# LEDVANCE A/S

Dybendalsvænget 3, 2630 Taastrup

CVR no. 63 93 34 14

## Annual report
## for the financial year 01.10.19 - 30.09.20

Årsrapporten er godkendt på den
ordinære generalforsamling, d. 27.01.21

Jette Skaarup
Dirigent

# Table of contents

# Company information etc.

## The company

LEDVANCE A/S
Dybendalsvænget 3
2630 Taastrup
Denmark
Tel.: +45 43 39 90 00
Website: www.Ledvance.dk
Registered office: Høje Taastrup
CVR no.: 63 93 34 14
Financial year: 01.10 - 30.09

## Executive Board

Kenneth Ravn Okolski-Mortensen

## Board of Directors

Markus Gregor Emmert, chairman
Kenneth Ravn Okolski-Mortensen
Jette Jørgensen Skaarup

## Auditors

Beierholm
Statsautoriseret Revisionspartnerselskab

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

**We have today presented the annual report for the financial year 01.10.19 - 30.09.20 for LEDVANCE 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 of 30.09.20 and of the results of the company´s activities for the financial year 01.10.19 - 30.09.20.

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.

Taastrup, January 27, 2021

**Executive Board**

Kenneth Ravn Okolski-Mortensen

**Board of Directors**

| | | |
|---|---|---|
| Markus Gregor Emmert<br>Chairman | Kenneth Ravn Okolski-Mortensen | Jette Jørgensen Skaarup |

# Independent auditor's report

**To the Shareholder of LEDVANCE A/S**

## Opinion

We have audited the financial statements of LEDVANCE A/S for the financial year 01.10.19 - 30.09.20, 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 30.09.20 and of the results of the company´s operations for the financial year 01.10.19 - 30.09.20 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.

## 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.

### 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.

Soeborg, Copenhagen, January 27, 2021

**Beierholm**
Statsautoriseret Revisionspartnerselskab
CVR no. 32 89 54 68

Kim Larsen
State Authorized Public Accountant
MNE-no. mne32179

## Primary activities

The company´s main activity is sale of lamps on the Danish market included Greenland and the Faroe Islands.

## Development in activities and financial affairs

### Financial review

In 2019/20, the result for the year amounted to tDKK 228 compared to tDKK 2,006 in 2018/19, which was in line with the expectation.

At the end of 2019/20, the company had an equity on tDKK 2,228 compared to tDKK 4,006 in 2018/19. Dividend on tDKK 2,006 was paid to the parent company in financial year 2019/20.

The exchange risks of the company in connection with purchase of merchandise are secured by entering into a hedging agreement for a period of three months ahead.

The overall performance and the development in the company in 2019/20 is regarded as satisfactory considering the impact of COVID-19.

## Nonfinancial matters

### Environmental conditions

A Directive was adopted in the EU in 2003 regarding the handling of electronic scrap (WEEE). LEDVANCE A/S is a part of a trade cooperation to solve tasks within this area.

### Post balance sheet events

No material events have occurred subsequent to 30.09.20, which significantly affects the assessment of the annual report.

### Outlook

LEDVANCE A/S has positive expectations to 2020/21 because of continuously development of product portfolio.

# Income statement

| Note | | 2019/20 DKK '000 | 2018/19 DKK '000 |
|---|---|---|---|
| | **Gross profit** | **22,740** | **28,963** |
| | Distribution costs | -19,526 | -23,131 |
| | Administration costs | -2,471 | -2,651 |
| | **Profit/Loss before net financials** | **743** | **3,181** |
| 2 | Financial income | 0 | 1 |
| 3 | Financial expenses | -371 | -408 |
| | **Profit/Loss before tax** | **372** | **2,774** |
| | Tax on profit or loss for the year | -144 | -768 |
| | **Profit/Loss for the year** | **228** | **2,006** |

**Proposed appropriation account**

| | | |
|---|---|---|
| Proposed dividend for the financial year | 0 | 2,006 |
| Retained earnings | 228 | 0 |
| **Total** | **228** | **2,006** |

# Balance sheet

## ASSETS

| Note | | 30.09.20 DKK '000 | 30.09.19 DKK '000 |
|---|---|---|---|
| | Leasehold improvements | 84 | 96 |
| | **Total property, plant and equipment** | **84** | **96** |
| | **Total non-current assets** | **84** | **96** |
| | Trade receivables | 26,039 | 26,521 |
| | Deferred tax asset | 308 | 452 |
| | Income tax receivable | 42 | 0 |
| | Other receivables | 191 | 136 |
| | **Total receivables** | **26,580** | **27,109** |
| | **Cash** | **4,789** | **4,102** |
| | **Total current assets** | **31,369** | **31,211** |
| | **Total assets** | **31,453** | **31,307** |

# Balance sheet

## EQUITY AND LIABILITIES

| Note | | 30.09.20 DKK '000 | 30.09.19 DKK '000 |
|---|---|---|---|
| | Share capital | 2,000 | 2,000 |
| | Retained earnings | 228 | 0 |
| | Proposed dividend for the financial year | 0 | 2,006 |
| | **Total equity** | **2,228** | **4,006** |
| 4 | Other provisions | 55 | 97 |
| | **Total provisions** | **55** | **97** |
| | Trade payables | 823 | 1,143 |
| | Payables to group enterprises | 17,970 | 17,215 |
| | Income taxes | 0 | 857 |
| | Other payables | 10,377 | 7,989 |
| | **Total short-term payables** | **29,170** | **27,204** |
| | **Total payables** | **29,170** | **27,204** |
| | **Total equity and liabilities** | **31,453** | **31,307** |

5 Derivative financial instruments
6 Contingent liabilities

# Statement of changes in equity

| Figures in DKK '000 | Share capital | Retained earnings | Proposed dividend for the financial year | Total equity |
|---|---|---|---|---|
| Statement of changes in equity for 01.10.19 - 30.09.20 | | | | |
| Balance as at 01.10.19 | 2,000 | 0 | 2,006 | 4,006 |
| Dividend paid | 0 | 0 | -2,006 | -2,006 |
| Net profit/loss for the year | 0 | 228 | 0 | 228 |
| Balance as at 30.09.20 | 2,000 | 228 | 0 | 2,228 |

| | 2019/20<br>DKK '000 | 2018/19<br>DKK '000 |
|---|---|---|

## 1. Employee aspects

| | | |
|---|---|---|
| Average number of employees during the year | 19 | 20 |

## 2. Financial income

| | | |
|---|---|---|
| Other interest income | 0 | 1 |
| Total | 0 | 1 |

## 3. Financial expenses

| | | |
|---|---|---|
| Interest, group enterprises | 322 | 356 |
| Other interest expenses | 49 | 52 |
| Total | 371 | 408 |

## 4. Other provisions

Other provisions are expected to be distributed as follows:

| | | |
|---|---|---|
| Current liabilities | 55 | 97 |
| Total | 55 | 97 |

## 5. Derivative financial instruments

As a part of securing foreign currency risks in connection with purchase of merchandise, LEDVANCE A/S has made hedging agreements regarding the next three months' expected purchase of merchandise which is tDKK 23,925 (2018/19 tDKK 24,085). The value of the foreign currency adjustment on these contracts amounts to tDKK 2 (2018/19 tDKK 3 “Other receivables”) and is included in the annual report as "Other payables".

## 6. Contingent liabilities

*Lease commitments*

The company has entered into contractual commitments regarding leases and operational leasing contracts for a total of tDKK 1,873 (tDKK 1,372 in 2018/19) tDKK 311 (tDKK 301 in 2018/19) relates to the company's leases at Dybendalsvænget 3. The company has 6 months’ notice on this lease.

*Other contingent liabilities*

The company has since 16.11.15 been jointly taxed with the sister company OSRAM A/S until change of control 03.03.17. The company is jointly liable with its sister company for Danish Corporation taxes and withholding taxes on dividends, interest and royalties in the joint taxation until change of control 03.03.17. Any subsequent corrections of the taxable income subject to joint taxation may entail that the company's liability will increase.

## 7. 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 by applying the exemption set out in section 78a of the Danish Financial Statements Act.

The accounting policies have been applied consistently with previous years.

### Basis of recognition and measurement

Inome is recognised in the income statement as earned, including value adjustments of financial assets and liabilities. All expenses, including depreciation, amortisation, impairment losses and writedowns, 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.

### CURRENCY

The annual report is presented in Danish kroner (DKK).

Transactions in foreign currency are converted the first time they occur at a fixed calculation rate. Differences in exchange rates, which arise between the time of calculation of merchandise and the actual exchange rate at the time of payment, are included in the income statement as cost of sales.
Receivables, payables and other monetary items denominated in foreign currencies are translated using the exchange rates applicable at the balance sheet date. The difference between the exchange rate applicable at the balance sheet date and at the date at which the receivable or payable arose or was recognised in the latest annual report is recognised under cost of sales. Fixed assets and other nonmonetary assets acquired in foreign currencies are translated using historical exchange rates.

## 7. Accounting policies - continued -

### DERIVATIVE FINANCIAL INSTRUMENTS

On initial recognition, derivative financial instruments are measured at cost. Subsequently, they are measured at fair value and recognised under other receivables and other payables, respectively.

Fair value adjustment of derivative financial instruments classified as and meeting the criteria for hedging future cash flows (cash flow hedging) are recognised in equity. In the event that the hedged transaction results in the recognition of an asset or a liability, the accumulated fair value adjustment of the hedging instrument, which was previously recognised in equity, will be included in the cost of the asset or the liability. In the event that the hedged transaction results in the recognition of an income or an expense, the accumulated fair value adjustment of the hedging instrument, which was previously recognised in equity, will be recognised together with the hedged income or expense.

If the hedged transaction is no longer expected to occur, the cash flow hedging treatment is discontinued, and the accumulated fair value adjustment of the hedging instrument is transferred to other net financials in the income statement. If the hedged transaction is still expected to occur, but the criteria for cash flow hedging are no longer met, the hedging treatment is discontinued, and the accumulated fair value adjustment of the hedging instrument remains in equity until the transaction occurs.

Fair value adjustments of derivative financial instruments that do not meet the criteria for hedge accounting treatment are recognised under other net financials in the income statement on an ongoing basis.

### LEASES

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

### INCOME STATEMENT

#### Gross profit

Gross profit comprises revenue and production costs as well as other operating income.

#### 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

## 7. Accounting policies - continued -

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.

### Production costs

Costs incurred directly to generate the revenue for the year, including raw materials and consumables, wages and salaries and lease of and depreciation, amortisation and impairment losses on the fixed assets used in the production process, are recognised under production costs.

### Distribution costs

Costs for the distribution of goods sold during the year and sales campaigns etc., including wages and salaries for sales staff, advertising and exhibition costs etc. and lease of and depreciation, amortisation and impairment losses on the fixed assets used in the distribution and sales activity, are recognised under distribution costs.

### Administrative expenses

Expenses incurred during the year for management and administration, including wages and salaries for administrative staff and management as well as office premise expenses, office expenses, bad debts etc. and lease of and depreciation, amortisation and impairment losses on the fixed assets used for administration, are recognised under administrative expenses.

### Depreciation, amortisation and impairment losses

The depreciation and amortisation of  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, percent |
|---|---|---|
| Leasehold improvements | 3-10 | 0 |
| Other fixtures and fittings, tools and equipment | 3-10 | 0 |

## 7. Accounting policies - continued -

### Other net financials

Interest income and interest expenses, foreign exchange gains and losses on transactions denominated in foreign currencies etc. are recognised in other net financials.

### Tax on profit/loss for the year

The income tax for the year, which consists both of the actual and the deferred tax for the year are included in the income statement as that part which can be related to the year's income and directly in the equity which can be related to postings. The tax, which is included in the income statement, is classified as either tax resulting from ordinary activities or tax resulting from extraordinary items.

The tax effect of the joint taxation is distributed to profit- and loss-making companies in proportion to their taxable income.

## 7. Accounting policies - continued -

## BALANCE SHEET

### Property, plant and equipment

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

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.

Property, plant and equipment are depreciated using the straight-line method based on useful lives and residual values.

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.

### 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.

### Cash

Cash includes deposits in bank accounts.

### Equity

The proposed dividend for the financial year is recognised as a separate item in equity.

## 7. Accounting policies - continued -

### Provisions

Provisions include expected costs as guaranteed responsibilities. Provisions are included whenever the company as a result of a previous occurrence has a legal or actual responsibility and it is likely that redemption of the responsibility will cause a consumption of the economic resources of the company.

Guaranteed responsibilities include responsibilities to carry out repairs within a guarantee period from one to five years. These responsibilities are calculated and included based on experience with work under guarantee.

### Current and deferred tax

Deferred tax payments are treated in accordance with the balance sheet liability of all temporary differences between the accounted and the taxable value of assets and liabilities. However, deferred tax is not included for temporary differences regarding tax purposes, non-depreciable goodwill and office buildings or other items where temporary differences - apart from company take-overs - have arisen at the time of acquisition without having any effect on the result or taxable income. In cases where the calculation of tax value can be made based on various taxable rules, deferred tax is included based on the planned use made by Management of the asset or the liquidation of the liability.

Deferred tax assets, including the tax value of tax loss carry forwards are included as long-term assets with the value, for which they are intended to be used either by balancing out tax of future earnings or by setting off deferred tax commitments within the same legal tax entity or jurisdiction.

Deferred tax is included based on the taxation laws and taxation rates, which are valid on the date of the preparation of the income statement when the deferred tax is expected to be activated as actual taxation.

### Payables

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