12. Fixed asset investments</b>                            |   |                             |
| Cost beginning of year  | 57.141  | 17                          |
| Disposals   | 0   | (17)                        |
| <b>Cost end of year</b>                                       | <b>57.141</b>   | <b>0</b>                    |
| Impairment losses beginning of year                           | (34.633)  | 0                           |
| Exchange rate adjustments                                     | (52)  | 0                           |
| Share of profit/loss for the year                             | 3.863   | 0                           |
| Dividend  | (1.491)   | 0                           |
| Investments with negative equity depreciated over receivables | (195)   | 0                           |
| <b>Impairment losses end of year</b>                          | <b>(32.508)</b>   | <b>0</b>                    |
| <b>Carrying amount end of year</b>                            | <b>24.633</b>   | <b>0</b>                    |

Fixed asset investments other than investments in group enterprises consist primarily of deposits on leases (other receivables).

### 13. Prepayments

Prepayments cover substantially prepaid insurance, licenses, lease payments etc.

## Notes to parent financial statements

|                                | <u>Number</u> | <u>Nominal value<br/>DKK'000</u> |
|--------------------------------|---------------|----------------------------------|
| <b>14. Contributed capital</b> |               |                                  |
| A shares                       | 1.000         | 1.000                            |
| B shares                       | 180           | 180                              |
| C shares                       | 68            | 68                               |
|                                | <u>1.248</u>  | <u>1.248</u>                     |

Contributed capital consists of shares of DKK 1 and multiples of these. A shares, B shares and C shares carry the same voting right.

The share capital has been increased by DKK 180,000 in the financial year 2012/13. In the financial year 2012/13 the existing A shares and B shares were aggregated, and subsequently 180,000 new B shares at DKK 1 were issued. The share capital has been increased by DKK 67,500 in the financial year 2018/19 when new C shares at DKK 1 were issued.

|                                    | <u>2019/20<br/>DKK'000</u> |
|------------------------------------|----------------------------|
| <b>15. Deferred tax</b>            |                            |
| <b>Changes during the year</b>     |                            |
| Beginning of year                  | 21.379                     |
| Recognised in the income statement | (1.965)                    |
| <b>End of year</b>                 | <u>19.414</u>              |

|  | <u>Instalments<br/>within 12<br/>months<br/>2019/20<br/>DKK'000</u> | <u>Instalments<br/>within 12<br/>months<br/>2018/19<br/>DKK'000</u> | <u>Instalments<br/>beyond 12<br/>months<br/>2019/20<br/>DKK'000</u> | <u>Outstanding<br/>after 5 years<br/>DKK'000</u> |
|--|---|---|---|--|
| <b>16. Liabilities<br/>other than<br/>provisions</b> |   |   |   |  |
| Mortgage debts                                       | 1.659   | 2.857   | 14.114  | 7.851  |
|  | <u>1.659</u>  | <u>2.857</u>  | <u>14.114</u>   | <u>7.851</u>                                     |

### 17. Deferred income

Deferred income cover prepaid rental.

### 18. Unrecognised rental and lease commitments

The Company have entered into a number of operating leases. The leases have an average remaining term of 18 months and a total residual lease payment of DKK 1.531k (2018/19:DKK 1.224k).

## Notes to parent financial statements

### 19. Contingent liabilities

The Entity serves as an administration company in a Danish joint taxation arrangement. According to the joint taxation provisions of the Danish Corporation Tax Act, the Entity is therefore liable from the financial year 2016 for income taxes etc. for the jointly taxed entities, and from 1 July 2016 also for obligations, if any, relating to the withholding of tax on interest, royalties and dividends for these companies.

PR electronics (UK) Limited, (registered in Scotland under number SC166414), is exempt from statutory audit in the UK, according to Section 479A of the Companies Act 2006, as the parent company has given a guarantee to meet all of the UK subsidiaries liabilities.

The guarantee is issued only as a formality as PR electronics (UK) Limited is a stable and sound company with ongoing profits and an equity of GBP 624.814, and thus being more than capable of meeting its obligations.

### 20. Mortgages and securities

Mortgage debt is secured by way of mortgage on properties.

|   | <b>2019/20</b><br><b>DKK'000</b> | <b>2017/18</b><br><b>DKK'000</b> |
|---|----------------------------------|----------------------------------|
| Carrying amount of mortgaged properties | <b>71.554</b>                    | <b>73.179</b>                    |

### 21. Related parties with controlling interest

Rasmussen Holding AG, Chamerstrasse 172, 6301 Zug, Switzerland (principal shareholder)

PR Invest, Rønde ApS, Lerbakken 10, 8410 Rønde

## Accounting policies

### Reporting class

This annual report has been presented in accordance with the provisions of the Danish Financial Statements Act governing reporting class C enterprises (large), as the group for 2019/20 meets the criteria for C-large reporting class.

The accounting policies applied to these consolidated financial statements and parent financial statements are consistent with those applied last year, however with some reclassifications, and the further disclosures required for C (large) enterprises.

### Recognition and measurement

Assets are recognised in the balance sheet when it is probable as a result of a prior event that future economic benefits will flow to the Entity, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when the Entity has a legal or constructive obligation as a result of a prior event, and it is probable that future economic benefits will flow out of the Entity, and the value of the liability can be measured reliably.

On initial recognition, assets and liabilities are measured at cost. Measurement subsequent to initial recognition is effected as described below for each financial statement item.

Anticipated risks and losses that arise before the time of presentation of the annual report and that confirm or invalidate affairs and conditions existing at the balance sheet date are considered at recognition and measurement.

Income is recognised in the income statement when earned, whereas costs are recognised by the amounts attributable to this financial year. Value adjustments of financial assets and liabilities are recognised in the income statement as financial income or financial expenses.

### Consolidated financial statements

The consolidated financial statements comprise PR electronics A/S (Parent) and the group enterprises (subsidiaries) that are controlled by the Parent, see note 10 to the consolidated financial statement. Control is achieved by the Parent, either directly or indirectly, holding more than 50% of the voting rights or in any other way possibly or actually exercising controlling influence. Enterprises in which the Group, directly or indirectly, holds between 20% and 50% of the voting rights and exercises significant, but not controlling influence are regarded as associates.

### Basis of consolidation

The consolidated financial statements are prepared on the basis of the financial statements of PR electronics A/S and its subsidiaries. The consolidated financial statements are prepared by combining uniform items. On consolidation, intra-group income and expenses, intra-group accounts and dividends as well as profits and losses on transactions between the consolidated enterprises are eliminated. The financial statements used for consolidation have been prepared applying the Group's accounting policies.

## **Accounting policies**

Subsidiaries' financial statement items are recognised in full in the consolidated financial statements. Minority interests' proportionate share of profit or loss is presented as a separate item in Management's proposal for distribution of profit or loss, and their share of subsidiaries' net assets is presented as a separate item in group equity.

Jointly controlled enterprises are recognised in the consolidated financial statements on a pro rata basis. The items in the jointly controlled enterprise is recognised based on the ownership interest of the enterprise.

Investments in subsidiaries are offset at the pro rata share of such subsidiaries' net assets at the acquisition date, with net assets having been calculated at fair value.

### **Business combinations**

Newly acquired or newly established enterprises are recognised in the consolidated financial statements from the time of acquiring or establishing such enterprises. Divested or wound-up enterprises are recognised in the consolidated income statement up to the time of their divestment or winding-up.

The purchase method is applied at the acquisition of new enterprises, under which identifiable assets and liabilities of these enterprises are measured at fair value at the acquisition date. Provisions for costs of restructuring of the enterprise acquired are only made in so far as such restructuring was decided by the enterprise acquired prior to acquisition. Allowance is made for the tax effect of restatements.

Positive differences in amount (goodwill) between cost of the acquired share and fair value of the assets and liabilities taken over are recognised under intangible assets, and they are amortised systematically over the income statement based on an individual assessment of their useful life, however no more than 20 years. Negative balances (negative goodwill) are recognised as income in the income statement.

### **Profits or losses from divestment of equity investments**

Profits or losses from divestment or winding-up of subsidiaries are calculated as the difference between selling price or settlement price and the carrying amount of the net assets at the time of divestment or winding-up, inclusive of non-amortised goodwill and estimated divestment or winding-up expenses.

### **Foreign currency translation**

On initial recognition, foreign currency transactions are translated applying the exchange rate at the transaction date. Receivables, payables and other monetary items denominated in foreign currencies that have not been settled at the balance sheet date are translated using the exchange rate at the balance sheet date. Exchange differences that arise between the rate at the transaction date and the rate in effect at the payment date, or the rate at the balance sheet date are recognised in the income statement as financial income or financial expenses. Property, plant and equipment, intangible assets, inventories and other non-monetary assets that have been purchased in foreign currencies are translated using historical rates.

When recognising foreign subsidiaries and associates that are independent entities, the income statements are translated at average exchange rates for the months that do not significantly deviate from the rates at the transaction date. Balance sheet items are translated using the exchange rates at the balance sheet date. Exchange differences arising out of the translation of foreign subsidiaries' equity at the beginning of the year

## Accounting policies

at the balance sheet date exchange rates as well as out of the translation of income statements from average rates to the exchange rates at the balance sheet date are recognised directly in equity.

### Derivative financial instruments

On initial recognition in the balance sheet, derivative financial instruments are measured at cost and subsequently at fair value. Derivative financial instruments are recognised under other receivables or other payables.

Changes in the fair value of derivative financial instruments classified as and complying with the requirements for hedging the fair value of a recognised asset or a recognised liability are recorded in the income statement together with changes in the value of the hedged asset or the hedged liability.

Changes in the fair value of derivative financial instruments classified as and complying with the requirements for hedging future transactions are recognised directly in equity. When the hedged transactions are realised, the accumulated changes are recognised as part of cost of the relevant financial statement items.

For derivative financial instruments that do not comply with the requirements for being treated as hedging instruments, changes in fair value are recognised currently in the income statement as financial income or financial expenses.

### Income statement

#### Revenue

Revenue from the sale of manufactured goods and goods for resale is recognised in the income statement when delivery is made and risk has passed to the buyer. Revenue is recognised net of VAT, duties and sales discounts and is measured at fair value of the consideration fixed.

#### Other operating income

Other operating income comprises income of a secondary nature as viewed in relation to the Entity's primary activities, including rental income.

#### Cost of sales

Cost of sales comprises goods consumed in the financial year measured at cost, adjusted for ordinary inventory writedowns.

#### Other external expenses

Other external expenses include expenses of distribution, sales, advertising, administration, premises, bad debts, etc.

Other external expenses also include development costs settled (including licenses) for the use of the right to market products.

## Accounting policies

### Staff costs

Staff costs comprise salaries and wages as well as social security contributions, pension contributions, etc for entity staff.

### Depreciation, amortisation and impairment losses

Amortisation, depreciation and impairment losses relating to property, plant and equipment as well as intangible assets comprise amortisation, depreciation and impairment losses for the year, calculated on the basis of the residual values and useful lives of the individual assets and impairment testing as well as gains and losses from the sale of property, plant and equipment as well as intangible assets.

### Other financial income

Other financial income comprises dividends etc received on other investments, interest income, including interest income on receivables from group enterprises, net capital gains on securities, payables and transactions in foreign currencies, amortisation of financial assets as well as tax relief under the Danish Tax Prepayment Scheme etc.

### Other financial expenses

Other financial expenses comprise interest expenses, including interest expenses on payables to group enterprises, net capital losses on securities, payables and transactions in foreign currencies, amortisation of financial liabilities as well as tax surcharge under the Danish Tax Prepayment Scheme etc.

### Tax on profit/loss for the year

Tax for the year, which consists of tax surcharge and repayment under the Danish Tax Prepayment Scheme, current tax for the year and changes in deferred tax, are recognised in the income statement by the portion attributable to the profit/loss for the year and recognised directly on equity by the portion attributable to entries directly on equity.

The current tax payable or receivable is recognised in the balance sheet, stated as tax calculated on this year's taxable income, adjusted for prepaid taxes.

Deferred tax is recognised and measured according to the balance-sheet liability method on all temporary differences between the carrying amount and tax-based value of assets and liabilities, for which the tax-based value of assets is calculated based on the planned use of each asset.

Deferred tax assets, including the tax base of tax loss carryforwards, are recognised in the balance sheet at their estimated realisable value, either as a set-off against deferred tax liabilities or as net tax assets.

The current Danish income tax is allocated among the jointly taxed companies proportionally to their taxable income (full allocation with a refund concerning tax losses).

## **Accounting policies**

### **Balance sheet**

#### **Intellectual property rights etc**

Intellectual property rights etc comprise development projects completed and in progress with related intellectual property rights, acquired intellectual property rights and prepayments for intangible assets.

Development projects on clearly defined and identifiable products and processes, for which the technical rate of utilisation, adequate resources and a potential future market or development opportunity in the enterprise can be established, and where the intention is to manufacture, market or apply the product or process in question, are recognised as intangible assets. Other development costs are recognised as costs in the income statement as incurred. When recognising development projects as intangible assets, an amount equalling the costs incurred is taken to equity under Reserve for development costs that is reduced as the development projects are amortised and written down.

The cost of development projects comprises costs such as salaries and amortisation that are directly and indirectly attributable to the development projects.

Completed development projects are amortised on a straight-line basis using the estimated useful lives of the assets. The amortisation period is five years. For development projects protected by intellectual property rights, the maximum amortisation period is the remaining duration of the relevant rights. Development projects are written down to the lower of recoverable amount and carrying amount.

Intellectual property rights acquired are measured at cost less accumulated amortisation. Patents are amortised over their remaining duration, and licences are amortised over the term of the agreement, but over no more than 20 years.

Intellectual property rights etc are written down to the lower of recoverable amount and carrying amount.

Other intangible assets are written down to the lower of recoverable amount and carrying amount.

Profits and losses from the sale of other intangible assets are calculated as the difference between selling price less selling costs and the carrying amount at the time of sale. Profits or losses are recognised in the income statement as an adjustment to amortisation and impairment losses, or under other operating income if the selling price exceeds original cost.

#### **Property, plant and equipment**

Land and buildings, other fixtures and fittings, tools and equipment as well as leasehold improvements are measured at cost less accumulated depreciation and impairment losses. Land is not depreciated.

Cost comprises the acquisition price, costs directly attributable to the acquisition, and preparation costs of the asset until the time when it is ready to be put into operation. For assets held under finance leases, cost is the lower of the asset's fair value and present value of future lease payments.

The basis of depreciation is cost less estimated residual value after the end of useful life. Straight-line depreciation is made on the basis of the following estimated useful lives of the assets:

## Accounting policies

|  |            |
|--|------------|
| Buildings  | 50 years   |
| Plant and machinery                              | 5-10 years |
| Other fixtures and fittings, tools and equipment | 3-5 years  |

Property, plant and equipment are written down to the lower of recoverable amount and carrying amount.

Profits and losses from the sale of property, plant and equipment are calculated as the difference between selling price less selling costs and carrying amount at the time of sale. Profits or losses are recognised in the income statement as adjustment to depreciation and impairment losses, or under other operating income if the selling price exceeds original cost.

### Investments in group enterprises

Investments in group enterprises are recognised and measured under the equity method. This means that investments are measured at the pro rata share of the enterprises' equity plus or less unamortised positive, or negative, goodwill and plus or less unrealised intra-group profits or losses.

The Company's share of the enterprises' profits or losses after elimination of unrealised intra-group profits and losses and less or plus amortisation of positive, or negative, goodwill is recognised in the income statement.

Subsidiaries and associates with a negative equity value are measured at zero value, and any receivables from these enterprises are written down by the Parent's share of such negative equity if it is deemed irrecoverable. If the negative equity exceeds the amount receivable, the remaining amount is recognised under provisions if the Parent has a legal or constructive obligation to cover the liabilities of the relevant enterprise.

Net revaluation of investments in subsidiaries and associates is taken to reserve for net revaluation under the equity method if the carrying amount exceeds cost.

The purchase method is applied in the acquisition of subsidiaries; see above description under consolidated financial statements.

Goodwill on consolidation is calculated as the difference between cost of the investments and fair value of the assets and liabilities acquired. The amortisation period for goodwill on consolidation is ten years.

Investments in subsidiaries and associates are written down to the lower of recoverable amount and carrying amount.

### Other investments

Securities recognised under current assets comprise listed bonds and investments measured at fair value (quoted price) at the balance sheet date.

## Accounting policies

### Inventories

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

Cost of goods for resale comprises cost plus delivery costs.

Indirect production costs comprise indirect materials and labour costs, costs of maintenance of and depreciation and impairment losses on machinery, factory buildings and equipment applied for the manufacturing process as well as costs of factory administration and management. Financing costs are not included in cost.

The net realisable value of inventories is calculated as the estimated selling price less completion costs and costs incurred to execute sale.

### Receivables

Receivables are measured at amortised cost, usually equalling nominal value less writedowns for bad and doubtful debts.

### Prepayments

Prepayments comprise incurred costs relating to subsequent financial years. Prepayments are measured at cost.

### Cash

Cash comprises cash in hand and bank deposits.

### Dividend

Dividends are recognised as a liability at the time of adoption at the general meeting. The proposed dividends for the financial year are disclosed as a separate item in equity.

### Deferred tax

Deferred tax is recognised on all temporary differences between the carrying amount and tax-based value of assets and liabilities, for which the tax-based value of assets is calculated based on the planned use of each asset.

Deferred tax assets, including the tax base of tax loss carryforwards, are recognised in the balance sheet at their estimated realisable value, either as a set-off against deferred tax liabilities or as net tax assets.

Deferred tax relating to retaxation of previously deducted losses in foreign subsidiaries is recognised on the basis of an actual assessment of the purpose of each subsidiary.

### Mortgage debt

At the time of borrowing, mortgage debt to mortgage credit institutions is measured at cost which corresponds to the proceeds received less transaction costs incurred. Mortgage debt is subsequently measured at

## **Accounting policies**

amortised cost. This means that the difference between the proceeds at the time of borrowing and the nominal repayable amount of the loan is recognised in the income statement as a financial expense over the term of the loan applying the effective interest method.

### **Other financial liabilities**

Other financial liabilities are measured at amortised cost, which usually corresponds to nominal value.

### **Income tax receivable or payable**

Current tax payable or receivable is recognised in the balance sheet, stated as tax calculated on this year's taxable income, adjusted for prepaid tax.

### **Deferred income**

Deferred income comprises income received for recognition in subsequent financial years. Deferred income is measured at cost.

### **Cash flow statement**

The cash flow statement of the Group is presented using the indirect method and shows cash flows from operating, investing and financing activities as well as the Group's cash and cash equivalents at the beginning and the end of the financial year.

Cash flows from acquisition and divestment of enterprises are shown separately under cash flows from investing activities. Cash flows to acquired enterprises are recognised in the cash flow statement from the time of their acquisition, and cash flows from divested enterprises are recognised up to the time of sale.

Cash flows from operating activities are calculated as the operating profit/loss adjusted for non-cash operating items, working capital changes and income taxes paid.

Cash flows from investing activities comprise payments in connection with acquisition and divestment of enterprises and activities as well as purchase and sale, etc of intangible assets and property, plant and equipment and assets held under finance leases.

Cash flows from financing activities comprise changes in the size or composition of the Parent's share capital and related costs as well as the raising of loans, instalments on interest-bearing debt and payment of dividends.

Cash and cash equivalents comprise cash less short-term bank debt.