



Ibsen Photonics A/S

Ryttermarken 15-21, 3520 Farum
CVR No. 26284066

Annual report 2019

The Annual General Meeting adopted the
annual report on 18.03.2020

Torben Jacobsen

Chairman of the General Meeting

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Entity details

Entity

Ibsen Photonics A/S

Ryttermarken 15-21

3520 Farum

CVR No.: 26284066

Registered office: Furesø

Financial year: 01.01.2019 - 31.12.2019

Board of Directors

Kim Vejlbj 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

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 01.01.2019 - 31.12.2019.

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 31.12.2019 and of the results of its operations for the financial year 01.01.2019 - 31.12.2019.

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, 18.03.2020

Executive Board

Henrik Skov Andersen

Board of Directors

Kim Vejlbj 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 01.01.2019 - 31.12.2019, 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 31.12.2019 and of the results of its operations for the financial year 01.01.2019 - 31.12.2019 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:

- 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.

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, 18.03.2020

Deloitte

Statsautoriseret Revisionspartnerselskab
CVR No.: 33963556

Nikolaj Thomsen

State Authorised Public Accountant
Identification No (MNE) 33276

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

In 2019, the Company has experienced strong sales growth in all business areas, and the Company has a strong order book moving into 2020.

The Company realised a gross profit of DKK 43,093k. Results show a profit of DKK 10,848k, and equity amounts to DKK 23,427k.

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, and thus the technological synergy is material.

The outlook for 2020 is positive, with growth expected in all of 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 2019

	Notes	2019 DKK	2018 DKK
Gross profit/loss		43,092,824	40,666,575
Staff costs	1	(29,793,833)	(30,213,797)
Depreciation, amortisation and impairment losses	2	(1,566,873)	(1,422,696)
Operating profit/loss		11,732,118	9,030,082
Other financial income	3	718,995	448,698
Other financial expenses	4	(642,175)	(781,407)
Profit/loss before tax		11,808,938	8,697,373
Tax on profit/loss for the year	5	(961,127)	0
Profit/loss for the year		10,847,811	8,697,373
Proposed distribution of profit and loss			
Ordinary dividend for the financial year		3,470,693	3,458,559
Retained earnings		7,377,118	5,238,814
Proposed distribution of profit and loss		10,847,811	8,697,373

Balance sheet at 31.12.2019

Assets

	Notes	2019 DKK	2018 DKK
Acquired patents		0	0
Intangible assets	6	0	0
Plant and machinery		3,341,797	2,548,672
Other fixtures and fittings, tools and equipment		238,091	363,629
Leasehold improvements		76,574	257,453
Property, plant and equipment in progress		0	542,690
Property, plant and equipment	7	3,656,462	3,712,444
Other receivables		100,000	100,000
Other financial assets		100,000	100,000
Fixed assets		3,756,462	3,812,444
Raw materials and consumables		10,070,456	10,836,849
Manufactured goods and goods for resale		5,660,713	3,446,818
Inventories		15,731,169	14,283,667
Trade receivables		17,544,359	11,984,347
Receivables from group enterprises		1,554,598	586,386
Other receivables		199,606	351,295
Prepayments		926,249	372,610
Receivables		20,224,812	13,294,638
Cash		201,157	58,456
Current assets		36,157,138	27,636,761
Assets		39,913,600	31,449,205

Equity and liabilities

	Notes	2019 DKK	2018 DKK
Contributed capital	8	6,857,143	6,857,143
Retained earnings		13,099,657	5,722,539
Proposed dividend		3,470,693	3,458,559
Equity		23,427,493	16,038,241
Deferred tax		377,195	0
Provisions		377,195	0
Prepayments received from customers		14,436	23,020
Trade payables		4,185,090	3,617,939
Payables to group enterprises		3,862,272	1,977,356
Income tax payable		583,932	0
Other payables		7,463,182	9,792,649
Current liabilities other than provisions		16,108,912	15,410,964
Liabilities other than provisions		16,108,912	15,410,964
Equity and liabilities		39,913,600	31,449,205
Unrecognised rental and lease commitments	9		
Contingent liabilities	10		
Group relations	11		

Statement of changes in equity for 2019

	Contributed capital DKK	Retained earnings DKK	Proposed dividend DKK	Total DKK
Equity beginning of year	6,857,143	5,722,539	3,458,559	16,038,241
Ordinary dividend paid	0	0	(3,458,559)	(3,458,559)
Profit/loss for the year	0	7,377,118	3,470,693	10,847,811
Equity end of year	6,857,143	13,099,657	3,470,693	23,427,493

Notes

1 Staff costs

	2019 DKK	2018 DKK
Wages and salaries	28,312,347	28,987,827
Other social security costs	384,478	303,074
Other staff costs	1,097,008	922,896
	29,793,833	30,213,797
Average number of full-time employees	49	41

2 Depreciation, amortisation and impairment losses

	2019 DKK	2018 DKK
Depreciation of property, plant and equipment	1,566,873	1,422,696
	1,566,873	1,422,696

3 Other financial income

	2019 DKK	2018 DKK
Other interest income	141,752	29,856
Exchange rate adjustments	577,243	418,842
	718,995	448,698

4 Other financial expenses

	2019 DKK	2018 DKK
Other interest expenses	66,416	65,366
Exchange rate adjustments	537,898	698,689
Other financial expenses	37,861	17,352
	642,175	781,407

5 Tax on profit/loss for the year

	2019 DKK	2018 DKK
Current tax	583,932	0
Change in deferred tax	377,195	0
	961,127	0

6 Intangible assets

	Acquired patents DKK
Cost beginning of year	3,015,403
Cost end of year	3,015,403
Amortisation and impairment losses beginning of year	(3,015,403)
Amortisation and impairment losses end of year	(3,015,403)
Carrying amount end of year	0

7 Property, plant and equipment

	Plant and machinery DKK	Other fixtures and fittings, tools and equipment DKK	Leasehold improvements DKK
Cost beginning of year	21,268,773	1,112,612	793,802
Additions	1,952,835	100,745	0
Cost end of year	23,221,608	1,213,357	793,802
Depreciation and impairment losses beginning of year	(18,720,101)	(748,983)	(536,349)
Depreciation for the year	(1,159,710)	(226,283)	(180,879)
Depreciation and impairment losses end of year	(19,879,811)	(975,266)	(717,228)
Carrying amount end of year	3,341,797	238,091	76,574

8 Share capital

	Number	Par value DKK	Nominal value DKK
Ordinary shares	6,857,143	1	6,857,143
	6,857,143		6,857,143

9 Unrecognised rental and lease commitments

	2019 DKK	2018 DKK
Liabilities under rental or lease agreements until maturity in total	5,981,575	4,272,595

10 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.

The jointly taxed companies' net liability towards the Danish tax authorities is evident from the administration company N. FOSS & Co. A/S' financial statement for 2019, to which we refer for a monetary statement of the liability.

11 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 the Danish financial statement 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.

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, and 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,

Tax on profit/loss for the year

Tax for the year, which consists of current tax for the year and changes in deferred tax, is recognised in the income statement by the portion attributable to the profit for the year and recognised directly in equity by the portion attributable to entries directly in equity.

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 on a straight-line basis 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.

Property, plant and equipment

Plant and machinery, and other fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation and impairment losses. Land is not depreciated.

Cost comprises the acquisition price, costs directly attributable to the acquisition and preparation costs of the asset until the time when it is ready to be put into operation. For self-constructed assets, cost comprises direct and indirect costs of materials, components, subsuppliers and labour costs based on time spent on each asset.

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.

Indirect production costs comprise indirect materials and labour costs, costs of maintenance of, depreciation of and impairment losses relating to machinery, factory buildings and equipment used in the manufacturing process, and costs of factory administration and management. Finance costs are not included in cost.

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

Prepayments

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

Cash

Cash comprises cash in hand and bank deposits.

Dividend

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.

Deferred tax

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

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.

Income tax payable

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