

Nordlux A/S

Østre Havnegade 34, 9000 Aalborg
CVR No.: 10 21 69 90

Annual Report 2025

1 January - 31 December

The Annual Report has been presented and adopted at the
Company's Annual General Meeting on 16 March 2026

Karina Bro Sulkjær

BDO Statsautoriseret Revisionspartnerselskab
Visionsvej 51
DK-9000 Aalborg
CVR no. 45 71 93 75

Tel.: +45 96 34 73 00
Aalborg@bdo.dk
www.bdo.dk

The BDO logo is positioned on a large red triangle that points towards the bottom right corner of the page. The logo itself consists of the letters 'BDO' in a bold, white, sans-serif font, with a horizontal line underneath the letters.

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Company Details

Company	Nordlux A/S Østre Havnegade 34 9000 Aalborg CVR No.: 10 21 69 90 Established: 15 April 1986 Municipality: Aalborg Financial Year: 1 January - 31 December
Board of Directors	Claus Møller Zhao Weifeng, chairman Kenneth Bjerregaard Wu Guoming Rikke Mølgaard Kristensen
Executive Board	Niels Skov Jakobsen Karina Bro Sulkjær Jan Toft Madsen
Auditor	BDO Statsautoriseret Revisionspartnerselskab Visionsvej 51 9000 Aalborg
Bank	Spar Nord Bank A/S Hobrovej 440 9200 Aalborg SV
Law Firm	HaugaardBraad Skibbrogade 3, 3. sal 9000 Aalborg

Management's Statement

Today the Board of Directors and Executive Board have discussed and approved the Annual Report of Nordlux A/S for the financial year 1 January - 31 December 2025.

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

In our opinion the Financial Statements give a true and fair view of the Company's assets, liabilities and financial position at 31 December 2025 and of the results of the Company's operations for the financial year 1 January - 31 December 2025.

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, 16 March 2026

Executive Board

Niels Skov Jakobsen

Karina Bro Sulkjær

Jan Toft Madsen

Board of Directors

Claus Møller

Zhao Weifeng
Chairman

Kenneth Bjerregaard

Wu Guoming

Rikke Mølgaard Kristensen

Independent Auditor's Report

To the Shareholder of Nordlux A/S

Opinion

We have audited the Financial Statements of Nordlux A/S for the financial year 1 January - 31 December 2025, which comprise income statement, Balance Sheet, statement of changes in equity, notes and a summary of significant accounting policies. The Financial Statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the Financial Statements give a true and fair view of the assets, liabilities and financial position of the Company at 31 December 2025 and of the results of the Company's operations for the financial year 1 January - 31 December 2025 in accordance with the Danish Financial Statements Act.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's Responsibilities for the Audit of the Financial Statements" section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' 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 Financial Statements

Management is responsible for the preparation of Financial Statements that give a true and fair view in accordance with the Danish Financial Statements Act and for such internal control as 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 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 Financial Statements.

Independent Auditor's Report

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:

- 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 on Management Commentary

Management is responsible for Management Commentary.

Our opinion on the Financial Statements does not cover Management Commentary, 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 Commentary and, in doing so, consider whether Management Commentary 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 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 Financial Statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement of Management Commentary.

Independent Auditor's Report

Aalborg, 16 March 2026

BDO Statsautoriseret Revisionspartnerselskab
CVR no. 45 71 93 75

Peter Højen Storgaard
State Authorised Public Accountant
MNE no. mne33767

Dennis Uglebjerg Hansen
State Authorised Public Accountant
MNE no. mne48477

Nordlux A/S | Independent Auditor's Report

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Financial Highlights

	2025 DKK '000	2024 DKK '000	2023 DKK '000	2022 DKK '000	2021 DKK '000
Income statement					
Gross profit/loss	79,481	82,284	70,070	59,981	75,195
Operating profit/loss of main activities	39,561	44,815	31,679	20,737	38,559
Financial income and expenses, net	-2,411	-1,320	-2,996	-803	-1,273
Profit/loss for the year	28,909	33,829	22,340	15,520	29,045
Balance sheet					
Total assets	174,913	194,595	165,150	190,376	174,922
Equity	107,748	88,714	69,171	56,107	62,873
Investment in property, plant and equipment	-145	-207	-356	-2,630	-2,178
Average number of full-time employees	57	56	59	63	58
Key ratios					
Return on assets	21.4	24.9	17.8	11.4	38.8
Current ratio	266.5	186.2	172.2	139.8	154.4
Equity ratio	61.6	45.6	41.9	29.5	35.9
Return on equity	29.4	42.9	35.7	26.1	45.2

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

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

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

Equity ratio:
$$\frac{\text{Equity, at year-end} \times 100}{\text{Total assets, at year-end}}$$

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

Management Commentary

Principal activities

Nordlux A/S develops and markets lighting fixtures primarily for private homes, with retail and e-commerce as our key sales channels in Northern Europe. Our product portfolio includes indoor and outdoor luminaires, design lighting and bulbs.

Our products are built on Scandinavian design, functionality, and long-lasting quality. Guided by our mission “we create products you want to bring home”, we focus on offering excellent value for money and ensuring that we have got what you need within consumer lighting. Our products are chosen by consumers across multiple markets and countries to elevate their homes and strengthen the overall experience of their living spaces.

The company’s activities are organised under the three brands: Nordlux, Design For The People and Energetic. Each brand plays a distinct role in delivering on our vision “lifting people’s quality of life with light”, while supporting our commitment to responsible materials, long-lasting design, and ethical business practices.

Product development encompasses design, engineering and preparation for manufacturing. Nordlux collaborates with external designers and quality specialists to ensure compliance with applicable standards across markets. Production is carried out by selected manufacturing partners in China, supporting efficient operations.

Development in activities and financial and economic position

The income statement for 2025 shows a profit of T.DKK 28,909 against a profit of T.DKK 33,829 last year, and the balance sheet on 31 December 2025 shows an equity of T.DKK 107,748.

Profit/loss for the year compared to the expected development

The annual profit on T.DKK 28,909 is lower than in 2024 but higher than expected for 2025 (M.DKK 14-17). The revenue has in general been challenged for lighting business in Europe, which also has affected Nordlux.

Although revenue has not met expectations, we have achieved a higher profit than expected. We are focusing on the inventory level to have the optimal inventory level and capacities to the current level of activity. Furthermore, we have been focusing on where we would be able to optimize procedures, systems, internal costs and external costs etc. The freight rates have not been as turbulent as we have seen in the past and the USD rate has been lower during 2025 and more stable in the last half of 2025.

The impact from the war in Ukraine is unchanged from 2024.

The management considers the annual result for 2025 and the performance to be satisfying.

Significant events after the end of the financial year

To this date, no significant events have occurred after the balance sheet date, which would influence the evaluation of this annual report.

Management Commentary

Financial risk

Operating risks

Nordlux A/S most significant operational risk is related to its ability to maintain strong client and supplier relationships, retain key employees, and always maintain a leading position in product development.

Our products are primary made in China, and we therefore have a risk concerning the prices for raw materials and container rates.

Nordlux A/S is exposed to inventory risks and measures are continuously taken to manage and minimize this risk, ensuring efficient inventory control and reducing potential losses.

Financial risks, currency risks and use of financial instruments

Nordlux A/S operating profit, earnings, and equity are affected by exchange rate variations in certain currencies, particularly USD and EUR. As the company's purchases are made in USD, it is directly exposed to changes in the USD exchange rate. Nordlux A/S will constantly follow the exchange rate development and continuously assess the need to cover the risk, including the covering of expected purchases. The company makes use of currency forward transactions to assess the currency risks. Our policy is to secure purchases in USD for the upcoming 6-12 months using forward contracts. This approach minimizes our financial risk related to USD fluctuations and enables us to perform reliable cost calculations for our purchases.

Nordlux A/S has loan and bank credit facilities with variable interest rates, and we are therefore exposed to significant market fluctuations.

Nordlux A/S is exposed to risks related to receivables. However, efforts are made to mitigate debtor risk through the use of credit insurance assessed by external partners, ensuring greater security and stability in the management of outstanding payments. Furthermore, this credit assessment helps us ensure that we engage only with suitable customers and avoid customers that are in connection with corruption.

Research and development activities

Nordlux A/S development activities mainly consist of product development. Product development is an important element in the strategy of the Nordlux A/S. This applies both to the use of existing products and to the creation of new, value-added products.

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

Nordlux A/S does not engage in any research activities.

Future expectations

We expect to realize a profit after tax within the range of DKK 15-17 million in 2026. However, we recognize the uncertainties linked to changes in the USD rate and freight rates compared to the level of 2025 will have an impact on our results for 2026. These unpredictable factors underline the importance of maintaining a cautious and adaptable approach to out planning and operations.

Despite expected challenges in the Danish and European markets in 2026, we expect moderate growth across these regions. At the same time, we continue to expect solid growth outside Europe, supporting our overall growth outlook.

Management Commentary

Statutory report on corporate social responsibility (CSR) report (§99a)

At Nordlux A/S, we are committed to acting responsibly towards the environment, our employees, and the communities in which we operate. While we are not subject to mandatory CSR reporting requirements, we actively support and align with the group's overarching CSR initiatives. Our focus areas include promoting sustainability, ensuring employee well-being, and maintaining ethical business conduct.

Nordlux A/S has applied the exception in section 99(a) subsection 7 as Nordlux A/S is part of the group's overall CSR strategy and policies. Nordlux A/S refers to the Annual Report the parent company Nordlux Invest A/S, CVR-no 30506677 for the detailed statement on corporate social responsibility in accordance with section 99(a) of the Danish Financial Statements Act.

Statutory report on data ethics policy

We have a Privacy Policy available on our website. This policy describes how Nordlux collects and processes personal data. It applies to personal data provided to Nordlux through customer service enquiries, as well as data collected via our websites, digital advertising activities, participation in competitions, or subscriptions to newsletters.

The Privacy Policy describes which personal data is collected and the rights granted to individuals under applicable data protection rules. The policy also covers areas of data processing that fall outside the scope of the GDPR. Nordlux only collects and stores personal data necessary for handling customer orders and for providing the best possible service to customers. Nordlux also collects information about behaviour on our website, primarily for the purpose of optimising the user experience. Collected data is not shared with third parties, and data is regularly deleted. The full Privacy Policy is publicly available on our website: www.nordlux.com.

With this year's reporting on our Data Ethics Policy, Nordlux A/S complies with the requirements under section 99(d) of the Danish Financial Statements Act.

Income Statement 1 January - 31 December

	Note	2025 DKK '000	2024 DKK '000
Gross profit		79,481	82,284
Staff costs	1	-39,329	-35,776
Depreciation, amortisation and impairment losses for tangible and intangible assets		-591	-1,693
Operating profit		39,561	44,815
Other financial income	2	1,021	2,560
Other financial expenses	3	-3,432	-3,880
Profit before tax		37,150	43,495
Tax on profit/loss for the year	4	-8,241	-9,666
Profit for the year	5	28,909	33,829

Balance Sheet at 31 December

Assets	Note	2025 DKK '000	2024 DKK '000
Acquired concessions, patents, licences, trademarks and similar rights		31	41
Intangible assets	6	31	41
Other plant, fixtures and equipment		449	816
Leasehold improvements		556	622
Property, plant and equipment	7	1,005	1,438
Rent deposit and other receivables		1,508	1,475
Financial non-current assets	8	1,508	1,475
Non-current assets		2,544	2,954
Finished goods and goods for resale		116,017	129,251
Inventories		116,017	129,251
Trade receivables		35,144	36,259
Receivables from group enterprises		9,650	20,537
Derivative financial instruments	9	0	1,139
Other receivables		8	0
Prepayments	10	461	586
Receivables		45,263	58,521
Cash and cash equivalents		11,089	3,869
Current assets		172,369	191,641
Assets		174,913	194,595

Balance Sheet at 31 December

Equity and liabilities

	Note	2025 DKK '000	2024 DKK '000
Share capital	11	4,000	4,000
Fair value reserve for hedge accounting		108	-17
Retained earnings		83,640	74,731
Proposed dividend		20,000	10,000
Equity		107,748	88,714
Provision for deferred tax	12	2	476
Provisions		2	476
Frozen holiday pay		2,489	2,498
Non-current liabilities	13	2,489	2,498
Bank debt		3,077	37,947
Trade payables		24,148	34,677
Debt to Group companies		18,281	11,228
Corporation tax payable		1,958	2,979
Derivative financial instruments	9	456	0
Other liabilities		16,754	16,076
Current liabilities		64,674	102,907
Liabilities		67,163	105,405
Equity and liabilities		174,913	194,595

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Equity

DKK '000	Share capital	Fair value reserve for hedge accounting	Retained earnings	Proposed dividend	Total
Equity at 1 January 2025	4,000	-17	74,731	10,000	88,714
Proposed profit allocation, see note 5			8,909	20,000	28,909
Transactions with owners					
Dividend paid				-10,000	-10,000
Change fair value reserves					
Value adjustments in the year		125			125
Equity at 31 December 2025	4,000	108	83,640	20,000	107,748

Notes

	2025 DKK '000	2024 DKK '000
1 Staff costs		
Average number of full time employees	57	56
Wages and salaries	35,991	32,513
Pensions	2,302	2,207
Social security costs	1,036	1,056
	39,329	35,776
Remuneration of Executive Board	7,125	5,703
Remuneration of Board of Directors	266	480
	7,391	6,183
2 Other financial income		
Interest income from group enterprises	554	1,187
Other interest income	467	1,373
	1,021	2,560
3 Other financial expenses		
Group enterprises	449	401
Other interest expenses	2,983	3,479
	3,432	3,880
4 Tax on profit/loss for the year		
Calculated tax on taxable income of the year	8,750	9,553
Adjustment of deferred tax	-509	113
	8,241	9,666
5 Proposed distribution of profit		
Proposed dividend for the year	20,000	10,000
Retained earnings	8,909	23,829
	28,909	33,829

Notes

6 | Intangible assets

DKK '000	Acquired concessions, patents, licences, trademarks and similar rights
Cost at 1 January 2025	192
Cost at 31 December 2025	192
Amortisation at 1 January 2025	151
Amortisation for the year	10
Amortisation at 31 December 2025	161
Carrying amount at 31 December 2025	31

7 | Property, plant and equipment

DKK '000	Other plant, fixtures and equipment	Leasehold improvements
Cost at 1 January 2025	8,185	2,077
Additions	0	145
Cost at 31 December 2025	8,185	2,222
Depreciation and impairment losses at 1 January 2025	7,368	1,454
Depreciation for the year	368	213
Depreciation and impairment losses at 31 December 2025	7,736	1,667
Carrying amount at 31 December 2025	449	555

8 | Financial non-current assets

DKK '000	Rent deposit and other receivables
Cost at 1 January 2025	1,475
Additions	33
Cost at 31 December 2025	1,508
Carrying amount at 31 December 2025	1,508

Notes

9 | Derivative financial instruments

Analysis of the Company's balances in foreign currency as well as related hedging transactions at 31 December 2025:

Currency	Payment/Expiry	Receivables DKK '000	Debt DKK '000	Hedging transaction DKK '000	Net position DKK '000
USD	< 1 år	0	-14,121	19,569	5,448
EUR	< 1 år	17,008	-11,840	0	5,168
SEK	< 1 år	1,840	0	0	1,840
GBP	< 1 år	7	0	0	7
CNY	< 1 år	2	0	0	2
NOK	< 1 år	22	-942	0	-920
		18,879	-26,903	19,569	11,545

The Company has entered foreign exchange contract to hedge future purchase of goods in USD for totally DKK 91.811 thousand. In relation to the forward rate as per 31 December 2025, the hedge instruments have a negative value of DKK 456 thousand.

10 | Prepayments

Prepayments include accrual of expenses relating to subsequent financial years including insurance, etc.

	2025 DKK '000	2024 DKK '000
11 Share capital		
Allocation of Share capital:		
A-aktie, 1,000,000 unit in the denomination of 1 DKK	1,000	1,000
B-aktie, 3,000,000 unit in the denomination of 1 DKK	3,000	3,000
	4,000	4,000

12 | Provision for deferred tax

The provision for deferred tax is related to differences between the carrying amount and tax value of receivables, intangible and tangible fixed assets.

Deferred tax, beginning of year	476	161
Deferred tax of the year, income statement	-509	113
Deferred tax of the year, equity	35	202
Provision for deferred tax 31 December 2025	2	476

Notes

13 | Long-term liabilities

DKK '000	31/12 2025 total liabilities	Repayment next year	Debt outstanding after 5 years	31/12 2024 total liabilities
Frozen holiday pay	2,489	0	0	2,498
	2,489	0	0	2,498

14 | Contractual obligations and contingencies, etc.

2025
DKK '000

Guarantee and warranty liabilities

Guarantee commitments consist of a guarantee provided in respect of bank commitments in Nordlux Invest A/S. The bank debt as of the balance sheet date amounts to: 3,077

Joint liabilities

The Company is jointly and severally liable together with the Parent Company and the other group companies in the joint taxable group for tax on the group's joint taxable income and for certain possible withholding taxes, such as dividend tax, etc.

Tax payable on the Group's joint taxable income is stated in the annual report of Nordlux Invest A/S, which serves as management Company for the joint taxation.

2025
DKK '000

Lease commitment

Rent and lease liabilities include rent obligation in interminable rent agreements with remaining contract term of 2 years and 5 months. The total rent liabilities as of the balance sheet date amount to: 7,325

Lease commitment include operating leases of cars and IT equipment with remaining contract terms of 0-3 years. The total lease commitment as of the balance sheet date amount to: 1,586

Other financial commitments

Prior to the balance sheet date, the Company had entered into purchase commitments for good to be used in the ordinary course of business. As of 31 December 2025, the commitments remain unfulfilled by both parties as the total payment and delivery will take place subsequent to the balance sheet date in 2026.

The total purchase orders less prepayments amount to: 38,388

15 | Charges and securities

As security for the Company's debt to credit institutions the Company has provided a floating charge for its assets for a total amount of DKK 60,000 thousand.

Notes

16 | Related parties

The Company's related parties include:

Controlling interest

Energetic Lighting Europe NV, Belgium (Parent company)
Nordlux Invest A/S, Aalborg (Parent company)

Transactions with related parties

2025

Sales of goods and services to group enterprises:	105,922
Purchases of goods and services from groups:	33,856
Fees from group enterprises:	27,201
Interest receivables, group enterprises:	554
Interest expenses, group enterprises:	449
Receivables from group enterprises:	9,650
Payables to group enterprises:	24,503

Besides distribution of dividend, no other transactions were carried through with shareholders in the year.

Remuneration/fees to members of the Executive Board and the Board of Directors are reflected in note 1.

17 | Consolidated Financial Statements

The Company is included in the Consolidated Financial Statement of the Parent company Nordlux Invest A/S, Østre Havnegade 34, 9000 Aalborg, CVR.no. 30 50 66 77.

Accounting Policies

The Annual Report of Nordlux A/S for 2025 has been presented in accordance with the provisions of the Danish medium-size Financial Statements Act for enterprises in reporting class C .

The Annual Report is prepared consistently with the accounting principles applied last year.

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.

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

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.

Cost of sales

Cost of sales comprise costs incurred to achieve the net revenue for the year.

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 Company's employees. The item is net of refunds from public authorities.

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.

Accounting Policies

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.

The entity is jointly taxed with other Danish companies. The total Danish income tax charge is allocated between profit/loss-making Danish entities in proportion to their taxable income (full absorption).

Jointly taxed entities entitled to a tax refund are reimbursed by the management company based on the rates applicable to interest allowances, and jointly taxed entities which have paid too little tax pay a surcharge according to the rates applicable to interest surcharges to the management company.

Balance Sheet

Intangible fixed assets

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

Property, plant and equipment

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
Other plant, fixtures and equipment	3-10 years	0 %
Leasehold improvements	3-10 years	0 %

Lease contracts

Lease contracts relating to tangible fixed assets for which the Company bears all material risks and benefits attached to the ownership (finance lease, see IAS 17) are recognised as assets in the Balance Sheet.

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".

Financial non-current assets

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

Impairment of fixed assets

The carrying amount of intangible fixed and property, plant and equipment 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 the higher of the net selling price of an asset and its value in use. The value in use is calculated as the present value of the expected net cash flows from the use of the asset or the group of assets and the expected net cash flows from the disposal of the asset or the group of assets after the end of the useful life.

Previously recognised impairment losses are reversed when the reason for recognition no longer exists. Impairment losses on goodwill are not reversed.

Accounting Policies

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 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.

Goods for resale are measured at cost, which comprises the cost of acquisition plus delivery costs as well as other expenses directly attributable to the acquisition.

Receivables

Receivables are measured at amortised cost which usually corresponds to nominal value. The value is written down to meet expected losses.

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 or a group of receivables is impaired. If there is objective evidence that an individual receivable has been impaired, an impairment loss is recognised on an individual basis.

Write-off is performed to provide for losses when an objective indication has been assessed to have incurred that a receivable or a portfolio of receivables are impaired. If there is an objective indication that an individual receivable is impaired, the write-off is performed at individual level.

Receivables for which there are no objective indication of impairment at individual level are assessed at portfolio level for objective indication of impairment. The portfolios are primarily based on the debtors' registered office and credit rating in accordance with the Company's policy for credit risk management. The objective indicators, which are applied for portfolios, are determined based on the historical loss experiences.

Write-off is determined as the difference between the carrying amount of receivables and the present value of the expected cash flows, including realisable value of any received collaterals. The effective interest rate is used as discount rate for the single receivable or portfolio.

Accruals, assets

Accruals recognised as assets include costs incurred relating to the subsequent financial year.

Cash and cash equivalents

Cash comprise cash and short term securities which are readily convertible into cash and subject only to minor risks of changes in value.

Equity

Fair value reserve for hedge accounting

The reserve includes the accumulated post-tax net change in the fair value of hedging transactions regarding hedge of future cash flows, and where the hedged transaction has not yet been realised. The reserve is dissolved when the hedged transaction is realised, if the hedged cash flows no longer are expected to be realised, or the hedging relationship is no longer effective. The reserve is not an undistributable reserve and may therefore constitute a negative amount.

Accounting Policies

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. Where alternative tax rules can be applied to determine the tax base, deferred tax is measured based on Management's intended use of the asset or settlement of the liability, respectively.

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.

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.

Other liabilities are measured at net realisable value.

Derivative financial instruments

Derivative financial instruments are initially recognised in the Balance Sheet at cost and are subsequently measured at fair value. Positive and negative fair values of derivative financial instruments are recognised under receivables and payables, respectively.

Fair value adjustments of derivative financial instruments designated as and qualifying for hedging of future assets or liabilities are recognised in other receivables or other payables, respectively, and in equity. If the hedged 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 hedged forecast transaction results in income or expenses, amounts previously deferred in equity are transferred to the income statement in the period in which the hedged item affects the profit/loss for the year.

Foreign currency translation

Reporting currency

The financial statements are presented in Danish kroner.

Foreign currency translation

Transactions in foreign currencies are translated at the rate of exchange on the transaction date. Exchange differences arising between the rate on the transaction date and the rate on the payment date are recognised in the Income Statement as a financial income or expense.

Receivables, payables and other monetary items in foreign currencies that are not settled on the Balance Sheet date are translated at the exchange rate on the Balance Sheet date. The difference between the exchange rate on the Balance Sheet date and the exchange rate at the date when the receivables or payables come into existence recognised in the Income Statement as financial income or expenses.

Accounting Policies

Cash Flow Statement

With reference to Section 86(4) of the Danish Financial Statements Act, the Company has not prepared a cash flow statement. A cash flow statement has been prepared for the Group in the Annual Report for Nordlux Invest, CVR-no 30 50 66 77.