Tel.: +45 96 34 73 00
aalborg@bdo.dk
www.bdo.dk

BDO Statsautoriseret revisionsaktieselskab
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 2023

The Annual Report has been presented and adopted at the Company's Annual General Meeting on 2 May 2024

Karina Bro Sulkjær

CVR NO. 10 21 69 90

CONTENTS

COMPANY DETAILS

Company	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
Board of Directors	Zhangming Yang, chairman Zhao Weifeng Kenneth Bjerregaard Jens Christian Bindslev Kristian Kolding	
Executive Board	Niels Skov Jakobsen Karina Bro Sulkjær Jan Toft Madsen	
Auditor	BDO Statsautoriseret revisionsaktieselskab Visionsvej 51 9000 Aalborg	
Bank	Spar Nord Bank A/S Hobrovej 440 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 2023.

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 2023 and of the results of the Company's operations for the financial year 1 January - 31 December 2023.

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, 15 March 2024

Executive Board

Niels Skov Jakobsen	Karina Bro Sulkjær	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 2023, 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 2023 and of the results of the Company's operations for the financial year 1 January - 31 December 2023 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.*

INDEPENDENT AUDITOR'S REPORT

- *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.*
- *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, 15 March 2024

BDO Statsautoriseret revisionsaktieselskab
CVR no. 20 22 26 70

Peter Højen Storgaard
State Authorised Public Accountant
MNE no. mne33767

FINANCIAL HIGHLIGHTS

	2023 DKK '000	2022 DKK '000	2021 DKK '000	2020 DKK '000	2019 DKK '000
Income statement					
Gross profit/loss	70,070	59,981	75,195	82,526	55,968
Operating profit/loss	31,679	20,737	38,559	46,999	18,402
Net financials	-2,996	-803	-1,273	-502	-1,943
Profit/loss for the year	22,340	15,520	29,045	36,251	12,952
Balance sheet					
Total assets	165,150	190,376	174,922	138,321	104,211
Equity	69,171	56,107	62,873	65,635	42,335
Investment in property, plant and equipment	-356	-2,630	-2,178	-1,830	3,411
Average number of full-time employees	**59**	**63**	**58**	**52**	**52**
Key ratios					
Return on assets	17.8	11.4	38.8	13.8	9.8
Current ratio	172.2	139.8	154.4	189.9	156.7
Equity ratio	41.9	29.5	35.9	47.5	40.6
Return on equity	35.7	26.1	45.2	67.2	32.4

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

Return on assets: $\dfrac{\textit{Profit/loss from operating activites x 100}}{\textit{Average assets}}$

Current ratio: $\dfrac{\textit{Current assets x 100}}{\textit{Current liabilities}}$

Equity ratio: $\dfrac{\textit{Equity, at year-end x 100}}{\textit{Total assets, at year-end}}$

Return on equity: $\dfrac{\textit{Profit/loss after tax x 100}}{\textit{Average equity}}$

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. We are one of the leading lighting companies in Europe and we have a wide range of indoor luminaries, outdoor luminaries, design luminaries and bulbs. We think that we, because of this position, have a natural obligation to take our part of the responsibility for the solution to national and global challenges. One expression of taking our social responsibility is the demand we put on our suppliers to comply with human and labor rights. We make serious efforts to improve employee relations and the work environment internally.

Our vision is “Lifting people’s quality of life with light” and our mission is “We create products that you want to bring home”.

Development in activities and financial and economic position
The income statement for 2023 shows a profit of DKK 22,540 thousand against a profit of DKK 15,520 thousand last year, and the balance sheet on 31 December 2023 shows equity of DKK 69,371 thousand.

Profit/loss for the year compared to the expected development
The annual EBT on T.DKK 28,683 is higher than in 2022 and higher than expected for 2023 (EBT M.DKK 15-18). The activity level has been on the same level as 2022. A reduction of the inventory level and an adaptation of our capacity to the current level of activity has have a positive effect on the result in 2023. Furthermore, we have been focusing on where we would be able to optimize procedures, systems, costs internally and externally etc. All these optimization initiatives have contributed to a higher profit in 2023. The annual profit for 2023 is due to the mentioned reductions of costs higher than expected. The management consider the performance to be satisfying.

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
Operating risks
The group’s most significant operating risk is related to its ability to retain client relations, supplier relations, key employees and always to be in the front of developing new products.
Our products are primary made in China and we therefore have a risk concerning the prices for raw materials and freight costs. We have in the last years seen significant price increases and decreases for the container rates and in periods a limited capacity. Furthermore, we buy in USD and is therefore affected by USD exchange rate.

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. Our policy is to cover the coming 6-12 months purchase in USD with forward contracts. With this procedure we limit our financial risks regarding USD, and we are able to make reliable calculations for our purchase.

To avoid the cash risk of unpaid invoices all customers are credit assessed by external partners and we are using credit insurance for customers outside Denmark. Furthermore, this credit assessment helps us to make sure that we are only selling to the right customers and avoid customers that are in connection with corruption

Environmental situation
We focus on the environment and climate and have a sustainable development policy. We hold strong ambitions to ensure sustainability for both people and our planet, and we have a long and proud history of doing our part. Our vision is to “Lifting People’s Quality of Life with Light” meaning, we do our best to ensure a positive impact from our activities and products.

Our focus is centralized around People, Products and Planet

Environmental situation (continued)

Furthermore, our Code of Conduct concluded that Nordlux and our Business partners must strive to use less possible resources in the production and hereby also strive to reduce carbon footprint in transportation. For further details see Section Protection of the environment in our Code of Conduct. We have in 2023 limited the environmental impact from our freight from China by using sea freight for almost every delivery. Furthermore, we have in 2023 put extra focus on how we can limit plastic in our packaging.

We have in 2023 established a ESG workgroup, that are looking into our reporting goals related to the Corporate Sustainability Reporting Directive (CSRD). It is important for us the that we internal are using energy on this project. We believe that it will be “more alive” in our daily work when the organization has been the major part in the startup process and decision process. We have discussed the 13 categories in Scope 3 based on the double materiality principle and defined, how we want to work with each category. It is important for us that we report a reliable carbon footprint. We will in the coming years work more closely with our footprint on item level and our total footprint. We see a greater demand from our customers for our footprint and climate specific information’s and see a risk if we are not able to accommodate these demands. This is in line with our focus on climate in the future.

Research and development activities

The group is continuously developing the product range by using external and internal designers. We are focusing on design and functionality at competitive prices.

Future expectations

We expect to realize a profit after tax in the interval DKK 15-18 million in 2024. The result is depending on the general activity in the markets, freight prices and container availability, economic situation in Europe and China and its impact on suppliers and customers with possible lower market activities. We expect the activity level in Denmark in 2024 will be challenged, but we hope to be able to increase the activity level in other marked and continue the increase in turnover outside our main markets.

Report of data ethics

We have in 2023 made an updated policy for personal data that covers the topics regarding data that is not covered by the GDPR. Our principles are that we do only generate and save data, that is necessary for our handling with a customer and for us to give the best service to our customers. The Group collects information about behavior on our website and this information is manly used for the purpose of optimizing the customer experience on our website. We do not share the collected data with any third party, and we do frequently delete data. The policy is public in full version at our website, www.nordlux.com, and our web shop, www.dftp.dk.

Our main turnover is business to business, and we do only have a very limited sales to private people. We have in the end of 2023 established a web shop for our design products.

We do have other policies concerning GDPR-rules.

INCOME STATEMENT 1 JANUARY - 31 DECEMBER

	Note	2023 DKK '000	2022 DKK '000
GROSS PROFIT		**70,070**	**59,981**
Staff costs	1	-36,290	-37,181
Depreciation, amortisation and impairment losses for tangible and intangible assets		-2,101	-2,063
OPERATING PROFIT		**31,679**	**20,737**
Other financial income	2	2,476	1,298
Other financial expenses	3	-5,472	-2,101
PROFIT BEFORE TAX		**28,683**	**19,934**
Tax on profit/loss for the year	4	-6,343	-4,414
PROFIT FOR THE YEAR	5	**22,340**	**15,520**

BDO

BALANCE SHEET AT 31 DECEMBER

ASSETS	Note	2023 DKK '000	2022 DKK '000
Acquired concessions, patents, licences, trademarks and similar rights		62	84
Intangible assets	6	**62**	**84**
Other plant, fixtures and equipment		2,072	3,544
Leasehold improvements		833	1,083
Property, plant and equipment	7	**2,905**	**4,627**
Rent deposit and other receivables		1,448	1,338
Financial non-current assets	8	**1,448**	**1,338**
NON-CURRENT ASSETS		**4,415**	**6,049**
Finished goods and goods for resale		111,408	144,113
Inventories		**111,408**	**144,113**
Trade receivables		42,121	26,085
Receivables from group enterprises		2,422	13,097
Deferred tax assets		0	245
Other receivables		6	0
Prepayments	9	1,029	785
Receivables		**45,578**	**40,212**
Cash and cash equivalents		**3,749**	**2**
CURRENT ASSETS		**160,735**	**184,327**
ASSETS		**165,150**	**190,376**

BALANCE SHEET AT 31 DECEMBER

EQUITY AND LIABILITIES	Note	2023 DKK '000	2022 DKK '000
Share Capital	10	4,000	4,000
Fair value reserve for hedge accounting		-1,321	-2,045
Retained earnings		51,492	44,152
Proposed dividend		15,000	10,000
EQUITY		**69,171**	**56,107**
Provision for deferred tax	11	161	0
PROVISIONS		**161**	**0**
Frozen holiday pay		2,498	2,394
Non-current liabilities	12	**2,498**	**2,394**
Bank debt		39,586	59,146
Trade payables		24,123	24,676
Debt to Group companies		7,741	17,624
Corporation tax payable		2,610	1,032
Derivative financial instruments	13	952	2,791
Other liabilities		18,308	26,606
Current liabilities		**93,320**	**131,875**
LIABILITIES		**95,818**	**134,269**
EQUITY AND LIABILITIES		**165,150**	**190,376**

Contingencies etc.	14
Charges and securities	15
Related parties	16
Consolidated Financial Statements	17

EQUITY

	Share capital	Fair value reserve for hedge accounting	Retained earnings	Proposed dividend	Total
Equity at 1 January 2023....................	4,000	-2,045	44,152	10,000	56,107
Proposed profit allocation, see note 5....			7,340	15,000	22,340
Transactions with owners					
Dividend paid.................................				-10,000	-10,000
Change fair value reserves					
Value adjustments in the year.............		724			724
Equity at 31 December 2023.............	**4,000**	**-1,321**	**51,492**	**15,000**	**69,171**

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

NOTES

	2023 DKK '000	2022 DKK '000	Note
Staff costs			1
Average number of full-time employees:	59	63	
Wages and salaries	33,138	33,942	
Pensions	2,336	2,340	
Social security costs	816	899	
	36,290	**37,181**	
Remuneration of Executive Board	5,228	6,297	
Remuneration of Board of Directors	635	1,070	
	5,863	**7,367**	
Other financial income			2
Interest income from group enterprises	489	117	
Other interest income	1,987	1,181	
	2,476	**1,298**	
Other financial expenses			3
Group enterprises	629	446	
Other interest expenses	4,843	1,655	
	5,472	**2,101**	
Tax on profit/loss for the year			4
Calculated tax on taxable income of the year	6,142	3,870	
Adjustment of deferred tax	201	544	
	6,343	**4,414**	
Proposed distribution of profit			5
Proposed dividend for the year	15,000	10,000	
Retained earnings	7,340	5,520	
	22,340	**15,520**	

NOTES

Note

Intangible assets 6

	Acquired concessions, patents, licences, trademarks and similar rights
Cost at 1 January 2023	304
Cost at 31 December 2023	**304**
Amortisation at 1 January 2023	220
Reversal of amortisation of assets disposed of	0
Amortisation for the year	22
Amortisation at 31 December 2023	**242**
Carrying amount at 31 December 2023	**62**

Property, plant and equipment 7

	Other plant, fixtures and equipment	Leasehold improvements
Cost at 1 January 2023	8,509	2,218
Additions	356	0
Cost at 31 December 2023	**8,865**	**2,218**
Depreciation and impairment losses at 1 January 2023	4,964	1,134
Depreciation for the year	1,829	251
Depreciation and impairment losses at 31 December 2023	**6,793**	**1,385**
Carrying amount at 31 December 2023	**2,072**	**833**

Financial non-current assets 8

	Rent deposit and other receivables
Cost at 1 January 2023	1,338
Additions	110
Cost at 31 December 2023	**1,448**
Carrying amount at 31 December 2023	**1,448**

Prepayments 9

Prepayments include accrual of expenses relating to subsequent financial years including insurance, etc.

NOTES

	2023 DKK '000	2022 DKK '000	Note
Share Capital			10
Allocation of share capital:			
A shares, 4,000 unit in the denomination of 1,000 DKK..........	4,000	4,000	
	4,000	**4,000**	

Provision for deferred tax 11

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.

	2023 DKK '000	2022 DKK '000
Deferred tax, beginning of year......................................	-245	-144
Deferred tax of the year, income statement........................	201	544
Deferred tax of the year, equity......................................	205	-645
Provision for deferred tax 31 December 2023..................	**161**	**-245**

Long-term liabilities 12

	31/12 2023 total liabilities	Repayment next year	Debt outstanding after 5 years	31/12 2022 total liabilities
Frozen holiday pay..............................	2,498	0	0	2,394
	2,498	**0**	**0**	**2,394**

Derivative financial instruments 13

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	485	0	10,496	10,981
EUR	< 1 år	6,544	0	0	6,544
SEK	< 1 år	35	0	0	35
GBP	< 1 år	1,985	0	0	1,985
CNY	< 1 år	3	0	0	3
NOK	< 1 år	84	0	0	84
		9,136	**0**	**10,496**	**19,632**

The Company has entered foreign exchange contract to hedge future purchase of goods in USD for totally DKK 60,346 thousand. In relation to the forward rate as per 31 December 2023, the hedge instruments have a negative value of DKK 952 thousand.

NOTES

Note

Contingencies etc. 14

Contingent liabilities
Guarantee commitments consist of a guarantee provided in respect of bank commitments in Nordlux lnvest A/S. The bank debt amounts of total DKK 39.586 thousand as of 31 December 2023.

The Company is jointly taxed with its parent, Nordlux lnvest 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 2.230 thousand at 31 December 2023. 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 12.791 thousand in interminable rent agreements with remaining contract terms of 4 years and 5 months. Furthermore, the Company has liabilities under operating leases for cars and IT equipment, totalling DKK 581 thousand, with remaining contract terms of 0-5 years.

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

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	**2023**
Sales of goods and services to group enterprises:	103,500
Purchases of goods and services from groups:	52,031
Fees from group enterprises:	16,275
Interest receivables, group enterprises:	117
Interest expenses, group enterprises:	446
Receivables from group enterprises:	8,544
Payables to group enterprises:	16,584

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

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

NOTES

	Note
Consolidated Financial Statements The Company is included in the Consolidates Financial Statement of Nordlux Invest A/S the Parent, Østre Havnegade 34, 9000 Aalborg, CVR.no. 30 50 66 77.	**17**

ACCOUNTING POLICIES

The Annual Report of Nordlux A/S for 2023 has been presented in accordance with the provisions of the Danish Financial Statements Act for enterprises in reporting class C.

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 af 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 Aet.

Other operating income
Other operating income comprise items of a secondary nature relative to the Company's core activities, including gains on the sale of fixed assets.

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.

ACCOUNTING POLICIES

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, andjointly taxed entities which have paid too little tax pay a surcharge according to the rates applicable to interest surcharges to the management company.

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 areidentifiable 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 annua lly. 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 residuaf 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 ofthe useful life. Cost comprises the purehase 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 annua lly. 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 residuaf 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

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. lmpairment 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 camprises 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. lf there is objective evidence that an individual receivable has been impaired, an impairment loss is recognised on an individual basis.

Write-off is performed to provide for losses when an objective indication has been assessed to have incurred that a receivable or a portfolio of receivables are impaired. If there is an objective indication that an individual receivable is impaired, the write-off is performed at individual level.

Receivables for which there are no objective indication of impairment at individual level are assessed at portfolio level for objective indication of impairment. The portfolios are primarily based on the debtors' registered office and credit rating in accordance with the Company's policy for credit risk management. The objective indicators, which are applied for portfolios, are determined based on the historical loss experiences.

Write-off is determined as the difference between the carrying amount of receivables and the present value of the expected cash flows, including realisable value of any received collaterals. The effective interest rate is used as discount rate for the single receivable or portfolio.

Accruals, assets
Prepayments recognised under "Assets" camprise 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
Fair value reserve for hedge accounting
The reserve includes the accumulated post-tax net change in the fair value of hedging transactions regarding hedge of future cash flows, and where the hedged transaction has not yet been realised. The reserve is dissolved when the hedged transaction is realised, if the hedged cash flows no longer are expected to be realised, or the hedging relationship is no longer effective. The reserve is not an undistributable reserve and may therefore constitute a negative amount.

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 alf 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.

ACCOUNTING POLICIES

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 crystaffise 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.

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. lf 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. lf 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.