

## **IBSEN PHOTONICS A/S**

Ryttermarken 15 - 21  
3520 Farum  
Business Registration No  
26284066

## **Annual report 2018**

The Annual General Meeting adopted the annual report on 20.03.2019

### **Chairman of the General Meeting**

---

Name: Torben Jacobsen

# Contents

	<b><u>Page</u></b>
Entity details	1
Statement by Management on the annual report	2
Independent auditor's report	3
Management commentary	6
Income statement for 2018	7
Balance sheet at 31.12.2018	8
Statement of changes in equity for 2018	10
Notes	11
Accounting policies	14

## Entity details

### Entity

IBSEN PHOTONICS A/S

Ryttermarken 15 - 21

3520 Farum

Central Business Registration No (CVR): 26284066

Registered in: Furesø

Financial year: 01.01.2018 - 31.12.2018

Phone: 44347000

Website: [www.ibsen.com](http://www.ibsen.com)

E-mail: [info@ibsen.com](mailto:info@ibsen.com)

### Board of Directors

Kim Vejlby Hansen, Chairman

Torben Jacobsen

Michael Gustav Brock

### Executive Board

Henrik Skov Andersen

### Auditors

Deloitte Statsautoriseret Revisionspartnerselskab

Weidekampsgade 6

P.O. Box 1600

0900 Copenhagen 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 IBSEN PHOTONICS A/S for the financial year 01.01.2018 - 31.12.2018.

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 31.12.2018 and of the results of its operations for the financial year 01.01.2018 - 31.12.2018.

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.

Farum, 20.03.2019

### Executive Board

Henrik Skov Andersen

### Board of Directors

Kim Vejlby Hansen  
Chairman

Torben Jacobsen

Michael Gustav Brock

# Independent auditor's report

## To the shareholders of IBSen Photonics A/S

### Opinion

We have audited the financial statements of IBSen Photonics A/S for the financial year 01.01.2018 - 31.12.2018, which comprise the income statement, balance sheet, statement of changes in equity and notes, including 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 Entity's financial position at 31.12.2018 and of the results of its operations for the financial year 01.01.2018 - 31.12.2018 in accordance with the Danish Financial Statements Act.

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and 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 this auditor's report. We are independent of the Entity 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 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 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 financial statements unless Management either intends to liquidate the Entity 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 judgement and maintain professional scepticism throughout the audit. We also:

## Independent auditor's report

- 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 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 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 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 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 Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures in the notes, 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 the management commentary

Management is responsible for the management commentary.

Our opinion on the 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 financial statements, our responsibility is to read the management commentary and, in doing so, consider whether the management commentary is materially inconsistent with the 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.

## Independent auditor's report

Based on the work we have performed, we conclude that the 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 the management commentary.

Copenhagen, 20.03.2019

### **Deloitte**

Statsautoriseret Revisionspartnerselskab  
Central Business Registration No (CVR) 33963556

Nikolaj Thomsen  
State Authorised Public Accountant  
Identification No (MNE) mne33276

## Management commentary

### Primary activities

The objective of Ibsen Photonics A/S is to develop, produce and market optical and optoelectronic components.

### Development in activities and finances

The Company has in 2018 experienced strong sales growth in all business areas, and the Company has a strong order book moving into 2019.

The Company realised a gross profit of DKK 40.667k. Results show a profit of DKK 8.697k, and equity amounts to DKK 16.038k.

The Company has credit facilities within the N. FOSS & Co A/S group of affiliated companies, and the Company's liquidity and solvency are good.

Company Management finds the results satisfactory.

### Outlook

Both in the medium and long term, the markets for products based on Ibsen's core competence, diffractive optics, are expected to show good growth rates.

The Company works in different markets in order to reduce the dependency on any one individual market. The Company is able to use the same technology in different markets, wherefore the technological synergy is material.

The outlook for 2019 is positive, with growth expected in all the Company's market segments. However, the Company's growth rate continues to be influenced by the uncertainty related to the short term development of each market and timing of key growth opportunities.

### 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.



## Income statement for 2018

	<u>Notes</u>	<u>2018 DKK</u>	<u>2017 DKK</u>
<b>Gross profit</b>		<b>40.666.575</b>	<b>26.428.277</b>
Staff costs	1	(30.213.797)	(22.306.295)
Depreciation, amortisation and impairment losses	2	<u>(1.422.696)</u>	<u>(1.194.296)</u>
<b>Operating profit/loss</b>		<b>9.030.082</b>	<b>2.927.686</b>
Other financial income	3	448.698	281.152
Other financial expenses	4	<u>(781.407)</u>	<u>(790.213)</u>
<b>Profit/loss for the year</b>		<b><u>8.697.373</u></b>	<b><u>2.418.625</u></b>
<b>Proposed distribution of profit/loss</b>			
Ordinary dividend for the financial year		3.458.559	1.934.900
Retained earnings		<u>5.238.814</u>	<u>483.725</u>
		<b><u>8.697.373</u></b>	<b><u>2.418.625</u></b>

## Balance sheet at 31.12.2018

	<u>Notes</u>	<u>2018 DKK</u>	<u>2017 DKK</u>
Acquired patents		0	0
<b>Intangible assets</b>		<b>0</b>	<b>0</b>
Plant and machinery		2.548.672	2.908.177
Other fixtures and fittings, tools and equipment		363.629	281.742
Leasehold improvements		257.453	324.561
Property, plant and equipment in progress		542.690	78.918
<b>Property, plant and equipment</b>	5	<b>3.712.444</b>	<b>3.593.398</b>
Other receivables		100.000	100.000
<b>Fixed asset investments</b>		<b>100.000</b>	<b>100.000</b>
<b>Fixed assets</b>		<b>3.812.444</b>	<b>3.693.398</b>
Raw materials and consumables		10.836.849	7.297.046
Manufactured goods and goods for resale		3.446.818	656.081
<b>Inventories</b>		<b>14.283.667</b>	<b>7.953.127</b>
Trade receivables		11.984.347	6.060.695
Receivables from group enterprises		586.386	443.000
Other receivables		351.295	852.265
Prepayments		372.610	363.942
<b>Receivables</b>		<b>13.294.638</b>	<b>7.719.902</b>
<b>Cash</b>		<b>58.456</b>	<b>75.829</b>
<b>Current assets</b>		<b>27.636.761</b>	<b>15.748.858</b>
<b>Assets</b>		<b>31.449.205</b>	<b>19.442.256</b>

## Balance sheet at 31.12.2018

	<u>Notes</u>	<u>2018 DKK</u>	<u>2017 DKK</u>
Contributed capital	6	6.857.143	6.857.143
Retained earnings		5.722.539	483.725
Proposed dividend		3.458.559	1.934.900
<b>Equity</b>		<b>16.038.241</b>	<b>9.275.768</b>
Prepayments received from customers		23.020	467.138
Trade payables		3.617.939	4.044.203
Payables to group enterprises		1.977.356	415.724
Other payables		9.792.649	5.239.423
<b>Current liabilities other than provisions</b>		<b>15.410.964</b>	<b>10.166.488</b>
<b>Liabilities other than provisions</b>		<b>15.410.964</b>	<b>10.166.488</b>
<b>Equity and liabilities</b>		<b>31.449.205</b>	<b>19.442.256</b>
Unrecognised rental and lease commitments	7		
Contingent liabilities	8		
Group relations	9		

## Statement of changes in equity for 2018

	Contributed capital DKK	Retained earnings DKK	Proposed dividend DKK	Total DKK
Equity beginning of year	6.857.143	483.725	1.934.900	9.275.768
Ordinary dividend paid	0	0	(1.934.900)	(1.934.900)
Profit/loss for the year	0	5.238.814	3.458.559	8.697.373
<b>Equity end of year</b>	<b>6.857.143</b>	<b>5.722.539</b>	<b>3.458.559</b>	<b>16.038.241</b>

## Notes

	<b>2018</b>	<b>2017</b>
	<b>DKK</b>	<b>DKK</b>
<b>1. Staff costs</b>		
Wages and salaries	28.987.827	21.080.090
Other social security costs	303.075	230.425
Other staff costs	922.895	995.780
	<b>30.213.797</b>	<b>22.306.295</b>
 Average number of employees	 <b>41</b>	 <b>35</b>
	<b>2018</b>	<b>2017</b>
	<b>DKK</b>	<b>DKK</b>
<b>2. Depreciation, amortisation and impairment losses</b>		
Depreciation of property, plant and equipment	1.422.696	1.194.296
	<b>1.422.696</b>	<b>1.194.296</b>
	<b>2018</b>	<b>2017</b>
	<b>DKK</b>	<b>DKK</b>
<b>3. Other financial income</b>		
Other interest income	29.856	6.547
Exchange rate adjustments	418.842	274.605
	<b>448.698</b>	<b>281.152</b>
	<b>2018</b>	<b>2017</b>
	<b>DKK</b>	<b>DKK</b>
<b>4. Other financial expenses</b>		
Other interest expenses	65.366	42.998
Exchange rate adjustments	698.689	722.281
Other financial expenses	17.352	24.934
	<b>781.407</b>	<b>790.213</b>

## Notes

	<b>Plant and machinery DKK</b>	<b>Other fixtures and fittings, tools and equipment DKK</b>	<b>Leasehold improve- ments DKK</b>	<b>Property, plant and equipment in progress DKK</b>
<b>5. Property, plant and equipment</b>				
Cost beginning of year	20.629.637	821.682	645.898	78.918
Additions	639.136	290.930	147.904	463.772
<b>Cost end of year</b>	<b>21.268.773</b>	<b>1.112.612</b>	<b>793.802</b>	<b>542.690</b>
Depreciation and impairment losses beginning of year	(17.721.460)	(539.940)	(321.337)	0
Depreciation for the year	(998.641)	(209.043)	(215.012)	0
<b>Depreciation and impairment losses end of year</b>	<b>(18.720.101)</b>	<b>(748.983)</b>	<b>(536.349)</b>	<b>0</b>
<b>Carrying amount end of year</b>	<b>2.548.672</b>	<b>363.629</b>	<b>257.453</b>	<b>542.690</b>

	<b>Number</b>	<b>Par value DKK</b>	<b>Nominal value DKK</b>
<b>6. Contributed capital</b>			
Ordinary shares	6.857.143	1	6.857.143
	<b>6.857.143</b>		<b>6.857.143</b>

	<b>2018 DKK</b>	<b>2017 DKK</b>
<b>7. Unrecognised rental and lease commitments</b>		
Liabilities under rental or lease agreements until maturity in total	<b>4.272.596</b>	<b>7.901.664</b>

### 8. Contingent liabilities

The Entity participates in a Danish joint taxation arrangement in which N. FOSS & Co. A/S serves as the administration company. According to the joint taxation provisions of the Danish Corporation Tax Act, the Entity is, therefore, liable from 1 July 2012 for obligations, if any, relating to the withholding of tax on interest, royalties and dividend for the jointly taxed companies.

## Notes

The jointly taxed companies' net liability towards the Danish tax authorities is evident from the administration company N. FOSS & Co. A/S' financial statements for 2018, to which we refer for a monetary statement of the liability.

### **9. Group relations**

Name and registered office of the Parent preparing consolidated financial statements for the smallest group:

N. Foss & Co. A/S, Foss Allé 1, 3400 Hillerød.

## Accounting policies

### Reporting class

This annual report has been presented in accordance with the provisions of the Danish Financial Statements Act governing reporting class B enterprises with addition of certain provisions for reporting class C.

The accounting policies applied to these financial statements are consistent with those applied last year.

### 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.

### 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.

### Income statement

#### Gross profit or loss

With reference to section 32 of Danish financial statements Act, revenue has not been disclosed in the Annual report.

Gross profit or loss comprises revenue, other operating income, cost of raw materials and consumables and external expenses.

### 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.



## Accounting policies

### 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 and gains from the sale of intangible assets and property, plant and equipment.

### 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 relating to the Entity's ordinary activities, including expenses for premises, stationery and office supplies, marketing costs, etc. This item also includes writedowns of receivables recognised in current assets.

### 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

Depreciation, amortisation and impairment losses relating to property, plant and equipment and intangible assets comprise depreciation, amortisation and impairment losses for the financial 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 intangible assets as well as property, plant and equipment.

### Other financial income

Other financial income comprises interest income net capital gains on payables and transactions in foreign currencies.

### Other financial expenses

Other financial expenses comprise interest expenses, net capital losses on payables and transactions in foreign currencies.

### 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.

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.

## Accounting policies

### Property, plant and equipment

Plant and machinery as well as other fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation and impairment losses.

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 self-constructed assets, cost comprises direct and indirect costs of materials, components, subsuppliers and labour costs.

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:

Plant and machinery	5-10 years
Other fixtures and fittings, tools and equipment	3-5 years
Leasehold improvements	5 years

For leasehold improvements and assets subject to finance leases, the depreciation period cannot exceed the contract period.

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

### Receivables

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

### Inventories

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

Cost consists of purchase price plus delivery costs.

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

### Prepayments

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

### Cash

Cash comprises cash in hand and bank deposits.

## Accounting policies

### **Dividend**

Dividend is recognised as a liability at the time of adoption at the general meeting. Proposed dividend for the financial year is disclosed as a separate item in equity. Extraordinary dividend adopted in the financial year is recognised directly in equity when distributed and disclosed as a separate item in Management's proposal for distribution of profit/loss.

### **Other financial liabilities**

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

### **Prepayments received from customers**

Prepayments received from customers comprise amounts received from customers prior to delivery of the goods agreed or completion of the service agreed.