BEIERHOLM
VI SKABER BALANCE

Novalume Solutions A/S

Kay Fiskers Plads 9, 7., 2300 København S

CVR no. 41 97 96 90

Annual report for 2020

Årsrapporten er godkendt på den
ordinære generalforsamling, d. 28.05.21

Kim Krahl Larsen
Dirigent

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Company information etc.

The company

Novalume Solutions A/S
Kay Fiskers Plads 9, 7.
2300 København S
Registered office: København S
CVR no.: 41 97 96 90
Financial year: 01.01 - 31.12

Executive Board

Kim Krahl Larsen

Board of Directors

Christian Monrad Overgaard
Per Asmund Christensen
Kim Erik Ginnerup
Jakob Meiland Hansen

Auditors

Beierholm
Statsautoriseret Revisionspartnerselskab

Parent company

Novalume Holding A/S

Statement by the Executive Board and Board of Directors on the annual report

We have on this day presented the annual report for the financial year 01.01.20 - 31.12.20 for Novalume Solutions A/S.

The annual report is presented in accordance with Danish Financial Statements Act (Årsregnskabsloven).

In our opinion, the financial statements give a true and fair view of the company's assets, liabilities and financial position as at 31.12.20 and of the results of the company's activities for the financial year 01.01.20 - 31.12.20.

We believe that the management's review includes a fair review of the matters dealt with in the management's review.

The annual report is submitted for adoption by the general meeting.

Copenhagen, May 28, 2021

Executive Board

Kim Krahl Larsen

Board of Directors

Christian Monrad Overgaard
Chairman

Per Asmund Christensen

Kim Erik Ginnerup

Jakob Meiland Hansen

To the Shareholder of Novalume Solutions A/S

Opinion

We have audited the financial statements of Novalume Solutions A/S for the financial year 01.01.20 - 31.12.20, which comprise the income statement, balance sheet, statement of changes in equity and notes to the financial statements, including a summary of significant accounting policies. The financial statements are prepared in accordance with Danish Financial Statements Act (Årsregnskabsloven).

In our opinion the financial statements give a true and fair view of the company's assets, liabilities and financial position at 31.12.20 and of the results of the company's operations for the financial year 01.01.20 - 31.12.20 in accordance with the Danish Financial Statements Act (Årsregnskabsloven).

Basis for conclusion

We conducted our audit in accordance with International Standards on Auditing 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 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

The Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the Danish Financial Statements Act. Furthermore the Management is responsible for the internal control as the 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 about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing and the additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's 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 regarding the management's review

Management is responsible for management's review.

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

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

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

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

Soeborg, Copenhagen, May 28, 2021

Beierholm
Statsautoriseret Revisionspartnerselskab
CVR no. 32 89 54 68

Philip Heick-Poulsen	Lasse Rosenborg Petersen
State Authorized Public Accountant	State Authorized Public Accountant
MNE-no. mne34280	MNE-no. mne42896

Primary activities

Novalume Solutions A/S develops and sells the Light Management System "LUMINTELL", which offers intelligent and easy-to-use management systems for streetlight installations.

Novalume Solutions A/S is a subsidiary of Novalume Holding A/S, and is headquartered in Ørestad, Copenhagen, Denmark. Novalume Holding A/S transferred all technological & IP-related assets together with a number of employees to the new company.

Development in activities and financial affairs

The income statement for the period 01.01.20 - 31.12.20 shows a loss of DKK -4,403,029. The balance sheet shows equity of DKK 8,672,348.

The covid-19 pandemic has postponed a number of projects and customer meetings which in turn has delayed the sales. Travel restrictions and public institutions focusing mainly on COVID-related measures made 2020 a challenging year for project sales in general. Furthermore, and as it was expected and noted in last year's management report, the cancellation of global exhibitions and trade fairs made it difficult for Novalume Solutions to further market the LUMINTELL solutions in 2020.

As a natural consequence, 2020 sales were rather low and a financial loss was incurred, which was in line with expectations.

Despite the challenging circumstances, Novalume Solutions has spent time and resources on product development as well as building up the pipeline and business relations. Specifically, Novalume has successfully executed several pilot projects and entered into distribution and trade agreements with professional market players within streetlight sales and operations in the Nordics, which should serve as a platform for future growth

Novalume is a member of United Nations Global Compact and submitted the second Communication of Progress (COP) report during the year. This includes specific reporting along four sections: Human rights, Labor, Environment, and Anti-corruption

Outlook

In 2021 the company expects to deliver a negative net result in the range 0-2m, due to the continuing impact of covid-19 into 2021.

Subsequent events

No important events have occurred after the end of the financial year.

Income statement

Note		2020 DKK
	Gross loss	**-2,194,046**
1	Staff costs	-2,899,668
	Loss before depreciation, amortisation, write-downs and impairment losses	**-5,093,714**
	Depreciation, amortisation and impairments losses of intangible assets and property, plant and equipment	-1,415,276
	Other operating expenses	708,437
	Loss before tax	**-5,800,553**
	Tax on loss for the year	1,397,524
	Loss for the year	**-4,403,029**

Proposed appropriation account

Retained earnings	-4,403,029
Total	**-4,403,029**

Balance sheet

ASSETS

Note		31.12.20 DKK
	Completed development projects	7,549,150
	Acquired rights	23,924
	Development projects in progress	1,270,177
2	**Total intangible assets**	**8,843,251**
	Leasehold improvements	36,535
	Other fixtures and fittings, tools and equipment	38,988
3	**Total property, plant and equipment**	**75,523**
	Deposits	410,700
	Total investments	**410,700**
	Total non-current assets	**9,329,474**
	Income tax receivable	1,509,326
	Other receivables	2,148,873
	Prepayments	47,134
	Total receivables	**3,705,333**
	Total current assets	**3,705,333**
	Total assets	**13,034,807**

EQUITY AND LIABILITIES

Note		31.12.20 DKK
	Share capital	462,500
	Retained earnings	8,209,848
	Total equity	**8,672,348**
	Provisions for deferred tax	1,921,704
	Total provisions	**1,921,704**
	Payables to group enterprises	1,420,676
	Other payables	1,020,079
	Total short-term payables	**2,440,755**
	Total payables	**2,440,755**
	Total equity and liabilities	**13,034,807**
4	Contingent liabilities	

Statement of changes in equity

Figures in DKK	Share capital	Share premium	Retained earnings	Total equity
Statement of changes in equity for 01.01.20 - 31.12.20				
Capital contributed on establishment	437,500	1,762,500	4,513,635	6,713,635
Capital increase	25,000	0	1,975,000	2,000,000
Group contribution	0	0	4,361,742	4,361,742
Transfers to/from other reserves	0	-1,762,500	1,762,500	0
Net profit/loss for the year	0	0	-4,403,029	-4,403,029
Balance as at 31.12.20	462,500	0	8,209,848	8,672,348

	2020 DKK

1. Staff costs

Wages and salaries	2,560,975
Pensions	289,934
Other social security costs	12,312
Other staff costs	36,447
Total	2,899,668
Average number of employees during the year	4

2. Intangible assets

Figures in DKK	Completed development projects	Acquired rights	Development projects in progress
Additions relating to mergers and acquisition of enterprises	5,570,258	119,620	3,834,957
Additions during the year	0	0	1,850,458
Transfers during the year to/from other items	4,415,238	0	-4,415,238
Cost as at 31.12.20	9,985,496	119,620	1,270,177
Additions relating to mergers and acquisition of enterprises	-1,111,245	-71,772	0
Amortisation during the year	-1,325,101	-23,924	0
Amortisation and impairment losses as at 31.12.20	-2,436,346	-95,696	0
Carrying amount as at 31.12.20	7,549,150	23,924	1,270,177

Activated development projects relate to the development of three new (LMS) Light Management Systems for Lumintell. Development projects are budgeted and approved quarterly.

3. Property, plant and equipment

Figures in DKK	Leasehold improvements	Other fixtures and fittings, tools and equipment
Additions relating to mergers and acquisition of enterprises	175,445	54,402
Cost as at 31.12.20	175,445	54,402
Additions relating to mergers and acquisition of enterprises	-83,539	-4,534
Revaluations as at 31.12.20	-83,539	-4,534
Depreciation during the year	-55,371	-10,880
Depreciation and impairment losses as at 31.12.20	-55,371	-10,880
Carrying amount as at 31.12.20	36,535	38,988
Carrying amount in the balance sheet if revaluation to fair value had not been carried out as at 31.12.20	0	0

4. Contingent liabilities

Lease commitments

The company has concluded lease agreements with terms to maturity of 1-35 months and a total of DKK 2092k.

Other contingent liabilities

The company is taxed jointly with the other companies in the group and has joint, several and unlimited liability for income taxes and any obligations to withhold tax at source on interest, royalties and dividends for the jointly taxed companies. The liability also includes any subsequent corrections to the calculated tax liability as a consequence of changes made to the jointly taxable income etc.

5. Accounting policies

GENERAL

The annual report is presented in accordance with the provisions of the Danish Financial Statements Act (*Årsregnskabsloven*) for enterprises in reporting class B with application of provisions for a higher reporting class.

No comparative figures have been provided as this is the company's first financial year.

Basis of recognition and measurement

Income is recognised in the income statement as earned, including value adjustments of financial assets and liabilities. All expenses, including depreciation, amortisation, impairment losses and write-downs, are also recognised in the income statement.

Assets are recognised in the balance sheet when it is probable that future economic benefits will flow to the company, and the value of such assets can be measured reliably. Liabilities are recognised in the balance sheet when it is probable that future economic benefits will flow from the company, and the value of such liabilities can be measured reliably. On initial recognition, assets and liabilities are measured at cost. Subsequently, assets and liabilities are measured as described for each item below.

On recognition and measurement, account is taken of foreseeable losses and risks arising before the date at which the annual report is presented and proving or disproving matters arising on or before the balance sheet date.

ACCOUNTING PROCEDURES AT THE FOUNDATION

The company was formed by the acquisition of an existing enterprise from the company's shareholder. On acquisition, the pooling of interests method is applied, according to which the carrying amounts of assets and liabilities are determined as if the company has held the assets and liabilities of the acquired enterprise from their original date of acquisition. The acquisition is deemed to be completed at the date of formation. The acquisition is recognised at carrying amounts after adjustment to the newly formed company's accounting policies. The difference between the agreed consideration and the carrying amount of the acquired enterprise at the date of formation is recognised in equity.

LEASES

Lease payments relating to operating leases are recognised in the income statement on a straight-line basis over the lease term.

5. Accounting policies - continued -

INCOME STATEMENT

Gross loss

Gross loss comprises revenue and cost of sales and other external expenses.

Revenue

Income from the sale of goods is recognised in the income statement if delivery has taken place and the risk has passed to the buyer before the end of the financial year and where the selling price can be determined reliably and is expected to be paid. Revenue is measured at fair value and is determined exclusive of VAT and other taxes collected on behalf of third parties and less discounts.

Income from the sale of services is recognised in the income statement as delivery takes place (delivery method). Revenue is measured at the selling value of the agreed consideration exclusive of VAT and other taxes collected on behalf of third parties and less discounts.

Cost of sales

Cost of sales comprises cost of sales for the year measured at cost plus any changes in inventories, including write-downs to the extent that these do not exceed normal write-downs.

Other external expenses

Other external expenses comprise costs relating to distribution, sales and advertising and administration, premises and bad debts to the extent that these do not exceed normal write-downs.

Staff costs

Staff costs comprise wages and salaries as well as other staff-related costs.

5. Accounting policies - continued -

Depreciation, amortisation and impairment losses

The depreciation and amortisation of intangible assets and property, plant and equipment aim at systematic depreciation and amortisation over the expected useful lives of the assets. Assets are depreciated and amortised according to the straight-line method based on the following expected useful lives and residual values:

	Useful lives, years	Residual value, per cent
Completed development projects	5	0
Acquired rights	5	0
Leasehold improvements	3	0
Other plant, fixtures and fittings, tools and equipment	3	0

The basis of depreciation and amortisation is the cost of the asset less the expected residual value at the end of the useful life. Moreover, the basis of depreciation and amortisation is reduced by any impairment losses. The useful life and residual value are determined when the asset is ready for use and reassessed annually.

Intangible assets and property, plant and equipment are impaired in accordance with the accounting policies referred to in the ‘Impairment losses on fixed assets’ section.

Other operating expenses

Other operating expenses comprise costs of a secondary nature in relation to the enterprise’s activities, including costs relating to rental activities and losses on the sale of intangible assets and property, plant and equipment.

Tax on profit/loss for the year

The current and deferred tax for the year is recognised in the income statement as tax on the profit/loss for the year with the portion attributable to the profit/loss for the year, and directly in equity with the portion attributable to amounts recognised directly in equity.

The company is jointly taxed with Danish consolidated enterprises.

In connection with the settlement of joint taxation contributions, the current Danish income tax is allocated between the jointly taxed enterprises in proportion to their taxable incomes. This means that enterprises with a tax loss receive joint taxation contributions from enterprises which have been able to use this loss to reduce their own taxable profit.

5. Accounting policies - continued -

BALANCE SHEET

Intangible assets

Completed development projects and development projects in progress

Development projects are recognised in the balance sheet where the project aims at developing a specific product or a specific process, intended to be produced or used, respectively, by the company in its production process. On initial recognition, development projects are measured at cost. Cost comprises the purchase price plus expenses resulting directly from the purchase, including wages and salaries directly attributable to the development projects until the asset is ready for use. Interest on loans arranged to finance development projects in the development period is not included in the cost. Other development projects and development costs are recognised in the income statement in the year in which they are incurred.

Development projects in progress are transferred to completed development projects when the asset is ready for use.

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

Completed development projects are amortised using the straight-line method based on useful lives, which are stated in the ‘Depreciation, amortisation and impairment losses’ section.

Acquired rights

Aquired rights are measured in the balance sheet at cost less accumulated amortisation and impairment losses.

Acquired rights are amortised using the straight-line method based on useful lives, which are stated in the ‘Depreciation, amortisation and impairment losses’ section.

Gains or losses on the disposal of intangible assets

Gains or losses on the disposal of intangible assets are determined as the difference between the selling price, if any, less selling costs and the carrying amount at the date of disposal.

Property, plant and equipment

Property, plant and equipment comprise leasehold improvements as well as other fixtures and fittings, tools and equipment.

5. Accounting policies - continued -

Property, plant and equipment are measured in the balance sheet at cost less accumulated depreciation and impairment losses.

Cost comprises the purchase price and expenses resulting directly from the purchase until the asset is ready for use. Interest on loans arranged to finance production is not included in the cost.

Property, plant and equipment are depreciated using the straight-line method based on useful lives and residual values, which are stated in the 'Depreciation, amortisation and impairment losses' section.

Gains and losses on the disposal of property, plant and equipment are determined as the difference between the selling price, if any, less selling costs and the carrying amount at the date of disposal less any costs of disposal.

Impairment losses on fixed assets

The carrying amount of fixed assets which are not measured at fair value is assessed annually for indications of impairment over and above what is reflected in depreciation and amortisation.

If the company's realised return on an asset or a group of assets is lower than expected, this is considered an indication of impairment.

If there are indications of impairment, an impairment test is conducted of individual assets or groups of assets.

The assets or groups of assets are impaired to the lower of recoverable amount and carrying amount.

The higher of net selling price and value in use is used as the recoverable amount. The value in use is determined as the present value of expected net cash flows from the use of the asset or group of assets as well as expected net cash flows from the sale of the asset or group of assets after the expiry of their useful lives.

Impairment losses are reversed when the reasons for the impairment no longer exist.

5. Accounting policies - continued -

Receivables

Receivables are measured at amortised cost, which usually corresponds to the nominal value, less write-downs for bad debts.

Write-downs for bad debts are determined based on an individual assessment of each receivable if there is no objective evidence of individual impairment of a receivable.

Deposits recognised under assets comprise deposits paid to the lessor under leases entered into by the company.

Prepayments

Prepayments recognised under assets comprise costs incurred in respect of subsequent financial years.

Current and deferred tax

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

Joint taxation contributions payable and receivable are recognised as income tax under receivables or payables in the balance sheet.

Deferred tax liabilities and tax assets are recognised on the basis of all temporary differences between the carrying amounts and tax bases of assets and liabilities. However, deferred tax is not recognised on temporary differences relating to goodwill which is non-amortisable for tax purposes and other items where temporary differences, except for acquisitions, have arisen at the date of acquisition without affecting the net profit or loss for the year or the taxable income. In cases where the tax value can be determined according to different taxation rules, deferred tax is measured on the basis of management's intended use of the asset or settlement of the liability.

Deferred tax assets are recognised, following an assessment, at the expected realisable value through offsetting against deferred tax liabilities or elimination in tax on future earnings.

Deferred tax is measured on the basis of the tax rules and at the tax rates which, according to the legislation in force at the balance sheet date, will be applicable when the deferred tax is expected to crystallise as current tax.

5. Accounting policies - continued -

Payables

Short-term payables are measured at amortised cost, normally corresponding to the nominal value of such payables.