

Nordtronic A/S

Flade Engvej 4
9900 Frederikshavn
Denmark

CVR no. 29 80 87 08

Annual report 2018

The annual report was presented and approved at the
Company's annual general meeting on

15 March 2019

chairman



Nordtronic A/S
Annual report 2018
CVR no. 29 80 87 08

Contents

Statement by the Board of Directors and the Executive Board	2
Independent auditor's report	3
Management's review	5
Company details	5
Operating review	6
Financial statements 1 January – 31 December	7
Income statement	7
Balance sheet	8
Notes	10

Statement by the Board of Directors and the Executive Board

The Board of Directors and the Executive Board have today discussed and approved the annual report of Nordtronic A/S for the financial year 1 January – 31 December 2018.

The annual report has been prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Company's assets, liabilities and financial position at 31 December 2018 and of the results of the Company's operations for the financial year 1 January – 31 December 2018.

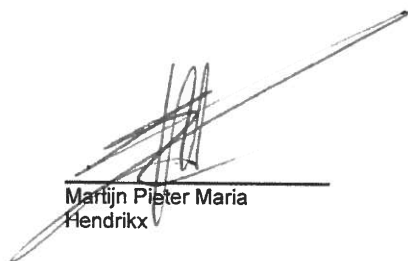
Further, in our opinion, the Management's review gives a fair review of the matters discussed in the Management's review.

We recommend that the annual report be approved at the annual general meeting.

Frederikshavn, 15 March 2019
Executive Board:

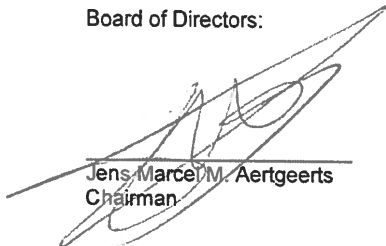


Mads Andersen



Martijn Pieter Maria
Hendrikx

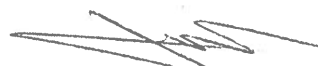
Board of Directors:



Jens Marcel M. Aertgeerts
Chairman



Erhardt Sven Schirmer



Yannick Guido M. Lens



Mads Andersen



Independent auditor's report

To the shareholders of Nordtronic A/S

Opinion

We have audited the financial statements of Nordtronic A/S for the financial year 1 January – 31 December 2018 comprising income statement, balance sheet and notes, including accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Company's assets, liabilities and financial position at 31 December 2018 and of the results of the Company's operations for the financial year 1 January – 31 December 2018 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the financial statements" section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' 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 rules and requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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 that Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance as to 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 in Denmark will always detect a material misstatement when it exists. Misstatements may 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 made 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 company 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.



Independent auditor's report

- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- evaluate the overall presentation, structure and contents of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Statement on the Management's review

Management is responsible for the Management's review.

Our opinion on the financial statements does not cover the 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 the Management's review and, in doing so, consider whether the Management's review is materially inconsistent with the financial statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

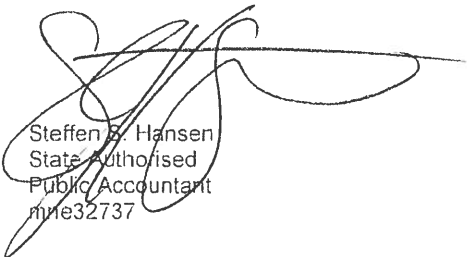
Moreover, it is our responsibility to consider whether the Management's review provides the information required under the Danish Financial Statements Act.

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

Aalborg, 15 March 2019

KPMG

Statsautoriseret Revisionspartnerselskab
CVR no. 25 57 81 98



Steffen B. Hansen
State Authorised
Public Accountant
nr1e32737

Nordtronic A/S
Annual report 2018
CVR no. 29 80 87 08

Management's review

Company details

Nordtronic A/S
Flade Engvej 4
9900 Frederikshavn
Denmark

Telephone: 70209531
Fax: 70209532
E-mail: info@nordtronic.dk

CVR no.: 29 80 87 08
Established: 1 December 2006
Registered office: Frederikshavn
Financial year: 1 January – 31 December

Board of Directors

Jens Marcel M. Aertgeerts, Chairman
Erhardt Sven Schirmer
Yannick Guido M. Lens
Mads Andersen

Executive Board

Mads Andersen
Martijn Pieter Maria Hendrikx

Auditor

KPMG
Statsautoriseret Revisionspartnerselskab
Østre Havnegade 18
DK-9000 Aalborg
Denmark

Nordtronic A/S
Annual report 2018
CVR no. 29 80 87 08

Management's review

Operating review

Principal activities

The Company's principal activities are to develop and distribute electrical products, primarily LED spots.

Development in activities and financial position

The Company realised a profit before tax of DKK 12,937 thousand (2016: DKK 18,660 thousand). Management is satisfied with the performance.

Events after the balance sheet date

After the balance sheet date, no material events have occurred that may affect the present financial statements.

Financial statements 1 January – 31 December

Income statement

DKK	Note	2018	2017
Gross profit		19,957,903	26,662,883
Staff costs	2	-4,869,096	-4,916,992
Depreciation, amortisation and impairment		<u>-2,091,135</u>	<u>-3,029,391</u>
Operating profit		12,997,672	18,716,500
Financial income		54,461	95,873
Financial expenses		<u>-115,625</u>	<u>-152,744</u>
Profit before tax		12,936,508	18,659,629
Tax on profit/loss for the year	3	<u>-2,871,726</u>	<u>-4,130,635</u>
Profit for the year		<u>10,064,782</u>	<u>14,528,994</u>
Proposed profit appropriation			
Proposed dividends for the year		10,000,000	14,000,000
Retained earnings		<u>64,782</u>	<u>528,994</u>
		<u>10,064,782</u>	<u>14,528,994</u>

Financial statements 1 January – 31 December

Balance sheet

DKK	Note	2018	2017
ASSETS			
Fixed assets			
Intangible assets	4		
Completed development projects		0	1,713,545
Property, plant and equipment			
Fixtures and fittings, tools and equipment		1,039,125	980,797
Total fixed assets		1,039,125	2,694,342
Current assets			
Inventories			
Finished goods and goods for resale		13,259,811	14,087,177
Prepayments for goods		371,727	141,211
		13,631,538	14,228,388
Receivables			
Trade receivables		12,795,791	15,778,474
Receivables from group entities		172,923	3,513,128
Other receivables		3,874	7,229
Deferred tax asset		157,366	0
Corporation tax		0	103,248
Prepayments		80,408	55,966
		13,210,362	19,458,045
Cash at bank and in hand		10,444,624	3,935,438
Total current assets		37,286,524	37,621,871
TOTAL ASSETS		38,325,649	40,316,213

Financial statements 1 January – 31 December

Balance sheet

DKK	Note	2018	2017
EQUITY AND LIABILITIES			
Equity			
Contributed capital		500,000	500,000
Reserve for development costs		0	897,115
Retained earnings		17,051,440	16,089,456
Proposed dividends		10,000,000	14,000,000
Total equity		<u>27,551,440</u>	<u>31,486,571</u>
Provisions			
Provisions for deferred tax		0	115,329
Other provisions		250,000	750,000
Total provisions		<u>250,000</u>	<u>865,329</u>
Liabilities other than provisions			
Current liabilities other than provisions			
Trade payables		6,157,557	6,368,141
Corporation tax		2,710,552	0
Other payables		1,656,100	1,596,172
		<u>10,524,209</u>	<u>7,964,313</u>
Total liabilities other than provisions		<u>10,524,209</u>	<u>7,964,313</u>
TOTAL EQUITY AND LIABILITIES		<u><u>38,325,649</u></u>	<u><u>40,316,213</u></u>

Financial statements 1 January – 31 December

Notes

1 Accounting policies

The annual report of Nordtronic A/S for 2018 has been prepared in accordance with the provisions applying to reporting class B entities under the Danish Financial Statements Act.

The accounting policies used in the preparation of the financial statements are consistent with those of last year.

Foreign currency translation

On initial recognition, transactions denominated in foreign currencies are translated at the exchange rates at the transaction date. Foreign exchange differences arising between the exchange rates at the transaction date and the date of payment are recognised in the income statement as financial income or financial expenses.

Receivables, payables and other monetary items denominated in foreign currencies are translated at the exchange rates at the balance sheet date. The difference between the exchange rates at the balance sheet date and the date at which the receivable or payable arose or was recognised in the latest financial statements is recognised in the income statement as financial income or financial expenses.

Income statement

Gross Profit

Pursuant to Section 32 of the Danish Financial Statements Act, the Company has decided only to disclose gross profit.

Revenue

Income from the sale of goods is recognised in revenue when delivery and transfer of risk to the buyer have taken place, and the income may be measured reliably and is expected to be received. The date of transfer of the most significant benefits and risks is determined using standard Incoterms © 2010.

Revenue is measured at the fair value of the agreed consideration excluding VAT and taxes charged on behalf of third parties. All discounts granted are recognised in revenue.

Other external costs

Other external costs comprise distribution costs and costs related to sales, sales campaigns, administration, office premises, operating leases, etc.

Staff costs

Staff costs comprise wages and salaries, including holiday allowance, pension and other social security costs, etc., to the Company's employees, excluding reimbursements from public authorities.

Financial statements 1 January – 31 December

Notes

1 Accounting policies (continued)

Financial income and expenses

Financial income and expenses comprise interest income and expense, gains and losses on payables and transactions denominated in foreign currencies, as well as surcharges and refunds under the on-account tax scheme, etc.

Tax on profit/loss for the year

Tax for the year comprises current corporation tax for the year and changes in deferred tax, including changes in tax rates. The tax expense relating to the profit/loss for the year is recognised in the income statement, and the tax expense relating to amounts directly recognised in equity is recognised directly in equity.

Balance sheet

Intangible assets

Development projects

Development costs comprise engineering costs from external supplier directly attributable to development activities.

Development projects that are clearly defined and identifiable, where the technical feasibility, sufficient resources and a potential future market or development opportunities are evidenced, and where the Company intends to produce, market or use the project, are recognised as intangible assets provided that the cost can be measured reliably and that there is sufficient assurance that future earnings can cover production costs, selling costs and administrative expenses as well development costs. Other development costs are recognised in the income statement as incurred.

Development costs recognised in the balance sheet are measured at cost less accumulated amortisation and impairment losses.

Upon completion of development work, development costs are amortised on a straight-line basis over the estimated useful lives. The amortisation period is usually 3 years.

Property, plant and equipment

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

Cost comprises the purchase price and any costs directly attributable to the acquisition until the date on which the asset is available for use. Indirect production overheads and borrowing costs are not recognised in cost.

Where individual components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items, which are depreciated separately.

Financial statements 1 January – 31 December

Notes

1 Accounting policies (continued)

The depreciable amount, which is calculated as cost less any projected residual values after the end of the useful life, is depreciated on a straight-line basis over the estimated useful life. The estimated useful lives are as follows:

Fixtures and fittings, tools and equipment	3-8 years
--------------------------------------------	-----------

The useful life and residual value are reassessed annually. Changes are treated as accounting estimates, and the effect on depreciation is recognised prospectively.

Gains and losses on the disposal of property, plant and equipment are stated as the difference between the selling price less selling costs and the carrying amount at the date of disposal. Gains and losses are recognised in the income statement as other operating income or other operating costs, respectively.

Impairment of fixed assets

The carrying amount of intangible assets and property, plant and equipment as well as equity investments in group entities and associates is subject to an annual test for indications of impairment other than the decrease in value reflected by depreciation or amortisation.

Impairment tests are conducted of individual assets or groups of assets when there is an indication that they may be impaired. Write-down is made to the recoverable amount if this is lower than the carrying amount.

The recoverable amount is the higher of an asset's net selling price and its value in use. The value in use is determined as the present value of the forecast net cash flows from the use of the asset or the group of assets, including forecast net cash flows from the disposal of the asset or the group of assets after the end of the useful life.

Inventories

Inventories are measured at cost in accordance with the FIFO method. Where the net realisable value is lower than cost, inventories are written down to this lower value.

Goods for resale are measured at cost, comprising purchase price plus delivery costs.

The net realisable value of inventories is calculated as the sales amount less costs of completion and costs necessary to make the sale and is determined taking into account marketability, obsolescence and development in expected selling price.

Receivables

Receivables are measured at amortised cost.

Write-down is made for bad debt losses where there is an objective indication that a receivable has been impaired. If there is an objective indication that an individual receivable has been impaired, write-down is made on an individual basis.

Financial statements 1 January – 31 December

Notes

1 Accounting policies (continued)

Write-downs are calculated as the difference between the carrying amount of receivables and the present value of forecast cash flows, including the realisable value of any collateral received. The effective interest rate for the individual receivable or portfolio is used as discount rate.

Prepayments and deferred income

Prepayments comprise prepayment of costs incurred relating to subsequent financial years.

Dividends

The expected dividends payment for the year is disclosed as a separate item under equity.

Corporation tax and deferred tax

Current tax payable and receivable is recognised in the balance sheet as tax computed on the taxable income for the year, adjusted for tax on the taxable income of prior years and for tax paid on account.

Deferred tax is measured using the balance sheet liability method on all temporary differences between the carrying amount and the tax value of assets and liabilities based on the planned use of the asset or settlement of the liability. However, deferred tax is not recognised on temporary differences relating to goodwill non-deductible for tax purposes and on office premises and other items where the temporary differences arise at the date of acquisition without affecting either profit/loss or taxable income.

Deferred tax is measured in accordance with the tax rules and at the tax rates applicable at the balance sheet date when the deferred tax is expected to crystallise as current tax. Changes in deferred tax as a result of changes in tax rates are recognised in the income statement or equity, respectively.

Liabilities other than provisions

Other liabilities are measured at net realisable value.

Financial statements 1 January – 31 December

Notes

2 Staff costs

DKK	2018	2017
Wages and salaries	4,504,598	4,367,291
Pensions	156,484	231,620
Other social security costs	132,204	144,955
Other staff costs	75,810	173,126
	<u>4,869,096</u>	<u>4,916,992</u>
Average number of full-time employees	<u>12</u>	<u>12</u>

3 Tax on profit for the year

DKK	2018	2017
Current tax for the year	3,144,421	4,648,622
Deferred tax for the year	-272,695	-531,365
Adjustment of tax concerning previous years	0	13,378
	<u>2,871,726</u>	<u>4,130,635</u>

4 Intangible assets

DKK	Completed development projects
Cost at 1 January 2018	<u>5,852,487</u>
Cost at 31 December 2018	5,852,487
Amortisation and impairment losses at 1 January 2018	-4,138,942
Amortisation for the year	<u>-1,713,545</u>
Amortisation and impairment losses at 31 December 2018	-5,852,487
Carrying amount at 31 December 2018	<u>0</u>

Completed development projects

Completed development projects relate to external supplier's development of new LED products. The projects were completed during 2015-2017 and are amortised over three years. The products have been launched on the market and generate projected revenue and profit.

5 Contractual obligations and contingencies, etc.

Contingent liabilities

Remaining operating lease obligations at the balance sheet date fall due by DKK 7,788 thousand. within eight years (2017: DKK 9,741 thousand).

Financial statements 1 January – 31 December

Notes

6 Related party disclosures

Nordtronic A/S' related parties comprise the following:

Control

SLV GmbH, Daimlerstrasse 21, 52531 Übach-Palenberg, Germany.
Mads A Holding ApS, Strandkanten 111, 9300 Sæby, Denmark.

Nordtronic A/S is part of the consolidated financial statements of SLV Holding GmbH, Germany, which is the smallest group in which the Company is included as a subsidiary.

The consolidated financial statements of SLV Holding GmbH can be obtained by contacting the Company.