
Resolux ApS

Tjørnevej 6, DK-5853 Ørbæk

Annual Report for 1 January - 31 December 2020

CVR No 27 18 06 63

The Annual Report was
presented and adopted at
the Annual General
Meeting of the Company on
19/5 2021

Ole Johannes Teglgaard
Chairman of the General
Meeting



Contents

	<u>Page</u>
Management's Statement and Auditor's Report	
Management's Statement	1
Independent Auditor's Report	2
Management's Review	
Company Information	5
Financial Highlights	6
Management's Review	7
Consolidated and Parent Company Financial Statements	
Income Statement 1 January - 31 December	10
Balance Sheet 31 December	11
Statement of Changes in Equity	13
Cash Flow Statement 1 January - 31 December	14
Notes to the Financial Statements	15

Management's Statement

The Executive Board and Board of Directors have today considered and adopted the Annual Report of Resolux ApS for the financial year 1 January - 31 December 2020.

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

In our opinion the Financial Statements and the Consolidated Financial Statements give a true and fair view of the financial position at 31 December 2020 of the Company and the Group and of the results of the Company and Group operations and of consolidated cash flows for 2020.

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.

Ørbæk, 19 May 2021

Executive Board

Ole Johannes Teglgaard

Board of Directors

Jørn Kildegaard Andersen
Chairman

Lars Rytter

Lars Buhl

Independent Auditor's Report

To the Shareholder of Resolux ApS

Opinion

In our opinion, the Consolidated Financial Statements and the Parent Company Financial Statements give a true and fair view of the financial position of the Group and the Parent Company at 31 December 2020 and of the results of the Group's and the Parent Company's operations and of consolidated cash flows for the financial year 1 January - 31 December 2020 in accordance with the Danish Financial Statements Act.

We have audited the Consolidated Financial Statements and the Parent Company Financial Statements of Resolux ApS for the financial year 1 January - 31 December 2020, which comprise income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies, for both the Group and the Parent Company, as well as consolidated statement of cash flows ("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 Group in accordance with the International Ethics Standards Board for 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.

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 Financials Statements Act.

Based on the work we have performed, in our view, Management's Review is in accordance with the Consolidated Financial Statements and the Parent Company 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.

Independent Auditor's Report

Management's responsibilities for the Financial Statements

Management is responsible for the preparation of consolidated financial statements and parent company 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 Group's and 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 Group or 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 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 and the Group'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 Group's and 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

Independent Auditor's Report

audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and 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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the Consolidated Financial Statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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.

Odense, 19 May 2021

PricewaterhouseCoopers

Statsautoriseret Revisionspartnerselskab

CVR No 33 77 12 31

Mikael Johansen
State Authorized Public Accountant
mne23318

Sigurd Skov Nielsen
State Authorized Public Accountant
mne44150

Company Information

The Company

Resolux ApS
Tjørnevej 6
DK-5853 Ørbæk

CVR No: 27 18 06 63
Financial period: 1 January - 31 December
Municipality of reg. office: Nyborg

Board of Directors

Jørn Kildegaard Andersen, Chairman
Lars Rytter
Lars Buhl

Executive Board

Ole Johannes Teglgaard

Auditors

PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
Munkebjergvænget 1, 3. og 4. sal
DK-5230 Odense M

Financial Highlights

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

	Group				
	2020	2019	2018	2017	2016
	TDKK	TDKK	TDKK	TDKK	TDKK
Key figures					
Profit/loss					
Gross profit/loss	41.985	31.497	37.711	33.587	35.751
Profit/loss before financial income and expenses	14.036	-4.000	8.908	5.819	12.579
Net financials	-4.064	-6.400	-2.117	-1.881	148
Net profit/loss for the year	8.248	-8.399	4.489	1.891	8.783
Balance sheet					
Balance sheet total	92.070	76.564	84.280	70.616	61.408
Equity	14.546	7.286	15.739	19.925	19.431
Cash flows					
Cash flows from:					
- operating activities	-7.039	-8.242	7.983	1.527	1.370
- investing activities	-427	13	-1.149	-2.287	-861
including investment in property, plant and equipment	-460	-287	-833	-2.287	-120
- financing activities	7.097	8.375	-2.800	0	-15.000
Change in cash and cash equivalents for the year	-369	145	4.034	-760	-14.491
Number of employees	77	80	67	62	59
Ratios					
Solvency ratio	15,8%	9,5%	18,7%	28,2%	31,6%
Return on equity	75,6%	-73,0%	25,2%	9,6%	38,7%

Management's Review

Key activities

The main activity in the Resolux Group is supply chain, production, and sales of electrical and mechanical parts for the global wind industry, with focus on kit sets to towers and nacelles.

Development in the year

Gross profit for the year is TDKK 41.985 against last year TDKK 31.497, an improvement of 33%.

Result after tax is TDKK 8.247 against last year's result on TDKK (8.399) and equity at the end of the year is TDKK 14.546, corresponding to a solvency ratio on 16%.

The Covid-19 pandemic has not had any negative effect on the financial position of the group.

Management considers the result for the year to be satisfactory.

Resolux has continuously focus on the strategy of the group:

- Use and expand our global footprint and our very well-established connections in the wind industry to grow the group in an attractive industry.
- Focus on new business opportunities in the fast-growing offshore market.
- Focus on agile and cost-effective global supply chain, that can give the Resolux Group a bigger market share.
- Focus on service, quality, and competitive price levels.

First 2 quarters were affected by 2 important things:

- Production in Denmark was moved to China and 20 employees left the Danish headquarter.
- Tax on aluminum from China into USA had a negative impact on the US business.

In the second half of the year SG&A dropped and margins went up. We were able to stop our non-profitable business with cable import into USA.

The growth in the global market and our growing market shares help the Resolux Group to develop in a positive direction.

Management's Review

Expected development in 2021

The positive trends have continued into 2021 and management expect further growth in turnover and earnings. The group have in the beginning of 2021 a very satisfactory order backlog and have in the first quarter of 2021 overperformed compared to budget.

It is the management's assessment that the group's turnover and earnings will continue to grow in the coming years, and for 2021 management expect a profit before tax in the range of 28-32 MDKK.

We have seen a change in our customers supply chain strategy over the last year. More and more they will outsource this service to companies like Resolux and together with the political support from many countries we see a bright future ahead of us.

The group have received full support from the credit institutions and a beneficial plan for repayment throughout 2021 has been made, thus securing the liquidity.

Foreign exchange risks

Foreign trade entails transactions and positions in foreign currency. Transactions are mainly in USD, EUR, DKK and RMB. Due to earnings in different currency, we have decided not to hedge against currency risk.

Environmental conditions

The Group have a focus on environmental sustainability and have established a global policy on how to handle the environmental issues. The Group is dedicated to the environmental goals set by the UN and will work on achieving some of the 17 global goals in the future.

Management's Review

Group relations

The Resolux group comprises at year end of subsidiaries in Brazil, USA, China, Germany, Turkey, and India, with headquarters in Denmark.

Resolux China has taken over a major part of own production from Denmark and expanded their business with more employees and more square meters production and shipping area. China has also expanded their sourcing resources for the entire group.

Resolux USA has in the first half of 2020 a high turnover with a low margin due to import fees from China to US and in the second half a lower turnover, but with a much better margin.

Resolux Brasilien has up scaled assembly of lifts and has almost 100% market share of tower internals in Brazil. As part of our strategy, we have established a back office in Brazil working for the entire group. This has had a positive effect on our global costings.

Resolux Turkey is still in the starting process but has a very important position in the group for the future. During Covid-19 pandemic we have had demands from our customers to have more than one major supply chain (China). Turkey has a highly skilled workforce at an attractive salary level (lower than China today) and the country offers a lot of potential suppliers with the quality level and with competitive prices.

Resolux India is dormant now and are awaiting the wind market to grow in the coming years.

Subsequent events

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

Income Statement 1 January - 31 December

	Note	Group		Parent	
		2020 DKK	2019 DKK	2020 DKK	2019 DKK
Gross profit/loss		41.984.545	31.496.625	19.117.922	18.069.799
Staff expenses	1	-26.730.348	-34.705.230	-17.025.348	-23.022.227
Depreciation, amortisation and impairment of intangible assets and property, plant and equipment		-612.596	-764.870	-444.596	-562.170
Other operating expenses		-605.607	-26.664	-605.607	-26.664
Profit/loss before financial income and expenses		14.035.994	-4.000.139	1.042.371	-5.541.262
Income from investments in subsidiaries		0	0	9.382.623	1.689.426
Income from investments in associates		0	-1.511.847	0	-1.511.847
Financial income	2	780.114	1.677.388	786.080	1.038.016
Financial expenses	3	-4.844.393	-6.565.578	-3.268.359	-6.513.626
Profit/loss before tax		9.971.715	-10.400.176	7.942.715	-10.839.293
Tax on profit/loss for the year	4	-1.723.764	2.001.586	305.236	2.440.703
Net profit/loss for the year		8.247.951	-8.398.590	8.247.951	-8.398.590

Balance Sheet 31 December

Assets

	Note	Group		Parent	
		2020 DKK	2019 DKK	2020 DKK	2019 DKK
Plant and machinery		93.478	106.883	93.478	106.883
Other fixtures and fittings, tools and equipment		1.291.885	1.123.072	695.885	377.794
Leasehold improvements		1.439.305	1.728.110	1.439.305	1.728.109
Property, plant and equipment	5	2.824.668	2.958.065	2.228.668	2.212.786
Investments in subsidiaries	6	0	0	27.861.788	17.933.500
Investments in associates	7	0	0	0	0
Deposits	8	249.734	447.010	97.734	97.734
Fixed asset investments		249.734	447.010	27.959.522	18.031.234
Fixed assets		3.074.402	3.405.075	30.188.190	20.244.020
Raw materials and consumables		5.219.770	5.082.261	1.656.970	4.197.436
Work in progress		5.875.968	3.615.763	5.875.968	3.615.763
Finished goods and goods for resale		15.011.274	18.947.727	1.925.782	1.054.810
Inventories		26.107.012	27.645.751	9.458.720	8.868.009
Trade receivables		44.503.246	28.713.035	10.235.246	5.760.504
Receivables from group enterprises		647.808	622.809	25.478.865	21.518.850
Receivables from associates		394.401	0	394.401	0
Other receivables		2.664.188	1.679.757	1.239.188	375.070
Deferred tax asset	9	2.840.903	2.535.667	2.840.903	2.535.667
Corporation tax		2.155.000	1.492.958	0	0
Prepayments	10	230.498	647.308	230.498	325.878
Receivables		53.436.044	35.691.534	40.419.101	30.515.969
Cash at bank and in hand		9.452.982	9.822.025	4.833.982	3.430.411
Currents assets		88.996.038	73.159.310	54.711.803	42.814.389
Assets		92.070.440	76.564.385	84.899.993	63.058.409

Balance Sheet 31 December

Liabilities and equity

	Note	Group		Parent	
		2020 DKK	2019 DKK	2020 DKK	2019 DKK
Share capital		312.500	312.500	312.500	312.500
Reserve for net revaluation under the equity method		0	0	24.240.854	11.699.403
Reserve for currency exchange		-987.998	0	0	0
Retained earnings		15.221.121	6.973.162	-10.007.731	-4.726.241
Equity		14.545.623	7.285.662	14.545.623	7.285.662
Other payables		1.894.131	507.406	1.894.131	507.406
Long-term debt	12	1.894.131	507.406	1.894.131	507.406
Credit institutions		37.031.201	28.392.163	37.031.201	28.392.163
Trade payables		30.555.065	29.422.138	8.652.065	7.851.994
Payables to group enterprises		1.856.159	4.758.764	19.840.332	15.219.225
Payables to owners and Management		7.666	10.197	7.666	10.197
Corporation tax		483.000	0	0	0
Other payables	12	5.697.595	6.188.055	2.928.975	3.791.762
Short-term debt		75.630.686	68.771.317	68.460.239	55.265.341
Debt		77.524.817	69.278.723	70.354.370	55.772.747
Liabilities and equity		92.070.440	76.564.385	84.899.993	63.058.409
Distribution of profit	11				
Contingent assets, liabilities and other financial obligations	15				
Accounting Policies	16				

Statement of Changes in Equity

Group

	Share capital	Reserve for net revaluation under the equity method	Reserve for currency exchange	Retained earnings	Total
	DKK	DKK	DKK	DKK	DKK
Equity at 1 January	312.500	0	0	6.973.170	7.285.670
Exchange adjustments	0	0	-987.998	0	-987.998
Net profit/loss for the year	0	0	0	8.247.951	8.247.951
Equity at 31 December	312.500	0	-987.998	15.221.121	14.545.623

Parent

Equity at 1 January	312.500	11.699.403	0	-4.726.233	7.285.670
Exchange adjustments	0	-987.998	0	0	-987.998
Net profit/loss for the year	0	13.529.449	0	-5.281.498	8.247.951
Equity at 31 December	312.500	24.240.854	0	-10.007.731	14.545.623

Cash Flow Statement 1 January - 31 December

	Note	Group	
		2020 DKK	2019 DKK
Net profit/loss for the year		8.247.951	-8.398.590
Adjustments	13	6.550.640	5.135.043
Change in working capital	14	-15.565.269	-4.168.195
Cash flows from operating activities before financial income and expenses		-766.678	-7.431.742
Financial income		780.114	1.677.388
Financial expenses		-4.844.392	-1.635.772
Cash flows from ordinary activities		-4.830.956	-7.390.126
Corporation tax paid		-2.208.042	-852.264
Cash flows from operating activities		-7.038.998	-8.242.390
Purchase of property, plant and equipment		-460.479	-287.185
Purchase of financial assets		-164.165	-23
Sale of property, plant and equipment		0	300.000
Deposits		197.276	0
Cash flows from investing activities		-427.368	12.792
Use of overdraft facilities		7.097.323	8.374.840
Cash flows from financing activities		7.097.323	8.374.840
Change in cash and cash equivalents		-369.043	145.242
Cash and cash equivalents at 1 January		9.822.025	9.676.783
Cash and cash equivalents at 31 December		9.452.982	9.822.025
Cash and cash equivalents are specified as follows:			
Cash at bank and in hand		9.452.982	9.822.025
Cash and cash equivalents at 31 December		9.452.982	9.822.025

Notes to the Financial Statements

	Group		Parent	
	2020 DKK	2019 DKK	2020 DKK	2019 DKK
1 Staff expenses				
Wages and salaries	25.157.214	32.368.516	15.452.214	20.685.513
Pensions	1.042.279	1.307.527	1.042.279	1.307.527
Other social security expenses	221.282	314.069	221.282	314.069
Other staff expenses	309.573	715.118	309.573	715.118
	26.730.348	34.705.230	17.025.348	23.022.227
 Including remuneration to the Executive Board and Board of Directors	 1.758.280	 1.848.662	 1.758.280	 1.848.662
 Average number of employees	 77	 80	 27	 37
2 Financial income				
Interest received from group enterprises	0	0	5.966	88.277
Other financial income	0	1.059.450	0	331.801
Exchange gains	780.114	617.938	780.114	617.938
	780.114	1.677.388	786.080	1.038.016
3 Financial expenses				
Interest paid to group enterprises	50.215	0	50.215	0
Other financial expenses	3.238.829	5.791.848	1.662.795	5.739.896
Exchange loss	1.555.349	773.730	1.555.349	773.730
	4.844.393	6.565.578	3.268.359	6.513.626

Notes to the Financial Statements

	Group		Parent	
	2020	2019	2020	2019
	DKK	DKK	DKK	DKK
4 Tax on profit/loss for the year				
Current tax for the year	2.029.000	1.764.104	0	0
Deferred tax for the year	-305.236	-3.501.125	-305.236	-2.427.783
Adjustment of tax concerning previous years	0	-264.565	0	-12.920
	1.723.764	-2.001.586	-305.236	-2.440.703

5 Property, plant and equipment

Group

	Plant and machinery	Other fixtures and fittings, tools and equipment	Leasehold improvements	Total
	DKK	DKK	DKK	DKK
Cost at 1 January	980.742	3.612.562	2.836.938	7.430.242
Additions for the year	18.789	441.690	0	460.479
Cost at 31 December	999.531	4.054.252	2.836.938	7.890.721
Impairment losses and depreciation at 1 January	873.859	2.470.769	1.108.829	4.453.457
Depreciation for the year	32.194	291.598	288.804	612.596
Impairment losses and depreciation at 31 December	906.053	2.762.367	1.397.633	5.066.053
Carrying amount at 31 December	93.478	1.291.885	1.439.305	2.824.668

Notes to the Financial Statements

5 Property, plant and equipment (continued)

Parent

	Plant and machinery	Other fixtures and fittings, tools and equipment	Leasehold improvements	Total
	DKK	DKK	DKK	DKK
Cost at 1 January	980.742	2.355.161	2.836.938	6.172.841
Additions for the year	18.789	441.690	0	460.479
Kostpris at 31 December	999.531	2.796.851	2.836.938	6.633.320
Impairment losses and depreciation at 1 January	873.859	1.977.368	1.108.829	3.960.056
Depreciation for the year	32.194	123.598	288.804	444.596
Impairment losses and depreciation at 31 December	906.053	2.100.966	1.397.633	4.404.652
Carrying amount at 31 December	93.478	695.885	1.439.305	2.228.668

Notes to the Financial Statements

6 Investments in subsidiaries

	Parent	
	2020 DKK	2019 DKK
Cost at 1 January	1.881.315	1.641.130
Additions for the year	164.165	240.185
Cost at 31 December	2.045.480	1.881.315
Value adjustments at 1 January	16.052.185	14.631.290
Exchange adjustment	-987.998	97.758
Net profit/loss for the year	8.973.133	1.689.426
Change in intercompany profit on inventories	203.555	0
Reversals for the year of revaluations in previous years	0	-366.289
Value adjustments at 31 December	24.240.875	16.052.185
Equity investments with negative net asset value amortised over receivables	1.575.433	0
Carrying amount at 31 December	27.861.788	17.933.500

Investments in subsidiaries are specified as follows:

Name	Place of registered office	Votes and ownership
Resolux Windpower Technology (Tianjin) Co, Ltd.	China	100%
Resolux Inc.	USA	100%
Resolux do Brazil Ltda	Brazil	100%
Resolux GmbH	Germany	100%
Resolux India Private Ltd.	India	96%
Resolux Turkey	Turkey	70%

Notes to the Financial Statements

	Group		Parent	
	2020 DKK	2019 DKK	2020 DKK	2019 DKK
7 Investments in associates				
Cost at 1 January	23	0	23	0
Additions for the year	0	23	0	23
Cost at 31 December	23	23	23	23
Value adjustments at 1 January	-23	0	-23	0
Exchange adjustment	0	-152.701	0	-152.701
Net profit/loss for the year	0	-1.511.847	0	-1.511.847
Reversals for the year of revaluations in previous years	0	1.664.525	0	1.664.525
Value adjustments at 31 December	-23	-23	-23	-23
Carrying amount at 31 December	0	0	0	0

Investments in associates are specified as follows:

Name	Place of registered office	Votes and ownership
Resolux South Africa	South Africa	49%

8 Other fixed asset investments

	Group	Parent
	Deposits DKK	Deposits DKK
Cost at 1 January	249.734	97.734
Cost at 31 December	249.734	97.734
Carrying amount at 31 December	249.734	97.734

Notes to the Financial Statements

	Group		Parent	
	2020 DKK	2019 DKK	2020 DKK	2019 DKK
9 Deferred tax asset				
Deferred tax asset at 1 January	2.535.667	107.884	2.535.667	107.884
Amounts recognised in the income statement for the year	<u>305.236</u>	<u>2.427.783</u>	<u>305.236</u>	<u>2.427.783</u>
Deferred tax asset at 31 December	<u>2.840.903</u>	<u>2.535.667</u>	<u>2.840.903</u>	<u>2.535.667</u>

10 Prepayments

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

11 Distribution of profit

Reserve for net revaluation under the equity method	13.529.449	177.580
Retained earnings	<u>-5.281.498</u>	<u>-8.576.170</u>
	<u>8.247.951</u>	<u>-8.398.590</u>

Notes to the Financial Statements

12 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:

	Group		Parent	
	2020 DKK	2019 DKK	2020 DKK	2019 DKK
Other payables				
Between 1 and 5 years	1.894.131	507.406	1.894.131	507.406
Long-term part	1.894.131	507.406	1.894.131	507.406
Other short-term payables	5.697.598	6.188.047	2.928.978	3.791.754
	7.591.729	6.695.453	4.823.109	4.299.160

13 Cash flow statement - adjustments

	Group	
	2020 DKK	2019 DKK
Financial income	-780.114	-1.677.388
Financial expenses	4.844.393	6.565.578
Depreciation, amortisation and impairment losses, including losses and gains on sales	612.597	791.534
Income from investments in associates	150.000	1.511.847
Tax on profit/loss for the year	1.723.764	-2.001.586
Other adjustments	0	-54.942
	6.550.640	5.135.043

Notes to the Financial Statements

14 Cash flow statement - change in working capital	Group	
	2020	2019
	DKK	DKK
Change in inventories	1.643.542	-5.190.367
Change in receivables	-17.919.924	8.705.555
Change in trade payables, etc	711.113	-7.683.383
	-15.565.269	-4.168.195

15 Contingent assets, liabilities and other financial obligations	Group		Parent	
	2020	2019	2020	2019
	DKK	DKK	DKK	DKK

Charges and security

The following assets have been placed as security with Danske Bank A/S, 28.392 TDKK, with a total value of 71.995 TDKK at the balance sheet date:

Inventories, TDKK	26.107	27.646	9.459	8.868
Trade receivables, TDKK	44.503	28.713	10.235	5.761
Operating equipment, TDKK	1.385	1.230	789	484

Contingent liabilities

The group has entered in rent agreements with a termination periode of 1 - 6 month. The annual lease amounts to 2.320 TDKK and the total obligation amounts to 1.208 TDKK.

The group has entered in leasing contracts for other equipments with expiration dates within 3 - 36 months. The remaining liability for these amounts to 266 TDKK.

The Danish group companies are jointly and severally liable for tax on the jointly taxed incomes etc of the Group. The total amount of corporation tax payable is disclosed in the Annual Report of O. Teglggaard Holding ApS, which is the management company of the joint taxation purposes. Moreover, the Danish group companies are jointly and severally liable for Danish withholding taxes by way of dividend tax, tax on royalty payments and tax on unearned income. Any subsequent adjustments of corporation taxes and withholding taxes may increase the Company's liability.

Notes to the Financial Statements

16 Accounting Policies

The Annual Report of Resolux ApS for 2020 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 Consolidated and Parent Company Financial Statements for 2020 are presented in DKK.

Recognition and measurement

Revenues are recognised in the income statement as earned. Furthermore, value adjustments of financial assets and liabilities measured at fair value or amortised cost are recognised. Moreover, all expenses incurred to achieve the earnings for the year are recognised in the income statement, including depreciation, amortisation, impairment losses and provisions as well as reversals due to changed accounting estimates of amounts that have previously been recognised in the income statement.

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.

Basis of consolidation

The Consolidated Financial Statements comprise the Parent Company, Resolux ApS, and subsidiaries in which the Parent Company directly or indirectly holds more than 50% of the votes or in which the Parent Company, through share ownership or otherwise, exercises control. Enterprises in which the Group holds between 20% and 50% of the votes and exercises significant influence but not control are classified as associates.

On consolidation, items of a uniform nature are combined. Elimination is made of intercompany income and expenses, shareholdings, dividends and accounts as well as of realised and unrealised profits and losses on transactions between the consolidated enterprises.

The Parent Company's investments in the consolidated subsidiaries are set off against the Parent Company's share of the net asset value of subsidiaries stated at the time of consolidation.

Notes to the Financial Statements

16 Accounting Policies (continued)

Leases

Leases in terms of which the Group assumes substantially all the risks and rewards of ownership (finance leases) are recognised in the balance sheet at the lower of the fair value of the leased asset and the net present value of the lease payments computed by applying the interest rate implicit in the lease or an alternative borrowing rate as the discount rate. Assets acquired under finance leases are depreciated and written down for impairment under the same policy as determined for the other fixed assets of the Group.

The remaining lease obligation is capitalised and recognised in the balance sheet under debt, and the interest element on the lease payments is charged over the lease term to the income statement.

All other leases are considered operating leases. Payments made under operating leases are recognised in the income statement on a straight-line basis over the lease term.

Translation policies

Transactions in foreign currencies are translated at the exchange rates at the dates of transaction. Exchange differences 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 Group.

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

Notes to the Financial Statements

16 Accounting Policies (continued)

Expenses for raw materials and consumables

Expenses for raw materials and consumables comprise the raw materials and consumables consumed to achieve revenue for the year.

Other external expenses

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

Gross profit/loss

With reference to section 32 of the Danish Financial Statements Act, gross profit/loss is calculated as a summary of revenue, other operating income, 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 Group, including gains and losses on the sale of intangible assets and property, plant and equipment.

Income from investments in subsidiaries and associates

The items “Income from investments in subsidiaries” and “Income from investments in associates” in the income statement include the proportionate share of the profit for the year.

Financial income and expenses

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

Notes to the Financial Statements

16 Accounting Policies (continued)

Tax on profit/loss for the year

Tax for the year consists of current tax for the year and changes in deferred tax for the year. The tax attributable to the profit for the 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

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.

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:

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

The fixed assets' residual values are determined at nil.

Depreciation period and residual value are reassessed annually.

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.

Investments in subsidiaries and associates

Investments in subsidiaries and associates are recognised and measured under the equity method.

Notes to the Financial Statements

16 Accounting Policies (continued)

The items “Investments in subsidiaries” and “Investments in associates” in the balance sheet include the proportionate ownership share of the net asset value of the enterprises calculated on the basis of the fair values of identifiable net assets at the time of acquisition with deduction or addition of unrealised inter-company profits or losses.

The total net revaluation of investments in subsidiaries and associates is transferred upon distribution of profit to “Reserve for net revaluation under the equity method” under equity. The reserve is reduced by dividend distributed to the Parent Company and adjusted for other equity movements in the subsidiaries and the associates.

Subsidiaries and associates with a negative net asset value are recognised at DKK 0. Any legal or constructive obligation of the Parent Company to cover the negative balance of the enterprise is recognised in provisions.

Other fixed asset investments

Other fixed asset investments consist of deposits.

Inventories

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

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. 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.

Notes to the Financial Statements

16 Accounting Policies (continued)

Prepayments

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

Current asset investments

Current asset investments, which consist of listed bonds and shares, are measured at their fair values at the balance sheet date. Fair value is determined on the basis of the latest quoted market price.

Investments which are not traded in an active market are measured at the lower of cost and recoverable amount.

Equity

Dividend

Dividend distribution proposed by Management for the year is disclosed as a separate equity item.

Provisions

Provisions are recognised when - in consequence of an event occurred before or on the balance sheet date - the Group has a legal or constructive obligation and it is probable that economic benefits must be given up to settle the obligation.

Other provisions include warranty obligations in respect of repair work within the warranty period of . Provisions are measured and recognised based on experience with guarantee work.

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

16 Accounting Policies (continued)

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 debts

Loans, such as loans from credit institutions, are recognised initially at the proceeds received net of transaction expenses incurred. Subsequently, the loans are measured at amortised cost; the difference between the proceeds and the nominal value is recognised as an interest expense in the income statement over the loan period.

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

Deferred income

Deferred income comprises payments received in respect of income in subsequent years.

Cash Flow Statement

The cash flow statement shows the Group's cash flows for the year broken down by operating, investing and financing activities, changes for the year in cash and cash equivalents as well as the Group's cash and cash equivalents at the beginning and end of the year.

Cash flows from operating activities

Cash flows from operating activities are calculated as the net profit/loss for the year adjusted for changes in working capital and non-cash operating items such as depreciation, amortisation and impairment losses, and provisions. Working capital comprises current assets less short-term debt excluding items included in cash and cash equivalents.

Cash flows from investing activities

Cash flows from investing activities comprise cash flows from acquisitions and disposals of intangible assets, property, plant and equipment as well as fixed asset investments.

Cash flows from financing activities

Cash flows from financing activities comprise cash flows from the raising and repayment of long-term debt as well as payments to and from shareholders.

Notes to the Financial Statements

16 Accounting Policies (continued)

Cash and cash equivalents

Cash and cash equivalents comprise "Cash at bank and in hand" and "Overdraft facilities".

The cash flow statement cannot be immediately derived from the published financial records.

Financial Highlights

Explanation of financial ratios

Return on assets	$\frac{\text{Profit before financials} \times 100}{\text{Total assets}}$
Solvency ratio	$\frac{\text{Equity at year end} \times 100}{\text{Total assets at year end}}$
Return on equity	$\frac{\text{Net profit for the year} \times 100}{\text{Average equity}}$