

CHROMAVISO A/S
Finlandsgade 25 A
8200 Aarhus N
Business Registration No
27525202

**Annual report 01.11.2018
- 31.10.2019**

The Annual General Meeting adopted the annual report on 06.03.2020

Chairman of the General Meeting

Name: Anders Kristian Kryger Nielsen

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Entity details

Entity

CHROMAVISO A/S
Finlandsgade 25 A
8200 Aarhus N

Central Business Registration No (CVR): 27525202

Registered in: Aarhus

Financial year: 01.11.2018 - 31.10.2019

Board of Directors

Steen Hvidt
Anne-Marie Krog
Anders Kristian Kryger Nielsen
Claus Munch Puggaard
Claus Frøkjær-Lorensen

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 01.11.2018 - 31.10.2019.

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

In our opinion, the financial statements give a true and fair view of the Entity's financial position at 31.10.2019 and of the results of its operations for the financial year 01.11.2018 - 31.10.2019.

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

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

Aarhus, 06.03.2020

Executive Board

Anders Kristian Kryger
Nielsen

Claus Munch Puggaard

Board of Directors

Steen Hvidt

Anne-Marie Krog

Anders Kristian Kryger Nielsen

Claus Munch Puggaard

Claus Frøkjær-Lorensen

Independent auditor's extended review report

To the shareholders of CHROMAVISO A/S

Conclusion

We have performed an extended review of the financial statements of CHROMAVISO A/S for the financial year 01.11.2018 - 31.10.2019, which comprise the income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act.

Based on our extended review, in our opinion, the financial statements give a true and fair view of the Entity's financial position at 31.10.2019 and of the results of its operations for the financial year 01.11.2018 - 31.10.2019 in accordance with the Danish Financial Statements Act.

Basis for conclusion

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. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the extended review of the financial statements". We are independent of the Entity 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 evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

Management's responsibilities for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the Danish Financial Statements Act, and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, Management is responsible for assessing the Entity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern, and using the going concern basis of accounting unless Management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the extended review of the financial statements

Our responsibility is to express a conclusion on the financial statements. This requires that we plan and perform procedures to obtain limited assurance about our conclusion on the financial statements and that we also perform specifically required supplementary procedures for the purpose of obtaining additional assurance about our conclusion.

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

Independent auditor's extended review report

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.

Statement on the management commentary

Management is responsible for the management commentary.

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

In connection with our 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 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, 06.03.2020

Deloitte

Statsautoriseret Revisionspartnerselskab

Central Business Registration No (CVR) 33963556

Klaus Tvede-Jensen

State Authorised Public Accountant

Identification No (MNE) mne23304

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.

Further information about the company activities can be found at www.chromaviso.com or LinkedIn/Chromaviso.

Development in activities and finances

The result for the year for the company is a loss of 3.679 t.kr., which management considers unsatisfactory.

In 2019, the company has invested in new markets - and at the same time, significant investments have been made in the further development of the company's organization and solutions within 24-hour rhythm lighting. In the Danish market, the company achieved a result as expected. In the other Nordic markets, 2019 has been characterized by the construction of a pipeline, but at the same time with a major shift in project realization, which is the main reason for the negative accounting result in 2019.

In 2019, the company expanded its ownership circle with the aim of adding new capital to invest in the company's development of the Nordic markets, thus realizing the great potential that has been built up.

Chromavisco's solutions have also in 2019 achieved great scientific results among Danish and foreign researchers within the influence of circadian light illumination on people, and Chromavisco's solutions today stand as a market leader in this area.

Management believes that despite the loss-making result in 2019, considerable value has been created that must be realized in 2020 onwards

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.

After the balance sheet date the company bought out the minority shareholder in Chromaviso AB which means that the company owns Chromaviso AB 100%. This happened after the balance sheet date and has no effect on the financial statement.

Income statement for 2018/19

	<u>Notes</u>	<u>2018/19</u> <u>DKK</u>	<u>2017/18</u> <u>DKK</u>
Gross profit		5.428.263	9.173.277
Staff costs	1	(6.981.282)	(5.985.281)
Depreciation, amortisation and impairment losses		<u>(1.148.857)</u>	<u>(1.041.620)</u>
Operating profit/loss		(2.701.876)	2.146.376
Income from investments in group enterprises		(1.021.995)	8.531
Other financial income	2	98.660	168.827
Other financial expenses	3	<u>(839.189)</u>	<u>(739.695)</u>
Profit/loss before tax		(4.464.400)	1.584.039
Tax on profit/loss for the year	4	<u>785.369</u>	<u>(359.307)</u>
Profit/loss for the year		<u>(3.679.031)</u>	<u>1.224.732</u>
Proposed distribution of profit/loss			
Retained earnings		<u>(3.679.031)</u>	<u>1.224.732</u>
		<u>(3.679.031)</u>	<u>1.224.732</u>

Balance sheet at 31.10.2019

	<u>Notes</u>	<u>2018/19</u> <u>DKK</u>	<u>2017/18</u> <u>DKK</u>
Completed development projects		5.234.697	6.109.878
Development projects in progress		<u>7.947.283</u>	<u>5.622.815</u>
Intangible assets	5	<u>13.181.980</u>	<u>11.732.693</u>
Other fixtures and fittings, tools and equipment		184.239	320.811
Leasehold improvements		<u>20.887</u>	<u>12.817</u>
Property, plant and equipment	6	<u>205.126</u>	<u>333.628</u>
Investments in group enterprises		<u>0</u>	<u>37.694</u>
Fixed asset investments	7	<u>0</u>	<u>37.694</u>
Fixed assets		<u>13.387.106</u>	<u>12.104.015</u>
Manufactured goods and goods for resale		<u>2.701.645</u>	<u>2.448.087</u>
Inventories		<u>2.701.645</u>	<u>2.448.087</u>
Trade receivables		7.521.740	7.647.583
Contract work in progress	8	1.456.076	503.325
Receivables from group enterprises		282.883	2.920.744
Other receivables		1.407.260	609.082
Income tax receivable		0	663.860
Joint taxation contribution receivable		939.473	0
Prepayments		<u>468.882</u>	<u>280.959</u>
Receivables		<u>12.076.314</u>	<u>12.625.553</u>
Cash		<u>6.994</u>	<u>8.135</u>
Current assets		<u>14.784.953</u>	<u>15.081.775</u>
Assets		<u>28.172.059</u>	<u>27.185.790</u>

Balance sheet at 31.10.2019

	<u>Notes</u>	<u>2018/19</u> <u>DKK</u>	<u>2017/18</u> <u>DKK</u>
Contributed capital		606.000	606.000
Reserve for net revaluation according to the equity method		0	8.576
Reserve for development expenditure		4.748.041	3.690.551
Retained earnings		<u>1.879.140</u>	<u>1.610.160</u>
Equity		<u>7.233.181</u>	<u>5.915.287</u>
Deferred tax		2.211.154	2.470.191
Provisions for investments in group enterprises		<u>4.358</u>	<u>0</u>
Provisions		<u>2.215.512</u>	<u>2.470.191</u>
Bank loans		5.000.000	5.000.000
Debt to other credit institutions		2.257.448	4.243.188
Other payables		<u>133.538</u>	<u>0</u>
Non-current liabilities other than provisions	9	<u>7.390.986</u>	<u>9.243.188</u>
Current portion of long-term liabilities other than provisions	9	1.562.073	1.300.876
Bank loans		897.572	1.737.351
Contract work in progress	8	65.583	752.380
Trade payables		3.546.781	3.505.946
Payables to group enterprises		3.041.623	0
Other payables		1.629.321	2.260.571
Deferred income		<u>589.427</u>	<u>0</u>
Current liabilities other than provisions		<u>11.332.380</u>	<u>9.557.124</u>
Liabilities other than provisions		<u>18.723.366</u>	<u>18.800.312</u>
Equity and liabilities		<u>28.172.059</u>	<u>27.185.790</u>
Unrecognised rental and lease commitments	10		
Contingent liabilities	11		
Assets charged and collateral	12		

Statement of changes in equity for 2018/19

	Contributed capital DKK	Reserve for net revaluation according to the equity method DKK	Reserve for development expenditure DKK
Equity beginning of year	606.000	8.576	3.690.551
Exchange rate adjustments	0	(3.075)	0
Group contributions etc	0	0	0
Transfer to reserves	0	0	1.057.490
Profit/loss for the year	0	(5.501)	0
Equity end of year	606.000	0	4.748.041

	Retained earnings DKK	Total DKK
Equity beginning of year	1.610.160	5.915.287
Exchange rate adjustments	0	(3.075)
Group contributions etc	5.000.000	5.000.000
Transfer to reserves	(1.057.490)	0
Profit/loss for the year	(3.673.530)	(3.679.031)
Equity end of year	1.879.140	7.233.181

Notes

	2018/19	2017/18
	DKK	DKK
1. Staff costs		
Wages and salaries	6.014.943	5.105.478
Pension costs	638.420	558.964
Other social security costs	111.917	88.508
Other staff costs	216.002	232.331
	6.981.282	5.985.281
Average number of employees	13	11
	2018/19	2017/18
	DKK	DKK
2. Other financial income		
Financial income arising from group enterprises	81.933	153.819
Other interest income	16.727	15.008
	98.660	168.827
	2018/19	2017/18
	DKK	DKK
3. Other financial expenses		
Other financial expenses	839.189	739.695
	839.189	739.695
	2018/19	2017/18
	DKK	DKK
4. Tax on profit/loss for the year		
Current tax	(539.630)	0
Change in deferred tax	(259.037)	359.307
Adjustment concerning previous years	13.298	0
	(785.369)	359.307

Notes

	Completed develop- ment projects DKK	Develop- ment projects in progress DKK
5. Intangible assets		
Cost beginning of year	9.592.165	5.622.815
Additions	93.530	2.324.468
Cost end of year	9.685.695	7.947.283
Amortisation and impairment losses beginning of year	(3.482.287)	0
Amortisation for the year	(968.711)	0
Amortisation and impairment losses end of year	(4.450.998)	0
Carrying amount end of year	5.234.697	7.947.283

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.

	Other fixtures and fittings, tools and equipment DKK	Leasehold improve- ments DKK
6. Property, plant and equipment		
Cost beginning of year	781.314	32.000
Additions	33.556	18.088
Cost end of year	814.870	50.088
Depreciation and impairment losses beginning of year	(460.503)	(19.183)
Depreciation for the year	(170.128)	(10.018)
Depreciation and impairment losses end of year	(630.631)	(29.201)
Carrying amount end of year	184.239	20.887

Notes

	Invest- ments in group enterprises DKK
	<u>DKK</u>
7. Fixed asset investments	
Cost beginning of year	29.118
Cost end of year	<u>29.118</u>
Revaluations beginning of year	8.576
Exchange rate adjustments	(3.075)
Revaluations for the year	(1.021.995)
Investments with negative equity value depreciated over receivables	983.018
Investments with negative equity value transferred to provisions	4.358
Revaluations end of year	<u>(29.118)</u>
Carrying amount end of year	<u>0</u>

After the balance sheet date the company bought out the minority shareholder in Chromaviso AB which means that the company own Chromaviso AB 100%. This happened after the balance sheet date and has no effect on the financial statement.

	2018/19	2017/18
	<u>DKK</u>	<u>DKK</u>
8. Contract work in progress		
Contract work in progress	6.121.095	5.749.569
Progress billings regarding contract work in progress	(4.730.602)	(5.998.624)
Transferred to liabilities other than provisions	65.583	752.380
	<u>1.456.076</u>	<u>503.325</u>

	Due within 12 months	Due within 12 months	Due after more than 12 months
	2018/19	2017/18	2018/19
	<u>DKK</u>	<u>DKK</u>	<u>DKK</u>
9. Liabilities other than provisions			
Bank loans	0	0	5.000.000
Debt to other credit institutions	1.562.073	1.300.876	2.257.448
Other payables	0	0	133.538
	<u>1.562.073</u>	<u>1.300.876</u>	<u>7.390.986</u>

Notes

	<u>2018/19</u>	<u>2017/18</u>
	<u>DKK</u>	<u>DKK</u>
10. Unrecognised rental and lease commitments		
Liabilities under rental or lease agreements until maturity in total	<u>4.366.072</u>	<u>438.856</u>

11. 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.

12. Assets charged and collateral

The Company has granted a floating charge of DKK 5,000k on trade receivables, inventories, goodwill, operating equipment and vehicles. The value of the floating charge is DKK 10,429k at 31.10.2019.

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 300k at 31.10.2019. The guarantee has 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.

The accounting policies applied to these financial statements are consistent with those applied last year, but with some reclassifications.

Recognition and measurement

Assets are recognised in the balance sheet when it is probable as a result of a prior event that future economic benefits will flow to the Entity, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when the Entity has a legal or constructive obligation as a result of a prior event, and it is probable that future economic benefits will flow out of the Entity, and the value of the liability can be measured reliably.

On initial recognition, assets and liabilities are measured at cost. Measurement subsequent to initial recognition is effected as described below for each financial statement item.

Anticipated risks and losses that arise before the time of presentation of the annual report and that confirm or invalidate affairs and conditions existing at the balance sheet date are considered at recognition and measurement.

Income is recognised in the income statement when earned, whereas costs are recognised by the amounts attributable to this financial year.

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, as well as gains and losses from the sale of intangible assets as well as property, plant and equipment.

Income from investments in group enterprises

Income from investments in group enterprises comprises the pro rata share of the individual enterprises' profit/loss after full elimination of intra-group profits or losses.

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, net capital or exchange losses on securities, 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

Accounting policies

the costs incurred less deferred tax is taken to equity under Reserve for development costs that is reduced as the development projects are amortised and written down.

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.

Investments in group enterprises

Investments in group enterprises are recognised and measured according to the equity method. This means that investments are measured at the pro rata share of the enterprises' equity value.

Group enterprises with negative equity value are measured at DKK 0. Any receivables from these enterprises are written down to net realisable value based on a specific assessment. If the Parent has a legal or constructive obligation to cover the liabilities of the relevant enterprise, and it is probable that such obligation will involve a loss, a provision is recognised that is measured at present value of the costs necessary to settle the obligations at the balance sheet date.

Accounting policies

Upon distribution of profit or loss, net revaluation of investments in group enterprises is transferred to Reserve for net revaluation according to the equity method under equity.

Investments in group enterprises 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.

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.

Joint taxation contributions receivable or payable

Current joint taxation contributions payable or joint taxation contributions receivable are recognised in the balance sheet, calculated as tax computed on the taxable income for the year, which has been adjusted for prepaid tax. For tax losses, joint taxation contributions receivable are only recognised if such losses are expected to be used under the joint taxation arrangement.

Accounting policies

Prepayments

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

Cash

Cash comprises 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.

Deferred tax assets, including the tax base of tax loss carryforwards, are recognised in the balance sheet at their estimated realisable value, either as a set-off against deferred tax liabilities or as net tax assets.

Other provisions

Other provisions comprise anticipated costs of non-recourse guarantee commitments, returns, loss on contract work in progress, decided and published restructuring, etc.

Other provisions are recognised and measured as the best estimate of the expenses required to settle the liabilities at the balance sheet date. Provisions that are estimated to mature more than one year after the balance sheet date are measured at their discounted value.

Non-recourse guarantee commitments comprise commitments to remedy defects and deficiencies within the guarantee period.

Once it is probable that total costs will exceed total income from a contract in progress, provision is made for the total loss estimated to result from the relevant contract.

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.