
Resolux ApS

Tjørnevej 6, DK-5853 Ørbæk

Annual Report for 1 January - 31 December 2021

CVR No 27 18 06 63

The Annual Report was
presented and adopted at
the Annual General
Meeting of the Company on
30/6 2022

Ole Johannes Teglgaard
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 Resolux ApS for the financial year 1 January - 31 December 2021.

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 2021 of the Company and the Group and of the results of the Company and Group operations and of consolidated cash flows for 2021.

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, 30 June 2022

Executive Board

Ole Johannes Teglgaard

Board of Directors

Jacob Daniel Smith

Minor Bradley Wallace

Robert H Connors

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 2021 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 2021 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 2021, 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' 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 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, 30 June 2022

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

Jacob Daniel Smith
Minor Bradley Wallace
Robert H Connors

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				
	2021	2020	2019	2018	2017
	TDKK	TDKK	TDKK	TDKK	TDKK
Key figures					
Profit/loss					
Gross profit/loss	48.567	41.985	31.497	37.711	33.587
Profit/loss before financial income and expenses	24.237	14.036	-4.000	8.908	5.819
Net financials	-1.238	-4.064	-6.400	-2.117	-1.881
Net profit/loss for the year	15.286	8.248	-8.399	4.489	1.891
Balance sheet					
Balance sheet total	95.912	92.070	76.564	84.280	70.616
Equity	32.864	14.546	7.286	15.739	19.925
Cash flows					
Cash flows from:					
- operating activities	18.135	-7.039	-8.242	7.983	1.527
- investing activities	-1.115	-427	13	-1.149	-2.287
including investment in property, plant and equipment	-803	-460	-287	-833	-2.287
- financing activities	-2.245	7.097	8.375	-2.800	0
Change in cash and cash equivalents for the year	14.774	-369	146	4.034	-760
Number of employees	88	77	80	67	62
Ratios					
Return on assets	25,3%	15,2%	-5,2%	10,6%	8,2%
Solvency ratio	34,3%	15,8%	9,5%	18,7%	28,2%
Return on equity	64,5%	75,6%	-73,0%	25,2%	9,6%

For definitions, see under accounting policies.

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 48.567 against last year TDKK 41.985, an improvement of 16%.

Result after tax is TDKK 15.286 against last year's result on TDKK 8.247 and equity at the end of the year is TDKK 32.864, corresponding to a solvency ratio on 34%.

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.

Global climate crisis has together with up start after pandemic put political focus on renewable energy.

EU, USA and China as leading countries have made huge investments plan in "green energy".

- Resolux will 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.

The past year and follow-up on development expectations from last year

Our expectation was that we delivered a profit before tax of 28-32 Mdkk.

Due to the shortage of raw materials, the increased price of these in combination with the logistical issues and Covid 19 we saw some of our revenue being pushed by our customers into 2nd half of 2022. We therefore did not delivered our expectations but even with these issues we still feel that we delivered a more than satisfactory result.

Management's Review

Expected development in 2022

We expect the market to increase in growth, we start the year with a record high backlog. But have seen that the first quarter of 2022 is still moved by the same issues as 2nd half of 2021. But we still see that we have outperformed our budget on profit before tax in Q1.

It is the management's assessment that the group's turnover and earnings will continue to grow in the coming years, and for 2022 we expect a profit before tax in the range of 30-40 MDKK.

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.

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 had a very busy first half year but seen a slowdown in second half of 2021 due to less activities in the chinese market. We expect improvement in sales in second half of 2022.

Resolux USA has been able to supply a bigger scope to existing customers and good relations to US customers will bring a lot more business in 2022 even though the number of turbines will go down.

Resolux Brazil has a very sustainable business with a big market share and our cooperation with other US/European companies give us a perfect position in our relations to our customers.

Resolux Turkey is up running and gets order from local customers, we will in 2022 concentrate on customers in the middle east and they will be serviced from Turkey.

Resolux India is dormant but we expect to open up in second half of 2022. Local market is stable and global OEM's move their production to India.

Management's Review

Unusual events

The financial position at 31 December 2021 of the Group and the results of the activities and cash flows of the Group for the financial year for 2021 have not been affected by any unusual events.

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	
		2021 DKK	2020 DKK	2021 DKK	2020 DKK
Gross profit/loss		48.566.642	41.984.545	17.605.895	19.323.857
Staff expenses	1	-23.692.564	-26.730.348	-13.882.775	-17.025.348
Profit/loss before depreciation (EBITDA)		24.874.078	15.254.197	3.723.120	2.298.509
Depreciation, amortisation and impairment of intangible assets and property, plant and equipment		-637.053	-612.596	-444.883	-444.596
Other operating expenses		0	-605.607	-478.774	-605.607
Profit/loss before financial income and expenses (EBIT)		24.237.025	14.035.994	2.799.463	1.248.306
Income from investments in subsidiaries		0	0	14.496.223	9.176.688
Financial income	2	2.062.026	1.561.241	853.702	1.567.207
Financial expenses	3	-3.300.188	-5.625.520	-2.344.056	-4.049.486
Profit/loss before tax		22.998.863	9.971.715	15.805.332	7.942.715
Tax on profit/loss for the year	4	-7.713.321	-1.723.764	-519.790	305.236
Net profit/loss for the year		15.285.542	8.247.951	15.285.542	8.247.951

Balance Sheet 31 December

Assets

	Note	Group		Parent	
		2021 DKK	2020 DKK	2021 DKK	2020 DKK
Plant and machinery		62.340	93.478	62.340	93.478
Other fixtures and fittings, tools and equipment		1.765.455	1.291.885	1.022.973	695.885
Leasehold improvements		1.162.423	1.439.305	1.162.423	1.439.305
Property, plant and equipment	5	2.990.218	2.824.668	2.247.736	2.228.668
Investments in subsidiaries	6	0	0	45.581.139	27.861.788
Investments in associates	7	0	0	0	0
Deposits	8	562.307	249.734	292.298	97.734
Fixed asset investments		562.307	249.734	45.873.437	27.959.522
Fixed assets		3.552.525	3.074.402	48.121.173	30.188.190
Raw materials and consumables		3.929.238	4.945.456	255.503	1.382.656
Work in progress		5.610.579	5.875.968	2.928.398	5.875.968
Finished goods and goods for resale		15.230.858	15.011.274	4.771.994	1.925.782
Prepayments for goods		18.934	274.314	18.934	274.314
Inventories		24.789.609	26.107.012	7.974.829	9.458.720
Trade receivables		30.161.211	44.503.246	7.042.988	10.235.246
Receivables from group enterprises		1.250.980	647.808	20.579.878	25.478.865
Receivables from associates		413.699	394.401	413.699	394.401
Other receivables		3.694.749	2.664.188	651.175	1.239.188
Deferred tax asset	9	2.488.791	2.840.903	2.321.113	2.840.903
Corporation tax		4.855.535	2.155.000	0	0
Prepayments	10	477.361	230.498	477.361	230.498
Receivables		43.342.326	53.436.044	31.486.214	40.419.101
Cash at bank and in hand		24.227.225	9.452.982	1.470	4.833.982
Currents assets		92.359.160	88.996.038	39.462.513	54.711.803
Assets		95.911.685	92.070.440	87.583.686	84.899.993

Balance Sheet 31 December

Liabilities and equity

	Note	Group		Parent	
		2021 DKK	2020 DKK	2021 DKK	2020 DKK
Share capital		312.500	312.500	312.500	312.500
Reserve for net revaluation under the equity method		0	0	41.770.193	24.240.854
Reserve for currency exchange		2.045.119	-987.998	0	0
Retained earnings		30.506.663	15.221.121	-9.218.411	-10.007.731
Equity		32.864.282	14.545.623	32.864.282	14.545.623
Other payables		2.168.502	1.894.131	2.168.502	1.894.131
Long-term debt	12	2.168.502	1.894.131	2.168.502	1.894.131
Credit institutions		35.852.362	37.031.201	35.340.074	37.031.201
Prepayments received from customers		60.240	0	60.240	0
Trade payables		19.152.593	30.555.065	5.214.585	8.652.065
Payables to group enterprises		789.620	1.856.159	9.721.139	19.840.332
Payables to owners and Management		0	7.666	0	7.666
Corporation tax		14.580	483.000	0	0
Other payables	12	5.009.506	5.697.595	2.214.864	2.928.975
Short-term debt		60.878.901	75.630.686	52.550.902	68.460.239
Debt		63.047.403	77.524.817	54.719.404	70.354.370
Liabilities and equity		95.911.685	92.070.440	87.583.686	84.899.993
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	-987.998	15.221.121	14.545.623
Exchange adjustments	0	0	3.033.117	0	3.033.117
Net profit/loss for the year	0	0	0	15.285.542	15.285.542
Equity at 31 December	312.500	0	2.045.119	30.506.663	32.864.282

Parent

Equity at 1 January	312.500	24.240.854	0	-10.007.731	14.545.623
Exchange adjustments relating to foreign entities	0	3.033.117	0	0	3.033.117
Net profit/loss for the year	0	14.496.222	0	789.320	15.285.542
Equity at 31 December	312.500	41.770.193	0	-9.218.411	32.864.282

Cash Flow Statement 1 January - 31 December

	Note	Group	
		2021 DKK	2020 DKK
Net profit/loss for the year		15.285.542	8.247.951
Adjustments	13	9.588.536	6.550.640
Change in working capital	14	5.029.047	-15.565.274
Cash flows from operating activities before financial income and expenses		29.903.125	-766.683
Financial income		2.062.025	1.561.241
Financial expenses		-3.300.190	-5.625.514
Cash flows from ordinary activities		28.664.960	-4.830.956
Corporation tax paid		-10.530.164	-2.208.042
Cash flows from operating activities		18.134.796	-7.038.998
Purchase of intangible assets		0	-164.165
Purchase of property, plant and equipment		-802.604	-460.479
Fixed asset investments made etc		-312.572	197.276
Cash flows from investing activities		-1.115.176	-427.368
Repayment of loans from credit institutions		-1.178.837	7.097.323
Repayment of payables to group enterprises		-1.066.540	0
Cash flows from financing activities		-2.245.377	7.097.323
Change in cash and cash equivalents		14.774.243	-369.043
Cash and cash equivalents at 1 January		9.452.982	9.822.025
Cash and cash equivalents at 31 December		24.227.225	9.452.982
Cash and cash equivalents are specified as follows:			
Cash at bank and in hand		24.227.225	9.452.982
Cash and cash equivalents at 31 December		24.227.225	9.452.982

Notes to the Financial Statements

	Group		Parent	
	2021 DKK	2020 DKK	2021 DKK	2020 DKK
1 Staff expenses				
Wages and salaries	22.282.621	25.157.214	12.472.832	15.452.214
Pensions	884.885	1.042.279	884.885	1.042.279
Other social security expenses	198.992	221.282	198.992	221.282
Other staff expenses	326.066	309.573	326.066	309.573
	23.692.564	26.730.348	13.882.775	17.025.348
 Including remuneration to the Executive Board and Board of Directors	2.068.173	2.094.752	2.068.173	2.094.752
 Average number of employees	88	77	24	27
 2 Financial income				
Interest received from group enterprises	0	0	95.110	5.966
Other financial income	1.303.434	1.013	0	1.013
Exchange gains	758.592	1.560.228	758.592	1.560.228
	2.062.026	1.561.241	853.702	1.567.207
 3 Financial expenses				
Interest paid to group enterprises	0	50.215	0	50.215
Other financial expenses	2.698.397	3.239.842	1.742.265	1.663.808
Exchange loss	601.791	2.335.463	601.791	2.335.463
	3.300.188	5.625.520	2.344.056	4.049.486

Notes to the Financial Statements

	Group		Parent	
	2021 DKK	2020 DKK	2021 DKK	2020 DKK
4 Tax on profit/loss for the year				
Current tax for the year	6.178.484	2.029.000	0	0
Deferred tax for the year	400.150	-305.236	400.150	-305.236
Adjustment of tax concerning previous years	1.015.047	0	0	0
Adjustment of deferred tax concerning previous years	119.640	0	119.640	0
	7.713.321	1.723.764	519.790	-305.236

5 Property, plant and equipment

Group

	Plant and machinery DKK	Other fixtures and fittings, tools and equipment DKK	Leasehold improvements DKK	Total DKK
Cost at 1 January	999.531	4.054.252	2.836.938	7.890.721
Additions for the year	0	802.603	0	802.603
Cost at 31 December	999.531	4.856.855	2.836.938	8.693.324
Impairment losses and depreciation at 1 January	906.053	2.762.367	1.397.633	5.066.053
Depreciation for the year	31.138	329.033	276.882	637.053
Impairment losses and depreciation at 31 December	937.191	3.091.400	1.674.515	5.703.106
Carrying amount at 31 December	62.340	1.765.455	1.162.423	2.990.218

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	999.531	2.796.851	2.836.938	6.633.320
Additions for the year	0	463.951	0	463.951
Kostpris at 31 December	999.531	3.260.802	2.836.938	7.097.271
Impairment losses and depreciation at 1 January	906.053	2.100.966	1.397.633	4.404.652
Depreciation for the year	31.138	136.863	276.882	444.883
Impairment losses and depreciation at 31 December	937.191	2.237.829	1.674.515	4.849.535
Carrying amount at 31 December	62.340	1.022.973	1.162.423	2.247.736

Notes to the Financial Statements

	Parent	
	2021 DKK	2020 DKK
6 Investments in subsidiaries		
Cost at 1 January	2.045.481	1.881.315
Additions for the year	0	164.165
Cost at 31 December	2.045.481	2.045.480
Value adjustments at 1 January	24.240.875	16.052.185
Exchange adjustment	3.033.117	-987.998
Net profit/loss for the year	14.583.357	8.973.133
Change in intercompany profit on inventories	-87.135	203.555
Value adjustments at 31 December	41.770.214	24.240.875
Equity investments with negative net asset value amortised over receivables	1.765.444	1.575.433
Carrying amount at 31 December	45.581.139	27.861.788

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	
	2021 DKK	2020 DKK	2021 DKK	2020 DKK
7 Investments in associates				
Cost at 1 January	23	23	23	23
Cost at 31 December	23	23	23	23
Value adjustments at 1 January	-23	-23	-23	-23
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
Exchange adjustment	378	0
Additions for the year	312.195	194.564
Cost at 31 December	562.307	292.298
Carrying amount at 31 December	562.307	292.298

Notes to the Financial Statements

	Group		Parent	
	2021 DKK	2020 DKK	2021 DKK	2020 DKK
9 Deferred tax asset				
Deferred tax asset at 1 January	2.840.903	2.535.667	2.840.903	2.535.667
Amounts recognised in the income statement for the year	-352.112	305.236	-519.790	305.236
Deferred tax asset at 31 December	2.488.791	2.840.903	2.321.113	2.840.903

At 31 December 2021, the group has recognized a deferred tax asset totaling 2.489 t.DKK regarding losses to be carried forward. Based on budgets, Management considers it likely that there will be future taxable income against which non-utilized tax losses can be offset.

10 Prepayments

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

	Parent	
	2021 DKK	2020 DKK
11 Distribution of profit		
Reserve for net revaluation under the equity method	14.496.222	13.529.449
Retained earnings	789.320	-5.281.498
	15.285.542	8.247.951

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	
	2021 DKK	2020 DKK	2021 DKK	2020 DKK
Other payables				
Between 1 and 5 years	2.168.502	1.894.131	2.168.502	1.894.131
Long-term part	2.168.502	1.894.131	2.168.502	1.894.131
Other short-term payables	5.009.506	5.697.595	2.214.864	2.928.975
	7.178.008	7.591.726	4.383.366	4.823.106

13 Cash flow statement - adjustments

	Group	
	2021 DKK	2020 DKK
Financial income	-2.062.026	-1.561.241
Financial expenses	3.300.188	5.625.520
Depreciation, amortisation and impairment losses, including losses and gains on sales	637.053	612.597
Tax on profit/loss for the year	7.713.321	1.723.764
Income from investments in associates	0	150.000
	9.588.536	6.550.640

14 Cash flow statement - change in working capital

Change in inventories	1.317.403	1.643.542
Change in receivables	15.475.259	-17.919.924
Change in trade payables, etc	-11.763.615	711.108
	5.029.047	-15.565.274

Notes to the Financial Statements

15	Group		Parent	
	2021	2020	2021	2020
	DKK	DKK	DKK	DKK
Contingent assets, liabilities and other financial obligations				

Charges and security

The following assets have been placed as security with Danske Bank A/S and Vækstfonden, 35.340 TDKK, with a total value of 16.051 TDKK at the balance sheet date:

Inventories, TDKK	7.924	9.459	7.924	9.459
Trade receivables, TDKK	7.042	10.235	7.042	10.235
Operating equipment, TDKK	1.085	789	1.085	789

Rental and lease obligations

Lease obligations under operating leases. Total future lease payments:

Within 1 year	3.044	1.543	1.582	1.006
Between 1 and 5 years	4.440	166	3.053	166
	7.484	1.709	4.635	1.172

Other contingent liabilities

The 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. Teglgaard Holding ApS, which is the management company of the joint taxation purposes. Moreover, the group companies are jointly and severally liable for Danish withholding taxes by way of dividend tax, tax on royalty payments and tax on un-earned income. Any subsequent adjustments of corporation taxes and withholding taxes may increase the Company's liability.

As security for a related company's outstanding account in relation to its primary financial institution the company has provided an unlimited, joint and several suretyship.

Notes to the Financial Statements

16 Accounting Policies

The Annual Report of Resolux ApS for 2021 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 2021 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 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 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 property, plant and equipment.

Income from investments in subsidiaries

The item "Income from investments in subsidiaries" in the income statement includes 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 Danish 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 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.

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.

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.

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

Notes to the Financial Statements

16 Accounting Policies (continued)

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.

Cash and cash equivalents

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

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	$\frac{\text{Net profit for the year} \times 100}{\text{Average equity}}$