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**NORDLUX INVEST A/S**  
**ØSTRE HAVNEGADE 34, 9000 AALBORG**  
**ANNUAL REPORT**  
**1 JANUARY - 31 DECEMBER 2021**

**The Annual Report has been presented and  
adopted at the Company's Annual General  
Meeting on 25 May 2022**

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**Zhangmin Yang**

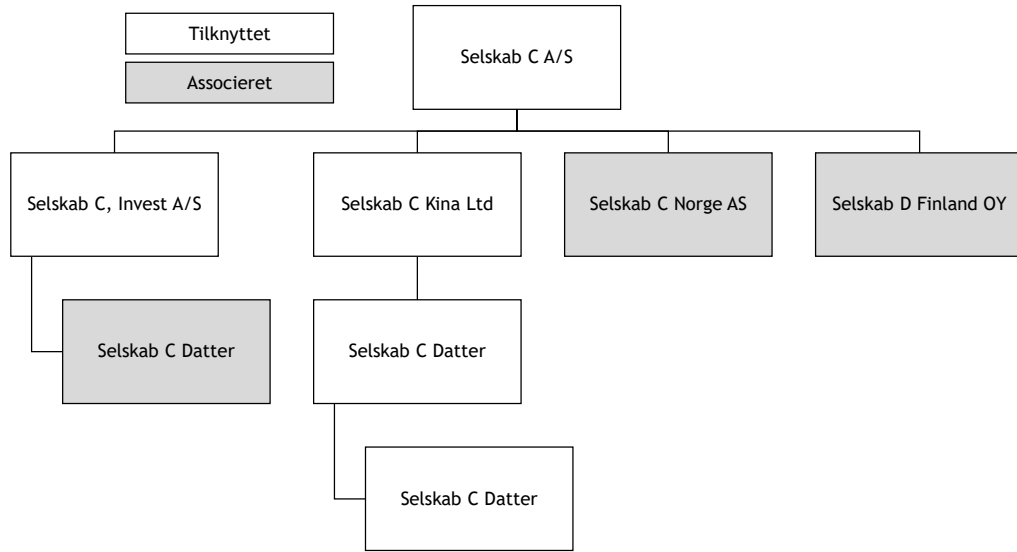
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**COMPANY DETAILS**

|                           |   |
|---------------------------|---|
| <b>Company</b>            | Nordlux Invest A/S<br>Østre Havnegade 34<br>9000 Aalborg  |
|                           | CVR No.: 30 50 66 77<br>Established: 17 June 2008<br>Municipality: Aalborg<br>Financial Year: 1 January - 31 December |
| <b>Board of Directors</b> | Zhangming Yang, chairman<br>Zhao Weifeng<br>Wei Chen<br>Kristian Kolding  |
| <b>Executive Board</b>    | Niels Skov Jakobsen   |
| <b>Auditor</b>            | BDO Statsautoriseret revisionsaktieselskab<br>Visionsvej 51<br>9000 Aalborg   |

### GROUP STRUCTURE



## MANAGEMENT'S STATEMENT

*Today the Board of Directors and Executive Board have discussed and approved the Annual Report of Nordlux Invest A/S for the financial year 1 January - 31 December 2021.*

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

*In our opinion the Consolidated Financial Statements and the Annual Financial Statements of the Company give a true and fair view of Group's and the Company's assets, liabilities and financial position at 31 December 2021 and of the results of Group's and the Company's operations and cash flows for the financial year 1 January - 31 December 2021.*

*The Management Commentary includes in our opinion a fair presentation of the matters dealt with in the Commentary.*

*We recommend the Annual Report be approved at the Annual General Meeting.*

Aalborg, 8 February 2022

Executive Board

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Niels Skov Jakobsen

Board of Directors

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Zhangming Yang  
Chairman

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Zhao Weifeng

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Wei Chen

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Kristian Kolding

## INDEPENDENT AUDITOR'S REPORT

*To the Shareholder of Nordlux Invest A/S*

### **Opinion**

*We have audited the Consolidated Financial Statements and the Annual Financial Statements of the Company of Nordlux Invest A/S for the financial year 1 January - 31 December 2021, which comprise income statement, Balance Sheet, statement of changes in equity, notes and a summary of significant accounting policies for both the Group and the Parent Company, as well as consolidated statement of cash flows for the Group. The Consolidated Financial Statements and the Annual Financial Statements of the Company are prepared in accordance with the Danish Financial Statements Act.*

*In our opinion, the Consolidated Financial Statements and the Annual Financial Statements of the Company give a true and fair view of the assets, liabilities and financial position of the Group or the Company at 31 December 2021 and of the results of the Group and the Parent Company's operations as well as the consolidated cash flows of the Group for the financial year 1 January - 31 December 2021 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 Consolidated Financial Statements and the Annual Financial Statements of the Company" 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 (including International Independence Standards) (IESBA Code), together with the ethical requirements that are relevant to our audit of the financial statements in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.*

### **Management's Responsibilities for the Consolidated Financial Statements and the Annual Financial Statements of the Company**

*Management is responsible for the preparation of Consolidated Financial Statements and the Annual Financial Statements of the Company 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 Consolidated Financial Statements and the Annual Financial Statements of the Company that are free from material misstatement, whether due to fraud or error.*

*In preparing the Consolidated Financial Statements and the Annual Financial Statements of the Company, Management is responsible for assessing the Group's and the Parent 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 Consolidated Financial Statements and the Annual Financial Statements of the Company 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 Consolidated Financial Statements and the Parent Company Financial Statements**

*Our objectives are to obtain reasonable assurance about whether the Consolidated Financial Statements and the Annual Financial Statements of the Company 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 Consolidated Financial Statements and the Annual Financial Statements of the Company.*

*As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:*

## INDEPENDENT AUDITOR'S REPORT

- *Identify and assess the risks of material misstatement of the Consolidated Financial Statements and the Annual Financial Statements of the Company, 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 Group's and the Parent 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 Consolidated Financial Statements and the Annual Financial Statements of the Company 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 Parent 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 Consolidated Financial Statements and the Annual Financial Statements of the Company 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 Group and the Parent Company to cease to continue as a going concern.*
- *Evaluate the overall presentation, structure and contents of the Consolidated Financial Statements and the Annual Financial Statements of the Company, including the disclosures, and whether the Consolidated Financial Statements and the Annual Financial Statements of the Company 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.*

### **Statement on Management Commentary**

*Management is responsible for Management Commentary.*

*Our opinion on the Consolidated Financial Statements and the Annual Financial Statements of the Company does not cover Management Commentary, and we do not express any form of assurance conclusion thereon.*

*In connection with our audit of the Consolidated Financial Statements and the Annual Financial Statements of the Company, our responsibility is to read Management Commentary and, in doing so, consider whether Management Commentary is materially inconsistent with the Consolidated Financial Statements and the Annual Financial Statements of the Company or our knowledge obtained during the audit, or otherwise appears to be materially misstated.*

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

*Based on the work we have performed, we conclude that Management Commentary is in accordance with the Consolidated Financial Statements and the Annual Financial Statements of the Company and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement of Management Commentary.*

**INDEPENDENT AUDITOR'S REPORT**

Aalborg, 8 February 2022

BDO Statsautoriseret revisionsaktieselskab  
CVR no. 20 22 26 70

Christian Brasholt Larsen  
State Authorised Public Accountant  
MNE no. mne33680

Peter Storgaard  
State Authorised Public Accountant  
MNE no. mne33767



**FINANCIAL HIGHLIGHTS OF THE GROUP**

|   | 2021<br>DKK '000 | 2020<br>DKK '000 | 2019<br>DKK '000 | 2018<br>DKK '000 | 2017<br>DKK '000 |
|---|------------------|------------------|------------------|------------------|------------------|
| <b>Income statement</b>                           |                  |                  |                  |                  |                  |
| Net revenue.....                                  | 383.514          | 363.206          | 0                | 0                | 0                |
| Gross profit/loss.....                            | 125.265          | 113.205          | 74.894           | 74.595           | 83.654           |
| Operating profit/loss of main activities...       | 73.115           | 64.072           | 18.679           | 14.678           | 23.221           |
| Financial income and expenses, net.....           | -1.733           | -1.430           | -3.056           | -2.517           | -2.968           |
| Profit/loss for the year.....                     | 54.527           | 47.962           | 14.095           | 6.815            | 11.948           |
| <b>Balance sheet</b>                              |                  |                  |                  |                  |                  |
| Total assets.....                                 | 206.252          | 176.181          | 133.409          | 189.332          | 143.494          |
| Equity.....                                       | 69.914           | 57.847           | 21.189           | 6.390            | 803              |
| <b>Cash flows</b>                                 |                  |                  |                  |                  |                  |
| Cash flows from operating activities.....         | 37.171           | 33.269           | 59.172           | -27.609          | 19.217           |
| Cash flows from investing activities.....         | -2.203           | -1.998           | -3.780           | -21.015          | -4.584           |
| Cash flows from financing activities.....         | -54.750          | -19.447          | -11.000          | -10.000          | -20.000          |
| Total cash flows.....                             | -19.782          | 11.824           | 44.392           | -58.624          | -5.367           |
| Investment in property, plant and equipment.....  | -2.201           | -1.854           | -3.877           | 0                | -3.901           |
| <b>Average number of full-time employees.....</b> | <b>84</b>        | <b>76</b>        | <b>78</b>        | <b>89</b>        | <b>75</b>        |
| <b>Key ratios</b>                                 |                  |                  |                  |                  |                  |
| Current ratio.....                                | 147,0            | 144,2            | 107,3            | 94,9             | 89,4             |
| Equity ratio.....                                 | 33,9             | 32,8             | 15,9             | 3,4              | 0,6              |
| Return on equity.....                             | 85,4             | 121,4            | 102,2            | 189,5            | -370,1           |
| Return on assets.....                             | 38,7             | 41,4             | 11,6             | 8,8              | 16,2             |

*Net revenue for 2017-2019 has been omitted, cf. section 32(3) of the Danish Financial Statements Act.*

*The ratios stated in the list of key figures and ratios have been calculated as follows:*

*Current ratio:*

$$\frac{\text{Current assets} \times 100}{\text{Current liabilities}}$$

*Equity ratio:*

$$\frac{\text{Equity (ex. minorities), at year-end} \times 100}{\text{Total assets, at year-end}}$$

*Return on equity:*

$$\frac{\text{Profit/loss after tax} \times 100}{\text{Average equity}}$$

*Return on assets*

$$\frac{\text{Profit/loss from operating activities}}{\text{Average assets} \times 100}$$

## MANAGEMENT COMMENTARY

### **Business model and review**

The Nordlux group develops and promotes lighting fixtures for use in the home. The primary channel is sales to retail stores in Northern Europe. We are one of the leading lighting companies in Europe and we have a wide range of indoor luminaires, outdoor luminaires, design luminaires and bulbs. We think that we, because of this position, have a natural obligation to take our part of the responsibility for the solution to national and global challenges. We have chosen to gather all our social responsibility efforts under the heading "A Brighter World". One expression of taking our social responsibility is the demand we put on our suppliers to comply with human and labor rights. We make serious efforts to improve employee relations and the work environment internally.

We are 100% owned by the Belgian company Energetic Lighting Europe NV and we work very close together with the other companies in the group of Energetic Lighting Europe NV. Energetic Lighting Europe NV is owned by the Chinese listed company Zhejiang Yankon Group Co. Ltd.

Our vision is "Lifting people's quality of life with light" and our mission is to "We create products that you want to bring home".

### **Financial review**

The income statement for 2021 shows a profit on T.DKK 54,527 against a profit on T.DKK 47,962 last year. The group's balance sheet on 31 December 2021 shows an equity of T.DKK 69,914. The development must be considered in comparison with the annual report for 2020, where the group expected to realize a profit before tax in the interval 30-35 million DKK.

The net income is higher compared to 2020, even though 2020 was an extraordinary year, affected by an extraordinary activity level in many markets, caused indirectly by the Corona Pandemic. The net income in 2021 is higher than expected due to high activity level in almost all markets. The management consider the performance to be satisfying.

### **Outlook**

In 2022 we expect to realize a profit before tax in the gap between DKK 40-43 million which will, however, be dependent on the spread of coronavirus and its impact on customers and suppliers with possible lower market activities.

### **Significant events after the end of the financial year**

No events that materially could affecting the group's financial position have occurred subsequent to the financial year-end.

### **Financial risks and use of financial instruments**

#### **Operating risks:**

The group's most significant operating risk is related to its ability to retain client relations, supplier relations, key employees and always to be in the front of developing new products.

Our products are primary made in China and we therefore have a risk concerning the prices for raw materials and freight costs. We have in the last year seen significant price increases for the container rates and a limited capacity.

#### **Financial risks, currency risks and use of financial instruments:**

The group's operation profit, earnings, and equity, are affected by the exchange rate development for certain currencies, in particular USD and EUR. The group will constantly follow the exchange rate development and continuously assess the need of covering the risk, including the covering of expected purchases. The group make use of currency forward transactions in connection with the assess of currency risks.

### **Knowledge resources**

The group's mission is to "create products that you want to bring home" and through this the vision is "Lifting people's quality of life with light". Therefore, we need to be in front of designing new and good products. This business unit demands on our knowledge and resources in form of employees and business processes. The developing, logistic and sales need to be combined in the right way to be able to meet this goal.

## MANAGEMENT COMMENTARY

### **Employees**

*One of our goals is to be a great place to work and we always have a high focus on our employees. We have in the end of 2020 started to focus on the business culture, and we had a culture survey. We are convinced that a great business culture generates profitability and results in a great place to work. At the first survey we had the score 3,99 out of 5, which is a high score for the first survey and in the high end for a middle performance culture. We always want to improve and be a great place to work and therefore our goal for the next survey will be 4,20, which is defined as a high performance culture.*

*This culture focus has been increased in 2021, where all employees have had different workshops across countries, departments, and organizational levels. We have defined our behaviors IDEA: I - Integrity, D - Dynamic, E - Excitement and A - Always. All employees understand these behaviors and know how to work in accordance with these. Through the workshops we have learned different tools, on how to understand ourselves and our colleagues. We want everyone to keep a positive way of thinking and communicating.*

*Our behaviors have a major role in our daily life, and everyone can relate to these behaviors. The behaviors together with our group governance is our guidelines of how we want to interact with each other as colleagues and partners.*

*The group's governance describes our internal guidelines and clearly defines principles and rules.*

*The governance is handed out to all new employees together with the draft of the contract. This staff manual and our behaviors are reviewed together with the new employees in the introduction process, that runs the first two weeks of employment. We have a zero tolerance for violate behavior and we pay attention to our employees' safeties and healthy being.*

*We have in 2021 hired a lot of new colleagues in the group across countries and departments. We believe that the integration of our new colleagues, despite covid-19 and working from home, has proceeded well, and we are able to keep up the good work environment and good business culture.*

*We have an employee appointed working environment committee and staff association. The working environment committee is handling working environment issues like noise and other nuisances, health, safety etc., and inform all employees about updated rules for work environment. The staff association arrange different events and activities during the year.*

*We have a goal, where we want 5% of our employees to be trainees. In 2021 we are above the 5%. We take a society responsible to educate people and we are working together with different education institutes and have students as both part and full time. We want to develop talents and contribute to greater education in the society.*

### **Human rights**

*Our code of conduct requires the group's employees to act with integrity and in accordance with acceptable ethical standards for human rights.*

*To deal with any ethical risks from business partners, we have a CSR policy for our suppliers of goods, and we have a team in China to control that our suppliers comply to this policy. If we discover any violates of the CSR policy, we will cooperate with the supplier to find solutions to eliminate these violations and improve the work environment for the employees. If we do not see a proper solution of the violent, we will terminate the contract with the supplier.*

*The supplier signs a Code of Conduct that is being checked through control forms completed by the supplier. Nordlux Group reserves the right to monitor if the supplier observes the signed Code of Conduct that is composed within the framework of the recommendations of the Confederation of Danish Industry and the Danish Industry of Human Rights as well as applicable international standards, including those of the United Nations.*

*As a natural continuation of this Code of Conduct, the supplier must commit his or her supplier(s) to the same standards and see to it that the standards are indeed observed, as it is the policy of the group not to contribute to violation of the annex of the contract per substitute. Thus, the Code of*

## MANAGEMENT COMMENTARY

### **Human rights (continued)**

Conduct is in force for the supplier as well as his or her sub-supplier(s), the supplier must start screening and selecting sub-suppliers with a view to their ability to meet the standards of this code and gradually establish a system to check that sub-suppliers operate in conformance with the code. The aim of the code is not to terminate business, but to help suppliers improve social and environmental standards. Nordlux Group is therefore ready to work with suppliers to achieve compliance with the provisions of this code, whenever the parties deem this desirable and possible.

None of the Group's Code of Conduct principles must undermine national legislation. Any supplier is as a minimum under an obligation to observe national laws and regulations. The supplier is committed to choosing the highest standard, be it the national legislation or this Code of Conduct.

Our Code of Conduct has the 11 focus points below. For further information see our Code of Conduct at our website.

- Child labor
- Forced labor
- Discrimination
- Freedom of association
- Health and safety
- Working conditions
- Product responsibility
- Ethical business practices
- Sensitive transactions
- Commercial bribery
- Accounting controls, procedures, and records

We have in 2021 not discovered any violation of our Code of Conduct.

We are also a member of BSCI.

### **Corruption and bribery:**

Our products are mainly sold in Europe, but we are aware of the risk that in some countries corruption and bribery may be more prevalent and we are diligent in ensuring we avoid such risks in our customer relationships. We use our common sense and do not start any business if we have slightest doubt. All customers are credit approved by external partners and we will have a reliable information if there is any indication of corruption or bribery.

As mentioned in the section human rights our Code of Conduct also contains a policy for corruption and bribery for our suppliers.

We have a zero-tolerance policy and will investigate any suspected violations. We have in 2021 not discovered any violation of corruption or bribery.

### **Research and development activities**

The group is continuously developing the product range by using external and internal designers. We are focusing on design and functionality to competitive prices.

### **Impact on the external environment and Climate**

The group focus on the environment and climate and have in 2021, as a part of the strategy made a sustainable development policy. We hold strong ambitions to ensure sustainability for both people and our planet, and we have a long and proud history of doing our part. Our vision is to "Lifting People's Quality of Life with Light" meaning, we do our best to ensure a positive impact from our activities and products.

Our focus is centralized around People, Products and Planet

## MANAGEMENT COMMENTARY

### *Impact on the external environment and Climate (continued)*

#### *People:*

*We strive to create a healthy work environment that is built on persistent education and reduce inequalities both among our own staff, and of our partners. We foster an inclusive workspace where we salute diversity and invite people with special skills and challenges to contribute and grow - this also includes partnership with non-profits, the local communities, and authorities along with schools, universities and other organizations that helps people to grow and prosper.*

#### *Products:*

*Lighting consumers energy, but we're proud to be one of the leading players in creating energy efficient LED lighting, that reduce the energy consumption. Our products are made-to-last, and we focus on resource efficiency in everything from design, through manufacturing and throughout transportation, where we optimize our products for shipping.*

#### *Planet:*

*As an integrated part of our operations, we take many measures to protect the planet as part of our operations. We steer free of harmful chemicals; and we have reduced the use of plastic in our packaging to also protect the sea environment. We use only, FSC certified wood and grass materials, and we are a supporting member of FSC to secure "Forests for all forever". We support recycling and use recycled materials in our production when possible. We are members of different recycling unions to ensure our own products are re-purposed when they get to their end of life.*

#### *UN Sustainable Development Goals:*

*The group supports the United Nations Sustainable Development Goals. We have highlighted 11 of the 17 Sustainable Development Goals, that we have worked with in in 2021 and will continue having our focus on in 2022. The 11 goals are:*

- Number 2: Zero Hunger*
- Number 3: Good Health and Wellbeing*
- Number 4: Quality Education*
- Number 5: Gender equalities*
- Number 7: Clean Energy*
- Number 8: Work and economic growth*
- Number 9: Industry, Innovation & infrastructure*
- Number 10: Reduce inequalities*
- Number 12: Responsible consumption and production*
- Number 14: Life Below Water*
- Number 15: Life on Land*

#### **Statutory report on the underrepresented gender**

*The group believes that diversity among employees, including equal distribution of gender, contributes positively to the work environment and strengthens the business performance and competitiveness.*

*The group want to have female managers at all levels in the group. The group is working with three different management levels; Operational Management, Commercial Management and Group Management. The female percentages are by the end of 2021 63%, 20% and 17% for these groups.*

*We have not decided a specific target for female managers, but we want to have female managers in all management levels. The qualifications are more important than gender. When recruiting employees, we choose the candidates based on their qualifications and competencies. The gender of the candidate is not an assessment factor in this process, and there is consequently no gender discrimination in the recruitment process.*

#### **Data Ethics**

*The group do not have a written policy for data ethics. We do not work with algorithms or data from a third part for data analyses and it is not a part of our strategy or activities at the moment. We do have other policies concerning GDPR-rules.*

**INCOME STATEMENT 1 JANUARY - 31 DECEMBER**

|   | Note | Group            |                  | Parent Company   |                  |
|---|------|------------------|------------------|------------------|------------------|
|   |      | 2021<br>DKK '000 | 2020<br>DKK '000 | 2021<br>DKK '000 | 2020<br>DKK '000 |
| <b>NET REVENUE</b> .....                              | 1    | <b>383.514</b>   | <b>363.206</b>   | 0                | 0                |
| Raw materials and consumables used.....               |      | -235.979         | -228.725         | 0                | 0                |
| Other external expenses.....                          | 2    | -22.270          | -21.276          | -35              | -59              |
| <b>GROSS PROFIT/LOSS</b> .....                        |      | <b>125.265</b>   | <b>113.205</b>   | <b>-35</b>       | <b>-59</b>       |
| Staff costs.....                                      | 3    | -49.887          | -42.404          | 0                | 0                |
| Depreciation, amortisation and impairment losses..... |      | -2.263           | -6.729           | 0                | 0                |
| <b>OPERATING PROFIT</b> .....                         |      | <b>73.115</b>    | <b>64.072</b>    | <b>-35</b>       | <b>-59</b>       |
| Income from investments in subsidiaries.....          |      | 0                | 0                | 42.337           | 14.841           |
| Other financial income.....                           | 4    | 1.383            | 1.970            | 56               | 86               |
| Other financial expenses.....                         | 5    | -3.116           | -3.400           | -708             | -912             |
| <b>PROFIT BEFORE TAX</b> .....                        |      | <b>71.382</b>    | <b>62.642</b>    | <b>41.650</b>    | <b>13.956</b>    |
| Tax on profit/loss for the year.....                  | 6    | -16.855          | -14.680          | 151              | 193              |
| <b>PROFIT FOR THE YEAR</b> .....                      | 7    | <b>54.527</b>    | <b>47.962</b>    | <b>41.801</b>    | <b>14.149</b>    |

## BALANCE SHEET AT 31 DECEMBER

| ASSETS   | Note      | Group            |                  | Parent Company   |                  |
|--|-----------|------------------|------------------|------------------|------------------|
|  |           | 2021<br>DKK '000 | 2020<br>DKK '000 | 2021<br>DKK '000 | 2020<br>DKK '000 |
| Development projects completed..                   |           | 0                | 79               | 0                | 0                |
| Intangible fixed assets acquired....               |           | 105              | 126              | 0                | 0                |
| Goodwill.....                                      |           | 3.626            | 4.038            | 0                | 0                |
| <b>Intangible assets.....</b>                      | <b>8</b>  | <b>3.731</b>     | <b>4.243</b>     | <b>0</b>         | <b>0</b>         |
| Other plant, machinery tools and<br>equipment..... |           | 2.816            | 1.857            | 0                | 0                |
| Leasehold improvements.....                        |           | 1.361            | 1.555            | 0                | 0                |
| <b>Property, plant and equipment...</b>            | <b>9</b>  | <b>4.177</b>     | <b>3.412</b>     | <b>0</b>         | <b>0</b>         |
| Equity investments in group<br>enterprises.....    |           | 0                | 0                | 164.323          | 164.323          |
| Rent deposit and other<br>receivables.....         |           | 1.312            | 1.310            | 0                | 0                |
| <b>Financial non-current assets.....</b>           | <b>10</b> | <b>1.312</b>     | <b>1.310</b>     | <b>164.323</b>   | <b>164.323</b>   |
| <b>NON-CURRENT ASSETS.....</b>                     |           | <b>9.220</b>     | <b>8.965</b>     | <b>164.323</b>   | <b>164.323</b>   |
| Finished goods and goods for<br>resale.....        |           | 119.984          | 93.087           | 0                | 0                |
| <b>Inventories.....</b>                            |           | <b>119.984</b>   | <b>93.087</b>    | <b>0</b>         | <b>0</b>         |
| Trade receivables.....                             |           | 51.464           | 53.825           | 0                | 0                |
| Receivables from group<br>enterprises.....         |           | 4.975            | 2.168            | 0                | 0                |
| Deferred tax assets.....                           | 11        | 224              | 1.342            | 0                | 0                |
| Derivative financial instruments...                | 12        | 1.447            | 0                | 0                | 0                |
| Other receivables.....                             |           | 1.452            | 1.715            | 0                | 0                |
| Corporation tax receivable.....                    |           | 2.928            | 0                | 151              | 195              |
| <b>Receivables.....</b>                            |           | <b>62.490</b>    | <b>59.050</b>    | <b>151</b>       | <b>195</b>       |
| <b>Cash and cash equivalents.....</b>              |           | <b>14.558</b>    | <b>15.079</b>    | <b>5</b>         | <b>4.010</b>     |
| <b>CURRENT ASSETS.....</b>                         |           | <b>197.032</b>   | <b>167.216</b>   | <b>156</b>       | <b>4.205</b>     |
| <b>ASSETS.....</b>                                 |           | <b>206.252</b>   | <b>176.181</b>   | <b>164.479</b>   | <b>168.528</b>   |

## BALANCE SHEET AT 31 DECEMBER

| EQUITY AND LIABILITIES              | Note | Group            |                  | Parent Company   |                  |
|-------------------------------------|------|------------------|------------------|------------------|------------------|
|                                     |      | 2021<br>DKK '000 | 2020<br>DKK '000 | 2021<br>DKK '000 | 2020<br>DKK '000 |
| Share capital.....                  | 13   | 2.544            | 2.544            | 2.544            | 2.544            |
| Retained earnings.....              |      | 42.370           | 55.303           | 92.957           | 91.164           |
| Proposed dividend.....              |      | 25.000           | 0                | 25.000           | 29.750           |
| <b>EQUITY.....</b>                  |      | <b>69.914</b>    | <b>57.847</b>    | <b>120.501</b>   | <b>123.458</b>   |
| Frozen holiday pay.....             |      | 2.325            | 2.354            | 0                | 0                |
| <b>Non-current liabilities.....</b> | 14   | <b>2.325</b>     | <b>2.354</b>     | <b>0</b>         | <b>0</b>         |
| Bank debt.....                      |      | 64.912           | 55.643           | 31.781           | 41.773           |
| Trade payables.....                 |      | 21.549           | 12.814           | 1.867            | 0                |
| Debt to Group companies.....        |      | 10.299           | 719              | 10.299           | 3.297            |
| Corporation tax payable.....        |      | 5.207            | 11.507           | 0                | 0                |
| Derivative financial instruments... | 12   | 0                | 491              | 0                | 0                |
| Other liabilities.....              |      | 32.046           | 34.806           | 31               | 0                |
| <b>Current liabilities.....</b>     |      | <b>134.013</b>   | <b>115.980</b>   | <b>43.978</b>    | <b>45.070</b>    |
| <b>LIABILITIES.....</b>             |      | <b>136.338</b>   | <b>118.334</b>   | <b>43.978</b>    | <b>45.070</b>    |
| <b>EQUITY AND LIABILITIES.....</b>  |      | <b>206.252</b>   | <b>176.181</b>   | <b>164.479</b>   | <b>168.528</b>   |
| Contingencies etc.                  | 15   |                  |                  |                  |                  |
| Charges and securities              | 16   |                  |                  |                  |                  |
| Related parties                     | 17   |                  |                  |                  |                  |
| Fee to statutory auditor            | 2    |                  |                  |                  |                  |



**EQUITY**

|   | <b>Group</b>          |                   |                   |                |
|---|-----------------------|-------------------|-------------------|----------------|
|   | Share capital         | Retained earnings | Proposed dividend | Total          |
| Equity at 1 January 2021.....               | 2.544                 | 25.553            | 29.750            | 57.847         |
| Proposed profit allocation, cf. note 7..... |                       | 14.527            | 40.000            | 54.527         |
| <b>Transactions with owners</b>             |                       |                   |                   |                |
| Dividend paid.....                          |                       |                   | -29.750           | -29.750        |
| Extraordinary dividend paid.....            |                       |                   | -15.000           | -15.000        |
| <b>Other legal bindings</b>                 |                       |                   |                   |                |
| Foreign exchange adjustments.....           |                       | 1.097             |                   | 1.097          |
| Other adjustments to equity value.....      |                       | 1.455             |                   | 1.455          |
| Tax on changes in equity.....               |                       | -262              |                   | -262           |
| <b>Equity at 31 December 2021 .....</b>     | <b>2.544</b>          | <b>42.370</b>     | <b>25.000</b>     | <b>69.914</b>  |
|   | <b>Parent Company</b> |                   |                   |                |
|   | Share capital         | Retained earnings | Proposed dividend | Total          |
| Equity at 1 January 2021.....               | 2.544                 | 91.156            | 29.750            | 123.450        |
| Proposed profit allocation, cf. note 7..... |                       | 1.801             | 40.000            | 41.801         |
| <b>Transactions with owners</b>             |                       |                   |                   |                |
| Dividend paid.....                          |                       |                   | -29.750           | -29.750        |
| Extraordinary dividend paid.....            |                       |                   | -15.000           | -15.000        |
| <b>Equity at 31 December 2021 .....</b>     | <b>2.544</b>          | <b>92.957</b>     | <b>25.000</b>     | <b>120.501</b> |

Other adjustments to equity value are related to adjustments to forward contracts at fair value concerning hedging of future purchases in foreign currency.

All shares rank equally.

The parent's share capital has remained DKK 2,544 thousand over the past 5 years.

## CASH FLOW STATEMENT 1 JANUARY - 31 DECEMBER

|   | Group            |                  |
|---|------------------|------------------|
|   | 2021<br>DKK '000 | 2020<br>DKK '000 |
| Profit/loss for the year.....   | 54.527           | 47.962           |
| Depreciation and amortisation, reversed.....  | 2.263            | 6.729            |
| Tax on profit/loss, reversed.....   | 16.855           | 14.680           |
| Other adjustments.....  | 318              | -504             |
| Corporation tax paid.....   | -24.721          | -5.223           |
| Change in inventories.....  | -26.899          | -33.085          |
| Change in receivables (ex tax).....   | -184             | -5.685           |
| Change in current liabilities (ex bank, tax, instalments payable and overdraft facility)..... | 13.591           | 9.614            |
| Other cash flows from operating activities.....   | 1.421            | -1.219           |
| <b>CASH FLOWS FROM OPERATING ACTIVITY.....</b>  | <b>37.171</b>    | <b>33.269</b>    |
| Purchase of intangible assets.....  | 0                | -144             |
| Purchase of property, plant and equipment.....  | -2.201           | -1.854           |
| Purchase of financial assets.....   | -2               | 0                |
| <b>CASH FLOWS FROM INVESTING ACTIVITY.....</b>  | <b>-2.203</b>    | <b>-1.998</b>    |
| Instalments on loans.....   | -10.000          | -10.000          |
| Dividends paid in the financial year.....   | -44.750          | -9.447           |
| <b>CASH FLOWS FROM FINANCING ACTIVITY.....</b>  | <b>-54.750</b>   | <b>-19.447</b>   |
| <b>CHANGE IN CASH AND CASH EQUIVALENTS.....</b>   | <b>-19.782</b>   | <b>11.824</b>    |
| Cash and cash equivalents at 1. januar.....   | 1.209            | -10.615          |
| <b>CASH AND CASH EQUIVALENTS AT 31. DECEMBER.....</b>   | <b>-18.573</b>   | <b>1.209</b>     |
| Cash and cash equivalents at 31 December comprise:  |                  |                  |
| Cash according to the balance sheet.....  | 14.558           | 15.079           |
| Short-term debt to banks.....   | -64.912          | -55.643          |
| Short-term debt to banks, not included.....   | 31.781           | 41.773           |
| <b>CASH AND CASH EQUIVALENTS.....</b>   | <b>-18.573</b>   | <b>1.209</b>     |

## NOTES

|                                     | Group            |                  | Parent Company   |                  | Note     |
|-------------------------------------|------------------|------------------|------------------|------------------|----------|
|                                     | 2021<br>DKK '000 | 2020<br>DKK '000 | 2021<br>DKK '000 | 2020<br>DKK '000 |          |
| <b>Net revenue</b>                  |                  |                  |                  |                  | <b>1</b> |
| <b>Segment details (geography)</b>  |                  |                  |                  |                  |          |
| Scandinavia.....                    | 223.671          | 230.331          | 0                | 0                |          |
| Other Europe.....                   | 149.563          | 120.306          | 0                | 0                |          |
| Rest of the world.....              | 10.279           | 12.569           | 0                | 0                |          |
|                                     | <b>383.513</b>   | <b>363.206</b>   | <b>0</b>         | <b>0</b>         |          |
| <b>Segment details (activities)</b> |                  |                  |                  |                  |          |
| Bulbs.....                          | 16.935           | 17.146           | 0                | 0                |          |
| DFTP.....                           | 48.637           | 47.904           | 0                | 0                |          |
| Functional.....                     | 80.843           | 80.308           | 0                | 0                |          |
| Nordlux Deco.....                   | 109.340          | 91.306           | 0                | 0                |          |
| Outdoor.....                        | 102.561          | 103.595          | 0                | 0                |          |
| Smart Light.....                    | 3.372            | 2.673            | 0                | 0                |          |
| Other.....                          | 21.825           | 20.274           | 0                | 0                |          |
|                                     | <b>383.513</b>   | <b>363.206</b>   | <b>0</b>         | <b>0</b>         |          |
| <b>Fee to statutory auditor</b>     |                  |                  |                  |                  | <b>2</b> |
| Total fees:                         |                  |                  |                  |                  |          |
| BDO.....                            | 295              | 0                | 70               | 0                |          |
| Ernst & Young.....                  | 0                | 329              | 0                | 42               |          |
|                                     | <b>295</b>       | <b>329</b>       | <b>70</b>        | <b>42</b>        |          |
| Specification of fees:              |                  |                  |                  |                  |          |
| Statutory audit.....                | 195              | 272              | 25               | 26               |          |
| Assurance engagements.....          | 10               | 36               | 0                | 13               |          |
| Tax consultancy.....                | 0                | 15               | 0                | 0                |          |
| Other services.....                 | 90               | 6                | 45               | 3                |          |
|                                     | <b>295</b>       | <b>329</b>       | <b>70</b>        | <b>42</b>        |          |

## NOTES

|   | Group            |                  | Parent Company   |                  | Note     |
|---|------------------|------------------|------------------|------------------|----------|
|   | 2021<br>DKK '000 | 2020<br>DKK '000 | 2021<br>DKK '000 | 2020<br>DKK '000 |          |
| <b>Staff costs</b>  |                  |                  |                  |                  | <b>3</b> |
| Average number of employees   | 84               | 76               | 0                | 0                |          |
| Wages and salaries.....   | 44.288           | 38.426           | 0                | 0                |          |
| Pensions.....   | 3.006            | 1.884            | 0                | 0                |          |
| Social security costs.....  | 2.498            | 1.940            | 0                | 0                |          |
| Other staff costs.....  | 95               | 154              | 0                | 0                |          |
|   | <b>49.887</b>    | <b>42.404</b>    | <b>0</b>         | <b>0</b>         |          |
| Remuneration of Management and Board of Directors.....  | 4.243            | 0                | 0                | 0                |          |
| Remuneration of Executive Board....   | 0                | 8.613            | 0                | 0                |          |
| Remuneration of Board of Directors.   | 0                | 400              | 0                | 0                |          |
|   | <b>4.243</b>     | <b>9.013</b>     | <b>0</b>         | <b>0</b>         |          |
| Information on management remuneration has been omitted in accordance with the exemption provision in section 98 b, subsection 3, No. 2 of the Danish Financial Statements. |                  |                  |                  |                  |          |
| <b>Other financial income</b>   |                  |                  |                  |                  | <b>4</b> |
| Group enterprises.....  | 3                | 0                | 50               | 86               |          |
| Other interest income.....  | 1.380            | 1.970            | 6                | 0                |          |
|   | <b>1.383</b>     | <b>1.970</b>     | <b>56</b>        | <b>86</b>        |          |
| <b>Other financial expenses</b>   |                  |                  |                  |                  | <b>5</b> |
| Group enterprises.....  | 0                | 0                | 18               | 0                |          |
| Other interest expenses.....  | 3.116            | 3.400            | 690              | 912              |          |
|   | <b>3.116</b>     | <b>3.400</b>     | <b>708</b>       | <b>912</b>       |          |
| <b>Tax on profit/loss for the year</b>  |                  |                  |                  |                  | <b>6</b> |
| Calculated tax on taxable income of the year.....   | 16.103           | 15.120           | -151             | -193             |          |
| Adjustment of tax in previous years.  | 0                | -9               | 0                | 0                |          |
| Adjustment of deferred tax.....   | 752              | -431             | 0                | 0                |          |
|   | <b>16.855</b>    | <b>14.680</b>    | <b>-151</b>      | <b>-193</b>      |          |
| <b>Proposed distribution of profit</b>  |                  |                  |                  |                  | <b>7</b> |
| Proposed dividend for the year.....   | 25.000           | 29.750           | 25.000           | 29.750           |          |
| Extraordinary dividend.....   | 15.000           | 7.447            | 15.000           | 7.447            |          |
| Retained earnings.....  | 14.527           | 10.765           | 1.801            | -23.048          |          |
|   | <b>54.527</b>    | <b>47.962</b>    | <b>41.801</b>    | <b>14.149</b>    |          |

## NOTES

Note

## Intangible assets

8

|   | Group                          |                                  |                |
|---|--------------------------------|----------------------------------|----------------|
|   | Development projects completed | Intangible fixed assets acquired | Goodwill       |
| Cost at 1 January 2021.....                       | 1.898                          | 308                              | 114.714        |
| Exchange adjustment at closing rate.....          | 0                              | 0                                | 778            |
| Disposals.....                                    | -359                           | 0                                | 0              |
| <b>Cost at 31 December 2021.....</b>              | <b>1.539</b>                   | <b>308</b>                       | <b>115.492</b> |
| Amortisation at 1 January 2021.....               | 1.819                          | 182                              | 110.676        |
| Exchange adjustment at closing rate.....          | 0                              | 0                                | 472            |
| Reversal of amortisation of assets disposed of .. | -359                           | 0                                | 0              |
| Amortisation for the year.....                    | 79                             | 21                               | 718            |
| <b>Amortisation at 31 December 2021.....</b>      | <b>1.539</b>                   | <b>203</b>                       | <b>111.866</b> |
| <b>Carrying amount at 31 December 2021.....</b>   | <b>0</b>                       | <b>105</b>                       | <b>3.626</b>   |

Completed development projects include development and testing of application for use in the company's product range. The application is depreciated over 2 years.

## Property, plant and equipment

9

|   | Group                                      |                        |
|---|--|------------------------|
|   | Other plant, machinery tools and equipment | Leasehold improvements |
| Cost at 1 January 2021.....                                       | 10.392                                     | 2.416                  |
| Exchange adjustment at closing rate.....                          | 33   | 0                      |
| Additions.....  | 2.121                                      | 80                     |
| Disposals.....  | -6.019                                     | -277                   |
| <b>Cost at 31 December 2021.....</b>                              | <b>6.527</b>                               | <b>2.219</b>           |
| Depreciation and impairment losses at 1 January 2021.....         | 8.536                                      | 860                    |
| Exchange adjustment.....  | 22   | 0                      |
| Reversal of depreciation of assets disposed of.....               | -6.019                                     | -277                   |
| Depreciation for the year.....                                    | 1.172                                      | 275                    |
| <b>Depreciation and impairment losses at 31 December 2021....</b> | <b>3.711</b>                               | <b>858</b>             |
| <b>Carrying amount at 31 December 2021.....</b>                   | <b>2.816</b>                               | <b>1.361</b>           |

## NOTES

|   |  | Note                            |                  |
|---|--|---------------------------------|------------------|
| <b>Financial non-current assets</b>             |  | <b>10</b>                       |                  |
|   | <b>Group</b>                                   |                                 |                  |
|   | <u>Rent deposit and other receivables</u>      |                                 |                  |
| Cost at 1 January 2021.....                     | 1.310  |                                 |                  |
| Additions.....                                  | 2  |                                 |                  |
| <b>Cost at 31 December 2021.....</b>            | <b>1.312</b>                                   |                                 |                  |
| <b>Carrying amount at 31 December 2021.....</b> | <b>1.312</b>                                   |                                 |                  |
|   | <b>Parent Company</b>                          |                                 |                  |
|   | <u>Equity investments in group enterprises</u> |                                 |                  |
| Cost at 1 January 2021.....                     | 164.323  |                                 |                  |
| <b>Cost at 31 December 2021.....</b>            | <b>164.323</b>                                 |                                 |                  |
| <b>Carrying amount at 31 December 2021.....</b> | <b>164.323</b>                                 |                                 |                  |
| <b>Investments in subsidiaries (DKK '000)</b>   |  |                                 |                  |
| <b>Name and domicil</b>                         | <b>Equity</b>                                  | <b>Profit/loss for the year</b> | <b>Ownership</b> |
| Nordlux A/S,, Denmark.....                      | 62.874   | 29.045                          | 100 %            |
| Nordlux AS, Norway.....                         | 9.541  | 6.511                           | 100 %            |
| Nordlux GmbH, Germany .....                     | 19.693   | 8.802                           | 100 %            |
| Guangzhou Nordlux Lighting Co. Ltd. , China ... | 4.037  | 502                             | 100 %            |
| Nordlux AB, Sweden .....                        | 8.448  | 7.202                           | 100 %            |
| Nordlux (UK & Eire) Ltd. , United Kingdom ..... | 5.517  | 3.719                           | 100 %            |

## NOTES

Note

## Deferred tax assets

11

|  | Group            |                  | Parent Company   |                  |
|--|------------------|------------------|------------------|------------------|
|  | 2021<br>DKK '000 | 2020<br>DKK '000 | 2021<br>DKK '000 | 2020<br>DKK '000 |
| Deferred tax, beginning of year.....                 | 1.342            | 643              | 0                | 0                |
| Deferred tax of the year, income<br>statement.....   | -752             | 431              | 0                | 0                |
| Deferred tax of the year, equity.....                | -366             | 268              | 0                | 0                |
| <b>Deferred tax assets 31 December<br/>2021.....</b> | <b>224</b>       | <b>1.342</b>     | <b>0</b>         | <b>0</b>         |

The provision for deferred tax is related to differences between the carrying amount and tax value of securities, receivables, intangible and tangible fixed assets, including recognised finance lease contracts. The deferred tax is expected to be utilised based on taxable income in the joint taxation.

## Derivative financial instruments

12

Analysis of the Group's balances in foreign currency as well as related hedging transactions at 31 December 2021:

| Currency | Payment/Expiry | Group                   |                  |                                     |                         |
|----------|----------------|-------------------------|------------------|-------------------------------------|-------------------------|
|          |                | Receivables<br>DKK '000 | Debt<br>DKK '000 | Hedging-<br>transaction<br>DKK '000 | Netposition<br>DKK '000 |
| USD      | < 1 year       | 2.392                   | -7.511           | 7.723                               | 2.604                   |
| EUR      | < 1 year       | 4.438                   | -5.681           | 0                                   | -1.243                  |
| SEK      | < 1 year       | 9                       | -21              | 0                                   | -12                     |
| DKK      | < 1 year       | 1.875                   | -1.070           | 0                                   | 805                     |
| CNY      | < 1 year       | 3                       | 0                | 0                                   | 3                       |
| NOK      | < 1 year       | 0                       | -285             | 0                                   | -285                    |
|          |                | <b>8.717</b>            | <b>-14.568</b>   | <b>7.723</b>                        | <b>1.872</b>            |

The Company has entered into foreign exchange contract to hedge future purchase of goods in USD for totally DKK 57,112 thousand. In relation to the forward rate as per 31 December 2021, the hedge instruments are recognised as a receivable of DKK 1,447 thousand.

|  | 2021<br>DKK '000 | 2020<br>DKK '000 |
|--|------------------|------------------|
| <b>Share capital</b>                                       |                  |                  |
| Allocation of share capital:                               |                  |                  |
| A-aktier, 2.543.500 unit in the denomination of 1 DKK..... | 2.544            | 2.544            |
|  | <b>2.544</b>     | <b>2.544</b>     |

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NOTES

|                              |             |
|------------------------------|-------------|
|                              | <b>Note</b> |
| <b>Long-term liabilities</b> | <b>14</b>   |

|                         | Group                           |                        |                                      |                                 |
|-------------------------|---------------------------------|------------------------|--------------------------------------|---------------------------------|
|                         | 31/12 2021<br>total liabilities | Repayment<br>next year | Debt<br>outstanding<br>after 5 years | 31/12 2020<br>total liabilities |
| Frozen holiday pay..... | 2.325                           | 0                      | 0                                    | 2.354                           |
|                         | <b>2.325</b>                    | <b>0</b>               | <b>0</b>                             | <b>2.354</b>                    |

|                           |           |
|---------------------------|-----------|
| <b>Contingencies etc.</b> | <b>15</b> |
|---------------------------|-----------|

**Contingent liabilities**

*Group*

Rent and lease liabilities include a rent obligation totalling DKK 17,232 thousand in interminable rent agreements with remaining contract terms of up to 6 years. Furthermore, the group has liabilities under operating leases for cars and IT equipment, totalling DKK 1,900 thousand, with remaining contract terms of 0-3 years.

*Parent Company*

Guarantee commitments consists of a guarantee provided in respect of bank commitments in Nordlux A/S. The bank debt amounts of total DKK 33,131 thousand as of 31 December 2021.

As a result of a dividend restriction submitted to the Company's bank, the Company is limited to distribute dividend.

**Joint liabilities**

The Danish companies of the group is jointly and severally liable for tax on the group's jointly taxed income and for certain possible withholding taxes such as dividend tax and royalty tax, and for the joint registration of VAT.

Tax payable of the group's jointly taxed income amounts to DKK ('000) 2.928 at the Balance Sheet date.

|                               |           |
|-------------------------------|-----------|
| <b>Charges and securities</b> | <b>16</b> |
|-------------------------------|-----------|

*Group*

As security for the group's debt to credit institutions the group has provided a floating charge for its assets for a total amount of DKK 60.000 thousand.

*Parent Company*

As security for the parent Company's debt to banks, the parent Company has provided security in the parent Company's investments in subsidiaries for Nordlux A/S (Denmark) and Nordlux AS (Norway).



## NOTES

## Note

**Related parties**

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The Company's related parties include:

**Controlling interest**

Energetic Lighting Europe NV, Belgium, (Parent Company)

**Transactions with related parties:**2021**Group:**

Sales of goods and services to group enterprises: 18.868

Purchases of goods and services from group enterprises: 39.536

Fees from group enterprises: 654

Other costs, group enterprises: 2.209

Interest expenses, group enterprises: 3

**Parent Company:**

Received dividend from group entities: 42.337

Interest income, group entities: 50

Interest expenses, group enterprises: 18

Payables to group enterprises: 10.299

Remuneration/fees to members of the Executive Board and the Board of Directors are reflected in note 3.

## ACCOUNTING POLICIES

The Annual Report of Nordlux Invest A/S for 2021 has been presented in accordance with the provisions of the Danish Financial Statements Act for enterprises in reporting class C, large-size enterprises.

The Annual Report is prepared with the following accounting principles.

### **Reporting currency**

The financial statements are presented in Danish Kroner (DKK'000)

### ***Consolidated Financial Statements***

The consolidated financial statements comprise the Parent Company and subsidiaries controlled by the Parent Company.

Control means a parent company's power to direct a subsidiary's financial and operating policy decisions. Besides the above power, the parent company should also be able to yield a return from its investment.

In assessing if the parent company controls an entity, de facto control is taken into consideration as well.

The existence of potential voting rights which may currently be exercised or converted into additional voting rights is considered when assessing if an entity can become empowered to direct another entity's financial and operating decisions.

The consolidated financial statements are prepared as a consolidation of the parent company's and the individual subsidiaries' financial statements, which are prepared according to the group's accounting policies. On consolidation, intra- group income and expenses, shareholdings, intra- group balances and dividends, and realised and unrealised gains on intra- group transactions are eliminated.

### **External business combinations**

Recently acquired entities are recognised in the consolidated financial statements from the date of acquisition. Entities sold or otherwise disposed of are recognised up to the date of disposal. Comparative figures are not restated to reflect newly acquired entities.

The date of acquisition is the date when the group actually obtains control of the acquiree.

The acquisition method is applied to the acquisition of new entities of which the group obtains control. The acquirees' identifiable assets, liabilities and contingent liabilities are measured at fair value at the date of acquisition. Identifiable intangible assets are recognised if they are separable or arise from a contractual right. Deferred tax related to the revaluations is recognised.

Positive differences (goodwill) between, on the one hand, the consideration for the acquiree, the value of non- controlling interests in the acquired entity and the fair value of any previously acquired equity investments and, on the other hand, the fair value of the assets, liabilities and contingent liabilities acquired are recognised as goodwill under "Intangible assets". Goodwill is amortised on a straight- line basis in the income statement based on an individual assessment of the economic life of the asset.

## ACCOUNTING POLICIES

Negative differences (negative goodwill) are recognised in the income statement at the date of acquisition.

Upon acquisition, goodwill is allocated to the cash-generating units, which subsequently form the basis for impairment testing. Goodwill and fair value adjustments in connection with the acquisition of a foreign entity with a functional currency different from the presentation currency used in the consolidated financial statements are accounted for as assets and liabilities belonging to the foreign entity and are, on initial recognition, translated into the foreign entity's functional currency using the exchange rate at the transaction date.

The consideration paid for an entity consists of the fair value of the agreed consideration in the form of assets transferred, liabilities assumed and equity instruments issued. If part of the consideration is contingent on future events or compliance with agreed terms, such part of the consideration is recognised at fair value at the date of acquisition. Subsequent adjustments of contingent considerations are recognised in the income statement.

Expenses incurred to acquire entities are recognised in the income statement in the year in which they are incurred.

### Foreign currency translation

On initial recognition, transactions denominated in foreign currencies are translated at the exchange rate 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 and payables and other monetary items denominated in foreign currencies are translated at the exchange rate 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 most recent financial statements is recognised in the income statement as financial income or financial expenses.

### Derivative financial instruments

On initial recognition, derivative financial instruments are recognised at cost in the balance sheet and are subsequently measured at fair value. Positive and negative fair values of derivative financial instruments are presented as separate items in the balance sheet.

Fair value adjustments of derivative financial instruments designated and qualifying as hedging of future assets or liabilities are recognised as separate items in the balance sheet and in the hedging reserve under equity. If the forecast transaction results in the recognition of assets or liabilities, amounts previously recognised in equity are transferred to the cost of the asset or liability, respectively. If the forecast transaction results in income or expenses, amounts previously recognised in equity are transferred to the income statement in the period in which the hedged item affects the income statement.

## ACCOUNTING POLICIES

### *INCOME STATEMENT*

#### ***Net revenue***

The Company has chosen IAS 11/ IAS 18 as interpretation for revenue recognition. Income from the sale of goods for resale and finished goods, is recognised in revenue when the most significant rewards and risks have been transferred to the buyer and provided the income can be measured reliably and payment is expected to be received. The date of the transfer of the most significant rewards and risks is based on standardised terms of delivery based on 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 and rebates granted are recognised in revenue.

#### ***Gross profit/loss***

The items revenue, cost of sales, other operating income and external expenses have been aggregated into one item in the income statement called gross margin in accordance with section 32 of the Danish Financial Statements Act.

#### ***Income from equity interests in subsidiaries***

Dividend from equity interests is recognised in the financial year in which the dividend is declared. In connection with transfers, potential profits are recognised when the economic rights related to the sold equity interests are transferred, however, at the earliest when the profit has been realised or is regarded as realisable. Moreover, realised losses other than impairments are included where identified.

#### ***Cost of sales***

Cost of sales comprise costs incurred to achieve the net revenue for the year, including direct and indirect costs of raw materials and consumables.

#### ***Other external expenses***

Other external expenses include other production, sales, delivery and administrative costs, including costs of energy, marketing, premises, loss on bad debts, lease expenses, etc.

#### ***Staff costs***

Staff costs comprise wages and salaries, including holiday pay and pensions, and other costs of social security etc., for the Group and the Parent Company's employees. Repayments from public authorities are deducted from staff costs.

#### ***Financial income and expenses***

Financial income and expenses include interest income and expenses, financial expenses of finance leases, realised and unrealised gains and losses arising from securities, debt and transactions in foreign currencies, as well as charges and allowances under the tax-on-account scheme, etc. Financial income and expenses are recognised by the amounts that relate to the financial year. Interest income and expenses are calculated on amortised cost prices.

#### ***Tax***

The tax for the year, which consists of the current tax for the year and changes in deferred tax, is recognised in the Income Statement by the share that may be attributed to the profit for the year, and is recognised directly in equity by the share that may be attributed to entries directly to equity.

## ACCOUNTING POLICIES

### BALANCE SHEET

#### *Intangible fixed assets*

Goodwill is amortised over the expected economic life of the asset, measured by reference to Management's experience in the individual business segments. Goodwill is amortised on a straight-line basis over the amortisation period. The amortisation period is fixed on the basis of the expected repayment horizon, longest for strategically acquired business enterprises with strong market positions and long- term earnings profiles.

Development costs comprise expenses, salaries and amortisation directly or indirectly 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 identifiable 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 and development costs. Other development costs are recognised in the income statement as incurred.

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

Development projects comprise costs, including wages and salaries, and amortisation, which directly or indirectly can be related to the Company's development activities and which fulfil the criteria for recognition in the Balance Sheet.

The accounting item is measured at the lower of the capitalised costs less accumulated amortisation and recoverable amount.

Capitalised development costs are amortised on a straight-line basis over the estimated useful life after completion of the development work. The amortisation period is normally 5 years.

Intangible fixed assets are amortised on a straight-line basis over normally 2-10 years. The depreciation period and the residual value are determined at the acquisition date and are reassessed annually. Where the residual value exceeds the carrying amount of the asset, no further depreciation charges are recognised.

Intangible fixed assets are generally written down to the recoverable amount if this is lower than the carrying amount.

In the case of changes in the depreciation period or the residual value, the effect on the depreciation charges is recognised prospectively as a change in accounting estimates.

**ACCOUNTING POLICIES**

***Tangible fixed assets***

Property, plant and equipment are measured at cost less accumulated depreciation and impairment losses. The basis of depreciation is the cost price less any expected residual value at the end of the useful life. Cost comprises the purchase price and any costs directly attributable to the acquisition until the date when the asset is available for use.

Where individual components of an item have different useful lives, the cost of the individual item is accounted for as separate components, which are depreciated separately.

Gains or losses are calculated as the difference between the selling price less selling costs and the carrying amount at the date of disposal.

Gains and losses from the disposal of property, plant and equipment are recognised in the income statement as other operating income or other operating expenses.

The depreciation period and the residual value are determined at the acquisition date and are reassessed annually. Where the residual value exceeds the carrying amount of the asset, no further depreciation charges are recognised.

In the case of changes in the depreciation period or the residual value, the effect on the depreciation charges is recognised prospectively as a change in accounting estimates.

|  | Useful life | Residual value |
|--|-------------|----------------|
| Other plant, fixtures and equipment..... | 3-10 years  | 0 %            |
| Leasehold improvements.....              | 3-10 years  | 0 %            |

Profit or loss on sale of tangible fixed assets is stated as the difference between the sales price less selling costs and the carrying amount at the date of sale. Profit or loss is recognised in the Income Statement as other operating income or other operating expenses.

**Lease contracts**

The Company has chosen IAS 17 as interpretation for classification and recognition of leases.

Leases that do not transfer substantially all the risks and rewards incident to the ownership to the Company are classified as operating leases. Payments relating to operating leases and any other rent agreements are recognised in the income statement over the term of the lease. The Company's aggregate liabilities relating to operating leases and other rent agreements are disclosed under "Contingent liabilities" .

***Fixed asset investments***

Equity investments in are measured at cost. If the cost exceeds the net realisable value, this is written down to the lower value.

Acquired enterprises are subject to the acquisition method, reassessing all identified assets and liabilities to fair value at the acquisition date. The fair value is calculated based on acquisitions made in an active market, alternatively calculated using generally accepted valuation models.

A discounted cash flow model is used to calculate the fair value of investment properties based on a discounted cash flow of future earnings. Operating equipment is recognised at fair value based on an assessor's opinion, based on an overall assessment of the production equipment.

The acquisition date is the date on which the Company gains actual control over the acquired entity.

Deposits include rental deposits which are recognised and measured at cost. Deposits are not depreciated.

## ACCOUNTING POLICIES

### *Impairment of fixed assets*

The carrying amount of intangible fixed and tangible assets together with fixed assets, which are not measured at fair value,, are assessed annually for indications of impairment other than that reflected by amortisation and depreciation.

In the event of impairment indications, an impairment test is made for each asset or group of assets, respectively. If the recoverable amount is lower than the carrying amount, the asset is written down to the recoverable amount.

The recoverable amount is calculated at the higher of the capital value and the sales value less expected costs of a sale. The capital value is determined as the Company's share in the current value of the net cash flows which the subsidiary is expected to generate through its activities and from sale of assets after the end of their useful lives. A discount rate is used which reflects the risk-free market rate and the owners' minimum return on interest requirements for similar assets. The growth rate in the terminal period is determined in accordance with the standards within the industry.

### *Inventories*

Inventories are measured at cost using the FIFO-principle. If the net realisable amount is lower than cost, the inventories are written down to the lower amount.

The cost of merchandise as well as raw materials and consumables is calculated at acquisition price with addition of transportation and similar costs.

The net realisable value of inventories is stated at the expected sales price less direct completion costs and costs incurred to execute the sale and is determined with due regard to marketability, obsolescence and development in expected sales price of the inventories.

### *Receivables*

Receivables are measured at amortised cost.

The Company has chosen IAS 39 as interpretation for impairment of financial receivables.

An impairment loss is recognised if there is objective evidence that a receivable is impaired.

### *Tax payable and deferred tax*

Current tax liabilities and receivable current tax are recognised in the Balance Sheet as the calculated tax on the taxable income for the year, adjusted for tax on the taxable income for previous years and taxes paid on account.

The Company is subject to joint taxation with Danish Group companies. The current corporation tax is distributed among the joint taxable companies in proportion to their taxable income and with full allocation and refund related to tax losses. The joint taxable companies are included in the tax-on-account scheme. Joint taxation contributions receivable and payable are recognised in the Balance Sheet under current assets and liabilities, respectively.

Deferred tax is measured on the temporary differences between the carrying amount and the tax value of assets and liabilities.

Deferred tax assets, including the tax value of tax loss carryforwards, are measured at the amount at which the asset is expected to be used within a reasonable number of years, either by setoff against tax on future earnings or by setoff 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 under the legislation in force on the Balance Sheet date will be applicable when the deferred tax is expected to crystallise as current tax. Any changes in the deferred tax resulting from changes in tax rates, are recognised in the income statement, except from items recognised directly in equity.

## ACCOUNTING POLICIES

### *Liabilities*

Financial liabilities are recognised at the time of borrowing by the amount of proceeds received less transaction costs. In subsequent periods, the financial liabilities are measured at amortised cost equal to the capitalised value when using the effective interest, the difference between the proceeds and the nominal value being recognised in the Income Statement over the loan period.

The amortised cost of current liabilities corresponds usually to the nominal value.

### **CASH FLOW STATEMENT**

The cash flow statement shows the Company's cash flows for the year for operating activities, investing activities and financing activities in the year, the change in cash and cash equivalents of the year and cash and cash equivalents at beginning and end of the year.

#### Cash flows from operating activities:

Cash flows from operating activities are computed as the results for the year adjusted for non-cash operating items, changes in net working capital and corporation tax paid.

#### Cash flows from investing activities:

Cash flows from investing activities include payments in connection with purchase and sale of intangible and tangible fixed asset and fixed asset investments.

#### Cash flows from financing activities:

Cash flows from financing activities include changes in the size or composition of share capital and related costs, and borrowings and repayment of interest-bearing debt and payment of dividend to shareholders.

#### Cash and cash equivalents:

Cash and cash equivalents include bank overdraft and cash in hand.