
KALEIDO TECHNOLOGY ApS

Ryttermarken 1, DK-3520 Farum

Annual Report for 2023

CVR No. 26 30 97 35

The Annual Report was
presented and adopted
at the Annual General
Meeting of the
company
on 11/7 2024

Richard Joe Kuen Mok
Chairman of the
general meeting



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Management's statement

The Executive Board and Board of Directors have today considered and adopted the Annual Report of KALEIDO TECHNOLOGY ApS for the financial year 1 January - 31 December 2023.

The Annual Report is prepared in accordance with the Danish Financial Statements Act.

In our opinion the Financial Statements give a true and fair view of the financial position at 31 December 2023 of the Company and of the results of the Company operations for 2023.

In our opinion, Management's Review includes a true and fair account of the matters addressed in the Review.

We recommend that the Annual Report be adopted at the Annual General Meeting.

Farum, 11 July 2024

Executive Board

Zhu Bingke
CEO

Board of Directors

Richard Joe Kuen Mok
Chairman

Zhu Bingke

Niels Christian Rømer Holme

Duan YunJian

Independent Auditor's report

To the shareholder of KALEIDO TECHNOLOGY ApS

Opinion

In our opinion, the Financial Statements give a true and fair view of the 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.

We have audited the Financial Statements of KALEIDO TECHNOLOGY ApS for the financial year 1 January - 31 December 2023, which comprise income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies ("the Financial Statements").

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 (IESBA Code) and the additional ethical requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Statement on Management's Review

Management is responsible for Management's Review.

Our opinion on the Financial Statements does not cover Management's Review, 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's Review and, in doing so, consider whether Management's Review 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's Review provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, in our view, Management's Review 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 in Management's Review.

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.

Independent Auditor's report

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 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.

Hellerup, 11 July 2024

PricewaterhouseCoopers

Statsautoriseret Revisionspartnerselskab

CVR No 33 77 12 31

Leif Ulbæk Jensen
State Authorised Public Accountant
mne23327

James Liang
State Authorised Public Accountant
mne34549

Company information

The Company	<p>KALEIDO TECHNOLOGY ApS Ryttermarken 1 3520 Farum</p> <p>Telephone: +45 44 34 64 30 Website: www.kaleido-technology.com</p> <p>CVR No: 26 30 97 35 Financial period: 1 January - 31 December Incorporated: 1 November 2001 Financial year: 22th financial year Municipality of reg. office: Furesø</p>
Board of Directors	<p>Richard Joe Kuen Mok, chairman Zhu Bingke Niels Christian Rømer Holme Duan YunJian</p>
Executive Board	<p>Zhu Bingke</p>
Auditors	<p>PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab Strandvejen 44 DK-2900 Hellerup</p>

Financial Highlights

Seen over a 5-year period, the development of the Company is described by the following financial highlights:

	2023	2022	2021	2020	2019
	TDKK	TDKK	TDKK	TDKK	TDKK
Key figures					
Profit/loss					
Gross profit	81,691	92,298	102,426	100,364	110,611
Profit/loss of primary operations	7,696	8,301	8,744	6,087	24,885
Profit/loss of financial income and expenses	465	-10,150	-17,764	6,481	-11,832
Net profit/loss for the year	6,222	-1,461	-13,679	9,803	10,145
Balance sheet					
Balance sheet total	267,202	289,999	295,390	290,935	300,317
Investment in property, plant and equipment	45,592	10,960	16,310	20,450	130,817
Equity	206,405	86,783	88,243	101,922	92,119
Ratios					
Return on assets	2.9%	2.9%	3.0%	2.1%	8.3%
Solvency ratio	77.2%	29.9%	29.9%	35.0%	30.7%
Return on equity	4.2%	-1.7%	-14.4%	10.1%	11.8%

Financial highlights are defined and calculated in accordance with the current version of "Recommendations & Ratios" issued by the CFA Society Denmark.

Management's review

Key activities

The company manufactures moulds for glass casting of camera lenses for consumer electronics.

The company develops equipment and processes for lens manufacturing based on wafer technology.

Development in the year

The income statement of the Company for 2023 shows a profit of DKK 6,221,798 and at 31 December 2023 the balance sheet of the Company shows equity of DKK 206,404,610. The result of the year is not satisfying as compared to the 2022 outlook. The result is mainly due to the contraction in revenue arising from the weak market demand.

Intellectual capital resources

As a development centre for AAC Technologies, it is important for the company's continued development, that the company can continue to deliver new products to customers, that the company can recruit and retain employees with a high level of education and employees with technical experience.

Particular risks

Due to the company's activity as an internal development and production centre, it is assessed that the company is not exposed to any unusual obligations. As many transactions are in foreign currency the company is exposed to currency fluctuations.

Research and development

The company's development activity is within ultra-precision machining and optimization, with a view to massproduction of lenses for consumer electronics.

External environment

The company refines lens molds. The activities are not subject to requirements for environmental approvals or green accounts. The most significant environmental effect from the company's activities is energy consumption in connection with mold processing. The company's physical material consumption is very limited, with consequent external impact. The company buys part of its electricity consumption as green electricity, but has no separate activities to reduce the company's external environmental impact

Subsequent events

We refer to note 13 'Subsequent events'

Outlook

The number of employees is expected to fall compared to the end of 2023. The result for 2024 is expected to be between DKK 5.000.000 and DKK 8.000.000 before financial items and tax.

Income statement 1 January - 31 December

	Note	2023	2022
		DKK	DKK
Gross profit		81,690,796	92,298,479
Staff expenses	2	-53,405,270	-62,614,901
Depreciation and impairment losses of property, plant and equipment	3	-20,589,842	-21,382,683
Profit/loss before financial income and expenses		7,695,684	8,300,895
Financial income	4	3,707,991	9,258,228
Financial expenses	5	-3,242,608	-19,408,361
Profit/loss before tax		8,161,067	-1,849,238
Tax on profit/loss for the year	6	-1,939,269	388,575
Net profit/loss for the year	7	6,221,798	-1,460,663

Balance sheet 31 December

Assets

	Note	2023	2022
		DKK	DKK
Acquired other similar rights		12,775,164	15,260,733
Intangible assets	8	12,775,164	15,260,733
Land and buildings		54,212,384	57,665,676
Plant and machinery		88,463,517	81,764,308
Other fixtures and fittings, tools and equipment		95,092	186,423
Property, plant and equipment in progress		0	3,117,212
Prepayments for property, plant and equipment		26,876,255	0
Property, plant and equipment	9	169,647,248	142,733,619
Fixed assets		182,422,412	157,994,352
Raw materials and consumables		6,788,160	8,372,601
Work in progress		26,724,406	34,720,387
Inventories		33,512,566	43,092,988
Receivables from group enterprises		35,471,354	67,567,715
Other receivables		329,370	360,416
Prepayments		1,546,193	1,545,774
Receivables		37,346,917	69,473,905
Cash at bank and in hand		13,919,739	19,438,093
Current assets		84,779,222	132,004,986
Assets		267,201,634	289,999,338

Balance sheet 31 December

Liabilities and equity

	Note	2023	2022
		DKK	DKK
Share capital		130,621,939	17,221,939
Share premium account		971,928	971,928
Retained earnings		74,810,743	68,588,945
Equity		206,404,610	86,782,812
Provision for deferred tax	10	7,702,731	7,079,870
Provisions		7,702,731	7,079,870
Other payables		7,768,850	7,549,444
Long-term debt	11	7,768,850	7,549,444
Trade payables		3,335,497	2,524,278
Payables to group enterprises		36,522,067	183,423,430
Corporation tax		1,245,662	0
Other payables	11	4,222,217	2,639,504
Short-term debt		45,325,443	188,587,212
Debt		53,094,293	196,136,656
Liabilities and equity		267,201,634	289,999,338
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Statement of changes in equity

	Share capital	Share premium account	Retained earnings	Total
	DKK	DKK	DKK	DKK
Equity at 1 January	17,221,939	971,928	68,588,945	86,782,812
Cash capital increase	113,400,000	0	0	113,400,000
Net profit/loss for the year	0	0	6,221,798	6,221,798
Equity at 31 December	130,621,939	971,928	74,810,743	206,404,610

Management conducted a capital increase in April and May of 2023 increasing the share capital by DKK 113,400,000

Notes to the Financial Statements

	2023	2022
	DKK	DKK
1. Other operating income		
Other income	1,768	26,402
	<u>1,768</u>	<u>26,402</u>
	2023	2022
	DKK	DKK
2. Staff Expenses		
Wages and salaries	44,680,517	53,535,768
Pensions	6,508,827	6,664,239
Other social security expenses	520,888	705,358
Other staff expenses	1,695,038	1,709,536
	<u>53,405,270</u>	<u>62,614,901</u>
<p>The company has chosen to apply the exemption provision for disclosure of management salaries according to the rules in section 98b (3) of the Danish Financial Statements Act. The board does not receive any remuneration as the work in the board is limited</p>		
Average number of employees	<u>67</u>	<u>85</u>
	2023	2022
	DKK	DKK
3. Depreciation and impairment losses of property, plant and equipment		
Depreciation of property, plant and equipment	18,104,273	18,897,114
Impairment of tangible assets	2,485,569	2,485,569
	<u>20,589,842</u>	<u>21,382,683</u>
	2023	2022
	DKK	DKK
4. Financial income		
Exchange adjustments	3,707,991	9,258,228
	<u>3,707,991</u>	<u>9,258,228</u>

Notes to the Financial Statements

	<u>2023</u>	<u>2022</u>
	DKK	DKK
5. Financial expenses		
Interest paid to group enterprises	2,210,199	4,962,736
Other financial expenses	586	19,748
Exchange adjustments, expenses	1,031,823	14,425,877
	<u>3,242,608</u>	<u>19,408,361</u>
	<u>2023</u>	<u>2022</u>
	DKK	DKK
6. Income tax expense		
Current tax for the year	1,245,662	0
Deferred tax for the year	622,861	-388,575
Adjustment of tax concerning previous years	70,746	0
	<u>1,939,269</u>	<u>-388,575</u>
	<u>2023</u>	<u>2022</u>
	DKK	DKK
7. Profit allocation		
Retained earnings	<u>6,221,798</u>	<u>-1,460,663</u>
	<u>6,221,798</u>	<u>-1,460,663</u>
8. Intangible fixed assets		
		Acquired other similar rights
		<u>DKK</u>
Cost at 1 January		20,635,922
Cost at 31 December		<u>20,635,922</u>
Impairment losses and amortisation at 1 January		5,375,189
Amortisation for the year		2,485,569
Impairment losses and amortisation at 31 December		<u>7,860,758</u>
Carrying amount at 31 December		<u>12,775,164</u>

Notes to the Financial Statements

9. Property, plant and equipment

	Land and buildings	Plant and machinery	Other fixtures and fittings, tools and equipment	Property, plant and equipment in progress	Prepayments for property, plant and equipment
	DKK	DKK	DKK	DKK	DKK
Cost at 1 January	69,539,438	138,027,636	1,280,082	3,117,212	0
Additions for the year	0	21,813,113	19,845	0	23,759,043
Disposals for the year	0	-1,295,362	0	0	0
Transfers for the year	0	0	0	-3,117,212	3,117,212
Cost at 31 December	<u>69,539,438</u>	<u>158,545,387</u>	<u>1,299,927</u>	<u>0</u>	<u>26,876,255</u>
Impairment losses and depreciation at 1 January	11,873,762	56,263,328	1,093,659	0	0
Depreciation for the year	3,453,292	14,539,805	111,176	0	0
Impairment and depreciation of sold assets for the year	0	-721,263	0	0	0
Impairment losses and depreciation at 31 December	<u>15,327,054</u>	<u>70,081,870</u>	<u>1,204,835</u>	<u>0</u>	<u>0</u>
Carrying amount at 31 December	<u>54,212,384</u>	<u>88,463,517</u>	<u>95,092</u>	<u>0</u>	<u>26,876,255</u>

10. Provision for deferred tax

	2023	2022
	DKK	DKK
Intangible assets	2,810,536	3,357,361
Property, plant and equipment	5,458,828	4,548,766
Tax loss carry-forward	-566,633	-826,257
	<u>7,702,731</u>	<u>7,079,870</u>

Notes to the Financial Statements

2023	2022
DKK	DKK

11. Long-term debt

Payments due within 1 year are recognised in short-term debt. Other debt is recognised in long-term debt.

The debt falls due for payment as specified below:

Other payables

After 5 years	7,768,850	7,549,444
Long-term part	7,768,850	7,549,444
Other short-term payables	4,222,217	2,639,504
	<u>11,991,067</u>	<u>10,188,948</u>

12. Related parties and disclosure of consolidated financial statements

	<u>Basis</u>
Controlling interest	
AAC Optics Solutions Pte., Ltd.	Singapore

Transactions

The Company has chosen only to disclose transactions which have not been made on an arm's length basis in accordance with section 98(c)(7) of the Danish Financial Statements Act. No such transactions have been conducted in the financial year.

Consolidated Financial Statements

The Company is included in the Group Annual Report of the Parent Company of the largest and smallest group:

<u>Name</u>	<u>Place of registered office</u>
AAC Optics Solutions Pte., Ltd.	Singapore

13. Subsequent events

No events materially affecting the assessment of the Annual Report have occurred after the balance sheet date.

Management assess that the financial statements is prepared with going concern assumption

Notes to the Financial Statements

14. Accounting policies

The Annual Report of KALEIDO TECHNOLOGY ApS for 2023 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to medium-sized enterprises of reporting class C.

The accounting policies applied remain unchanged from last year.

The Financial Statements for 2023 are presented in DKK.

Consolidated financial statements

With reference to section 110 of the Danish Financial Statements Act, no consolidated financial statements are prepared.

Cash flow statement

With reference to section 86(4) of the Danish Financial Statements Act and to the cash flow statement included in the consolidated financial statements of AAC Tehcnologies Holdings Inc., the Company has not prepared a cash flow statement.

Recognition and measurement

Assets are recognised in the balance sheet when it is probable that future economic benefits attributable to the asset will flow to the Company, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when it is probable that future economic benefits will flow out of the Company, and the value of the liability can be measured reliably.

Assets and liabilities are initially measured at cost. Subsequently, assets and liabilities are measured as described for each item below.

Translation policies

Transactions in foreign currencies are translated at the exchange rates at the dates of transaction. Gains and losses arising due to differences between the transaction date rates and the rates at the dates of payment are recognised in financial income and expenses in the income statement.

Receivables, payables and other monetary items in foreign currencies that have not been settled at the balance sheet date are translated at the exchange rates at the balance sheet date. Any differences between the exchange rates at the balance sheet date and the rates at the time when the receivable or the debt arose are recognised in financial income and expenses in the income statement.

Fixed assets acquired in foreign currencies are measured at the transaction date rates.

Income statement

Revenue

Revenue from the sale of goods is recognised when the risks and rewards relating to the goods sold have been transferred to the purchaser, the revenue can be measured reliably and it is probable that the economic benefits relating to the sale will flow to the Company.

Revenue is measured at the consideration received and is recognised exclusive of VAT and net of discounts relating to sales.

Cost of sales

Cost of sales comprises goods consumed in the financial year measured at cost, adjusted for ordinary inventory writedowns. Furthermore cost of sales includes raw materials consumed to achieve revenue for the year

Notes to the Financial Statements

Other external expenses

Other external expenses comprise costs and expenses for premises, sales and distribution as well as office expenses, etc

Gross profit

Gross profit or loss comprises revenue, changes in inventories or finished goods and work in progress, own work capitalised, other operating income, cost of raw materials and consumables and external expenses. With reference to section 32 of the Danish Financial Statements Act, gross profit/loss is calculated as a summary of revenue, expenses for raw materials and consumables and other external expenses.

Staff expenses

Staff expenses comprise wages and salaries as well as payroll expenses.

Amortisation, depreciation and impairment losses

Amortisation, depreciation and impairment losses comprise amortisation, depreciation and impairment of intangible assets and property, plant and equipment.

Other operating income and expenses

Other operating income and other operating expenses comprise items of a secondary nature to the main activities of the Company, including gains and losses on the sale of intangible assets and property, plant and equipment

Financial income and expenses

Financial income and expenses are recognised in the income statement at the amounts relating to the financial year.

Tax on profit/loss for the year

Tax for the year consists of current tax for the year and deferred tax for the year. The tax attributable to the profit for year is recognised in the income statement, whereas the tax attributable to equity transactions is recognised directly in equity.

The Company is jointly taxed with wholly owned Danish and foreign subsidiaries. The tax effect of the joint taxation is allocated to enterprises in proportion to their taxable incomes.

Balance sheet

Intangible fixed assets

Intangible fixed assets are measured at cost less accumulated amortisation and less any accumulated impairment losses or at a lower value in use.

Property, plant and equipment

Property, plant and equipment are measured at cost less accumulated depreciation and less any accumulated impairment losses.

Cost comprises the cost of acquisition and expenses directly related to the acquisition up until the time when the asset is ready for use.

Interest expenses on loans contracted directly for financing the construction of property, plant and equipment are recognised in cost over the construction period.

Notes to the Financial Statements

Depreciation based on cost reduced by any residual value is calculated on a straight-line basis over the expected useful lives of the assets, which are:

Other buildings	20 years
Plant and machinery	10 years
Other fixtures and fittings, tools and equipment	3-10 years

The fixed assets' residual values are determined at nil.

Impairment of fixed assets

The carrying amounts of intangible assets and property, plant and equipment are reviewed on an annual basis to determine whether there is any indication of impairment other than that expressed by amortisation and depreciation.

If so, the asset is written down to its lower recoverable amount

Inventories

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

The net realisable value of inventories is calculated at the amount expected to be generated by sale of the inventories in the process of normal operations with deduction of selling expenses and costs of completion. The net realisable value is determined allowing for marketability, obsolescence and development in expected selling price.

The cost of goods for resale, raw materials and consumables equals landed cost.

The cost of finished goods and work in progress comprises the cost of raw materials, consumables and direct labour with addition of indirect production costs. Indirect production costs comprise the cost of indirect materials and labour as well as maintenance and depreciation of the machinery, factory buildings and equipment used in the manufacturing process as well as costs of factory administration and management.

Receivables

Receivables are measured in the balance sheet at the lower of amortised cost and net realisable value, which corresponds to nominal value less provisions for bad debts.

Prepayments

Prepayments comprise prepaid expenses concerning rent, insurance premiums, subscriptions and interest.

Deferred tax assets and liabilities

Deferred income tax is measured using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes on the basis of the intended use of the asset and settlement of the liability, respectively.

Deferred tax assets are measured at the value at which the asset is expected to be realised, either by elimination in tax on future earnings or by set-off against deferred tax liabilities within the same legal tax entity.

Deferred tax is measured on the basis of the tax rules and tax rates that will be effective under the legislation at the balance sheet date when the deferred tax is expected to crystallise as current tax. Any changes in deferred tax due to changes to tax rates are recognised in the income statement or in equity if the deferred tax relates to items recognised in equity.

Notes to the Financial Statements

Current tax receivables and liabilities

Current tax liabilities and receivables are recognised in the balance sheet as the expected taxable income for the year adjusted for tax on taxable incomes for prior years and tax paid on account. Extra payments and repayment under the on-account taxation scheme are recognised in the income statement in financial income and expenses.

Financial liabilities

Debts are measured at amortised cost, substantially corresponding to nominal value.

Financial Highlights

Explanation of financial ratios

Return on assets	$\text{Profit/loss of ordinary primary operations} \times 100 / \text{Total assets at year end}$
Solvency ratio	$\text{Equity at year end} \times 100 / \text{Total assets at year end}$
Return on equity	$\text{Net profit for the year} \times 100 / \text{Average equity}$