

LEDVANCE A/S

Dybendalsvænget 3, 2630 Taastrup
CVR no. 63 93 34 14

Annual report for the shortened financial year 01.10.21 - 31.12.21

Årsrapporten er godkendt på den
ordinære generalforsamling, d. 28.03.22

Jette Skaarup
Dirigent



Company information etc.	3
Statement by the Executive Board and Board of Directors on the annual report	4
Independent auditor's report	5 - 7
Management's review	8
Income statement	9
Balance sheet	10 - 11
Statement of changes in equity	12
Notes	13 - 21

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 - 31.12

Executive Board

Kenneth Ravn Okolski-Mortensen

Board of Directors

Markus Gregor Emmert
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 shortened financial year 01.10.21 - 31.12.21 for LEDVANCE A/S.

The annual report is presented in accordance with the 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 31.12.21 and of the results of the company's activities for the shortened financial year 01.10.21 - 31.12.21.

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, March 28, 2022

Executive Board

Kenneth Ravn Okolski-Mortensen

Board of Directors

Markus Gregor Emmert
Chairman

Kenneth Ravn Okolski-Mortensen

Jette Jørgensen Skaarup

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

We have audited the financial statements of LEDVANCE A/S for the financial year 01.10.21 - 31.12.21, 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 the 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 31.12.21 and of the results of the company's operations for the financial year 01.10.21 - 31.12.21 in accordance with the the Danish Financial Statements Act (Årsregnskabsloven).

Basis for Opinion

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' International Code of Ethics for Professional Accountants (IESBA Code) and the additional ethical requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. 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, March 28, 2022

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 01.10.21 - 31.12.21, the result for the shortened year amounted to tDKK 965 compared to tDKK 3,293 in 2020/21, which was in line with the expectation.

At the end of the financial year 01.10.21 - 31.12.21, the company had an equity on tDKK 3,193 compared to tDKK 5,521 in 2020/21. Dividend on tDKK 3,293 was paid to the parent company in financial year 01.10.21 - 31.12.21.

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 the shortened financial year 01.10.21 - 31.12.21 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 31.12.21, which significantly affects the assessment of the annual report.

Outlook

LEDVANCE A/S has positive expectations to 2022 because of continuously development of product portfolio

Income statement

	01.10.21	2020/21
Note	31.12.21	DKK '000
	DKK '000	DKK '000
Gross profit	7,861	28,656
Distribution costs	-5,726	-21,491
Administration costs	-701	-2,411
Operating profit	1,434	4,754
2 Financial income	0	1
3 Financial expenses	-154	-458
Profit before tax	1,280	4,297
Tax on profit for the year	-315	-1,004
Profit for the year	965	3,293
Proposed appropriation account		
Proposed dividend for the financial year	0	3,293
Retained earnings	965	0
Total	965	3,293

	31.12.21 (3 months) DKK '000	30.09.21 (12 months) DKK '000
ASSETS		
Note		
Leasehold improvements	574	71
Other fixtures and fittings, tools and equipment	328	35
Total property, plant and equipment	902	106
Total non-current assets	902	106
Trade receivables	35,589	19,912
Receivables from group enterprises	0	6,908
Deferred tax asset	45	49
Income tax receivable	0	42
Other receivables	2,193	1,801
Total receivables	37,827	28,712
Cash	5,407	5,315
Total current assets	43,234	34,027
Total assets	44,136	34,133

EQUITY AND LIABILITIES

Note	31.12.21 (3 months) DKK '000	30.09.21 (12 months) DKK '000
Share capital	2,000	2,000
Retained earnings	1,193	228
Proposed dividend for the financial year	0	3,293
Total equity	3,193	5,521
Trade payables	1,921	906
Payables to group enterprises	33,273	22,602
Income taxes	105	630
Other payables	5,644	4,474
Total short-term payables	40,943	28,612
Total payables	40,943	28,612
Total equity and liabilities	44,136	34,133

4 Derivative financial instruments

5 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 01.10.21 - 31.12.21				
Balance as at 01.10.21	2,000	228	3,293	5,521
Dividend paid	0	0	-3,293	-3,293
Net profit/loss for the year	0	965	0	965
Balance as at 31.12.21	2,000	1,193	0	3,193

01.10.21	2020/21
31.12.21	(12 months)
DKK '000	DKK '000

1. Employee aspects

Average number of employees during the year	20	20
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2. Financial income

Interest, group enterprises	0	1
Total	0	1

3. Financial expenses

Interest, group enterprises	142	411
Other interest expenses	12	47
Total	154	458

4. 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 of tEUR 1,455 (2020/21 tEUR 3,007). The fair value of the forward exchange contracts amounts to tDKK 10,823 (2020/21 tDKK 22,367). The value of the foreign currency adjustment on these contracts amounts to tDKK 4 (2020/21 tDKK 9 "Other payables") and is included in the annual report as "Other payables".

5. Contingent liabilities

Lease commitments

The company has entered into contractual commitments regarding leases and operational leasing contracts for a total of tDKK 5,647 (tDKK 5,895 in 2020/21) tDKK 4,545 (tDKK 4,598 in 2020/21) relates to the company's leases at Dybendalsvænget 3. The company has 5 years irrevocability starting from 01.12.21 and hereafter 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.

6. 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.

Change in accounting policies

The company has changed its accounting policies in the following areas:

Change of financial year

The company has chosen to change the financial year from the period 01.10 - 30.09 to calendar year 01.01 - 31.12 starting from 01.01.22.

The reason for changing the financial year is to be in line with the supreme parent company MLS Group.

The change means that the financial year 01.10.21 - 31.12.21 has been shortened by 9 months and amounts to the transition period 01.10.21 - 31.12.21 or a total of 3 months while the comparative figures for 2020/21 in the Annual report cover a period of 12 months.

Comparative figures

No adjustment has been made to the comparative figures for 2020/21 for the present Annual report. Therefore, the income statement for transition period 01.10.21 - 31.12.21 (3 months) and comparative figures for 2020/21 (12 months) are not comparable.

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.

6. Accounting policies - continued -

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).

On initial recognition, transactions denominated in foreign currencies are translated using the exchange rates applicable at the transaction date. Exchange rate differences between the exchange rate applicable at the transaction date and the exchange rate at the date of payment are recognised in the income statement as a financial item. 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 financial income or expenses in the income statement. Fixed assets and other non-monetary assets acquired in foreign currencies are translated using historical exchange rates.

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 under the cash flow hedging reserve. 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.

6. Accounting policies - continued -

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.

6. Accounting policies - continued -**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 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 or indirectly, 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.

6. 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
Leasehold improvements	3-10	0
Other plant, fixtures and fittings, tools and equipment	3-10	0

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.

6. 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.

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.

6. 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.

Cash

Cash includes deposits in bank accounts.

Equity

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

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.