

Nordlux A/S

Østre Havnegade 34, 9000 Aalborg
CVR-nr. 10 21 69 90

Annual Report 2024

1 January - 31 December

The Annual Report has been presented and adopted at the
Company's Annual General Meeting on 16 May 2025

Karina Bro Sulkjær

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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 Kristian Kolding
Executive Board	Niels Skov Jakobsen Karina Bro Sulkjær Jan Toft Madsen
Auditor	BDO Statsautoriseret revisionsaktieselskab 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 2024.

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 2024 and of the results of the Company's operations for the financial year 1 January - 31 December 2024.

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, 21 March 2025

Executive Board

Niels Skov Jakobsen

Karina Bro Sulkjær

Jan Toft Madsen

Board of Directors

Claus Møller

Zhao Weifeng
Chairman

Kenneth Bjerregaard

Wu Guoming

Kristian Kolding

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 2024, 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 2024 and of the results of the Company's operations for the financial year 1 January - 31 December 2024 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.

Independent Auditor's Report

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.

Aalborg, 21 March 2025

BDO Statsautoriseret revisionsaktieselskab
CVR no. 20 22 26 70

Peter Højen Storgaard
State Authorised Public Accountant
MNE no. mne33767

Financial Highlights

	2024 DKK '000	2023 DKK '000	2022 DKK '000	2021 DKK '000	2020 DKK '000
Income statement					
Gross profit/loss	82,284	70,070	59,981	75,195	82,526
Operating profit/loss of main activities	44,815	31,679	20,737	38,559	46,999
Financial income and expenses, net	-1,320	-2,996	-803	-1,273	-502
Profit/loss for the year	33,829	22,340	15,520	29,045	36,251
Balance sheet					
Total assets	194,595	165,150	190,376	174,922	138,321
Equity	88,714	69,171	56,107	62,873	65,635
Investment in property, plant and equipment	-207	-356	-2,630	-2,178	-1,830
Average number of full-time employees	56	59	63	58	52
Key ratios					
Return on assets	24.9	17.8	11.4	38.8	13.8
Current ratio	186.2	172.2	139.8	154.4	189.9
Equity ratio	45.6	41.9	29.5	35.9	47.5
Return on equity	42.9	35.7	26.1	45.2	67.2

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 promotes lighting fixtures mainly for private homes. Primarily with sales to retail stores in Denmark. We are one of the leading lighting companies in Europe, and we have a wide range of indoor luminaries, outdoor luminaries, design luminaries and bulbs. Due to our position, we believe we have a natural obligation to contribute to addressing national and global challenges. A key example of our commitment to social responsibility is the requirements we place on our suppliers to comply with human and labor rights. We are making serious efforts to improve employee relations and the work environment internally.

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

Our core competencies lie in designing and developing high-quality products while ensuring readiness for production. We collaborate closely with external designers to guarantee superior design standards across our product range. This approach allows us to leverage specialized expertise, ensuring that our products consistently meet and exceed customer expectations.

To ensure that the quality of our products consistently complies with all applicable regulations, we work with external quality advisors. Their expertise helps us maintain the highest standards and adhere to the legal requirements in all our markets.

Additionally, we have partnered with trusted manufacturing facilities in China, ensuring efficient and reliable production processes. This strong operational foundation ensures scalability, cost-effectiveness, and the ability to deliver high-quality products to market within optimal timeframes.

Development in activities and financial and economic position

The income statement for 2024 shows a profit of T.DKK 33,829 against a profit of T.DKK 22,340 last year, and the balance sheet on 31 December 2024 shows an equity of T.DKK 88,714.

Profit/loss for the year compared to the expected development

The annual profit on T.DKK 33,829 is higher than in 2023 and higher than expected for 2024 (M.DKK 15-18). The turnover has in general been challenged. The lighting business in Europe has in general experienced a decrease in overall demand, which also has affected Nordlux. The market in Europe has in general not increased as expected due to general lower demand, but we have seen an increase in our exports to countries outside Europe.

Although turnover 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 more stable until the last quarter of 2024.

The impact from the war in Ukraine is unchanged from 2023.

The management considers the annual result for 2024 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 primarily made in China, and we therefore have a risk concerning the prices for raw materials and container rates. We have in the last years experienced significant fluctuations in container prices, and at times, we have faced limited container capacity, which represents a substantial risk for Nordlux A/S.

Nordlux A/S is exposed to inventory risks, particularly due to the growing number of private label customers, which involve higher levels of risk. Measures are continuously taken to manage and minimize these risks, 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. As the USD rate has been increasing in the last months of 2024, we expect this will have a negative impact on our purchase prices in 2025.

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 14-17 million in 2025. However, we recognize the uncertainties linked to increases in import tariffs and changes in the USD rate and freight rates compared to the level of 2024 will have an impact on our results for 2025. These unpredictable factors underline the importance of maintaining a cautious and adaptable approach to out planning and operations.

We expect challenges in activity levels in Denmark in 2025, but we are optimistic about increasing activity in other markets and continuing to grow turnover outside our primary markets.

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 in place, which is available on our website. This policy describes how Nordlux A/S collects and processes your personal data. The Privacy Policy applies to personal data that you provide to us, including through customer service enquiries, or collected by us through our websites, our digital advertising, your participation in competitions and your subscriptions to newsletters.

The Privacy Policy includes information about which personal data are collected and what rights you have. The policy covers the topics regarding data that is not covered by the GDPR. Our principles are that we only generate and save data, that is necessary for our handling with a customer, and for us to give the best service to our customers. Nordlux A/S collects information about behavior on our website and this information is mainly used for the purpose of optimizing the customer experience on our website. We do not share the collected data with any third party, and we do frequently delete data. The policy is public in full version at our website, www.nordlux.com.

We do have other policies concerning GDPR rules.

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	2024 DKK '000	2023 DKK '000
Gross profit		82,284	70,070
Staff costs	1	-35,776	-36,290
Depreciation, amortisation and impairment losses for tangible and intangible assets		-1,693	-2,101
Operating profit		44,815	31,679
Other financial income	2	2,560	2,476
Other financial expenses	3	-3,880	-5,472
Profit before tax		43,495	28,683
Tax on profit/loss for the year	4	-9,666	-6,343
Profit for the year	5	33,829	22,340

Balance Sheet at 31 December

Assets

	Note	2024 DKK '000	2023 DKK '000
Acquired concessions, patents, licences, trademarks and similar rights		41	62
Intangible assets	6	41	62
Other plant, fixtures and equipment		816	2,072
Leasehold improvements		622	833
Property, plant and equipment	7	1,438	2,905
Rent deposit and other receivables		1,475	1,448
Financial non-current assets	8	1,475	1,448
Non-current assets		2,954	4,415
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Finished goods and goods for resale		129,251	111,408
Inventories		129,251	111,408
Trade receivables		36,259	42,121
Receivables from group enterprises		20,537	2,422
Derivative financial instruments	9	1,139	0
Other receivables		0	6
Prepayments	10	586	1,029
Receivables		58,521	45,578
Cash and cash equivalents		3,869	3,749
Current assets		191,641	160,735
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Assets		194,595	165,150
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Balance Sheet at 31 December

Equity and liabilities

	Note	2024 DKK '000	2023 DKK '000
Share Capital	11	4,000	4,000
Fair value reserve for hedge accounting		-17	-1,321
Retained earnings		74,731	51,492
Proposed dividend		10,000	15,000
Equity		88,714	69,171
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Provision for deferred tax	12	476	161
Provisions		476	161
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Frozen holiday pay		2,498	2,498
Non-current liabilities	13	2,498	2,498
Bank debt		37,947	39,586
Trade payables		34,677	24,123
Debt to Group companies		11,228	7,741
Corporation tax payable		2,979	2,610
Derivative financial instruments	9	0	952
Other liabilities		16,076	18,308
Current liabilities		102,907	93,320
Liabilities		105,405	95,818
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Equity and liabilities		194,595	165,150
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Contingencies etc.	14		
Charges and securities	15		
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Equity

DKK '000	Share Capital	Fair value reserve for hedge accounting	Retained earnings	Proposed dividend	Total
Equity at 1 January 2024	4,000	-1,321	51,492	15,000	69,171
Proposed profit allocation, see note 5			23,829	10,000	33,829
Transactions with owners					
Dividend paid				-15,000	-15,000
Change fair value reserves					
Value adjustments in the year		714			714
Transfer		590	-590		0
Equity at 31 December 2024	4,000	-17	74,731	10,000	88,714

Notes

	2024 DKK '000	2023 DKK '000
1 Staff costs		
Average number of full time employees	56	59
Wages and salaries	32,513	33,138
Pensions	2,207	2,336
Social security costs	1,056	816
	35,776	36,290
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Remuneration of Executive Board	5,703	5,228
Remuneration of Board of Directors	480	635
	6,183	5,863
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2 Other financial income		
Interest income from group enterprises	1,187	489
Other interest income	1,373	1,987
	2,560	2,476
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3 Other financial expenses		
Group enterprises	401	629
Other interest expenses	3,479	4,843
	3,880	5,472
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4 Tax on profit/loss for the year		
Calculated tax on taxable income of the year	9,553	6,142
Adjustment of deferred tax	113	201
	9,666	6,343
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5 Proposed distribution of profit		
Proposed dividend for the year	10,000	15,000
Retained earnings	23,829	7,340
	33,829	22,340
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Notes

6 | Intangible assets

DKK '000	Acquired concessions, patents, licences, trademarks and similar rights
Cost at 1 January 2024	304
Disposals	-111
Cost at 31 December 2024	193
Amortisation at 1 January 2024	242
Reversal of amortisation of assets disposed of	-111
Amortisation for the year	21
Amortisation at 31 December 2024	152
Carrying amount at 31 December 2024	41

7 | Property, plant and equipment

DKK '000	Other plant, fixtures and equipment	Leasehold improvements
Cost at 1 January 2024	8,865	2,218
Additions	207	0
Disposals	-886	-141
Cost at 31 December 2024	8,186	2,077
Depreciation and impairment losses at 1 January 2024	6,793	1,385
Reversal of depreciation of assets disposed of	-886	-141
Depreciation for the year	1,463	211
Depreciation and impairment losses at 31 December 2024	7,370	1,455
Carrying amount at 31 December 2024	816	622

8 | Financial non-current assets

DKK '000	Rent deposit and other receivables
Cost at 1 January 2024	1,448
Additions	27
Cost at 31 December 2024	1,475
Carrying amount at 31 December 2024	1,475

Notes

9 | Derivative financial instruments

Analysis of the Company's balances in foreign currency as well as related hedging transactions at 31 December 2024:

Currency	Payment/Expiry	Receivables DKK '000	Debt Hedging transaction DKK '000	DKK '000	Net position DKK '000
USD	< 1 år	247	-23,166	21,561	-1,358
EUR	< 1 år	6,600	-2,406	0	4,194
SEK	< 1 år	0	-2,761	0	-2,761
GBP	< 1 år	1,927	0	0	1,927
CNY	< 1 år	0	3	0	3
NOK	< 1 år	0	-2,666	0	-2,666
		8,774	-30,996	21,561	-661

The Company has entered foreign exchange contract to hedge future purchase of goods in USD for totally DKK 31,178 thousand. In relation to the forward rate as per 31 December 2024, the hedge instruments have a positive value of DKK 1,139 thousand.

10 | Prepayments

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

11 | Share Capital

Allocation of share capital:

	2024 DKK '000	2023 DKK '000
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	161	-245
Deferred tax of the year, income statement	113	201
Deferred tax of the year, equity	202	205
Provision for deferred tax 31 December 2024	476	161

Notes

13 | Long-term liabilities

DKK '000	31/12 2024 total liabilities	Repayment next year	Debt outstanding after 5 years	31/12 2023 total liabilities
Frozen holiday pay	2,498	0	0	2,498
	2,498	0	0	2,498

14 | Contingencies etc.

Contingent liabilities

Guarantee commitments consist of a guarantee provided in respect of bank commitments in Nordlux Invest A/S. The bank debt amounts of total DKK 37.947 thousand as of 31 December 2024.

The Company is jointly taxed with its parent, Nordlux Invest A/S, which acts as management company, and is jointly and severally liable with other jointly taxed group entities for payment of income taxes as well as withholding taxes on interest, royalties and dividends. The jointly taxed companies' total known net debt in respect of corporation taxes and withholding taxes amounted to DKK 2.905 thousand at 31 December 2024. Any subsequent adjustments to the joint taxation income and withholding taxes, etc. may entail that the Company's liability will increase.

Rent and lease liabilities include a rent obligation totalling DKK 12.364 thousand in interminable rent agreements with remaining contract terms of 3 years and 5 months. Furthermore, the Company has liabilities under operating leases for cars and IT equipment, totalling DKK 2.008 thousand, with remaining contract terms of 0-4 years.

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	<u>2024</u>
Sales of goods and services to group enterprises:	108,164
Purchases of goods and services from groups:	49,103
Fees from group enterprises:	30,448
Interest receivables, group enterprises:	1,290
Interest expenses, group enterprises:	251
Receivables from group enterprises:	20,537
Payables to group enterprises:	18,459

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 2024 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 operating income

Other operating income includes items of a secondary nature in relation to the enterprises' principal activities, including profit from sale of intangible and tangible assets. Compensations are recognised when the income is estimated to be realisable.

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

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

The recoverable amount is 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.

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.