

## **Chromaviso A/S**

Tueager 1  
8200 Aarhus N  
Business Registration No  
27525202

## **Annual report 01.11.2016 - 31.10.2017**

The Annual General Meeting adopted the annual report on 11.12.2017

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

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Name: Anders Kristian Kryger Nielsen

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## Entity details

### Entity

Chromaviso A/S

Tueager 1

8200 Aarhus N

Central Business Registration No: 27525202

Registered in: Aarhus

Financial year: 01.11.2016 - 31.10.2017

Phone: 72406007

E-mail: akr@chromaviso.com

### Board of Directors

Steen Hvidt, Chairman

Anne-Marie Krog

Anders Kristian Kryger Nielsen

Claus Munch Puggaard

Anders Geert Jensen

### Executive Board

Anders Kristian Kryger Nielsen

Claus Munch Puggaard

### Auditors

Deloitte Statsautoriseret Revisionspartnerselskab

City Tower, Værkmestergade 2

8000 Aarhus C

## Statement by Management on the annual report

The Board of Directors and the Executive Board have today considered and approved the annual report of Chromaviso A/S for the financial year 01.11.2016 - 31.10.2017.

The annual report is presented in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Entity's financial position at 31.10.2017 and of the results of its operations for the financial year 01.11.2016 - 31.10.2017.

We believe that the management commentary contains a fair review of the affairs and conditions referred to therein.

We recommend the annual report for adoption at the Annual General Meeting.

Aarhus, 11.12.2017

### Executive Board

Anders Kristian Kryger  
Nielsen

Claus Munch Puggaard

### Board of Directors

Steen Hvidt  
Chairman

Anne-Marie Krog

Anders Kristian Kryger Nielsen

Claus Munch Puggaard

Anders Geert Jensen

## Independent auditor's reports

### To the shareholders of Chromaviso A/S

#### Report on extended review of the financial statements

We have performed an extended review of the financial statements of Chromaviso A/S for the financial year 01.11.2016 - 31.10.2017. The financial statements, which comprise the income statement, balance sheet, statement of changes in equity, notes and accounting policies, are prepared in accordance with the Danish Financial Statements Act.

#### Management's responsibility 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.

#### Auditor's responsibility

Our responsibility is to express an opinion on the financial statements. We conducted our extended review in accordance with the assurance engagement standard for small enterprises as issued by the Danish Business Authority and the standard on extended review of financial statements prepared in accordance with the Danish Financial Statements Act as issued by FSR - Danish Auditors.

This requires that we comply with the Danish Public Accountants Act and FSR – Danish Auditors' Code of Conduct and plan and perform procedures to obtain limited assurance about our opinion on the financial statements and that we perform specifically required supplementary procedures for the purpose of obtaining additional assurance about our opinion.

An extended review consists of making inquiries, primarily of management and, if appropriate, of other entity personnel, performing analytical procedures and specifically required supplementary procedures as well as evaluating the evidence obtained.

The procedures performed in an extended review are less in scope than in an audit, and accordingly we do not express an audit opinion on the financial statements.

#### Conclusion

Based on our extended review, in our opinion, the financial statements give a true and fair view of the Entity's financial position at 31.10.2017 and of the results of its operations for the financial year 01.11.2016 - 31.10.2017 in accordance with the Danish Financial Statements Act.

#### Statement on the management commentary

Management is responsible for the management commentary.

Our opinion on the financial statements does not cover the management commentary, and we do not express any form of assurance conclusion thereon.

## Independent auditor's reports

In connection with our extended review of the financial statements, our responsibility is to read the management commentary and, in doing so, consider whether the management commentary is materially inconsistent with the financial statements or our knowledge obtained in the extended review or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether the management commentary provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we conclude that the management commentary is in accordance with the financial statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement of the management commentary.

Aarhus, 11.12.2017

### **Deloitte**

Statsautoriseret Revisionspartnerselskab  
Central Business Registration No: 33963556

Klaus Tvede-Jensen  
State-Authorised Public Accountant  
Identification number (MNE) 23304

## Management commentary

### **Primary activities**

The Company's primary activity is to develop and deliver health-promoting light solutions to hospitals, the psychiatric sector and the nursing sector.

### **Development in activities and finances**

#### ***Ergonomic Lighting***

The company is the market leader in Scandinavia within the area of ergonomic lighting used in surgery and examination rooms. The continued development of this segment is taking place in close cooperation with clinicians and researchers.

#### ***Circadian Lighting***

The development of circadian lighting targeted general hospitals, psychiatric hospitals and nursing homes, was initiated in 2013. Circadian lighting is especially value-adding to highly vulnerable patients. Circadian lighting has been applied with positive effect with elderly and in particular with dementia patients. Circadian lighting has also been applied with psychiatric patients and intensive care patients with positive results. In addition to this circadian lighting has evidence of positive effect on the working environment of staff in the hospital and care sector. Studies carried out by a cross-disciplinary expert group of clinicians and researchers at the **Copenhagen University Hospital (Rigshospitalet)** has through clinical studies documented the positive effect on patients suffering from depression, anxiety, fatigue etc.

#### ***Development of Circadian lighting fixtures***

To meet increasing demands for flexibility Chromaviso has during the past fiscal year developed and manufactured its own lighting fixture. This supports the growing sales of circadian lighting solutions.

### ***Financial performance***

In accordance with strategic objectives of the company the revenue has doubled during the past fiscal year and earnings has increased correspondingly. A substantial part of the increase in revenue and earnings is based on sales of circadian lighting solutions.

With continued focus on development and innovation the company will maintain its leading market position and the management expects a continued growth in both revenue and earnings.

### ***Current***

The company experiences a significant and continued growth in the Swedish market and has, based on this, established a Swedish sales company.

### **Events after the balance sheet date**

No events have occurred after the balance sheet date to this date, which would influence the evaluation of this annual report.

## Income statement for 2016/17

	<u>Notes</u>	<u>2016/17</u> <u>DKK</u>	<u>2015/16</u> <u>DKK</u>
<b>Gross profit</b>		<b>9.233.671</b>	<b>3.050.263</b>
Staff costs	1	(5.587.769)	(5.706.747)
Depreciation, amortisation and impairment losses		<u>(1.009.363)</u>	<u>(564.571)</u>
<b>Operating profit/loss</b>		<b>2.636.539</b>	<b>(3.221.055)</b>
Other financial income	2	132.994	90.477
Other financial expenses	3	<u>(594.780)</u>	<u>(475.831)</u>
<b>Profit/loss before tax</b>		<b>2.174.753</b>	<b>(3.606.409)</b>
Tax on profit/loss for the year	4	<u>(489.515)</u>	<u>778.067</u>
<b>Profit/loss for the year</b>		<b><u>1.685.238</u></b>	<b><u>(2.828.342)</u></b>
<b>Proposed distribution of profit/loss</b>			
Retained earnings		<u>1.685.238</u>	<u>(2.828.342)</u>
		<b><u>1.685.238</u></b>	<b><u>(2.828.342)</u></b>



## Balance sheet at 31.10.2017

	<u>Notes</u>	<u>2016/17</u> <u>DKK</u>	<u>2015/16</u> <u>DKK</u>
Completed development projects		6.791.372	344.371
Development projects in progress		3.980.229	8.204.798
<b>Intangible assets</b>	5	<b><u>10.771.601</u></b>	<b><u>8.549.169</u></b>
Other fixtures and fittings, tools and equipment		268.195	280.478
Leasehold improvements		19.218	25.600
<b>Property, plant and equipment</b>	6	<b><u>287.413</u></b>	<b><u>306.078</u></b>
<b>Fixed assets</b>		<b><u>11.059.014</u></b>	<b><u>8.855.247</u></b>
Manufactured goods and goods for resale		2.661.872	2.075.273
<b>Inventories</b>		<b><u>2.661.872</u></b>	<b><u>2.075.273</u></b>
Trade receivables		6.426.543	4.566.804
Contract work in progress		55.550	0
Receivables from group enterprises		1.919.890	1.666.486
Other receivables		235.577	67.360
Income tax receivable		928.576	809.773
Prepayments		279.667	239.416
<b>Receivables</b>		<b><u>9.845.803</u></b>	<b><u>7.349.839</u></b>
<b>Cash</b>		<b><u>6.596</u></b>	<b><u>9.685</u></b>
<b>Current assets</b>		<b><u>12.514.271</u></b>	<b><u>9.434.797</u></b>
<b>Assets</b>		<b><u>23.573.285</u></b>	<b><u>18.290.044</u></b>

## Balance sheet at 31.10.2017

	<u>Notes</u>	<u>2016/17</u> <u>DKK</u>	<u>2015/16</u> <u>DKK</u>
Contributed capital		606.000	606.000
Reserve for development expenditure		2.409.334	0
Retained earnings		<u>1.675.221</u>	<u>2.399.317</u>
<b>Equity</b>		<b><u>4.690.555</u></b>	<b><u>3.005.317</u></b>
Deferred tax		<u>2.385.600</u>	<u>1.215.529</u>
<b>Provisions</b>		<b><u>2.385.600</u></b>	<b><u>1.215.529</u></b>
Bank loans		5.000.000	5.000.000
Debt to other credit institutions		<u>3.685.638</u>	<u>5.000.000</u>
<b>Non-current liabilities other than provisions</b>	7	<b><u>8.685.638</u></b>	<b><u>10.000.000</u></b>
Current portion of long-term liabilities other than provisions	7	1.059.989	0
Bank loans		2.011.413	1.660.796
Trade payables		3.281.276	1.747.534
Payables to associates		47.380	0
Other payables		1.411.434	644.582
Deferred income		<u>0</u>	<u>16.286</u>
<b>Current liabilities other than provisions</b>		<b><u>7.811.492</u></b>	<b><u>4.069.198</u></b>
<b>Liabilities other than provisions</b>		<b><u>16.497.130</u></b>	<b><u>14.069.198</u></b>
<b>Equity and liabilities</b>		<b><u>23.573.285</u></b>	<b><u>18.290.044</u></b>
Unrecognised rental and lease commitments	8		
Contingent liabilities	9		
Assets charged and collateral	10		

## Statement of changes in equity for 2016/17

	<b>Contributed capital DKK</b>	<b>Reserve for development expenditure DKK</b>	<b>Retained earnings DKK</b>	<b>Total DKK</b>
Equity beginning of year	606.000	0	2.399.317	3.005.317
Transfer to reserves	0	2.409.334	(2.409.334)	0
Profit/loss for the year	0	0	1.685.238	1.685.238
<b>Equity end of year</b>	<b>606.000</b>	<b>2.409.334</b>	<b>1.675.221</b>	<b>4.690.555</b>

## Notes

	<b>2016/17</b>	<b>2015/16</b>
	<b>DKK</b>	<b>DKK</b>
<b>1. Staff costs</b>		
Wages and salaries	4.862.026	5.130.112
Pension costs	443.238	307.724
Other social security costs	76.303	79.366
Other staff costs	206.202	189.545
	<b>5.587.769</b>	<b>5.706.747</b>
Average number of employees	<b>10</b>	<b>10</b>
	<b>2016/17</b>	<b>2015/16</b>
	<b>DKK</b>	<b>DKK</b>
<b>2. Other financial income</b>		
Financial income arising from group enterprises	101.157	88.884
Other interest income	31.837	1.593
	<b>132.994</b>	<b>90.477</b>
	<b>2016/17</b>	<b>2015/16</b>
	<b>DKK</b>	<b>DKK</b>
<b>3. Other financial expenses</b>		
Financial expenses from group enterprises	199	0
Other financial expenses	594.581	475.831
	<b>594.780</b>	<b>475.831</b>
	<b>2016/17</b>	<b>2015/16</b>
	<b>DKK</b>	<b>DKK</b>
<b>4. Tax on profit/loss for the year</b>		
Current tax	(680.556)	(207.075)
Change in deferred tax	1.170.071	(569.734)
Adjustment concerning previous years	0	(1.258)
	<b>489.515</b>	<b>(778.067)</b>

## Notes

	<b>Completed develop- ment projects DKK</b>	<b>Develop- ment projects in progress DKK</b>
<b>5. Intangible assets</b>		
Cost beginning of year	2.099.281	8.204.798
Additions	7.318.004	3.093.435
Disposals	0	(7.318.004)
<b>Cost end of year</b>	<b>9.417.285</b>	<b>3.980.229</b>
Amortisation and impairment losses beginning of year	(1.754.910)	0
Amortisation for the year	(871.003)	0
<b>Amortisation and impairment losses end of year</b>	<b>(2.625.913)</b>	<b>0</b>
<b>Carrying amount end of year</b>	<b>6.791.372</b>	<b>3.980.229</b>

### Development projects

The Company's development projects in progress consist of development of projects to support the Company's primary activity and to further develop the Company's products. The development projects are transferred to completed development projects when completed and are all expected to generate profits in future. The development projects recognised proceed as expected.

	<b>Other fixtures and fittings, tools and equipment DKK</b>	<b>Leasehold improve- ments DKK</b>
<b>6. Property, plant and equipment</b>		
Cost beginning of year	434.840	32.000
Additions	119.694	0
Disposals	(4.798)	0
<b>Cost end of year</b>	<b>549.736</b>	<b>32.000</b>
Depreciation and impairment losses beginning of year	(154.362)	(6.400)
Depreciation for the year	(129.352)	(6.382)
Reversal regarding disposals	2.173	0
<b>Depreciation and impairment losses end of year</b>	<b>(281.541)</b>	<b>(12.782)</b>
<b>Carrying amount end of year</b>	<b>268.195</b>	<b>19.218</b>

## Notes

	<b>Due within 12 months 2016/17 DKK</b>	<b>Due after more than 12 months 2016/17 DKK</b>
<b>7. Liabilities other than provisions</b>		
Bank loans	0	5.000.000
Debt to other credit institutions	<u>1.059.989</u>	<u>3.685.638</u>
	<b><u>1.059.989</u></b>	<b><u>8.685.638</u></b>
	<b><u>2016/17 DKK</u></b>	<b><u>2015/16 DKK</u></b>
<b>8. Unrecognised rental and lease commitments</b>		
Liabilities under rental or lease agreements until maturity in total	<u>307.330</u>	<u>465.630</u>

### 9. Contingent liabilities

The Entity participates in a Danish joint taxation arrangement where Chromaviso holding ApS serves as the administration company. According to the joint taxation provisions of the Danish Corporation Tax Act, the Entity is therefore liable for income taxes etc for the jointly taxed entities, and for obligations, if any, relating to the withholding of tax on interest, royalties and dividend for the jointly taxed entities. The jointly taxed entities' total known net liability under the joint taxation arrangement is disclosed in the administration company's financial statements.

### 10. Assets charged and collateral

The Company has granted a floating charge of DKK 7,500k on trade receivables, inventories, goodwill, operating equipment and vehicles.

On behalf of the Company, Nordea has issued performance bonds totalling DKK 1,052,030.

The Company has guaranteed Chromaviso IP ApS' debt to Nordea. The company's bank debt amounts to DKK 296k at 31.10.2017. The guarantee has a maximum amount of DKK 300k.

## Accounting policies

### Reporting class

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

### Changes in accounting policies

As a result of changes in the Danish Financial Statements Act, the accounting policies have been changed in the following area:

### Development costs

For development expenditure recognised in the balance sheet, an amount equal to the development expenditure recognised after 01.11.2016 is recognised in "Reserve for development expenditure" under equity. The reserve is reduced by the current amortisation.

In accordance with the transitional provisions of the Danish Financial Statements Act, an equal amount is recognised in the item "Reserve for development expenditure" only in relation to development expenditure recognised for the first time on or later than 01.11.2016.

### Effect of change in accounting policies

The change in accounting policies has no monetary impact on assets, liabilities, financial position and profit/loss.

Apart from the above areas, the annual report is presented according to the same accounting policies as last year, however with a few reclassifications.

### Income statement

#### Gross profit or loss

Gross profit or loss comprises revenue, changes in inventories of finished goods and work in progress, cost of raw materials and consumables and external expenses.

#### Revenue

Revenue from the sale of manufactured goods and goods for resale is recognised in the income statement when delivery is made and risk has passed to the buyer. Revenue is recognised net of VAT, duties and sales discounts and is measured at fair value of the consideration fixed.

Contract work in progress is included in revenue based on the stage of completion so that revenue corresponds to the selling price of the work performed in the financial year (the percentage-of-completion method).

#### Costs of raw materials and consumables

Costs of raw materials and consumables comprise the consumption of raw materials and consumables for the financial year after adjustment for changes in inventories of these goods from the beginning to the end of the year. This item includes shrinkage, if any, and ordinary writedowns of the relevant inventories.

## Accounting policies

### Other external expenses

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

### Staff costs

Staff costs comprise salaries and wages as well as social security contributions, pension contributions, etc for entity staff.

### Depreciation, amortisation and impairment losses

Depreciation, amortisation and impairment losses relating to property, plant and equipment and intangible assets comprise depreciation, amortisation and impairment losses for the financial year, calculated on the basis of the residual values and useful lives of the individual assets and impairment testing as well as gains and losses from the sale of intangible assets as well as property, plant and equipment.

### Other financial income

Other financial income comprises interest income, including interest income on receivables from group enterprises, payables and transactions in foreign currencies, amortisation of financial assets as well as tax relief under the Danish Tax Prepayment Scheme etc.

### Other financial expenses

Other financial expenses comprise interest expenses, including interest expenses on payables to group enterprises, payables and transactions in foreign currencies, amortisation of financial liabilities as well as tax surcharge under the Danish Tax Prepayment Scheme etc.

### Tax on profit/loss for the year

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

### Balance sheet

#### Intellectual property rights etc

Intellectual property rights etc comprise development projects completed and in progress with related intellectual property rights.

Development projects on clearly defined and identifiable products and processes, for which the technical rate of utilisation, adequate resources and a potential future market or development opportunity in the enterprise can be established, and where the intention is to manufacture, market or apply the product or process in question, are recognised as intangible assets. Other development costs are recognised as costs in the income statement as incurred. When recognising development projects as intangible assets, an amount equalling the costs incurred is taken to equity under Reserve for development costs that is reduced as the development projects are amortised and written down.



## Accounting policies

The cost of development projects comprises costs such as salaries and amortisation that are directly and indirectly attributable to the development projects.

Completed development projects are amortised on a straight-line basis using their estimated useful lives which are determined based on a specific assessment of each development project. If the useful life cannot be estimated reliably, it is fixed at 10 years. For development projects protected by intellectual property rights, the maximum period of amortisation is the remaining duration of the relevant rights. The amortisation periods used are 5-10 years.

### Property, plant and equipment

Other fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation and impairment losses.

Cost comprises the acquisition price, costs directly attributable to the acquisition and preparation costs of the asset until the time when it is ready to be put into operation.

The basis of depreciation is cost less estimated residual value after the end of useful life. Straight-line depreciation is made on the basis of the following estimated useful lives of the assets:

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

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

Estimated useful lives and residual values are reassessed annually.

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

### Inventories

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

Cost consists of purchase price plus delivery costs.

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

### Receivables

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

### Contract work in progress

Contract work in progress is measured at the selling price of the work carried out at the balance sheet date.

## Accounting policies

The selling price is measured based on the stage of completion and the total estimated income from the individual contracts in progress. Usually, the stage of completion is determined as the ratio of actual to total budgeted consumption of resources.

If the selling price of a project in progress cannot be made up reliably, it is measured at the lower of costs incurred and net realisable value.

Each contract in progress is recognised in the balance sheet under receivables or liabilities other than provisions, depending on whether the net value, calculated as the selling price less prepayments received, is positive or negative.

Costs of sales work and of securing contracts as well as finance costs are recognised in the income statement as incurred.

### **Income tax payable or receivable**

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

### **Prepayments**

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

### **Cash**

Cash comprises cash in hand and bank deposits.

### **Deferred tax**

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

### **Other financial liabilities**

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

### **Deferred income**

Deferred income comprises income received for recognition in subsequent financial years. Deferred income is measured at cost.