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Visionsvej 51  
DK-9000 Aalborg  
CVR no. 20 22 26 70

**NORDLUX A/S**  
**ØSTRE HAVNEGADE 34, 9000 AALBORG**  
**ANNUAL REPORT**  
**1 JANUARY - 31 DECEMBER 2022**

**The Annual Report has been presented and  
adopted at the Company's Annual General  
Meeting on 26 May 2023**

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**Zhangming Yang**

**CONTENTS**

	<b>Page</b>
<b>Company Details</b>	
Company Details.....	3
<b>Statement and Report</b>	
Management's Statement.....	4
Independent Auditor's Report.....	5-6
<b>Management Commentary</b>	
Financial Highlights.....	7
Management Commentary.....	8
<b>Financial Statements 1 January - 31 December</b>	
Income Statement.....	9
Balance Sheet.....	10-11
Equity.....	12
Notes.....	13-17
Accounting Policies.....	18-22

**COMPANY DETAILS**

<b>Company</b>	Nordlux A/S Østre Havnegade 34 9000 Aalborg  CVR No.: 10 21 69 90 Established: 15 April 1986 Municipality: Aalborg Financial Year: 1 January - 31 December
<b>Board of Directors</b>	Zhangming Yang, chairman Zhao Weifeng Kenneth Bjerregaard Jens Christian Bindslev Kristian Kolding
<b>Executive Board</b>	Niels Skov Jakobsen Karina Bro Sulkjær Kasper Jönsson Granat Jan Toft Madsen
<b>Auditor</b>	BDO Statsautoriseret revisionsaktieselskab Visionsvej 51 9000 Aalborg
<b>Bank</b>	Spar Nord Bank A/S Hobrovej 440 9200 Aalborg SV  Handelsbanken Gøteborgvej 1 9200 Aalborg SV

## MANAGEMENT'S STATEMENT

Today the Board of Directors and Executive Board have discussed and approved the Annual Report of Nordlux A/S for the financial year 1 January - 31 December 2022.

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 Company's assets, liabilities and financial position at 31 December 2022 and of the results of the Company's operations for the financial year 1 January - 31 December 2022.

The Management Commentary includes in our opinion a fair presentation of the matters dealt with in the Commentary.

We recommend the Annual Report be approved at the Annual General Meeting.

Aalborg, 10 March 2023

### Executive Board

\_\_\_\_\_  
Niels Skov Jakobsen

\_\_\_\_\_  
Karina Bro Sulkjær

\_\_\_\_\_  
Kasper Jönsson Granat

\_\_\_\_\_  
Jan Toft Madsen

### Board of Directors

\_\_\_\_\_  
Zhangming Yang  
Chairman

\_\_\_\_\_  
Zhao Weifeng

\_\_\_\_\_  
Kenneth Bjerregaard

\_\_\_\_\_  
Jens Christian Bindslev

\_\_\_\_\_  
Kristian Kolding

## INDEPENDENT AUDITOR'S REPORT

To the Shareholder of Nordlux A/S

### Opinion

We have audited the Financial Statements of Nordlux A/S for the financial year 1 January - 31 December 2022, which comprise income statement, Balance Sheet, statement of changes in equity, notes and a summary of significant accounting policies. The Financial Statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the Financial Statements give a true and fair view of the assets, liabilities and financial position of the Company at 31 December 2022 and of the results of the Company's operations for the financial year 1 January - 31 December 2022 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 Financial Statements" section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), together with the ethical requirements that are relevant to our audit of the financial statements in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

### Management's Responsibilities for the Financial Statements

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

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

### Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

## INDEPENDENT AUDITOR'S REPORT

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the Financial Statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and contents of the Financial Statements, including the disclosures, and whether the Financial Statements represent the underlying transactions and events in a manner that gives a true and fair view.

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.

### Statement on Management Commentary

Management is responsible for Management Commentary.

Our opinion on the Financial Statements does not cover Management Commentary, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the Financial Statements, our responsibility is to read Management Commentary and, in doing so, consider whether Management Commentary is materially inconsistent with the Financial Statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

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

Based on the work we have performed, we conclude that Management Commentary is in accordance with the 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 Management Commentary.

Aalborg, 10 March 2023

BDO Statsautoriseret revisionsaktieselskab  
CVR no. 20 22 26 70

Peter Højen Storgaard  
State Authorised Public Accountant  
MNE no. mne33767

Dennis Uglebjerg Hansen  
State Authorised Public Accountant  
MNE no. mne48477

## FINANCIAL HIGHLIGHTS

	2022 DKK '000	2021 DKK '000	2020 DKK '000	2019 DKK '000	2018 DKK '000
<b>Income statement</b>					
Gross profit/loss.....	60.400	75.195	82.526	55.968	58.086
Operating profit/loss .....	20.737	38.559	46.999	18.402	13.732
Net financials.....	-803	-1.273	-502	-1.943	-1.211
Profit/loss for the year.....	15.520	29.045	36.251	12.952	8.917
<b>Balance sheet</b>					
Total assets.....	190.376	174.922	138.321	104.211	162.706
Equity.....	56.107	62.873	65.635	42.335	37.692
Investment in property, plant and equipment.....	-2.630	-2.178	-1.830	3.411	5.472
<b>Average number of full-time employees.....</b>	<b>63</b>	<b>58</b>	<b>52</b>	<b>52</b>	<b>63</b>
<b>Key ratios</b>					
Return on assets.....	11,4	24,6	38,8	13,8	9,8
Current ratio.....	139,8	154,4	189,9	156,7	122,6
Equity ratio.....	29,5	35,9	47,5	40,6	23,2
Return on equity.....	26,1	45,2	67,2	32,4	20,9

The ratios stated in the list of key figures and ratios have been calculated as follows:

Return on assets:	$\frac{\text{Profit/loss from operating activities} \times 100}{\text{Average assets}}$
Current ratio:	$\frac{\text{Current assets} \times 100}{\text{Current liabilities}}$
Equity ratio:	$\frac{\text{Equity, at year-end} \times 100}{\text{Total assets, at year-end}}$
Return on equity:	$\frac{\text{Profit/loss after tax} \times 100}{\text{Average equity}}$

## MANAGEMENT COMMENTARY

### ***Principal activities***

The company develops and promotes lighting fixtures for use in the home. Primarily with sales to retail stores in Northern Europe.

### ***Development in activities and financial and economic position***

The income statement for 2022 shows a profit of DKK 15,520 thousand against a profit of DKK 29,045 thousand last year, and the balance sheet on 31 December 2022 shows equity of DKK 56,107 thousand.

### ***Profit/loss for the year compared to the expected development***

The annual result is lower than in 2021, but 2021 was an extraordinary year affected by extraordinary activity level in many markets. Furthermore, 2022 has been affected by high freight costs, high USD rate and a high inventory during the year. The annual results in 2022 is lower than expected due to the mentioned higher costs. The management consider the performance to be satisfying taking the market situations in consideration.

### ***Significant events after the end of the financial year***

No events materially affecting the Company's financial position have occurred subsequent to the financial year-end.

### ***Financial risk***

#### ***Currency risks***

The company's activities result in the fact that earnings and equity are affected by the rate development for certain currencies, primarily including USD and EUR. The company will constantly follow the rate development and continuously assess the need of covering the risk including covering expected purchases. The company uses currency forward transactions in connection with the assess of currency risks.

#### ***Environmental situation***

The company's environmental policy is based on an environmentally sound operating condition as well as on a process quality and a product quality.

#### ***Research and development activities***

The company is continuously developing the product range a.o. by the use of external designers.

#### ***Future expectations***

In 2023 it is expected to realize a profit before tax in the interval DKK 15-18 million. The result is depending on the general activity in the markets.



**INCOME STATEMENT 1 JANUARY - 31 DECEMBER**

	Note	2022 DKK '000	2021 DKK '000
<b>GROSS PROFIT</b> .....		<b>60.400</b>	<b>75.195</b>
Staff costs.....	1	-37.600	-35.169
Depreciation, amortisation and impairment losses.....		-2.063	-1.467
<b>OPERATING PROFIT</b> .....		<b>20.737</b>	<b>38.559</b>
Other financial income.....	2	1.298	683
Other financial expenses.....	3	-2.101	-1.956
<b>PROFIT BEFORE TAX</b> .....		<b>19.934</b>	<b>37.286</b>
Tax on profit/loss for the year.....	4	-4.414	-8.241
<b>PROFIT FOR THE YEAR</b> .....	5	<b>15.520</b>	<b>29.045</b>

## BALANCE SHEET AT 31 DECEMBER

ASSETS	Note	2022 DKK '000	2021 DKK '000
Development projects completed.....		0	0
Intangible fixed assets acquired.....		84	105
<b>Intangible assets.....</b>	<b>6</b>	<b>84</b>	<b>105</b>
Other plant, machinery tools and equipment.....		3.544	2.681
Leasehold improvements.....		1.083	1.360
<b>Property, plant and equipment.....</b>	<b>7</b>	<b>4.627</b>	<b>4.041</b>
Rent deposit and other receivables.....		1.338	1.312
<b>Financial non-current assets.....</b>	<b>8</b>	<b>1.338</b>	<b>1.312</b>
<b>NON-CURRENT ASSETS.....</b>		<b>6.049</b>	<b>5.458</b>
Finished goods and goods for resale.....		144.113	116.366
<b>Inventories.....</b>		<b>144.113</b>	<b>116.366</b>
Trade receivables.....		26.085	34.816
Receivables from group enterprises.....		13.097	12.710
Deferred tax assets.....	9	245	144
Derivative financial instruments.....	10	0	1.447
Corporation tax receivable.....		0	2.777
Prepayments.....	11	785	655
<b>Receivables.....</b>		<b>40.212</b>	<b>52.549</b>
<b>Cash and cash equivalents.....</b>		<b>2</b>	<b>549</b>
<b>CURRENT ASSETS.....</b>		<b>184.327</b>	<b>169.464</b>
<b>ASSETS.....</b>		<b>190.376</b>	<b>174.922</b>

**BALANCE SHEET AT 31 DECEMBER**

<b>EQUITY AND LIABILITIES</b>	<b>Note</b>	<b>2022</b> DKK '000	<b>2021</b> DKK '000
Share capital.....	12	4.000	4.000
Fair value reserve, hedging.....		-2.045	241
Retained earnings.....		44.152	38.632
Proposed dividend.....		10.000	20.000
<b>EQUITY.....</b>		<b>56.107</b>	<b>62.873</b>
Frozen holiday pay.....		2.394	2.325
<b>Non-current liabilities.....</b>	<b>13</b>	<b>2.394</b>	<b>2.325</b>
Bank debt.....		59.146	33.605
Trade payables.....		24.676	26.136
Debt to Group companies.....		17.624	30.732
Corporation tax payable.....		1.032	0
Derivative financial instruments.....	10	2.791	0
Other liabilities.....		26.606	19.251
<b>Current liabilities.....</b>		<b>131.875</b>	<b>109.724</b>
<b>LIABILITIES.....</b>		<b>134.269</b>	<b>112.049</b>
<b>EQUITY AND LIABILITIES.....</b>		<b>190.376</b>	<b>174.922</b>
 Contingencies etc.	 14		
Charges and securities	15		
Related parties	16		
Consolidated Financial Statements	17		

## EQUITY

	Share capital	Fair value reserve, hedging	Retained earnings	Proposed dividend	Total
Equity at 1 January 2022.....	4.000	241	38.632	20.000	62.873
Proposed profit allocation, see note 5....			5.520	10.000	15.520
<b>Transactions with owners</b>					
Dividend paid.....				-20.000	-20.000
<b>Change fair value reserves</b>					
Value adjustments in the year.....		-2.286			-2.286
<b>Equity at 31 December 2022.....</b>	<b>4.000</b>	<b>-2.045</b>	<b>44.152</b>	<b>10.000</b>	<b>56.107</b>

Value adjustments are related to adjustments to forward exchange contracts at fair value concerning hedging of future purchases in foreign currency.

## NOTES

	2022 DKK '000	2021 DKK '000	Note
<b>Staff costs</b>			<b>1</b>
Average number of employees	63	58	
Wages and salaries.....	33.942	32.061	
Pensions.....	2.340	2.074	
Social security costs.....	899	908	
Other staff costs.....	419	126	
	<b>37.600</b>	<b>35.169</b>	
Remuneration of Executive Board.....	6.297	5.414	
Remuneration of Board of Directors.....	1.070	400	
	<b>7.367</b>	<b>5.814</b>	
<b>Other financial income</b>			<b>2</b>
Group enterprises.....	117	22	
Other interest income.....	1.181	661	
	<b>1.298</b>	<b>683</b>	
<b>Other financial expenses</b>			<b>3</b>
Group enterprises.....	446	451	
Other interest expenses.....	1.655	1.505	
	<b>2.101</b>	<b>1.956</b>	
<b>Tax on profit/loss for the year</b>			<b>4</b>
Calculated tax on taxable income of the year.....	3.870	7.447	
Adjustment of deferred tax.....	544	794	
	<b>4.414</b>	<b>8.241</b>	
<b>Proposed distribution of profit</b>			<b>5</b>
Proposed dividend for the year.....	10.000	20.000	
Retained earnings.....	5.520	9.045	
	<b>15.520</b>	<b>29.045</b>	

## NOTES

			Note
<b>Intangible assets</b>			<b>6</b>
	Development projects completed	Intangible fixed assets acquired	
Cost at 1 January 2022.....	1.540	304	
Disposals.....	-1.540	0	
<b>Cost at 31 December 2022.....</b>	<b>0</b>	<b>304</b>	
Amortisation at 1 January 2022.....	1.540	199	
Reversal of amortisation of assets disposed of .....	-1.540	0	
Amortisation for the year.....	0	21	
<b>Amortisation at 31 December 2022.....</b>	<b>0</b>	<b>220</b>	
<b>Carrying amount at 31 December 2022.....</b>	<b>0</b>	<b>84</b>	
<i>Completed development projects</i>			
Completed development projects include development and testing of application for use in the company's product range. The application is depreciated over 2 years.			
<b>Property, plant and equipment</b>			<b>7</b>
	Other plant, machinery tools and equipment	Leasehold improvements	
Cost at 1 January 2022.....	5.882	2.218	
Additions.....	2.630	0	
Disposals.....	-3	0	
<b>Cost at 31 December 2022.....</b>	<b>8.509</b>	<b>2.218</b>	
Depreciation and impairment losses at 1 January 2022.....	3.200	858	
Depreciation for the year.....	1.765	276	
Depreciation and impairment from mergers and acquisitions...	-1	0	
<b>Depreciation and impairment losses at 31 December 2022...</b>	<b>4.964</b>	<b>1.134</b>	
<b>Carrying amount at 31 December 2022.....</b>	<b>3.545</b>	<b>1.084</b>	
<b>Financial non-current assets</b>			<b>8</b>
		Rent deposit and other receivables	
Cost at 1 January 2022.....		1.312	
Additions.....		26	
<b>Cost at 31 December 2022.....</b>		<b>1.338</b>	
<b>Carrying amount at 31 December 2022.....</b>		<b>1.338</b>	

## NOTES

	<b>Note</b>
<b>Deferred tax assets</b>	<b>9</b>

	2022 DKK '000	2021 DKK '000
Deferred tax, beginning of year.....	144	1.274
Deferred tax of the year, income statement.....	-544	-794
Deferred tax of the year, equity.....	645	-336
<b>Provision for deferred tax 31 December 2022.....</b>	<b>245</b>	<b>144</b>

The provision for deferred tax is related to differences between the carrying amount and tax value of securities, receivables, intangible and tangible fixed assets, including recognised finance lease contracts. The deferred tax is expected to be utilised based on taxable income in the joint taxation.

<b>Derivative financial instruments</b>	<b>10</b>
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Analysis of the Company's balances in foreign currency as well as related hedging transactions at 31 December 2022:

Currency	Payment/Expiry	Receivables DKK '000	Debt DKK '000	Hedging- transaction DKK '000	Netposition DKK '000
USD	< 1 år	312	-16.079	16.013	246
EUR	< 1 år	14.376	-19.114	0	-4.738
SEK	< 1 år	3	-2.912	0	-2.909
GBP	< 1 år	603	-661	0	-58
NOK	< 1 år	0	-2.594	0	-2.594
		<b>15.294</b>	<b>-41.360</b>	<b>16.013</b>	<b>-10.053</b>

The Company has entered foreign exchange contract to hedge future purchase of goods in USD for totally DKK 59,518 thousand. In relation to the forward rate as per 31 December 2022, the hedge instruments have a negative value of DKK 2,791 thousand.

<b>Prepayments</b>	<b>11</b>
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Prepayments include accrual of expenses relating to subsequent financial years including insurance, etc.

	2022 DKK '000	2021 DKK '000
<b>Share capital</b>		
Allocation of share capital:		
A shares, 4.000 unit in the denomination of 1.000 DKK.....	4.000	4.000
	<b>4.000</b>	<b>4.000</b>

NOTES

	<b>Note</b>
<b>Long-term liabilities</b>	<b>13</b>

	31/12 2022 total liabilities	Repayment next year	Debt outstanding after 5 years	31/12 2021 total liabilities
Frozen holiday pay.....	2.394	0	0	2.325
	<b>2.394</b>	<b>0</b>	<b>0</b>	<b>2.325</b>

<b>Contingencies etc.</b>	<b>14</b>
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**Contingent liabilities**

Guarantee commitments consist of a guarantee provided in respect of bank commitments in Nordlux Invest A/S. The bank debt amounts of total DKK 59.146 thousand as of 31 December 2022.

The Company is jointly taxed with its parent, Nordlux Invest A/S, which acts as management company, and is jointly and severally liable with other jointly taxed group entities for payment of income taxes as well as withholding taxes on interest, royalties and dividends. The jointly taxed companies' total known net debt in respect of corporation taxes and withholding taxes amounted to DKK 886 thousand at 31 December 2022. Any subsequent adjustments to the joint taxation income and withholding taxes, etc. may entail that the Company's liability will increase.

Rent and lease liabilities include a rent obligation totalling DKK 16.415 thousand in interminable rent agreements with remaining contract terms of 6 years and 5 months. Furthermore, the Company has liabilities under operating leases for cars and IT equipment, totalling DKK 1,096 thousand, with remaining contract terms of 0-3 years.

<b>Charges and securities</b>	<b>15</b>
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As security for the Company's debt to credit institutions the Company has provided a floating charge for its assets for a total amount of DKK 60,000 thousand.



**NOTES****Note****Related parties****16**

The Company's related parties include:

**Controlling interest**

Energetic Lighting Europe NV, Belgium (Parent company)

Nordlux Invest A/S, Aalborg (Parent company)

**Transactions with related parties** 2022

Sales of goods and services to group enterprises: 114.202

Purchases of goods and services from groups: 43.328

Fees from group enterprises: 25.735

Other costs, group enterprises: 1.748

Interest receivables, group enterprises: 117

Interest expenses, group enterprises: 446

Receivables from group enterprises: 13.097

Payables to group enterprises: 17.599

Besides distribution of dividend, no other transactions were carried through with shareholders in the year.

Remuneration/fees to members of the Executive Board and the Board of Directors are reflected in note 1.

**Consolidated Financial Statements****17**

The Company is included in the Consolidated Financial Statement of Nordlux Invest A/S the Parent, Østre Havnegade 34, 9000 Aalborg, CVR.no. 30 50 66 77.

## ACCOUNTING POLICIES

The Annual Report of Nordlux A/S for 2022 has been presented in accordance with the provisions of the Danish Financial Statements Act for enterprises in reporting class C, medium-size enterprises.

The Annual Report is prepared consistently with the accounting principles applied last year.

## INCOME STATEMENT

### *Net revenue*

The Company has chosen IAS 11/IAS 18 as interpretation for revenue recognition.

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

Revenue is measured at the fair value of the agreed consideration excluding VAT and taxes charged on behalf of third parties. All discounts and rebates granted are recognised in revenue.

### *Gross profit*

The items revenue, cost of sales, other operating income and external expenses have been aggregated into one item in the income statement called gross margin in accordance with section 32 of the Danish Financial Statements Act.

### *Cost of sales*

Cost of sales includes the cost of goods used in generating the year's revenue.

### *Other external expenses*

Other external expenses include other production, sales, delivery and administrative costs, including costs of energy, marketing, premises, loss on bad debts, lease expenses, etc.

### *Staff costs*

Staff costs include wages and salaries, including compensated absence and pension to the Company's employees, as well as other social security contributions, etc. The item is net of refunds from public authorities.

### *Financial income and expenses*

Financial income and expenses include interest income and expenses, financial expenses of finance leases, realised and unrealised gains and losses arising from securities, debt and transactions in foreign currencies, as well as charges and allowances under the tax-on-account scheme, etc. Financial income and expenses are recognised by the amounts that relate to the financial year. Interest income and expenses are calculated on amortised cost prices.

### *Tax*

Tax for the year includes current tax on the year's expected taxable income and the year's deferred tax adjustments. The portion of the tax for the year that relates to the profit/loss for the year is recognised in the income statement, whereas the portion that relates to transactions taken to equity is recognised in equity.

The entity is jointly taxed with other danish companies. The total Danish income tax charge is allocated between profit/loss-making Danish entities in proportion to their taxable income (full absorption) .

Jointly taxed entities entitled to a tax refund are reimbursed by the management company based on the rates applicable to interest allowances, and jointly taxed entities which have paid too little tax pay a surcharge according to the rates applicable to interest surcharges to the management company.

## ACCOUNTING POLICIES

### BALANCE SHEET

#### *Intangible fixed assets*

Development costs comprise expenses, salaries and amortisation directly or indirectly attributable to development activities.

Development projects that are clearly defined and identifiable, where the technical feasibility, sufficient resources and a potential future market or development opportunities are identifiable and where the Company intends to produce, market or use the project, are recognised as intangible assets provided that the cost can be measured reliably and that there is sufficient assurance that future earnings can cover production costs, selling costs and administrative expenses and development costs. Other development costs are recognised in the income statement as incurred.

Development costs that are recognised in the balance sheet are measured at cost less accumulated amortisation and impairment losses.

Development projects comprise costs, including wages and salaries, and amortisation, which directly or indirectly can be related to the Company's development activities and which fulfil the criteria for recognition in the Balance Sheet.

The accounting item is measured at the lower of the capitalised costs less accumulated amortisation and recoverable amount.

Capitalised development costs are amortised on a straight-line basis over the estimated useful life after completion of the development work. The amortisation period is normally 5 years.

Intangible fixed assets are amortised on a straight-line basis over normally 2-10 years. The depreciation period and the residual value are determined at the acquisition date and are reassessed annually. Where the residual value exceeds the carrying amount of the asset, no further depreciation charges are recognised.

Intangible fixed assets are generally written down to the recoverable amount if this is lower than the carrying amount.

In the case of changes in the depreciation period or the residual value, the effect on the depreciation charges is recognised prospectively as a change in accounting estimates.

**ACCOUNTING POLICIES**

***Property, plant and equipment***

Property, plant and equipment are measured at cost less accumulated depreciation and impairment losses. The basis of depreciation is the cost price less any expected residual value at the end of the useful life. Cost comprises the purchase price and any costs directly attributable to the acquisition until the date when the asset is available for use.

Where individual components of an item have different useful lives, the cost of the individual item is accounted for as separate components, which are depreciated separately.

Gains or losses are calculated as the difference between the selling price less selling costs and the carrying amount at the date of disposal.

Gains and losses from the disposal of property, plant and equipment are recognised in the income statement as other operating income or other operating expenses.

The depreciation period and the residual value are determined at the acquisition date and are reassessed annually. Where the residual value exceeds the carrying amount of the asset, no further depreciation charges are recognised.

In the case of changes in the depreciation period or the residual value, the effect on the depreciation charges is recognised prospectively as a change in accounting estimates.

	Useful life	Residual value
Other plant, fixtures and equipment.....	3-10 years	0 %
Leasehold improvements.....	3-10 years	0 %

***Lease contracts***

The Company has chosen IAS 17 as interpretation for classification and recognition of leases.

Leases that do not transfer substantially all the risks and rewards incident to the ownership to the company are classified as operating leases. Payments relating to operating leases and any other rent agreements are recognised in the income statement over the term of the lease. The Company's aggregate liabilities relating to operating leases and other rent agreements are disclosed under "Contingent liabilities".

***Financial non-current assets***

Deposits include rental deposits which are recognised and measured at cost. Deposits are not depreciated.

***Impairment of fixed assets***

The carrying amount of intangible assets, property, plant and equipment and investments is assessed for impairment on an annual basis.

Impairment tests are conducted on assets or groups of assets when there is evidence of impairment. The carrying amount of impaired assets is reduced to the higher of the net selling price and the value in use (recoverable amount).

The recoverable amount is the higher of the net selling price of an asset and its value in use. The value in use is calculated as the present value of the expected net cash flows from the use of the asset or the group of assets and the expected net cash flows from the disposal of the asset or the group of assets after the end of the useful life.

Previously recognised impairment losses are reversed when the reason for recognition no longer exists. Impairment losses on goodwill are not reversed.

## ACCOUNTING POLICIES

### ***Inventories***

Inventories are measured at cost in accordance with the FIFO method. Where the net realisable value is lower than cost, inventories are written down to this lower value. The net realisable value of inventories is calculated as the sales amount less expenses required to effect the sale and is determined taking into account marketability, obsolescence and development in the expected selling price.

Goods for resale are measured at cost, which comprises the cost of acquisition plus delivery costs as well as other expenses directly attributable to the acquisition.

### ***Receivables***

Receivables are measured at amortised cost.

The Company has chosen IAS 39 as interpretation for impairment of financial receivables.

An impairment loss is recognised if there is objective evidence that a receivable or a group of receivables is impaired. If there is objective evidence that an individual receivable has been impaired, an impairment loss is recognised on an individual basis.

### ***Accruals, assets***

Prepayments recognised under "Assets" comprise prepaid expenses regarding subsequent financial reporting years.

### ***Cashs***

Cash comprise cash and short term securities which are readily convertible into cash and subject only to minor risks of changes in value.

### ***Equity***

#### **Proposed dividends**

Dividend proposed for the year is recognised as a liability once adopted at the annual general meeting (declaration date). Dividends expected to be distributed for the financial year are presented as a separate item under "Equity".

#### ***Tax payable and deferred tax***

Current tax payables and receivables are recognised in the balance sheet as the estimated income tax charge for the year, adjusted for prior-year taxes and tax paid on account.

Deferred tax is measured according to the liability method on all temporary differences between the carrying amount and the tax base of assets and liabilities. Where alternative tax rules can be applied to determine the tax base, deferred tax is measured based on Management's intended use of the asset or settlement of the liability, respectively.

Deferred tax is measured according to the tax rules and at the tax rates applicable at the balance sheet date when the deferred tax is expected to crystallise as current tax. Deferred tax assets are recognised at the expected value of their utilisation; either as a set-off against tax on future income or as a set-off against deferred tax liabilities in the same legal tax entity. Changes in deferred tax due to changes in the tax rate are recognised in the income statement.

### ***Liabilities***

Financial liabilities are recognised at the date of borrowing at the net proceeds received less transaction costs paid. On subsequent recognition, financial liabilities are measured at amortised cost.

Other liabilities are measured at net realisable value.

## ACCOUNTING POLICIES

### *Derivative financial instruments*

On initial recognition, derivative financial instruments are recognised at cost in the balance sheet and are subsequently measured at fair value. Positive and negative fair values of derivative financial instruments are included in "Other receivables" and "Other payables", respectively.

Fair value adjustments of derivative financial instruments designated as and qualifying for hedging of future assets or liabilities are recognised in other receivables or other payables, respectively, and in equity. If the hedged forecast transaction results in the recognition of assets or liabilities, amounts previously recognised in equity are transferred to the cost of the asset or liability, respectively. If the hedged forecast transaction results in income or expenses, amounts previously deferred in equity are transferred to the income statement in the period in which the hedged item affects the profit/loss for the year.

### *Foreign currency translation*

#### **Reporting currency**

The financial statements are presented in Danish kroner.

#### **Foreign currency translation**

On initial recognition, transactions denominated in foreign currencies are translated at the exchange rate at the transaction date. Foreign exchange differences arising between the exchange rates at the transaction date and the date of payment are recognised in the income statement as financial income or financial expenses.

Receivables and payables and other monetary items denominated in foreign currencies are translated at the exchange rate at the balance sheet date. The difference between the exchange rates at the balance sheet date and the date at which the receivable or payable arose or was recognised in the most recent financial statements is recognised in the income statement as financial income or financial expenses.

## **CASH FLOW STATEMENT**

With reference to Section 86(4) of the Danish Financial Statements Act, the Company has not prepared a cash flow statement. A cash flow statement has been prepared for the Group.