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BDO Statsautoriseret revisionsaktieselskab
Visionsvej 51
DK-9000 Aalborg
CVR no. 20 22 26 70

NORDLUX INVEST A/S

ØSTRE HAVNEGADE 34, 9000 AALBORG

ANNUAL REPORT

1 JANUARY - 31 DECEMBER 2022

The Annual Report has been presented and adopted at the Company's Annual General Meeting on 26 May 2023

Zhangming Yang

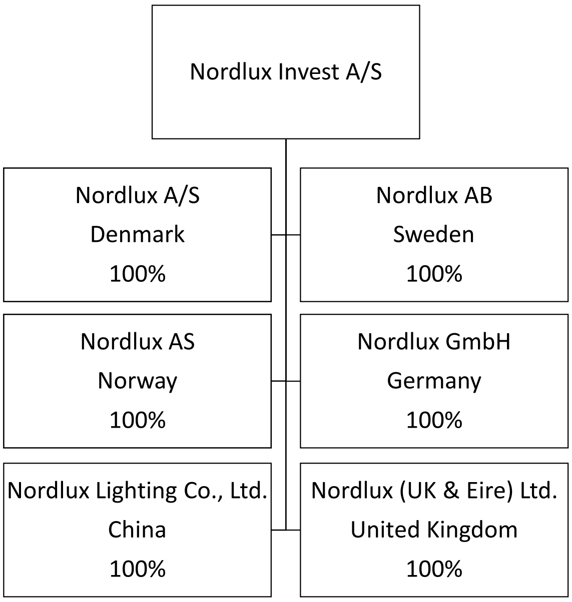
CVR NO. 30 50 66 77

CONTENTS

COMPANY DETAILS

Company	Nordlux Invest A/S Østre Havnegade 34 9000 Aalborg	
	CVR No.:	30 50 66 77
	Established:	17 June 2008
	Municipality:	Aalborg
	Financial Year:	1 January - 31 December
Board of Directors	Zhangming Yang, chairman Zhao Weifeng Wei Chen Kristian Kolding	
Executive Board	Niels Skov Jakobsen	
Auditor	BDO Statsautoriseret revisionsaktieselskab Visionsvej 51 9000 Aalborg	

GROUP STRUCTURE



MANAGEMENT'S STATEMENT

Today the Board of Directors and Executive Board have discussed and approved the Annual Report of Nordlux Invest A/S for the financial year 1 January - 31 December 2022.

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

In our opinion the Consolidated Financial Statements and the Annual Financial Statements of the Company give a true and fair view of Group's and the Company's assets, liabilities and financial position at 31 December 2022 and of the results of Group's and the Company's operations and cash flows for the financial year 1 January - 31 December 2022.

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, 10 March 2023

Executive Board

Niels Skov Jakobsen

Board of Directors

Zhangming Yang Chairman	Zhao Weifeng	Wei Chen

Kristian Kolding

INDEPENDENT AUDITOR'S REPORT

To the Shareholder of Nordlux Invest A/S

Opinion

We have audited the Consolidated Financial Statements and the Annual Financial Statements of the Company of Nordlux Invest A/S for the financial year 1 January - 31 December 2022, which comprise income statement, Balance Sheet, statement of changes in equity, notes and a summary of significant accounting policies for both the Group and the Parent Company, as well as consolidated statement of cash flows for the Group. The Consolidated Financial Statements and the Annual Financial Statements of the Company are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the Consolidated Financial Statements and the Annual Financial Statements of the Company give a true and fair view of the assets, liabilities and financial position of the Group or the Company at 31 December 2022 and of the results of the Group and the Parent Company's operations as well as the consolidated cash flows of the Group for the financial year 1 January - 31 December 2022 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 Consolidated Financial Statements and the Annual Financial Statements of the Company" section of our report. We are independent of the Group 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 Consolidated Financial Statements and the Annual Financial Statements of the Company

Management is responsible for the preparation of Consolidated Financial Statements and the Annual Financial Statements of the Company 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 Consolidated Financial Statements and the Annual Financial Statements of the Company that are free from material misstatement, whether due to fraud or error.

In preparing the Consolidated Financial Statements and the Annual Financial Statements of the Company, Management is responsible for assessing the Group's and the Parent 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 Consolidated Financial Statements and the Annual Financial Statements of the Company unless Management either intends to liquidate the Group or the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements and the Parent Company Financial Statements

Our objectives are to obtain reasonable assurance about whether the Consolidated Financial Statements and the Annual Financial Statements of the Company 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 Consolidated Financial Statements and the Annual Financial Statements of the Company.

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:

INDEPENDENT AUDITOR'S REPORT

- Identify and assess the risks of material misstatement of the Consolidated Financial Statements and the Annual Financial Statements of the Company, 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 Group's and the Parent 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 Consolidated Financial Statements and the Annual Financial Statements of the Company and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Parent 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 Consolidated Financial Statements and the Annual Financial Statements of the Company 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 Group and the Parent Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and contents of the Consolidated Financial Statements and the Annual Financial Statements of the Company, including the disclosures, and whether the Consolidated Financial Statements and the Annual Financial Statements of the Company represent the underlying transactions and events in a manner that gives a true and fair view.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the Consolidated Financial Statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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 Consolidated Financial Statements and the Annual Financial Statements of the Company does not cover Management Commentary, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the Consolidated Financial Statements and the Annual Financial Statements of the Company, our responsibility is to read Management Commentary and, in doing so, consider whether Management Commentary is materially inconsistent with the Consolidated Financial Statements and the Annual Financial Statements of the Company 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 Consolidated Financial Statements and the Annual Financial Statements of the Company 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, 10 March 2023

BDO Statsautoriseret revisionsaktieselskab
CVR no. 20 22 26 70

Peter Højen Storgaard	Dennis Uglebjerg Hansen
State Authorised Public Accountant	State Authorised Public Accountant
MNE no. mne33767	MNE no. mne48477

FINANCIAL HIGHLIGHTS OF THE GROUP

	2022 DKK '000	2021 DKK '000	2020 DKK '000	2019 DKK '000	2018 DKK '000
Income statement					
Net revenue	384.880	383.514	363.206	0	0
Gross profit/loss	95.975	125.265	113.205	74.894	74.595
Operating profit/loss of main activities	43.729	73.115	64.072	18.679	14.678
Financial income and expenses, net	-1.033	-1.733	-1.430	-3.056	-2.517
Profit/loss for the year	32.621	54.527	47.962	14.095	6.815
Balance sheet					
Total assets	230.656	206.252	176.181	133.409	189.332
Equity	73.522	69.914	57.847	21.189	6.390
Cash flows					
Cash flows from operating activities	11.900	37.171	33.269	59.172	-27.609
Cash flows from investing activities	-2.733	-2.203	-1.998	-3.780	-21.015
Cash flows from financing activities	-8.904	-35.489	-19.447	-11.000	-10.000
Total cash flows	263	-521	11.824	44.392	-58.624
Investment in property, plant and equipment	-2.707	-2.201	-1.854	-3.877	0
Average number of full-time employees	**89**	**84**	**76**	**78**	**89**
Key ratios					
Current ratio	143,3	147,0	144,2	107,3	94,9
Equity ratio	31,9	33,9	32,8	15,9	3,4
Return on equity	45,5	85,4	121,4	102,2	189,5
Return on assets	20,0	38,7	41,4	11,6	8,8

Net revenue for 2018-2019 has been omitted, cf. section 32(3) of the Danish Financial Statements Act.

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

Current ratio: $\dfrac{\text{Current assets x 100}}{\text{Current liabilities}}$

Equity ratio: $\dfrac{\text{Equity (ex. minorities), at year-end x 100}}{\text{Total assets, at year-end}}$

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

Return on assets $\dfrac{\text{Profit/loss from operating activities}}{\text{Average assets x 100}}$

MANAGEMENT COMMENTARY

Business model and review
The Nordlux group develops and promotes lighting fixtures mainly for private homes. The primary sales channels in Northern Europe are within retail and E-commerce. 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. We think that we, because of this position, have a natural obligation to take our part of the responsibility for the solution to national and global challenges. One expression of taking our social responsibility is the demand we put on our suppliers to comply with human and labor rights. We make serious efforts to improve employee relations and the work environment internally.

We are 100% owned by the Belgian company Energetic Lighting Europe NV and we work very close together with the other companies in the group of Energetic Lighting Europe NV. Energetic Lighting Europe NV is owned by the Chinese listed company Zhejiang Yankon Group Co. Ltd.

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

Development in activities and financial and economic position
The income statement for 2022 shows a profit on T.DKK 32,621 against a profit on T.DKK 54,527 last year. The group’s balance sheet on 31 December 2022 shows an equity of T.DKK 73,522.

Profit/loss for the year compared to the expected development
The development must be considered in comparison with the annual report for 2021, where the group expected to realize a profit before tax in the interval 40-43 million DKK, which is the interval DKK 31-34 million after tax.

The annual result is lower than in 2021, but 2021 was an extraordinary year affected by extraordinary activity level in many markets. Despite the high activity in 2021, we have on group level been able to maintain the turnover level from 2021. Some markets have been very challenged while we on other markets have been able to increase the turnover significantly. Furthermore, year 2022 has been affected by high freight costs, high USD rate and a high inventory during the year, which have affected the margin. The annual result in 2022 is despite the mentioned challenges on budget level. Furthermore, we have been focusing on where we would be able to optimize procedures, systems, costs internally and externally etc. The management considers the performance to be satisfying taking the market situations into consideration.

Significant events after the end of the financial year
No events that materially could affect the group's financial position have occurred subsequent to the financial year-end.

Financial risk
Operating risks
The group’s most significant operating risk is related to its ability to retain client relations, supplier relations, key employees and always to be in the front of developing new products.

Our products are primary made in China and we therefore have a risk concerning the prices for raw materials and freight costs. We have in the last year seen significant price increases for the container rates and a limited capacity. The freight rate has decreased in the end of 2022, but a higher USD rate has reduced the impact.

Financial risks, currency risks and use of financial instruments
As mentioned above the group’s operation profit, earnings, and equity, are affected by the exchange rate development for certain currencies, in particular USD and EUR. The group will constantly follow the exchange rate development and continuously assess the need of covering the risk, including the covering of expected purchases. The group makes use of currency forward transactions in connection with the assess of currency risks. Our policy is to cover the coming 6-12 months purchase in USD with forward contracts. With this procedure we limit our financial risks regarding USD and we are able to make reliable calculations for our purchase.

Knowledge resources

The group's mission is to "create products that you want to bring home" and trough this the vision is "Lifting people's quality of life with light". Therefore, we need to be in front of designing new and good products. This business unit demands on our knowledge and resources in form of employees and business processes. The developing, logistic and sales departments need to be combined in the right way to be able to meet this goal.

Research and development activities

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

Outlook

In 2023 we expect to realize a profit before tax in the gap between DKK 38-41 million which will, however, be dependent on the war in Ukraine and inflations in Europe and China and its impact on suppliers and customers with possible lower market activities.

Corporate social responsibility (CSR) report (§99a)

Employees

One of our goals is to be a great place to work and we always have a high focus on our employees. We see a risk if all employees do not know our behaviors and how we as a group believe we should act. We also want to eliminate potential risk of uncertainties and undefined tasks and results. Therefore, we have in the end of 2020 started to focus on the business culture, and we had a culture survey both in 2020 and 2021. We are convinced that at great business culture generates profitability and results in a great place to work. At the first survey we had the score 3,99 out of 5, which is a high score for the first survey and in the high end for a middle performance culture. We always want to improve and be a great place to work and therefore our goal for the next survey was 4,20, which is defined as a high-performance culture. We archive our optimistic goal and reach a total score of 4,20 in our survey in 2022. We feel we have the high-performance culture like the survey is showing and we are proud of that. We want to maintain this high-performance culture and even grow.

Our culture focus from 2021 has continued in 2022. I 2021 all employees have had different workshops across countries, departments, and organizational levels. We have defined our behaviors IDEA: I – Integrity, D – Dynamic, E – Excitement and A – Always. All employees understand these behaviors and know how to work in accordance with these. Through the workshops we have learned different tools, on how to understand ourselves and our colleagues. We want everyone to keep a positive way of thinking and communicating. In 2022 all employees have had a DISC profile analysis. We have learned to understand the different profiles through workshops across departments and we have had workshops internally in each department. All profiles are visible at our tables, in the office etc. We believe it is important to be aware of each person's profile to make the best collaboration in our Group. The work with different profiles has made it more clear for us, which profile will be best for different tasks, which has strengthened our team spirit. We continue the work with our DISC profiles in 2023.

We have in 2022 also had a leadership development training for all managers in the Group, as we believe good leaders and good management is important to achieve our goal of being a great place to work. The leadership training has taken place throughout the year with seminars, assignment writing, individual sparring and group workshops. The last workshops will take place in the beginning of 2023, where all our managers will finish this training and receive a certificate. We believe, we will see an effect of the leadership development In year 2023. We have top motivated managers, who already have started up their individual work with the new tools.

Our behaviors have a major role in our daily life, and everyone can relate to these behaviors. The behaviors together with our group governance are our guidelines of how we want to interact with each other as colleagues and partners.

Corporate social responsibility (CSR) report (§99a) (continued)

The group's governance describes our internal guidelines and clearly defines principles and rules.

The governance is handed out to all new employees together with the draft of the contract. This staff manual and our behaviors are reviewed together with the new employees in the introduction process, that runs in the first quarter of employment. We have a zero tolerance for abusive behavior and we pay attention to our employees' safety and well being.

We have in 2022 hired a lot of new colleagues in the group across countries and departments. We believe that the integration of our new colleagues, despite covid-19 and working from home, has proceeded well, and we are able to keep up the good work environment and good business culture.

We have an employee appointed working environment committee and staff association. The working environment committee is handling working environment issues like noise and other nuisances, health, safety etc., and inform all employees about updated rules for work environment. The staff association arrange different events and activities during the year.

We have a goal, where we want 5% of our employees to be trainees. In 2022 we are above the 5%. We take a society responsibility to educate people and we are working together with different educational institutes and have students as both part and full time. We want to develop talents and contribute to greater education in the society.

We have in 2022 implemented a whistleblower system, where all employees on confidential basis can report illegal/serious conditions and irregularities or unethical behaviors. We have a separate system to handle incoming reporting and have selected a screening unit consisting of 3 people. The guideline and procedure for our whistleblower system is available at our intranet for all employees.
We have during 2022 not received any whistleblower reporting.

Human rights

Our CSR Policy Commitment applies to the entire Nordlux Group and all our activities. We will, at any time and place, establish processes that enable us to identify, prevent, and mitigate potential adverse impacts that we are contributing to through activities within our business. We want everyone to know that "we are the ones to be trusted" and that we eliminate risks related to human rights though our CSR policy and Code of Conduct. If we find that we are causing or contributing to any actual adverse impacts, we will support remediation for the affected stakeholders and/or notify the relevant authorities. We expect of our employees that they assist us in meeting our responsibility.

We will support capacity-building for our employees on human rights, environmental sustainability, and anti-corruption, and educate them on how to support the work of addressing potential adverse impacts. If any of our employees identify potential or actual adverse impacts, we expect them to inform the management about the identified issue. Our code of conduct requires the group's employees to act with integrity and in accordance with acceptable ethical standards for human rights.
To deal with any ethical risks from business partners, we have a CSR policy for our suppliers of goods, and we have a team in China to control that our suppliers comply to this policy. If we discover any violates of the CSR policy, we will cooperate with the supplier to find solutions to eliminate these violations and improve the work environment for the employees. If we do not see a proper solution of the violent, we will terminate the contract with the supplier.

The supplier signs a Code of Conduct that Is being checked through control forms completed by the supplier. Nordlux Group reserves the right to monitor if the supplier observes the signed Code of Conduct that is composed within the framework of the recommendations of the Confederation of Danish Industry and the Danish Industry of Human Rights as well as applicable international standards, including those of the United Nations. We have during 2022 had extra focus on the human rights in EU and China as some of these countries do not have the same legal standards that we are having in Denmark. In our supply chain there are many levels and the suppliers we deal with have numbers of sub suppliers. We are only able to audit our suppliers and therefore we need to trust our supplier's control of sub suppliers.

MANAGEMENT COMMENTARY

Corporate social responsibility (CSR) report (§99a) (continued)
As a natural continuation of this Code of Conduct and for eliminating risk from other parties, the supplier must commit his or her supplier(s) to the same standards and see to it that the standards are indeed observed, as it is the policy of the group not to contribute to violation of the annex of the contract per substitute. Thus, the Code of Conduct is in force for the supplier as well as his or her sub-supplier(s), the supplier must start screening and selecting sub-suppliers with a view to their ability to meet the standards of this code and gradually establish a system to check that sub-suppliers operate in conformance with the code. The aim of the Code Of Conduct is not to terminate business, but to help suppliers improve social and environmental standards. Nordlux Group is therefore ready to work with suppliers to achieve compliance with the provisions of this code, whenever the parties deem this desirable and possible.

None of the Group's Code of Conduct principles must undermine national legislation. Any supplier is as a minimum under an obligation to observe national laws and regulations. The supplier is committed to choosing the highest standard, be it the national legislation or this Code of Conduct.

Our Code of Conduct has been updated in 2022. Our 12 focus points have been defined as below. For further information see our Code of Conduct on our website.

- Freedom of association and collective bargaining
- No discrimination
- Fair remuneration
- Decent working hours and working conditions
- Occupational health and safety
- No child labour
- Protection of young workers
- No unsecure employment
- No bonded labour
- Ethical business behaviour/Anti-corruption
- Protection of the environment
- Whistle-blower/Grievance mechanism

We have in 2022 not discovered any violation of our Code of Conduct.
We are also a member of Amfori and FSC. BSCI are making audits at our suppliers for Amfori. We have during 2022 not had any remarks. We are planning to extend this audit with our own audit for 2023 and forward.

For further information about our CSR policy please have a look at our website at the link below: www.nordlux.com/da-dk/om-os/information/csr/

Corruption and bribery
Our products are mainly sold in Europe, but we are aware of the risk that in some countries corruption and bribery may be more prevalent and we are diligent in ensuring we avoid such risks in our customer relationships. We use our common sense and do not start any business if we have slightest doubt. All customers are credit approved by external partners and we will have a reliable information if there is any indication of corruption or bribery. This external approvement lower our risk for starting business with inappropriate customers.

As mentioned in the section human rights our Code of Conduct also contains a policy for corruption and bribery for our suppliers.

We have a zero-tolerance policy and will investigate any suspected violations. We have in 2022 not discovered any violation of corruption or bribery.

Corporate social responsibility (CSR) report (§99a) (continued)

Impact on the external environment and climate

The group focus on the environment and climate and have a sustainable development policy. We hold strong ambitions to ensure sustainability for both people and our planet, and we have a long and proud history of doing our part. Our vision is to "Lifting People's Quality of Life with Light" meaning, we do our best to ensure a positive impact from our activities and products.
Our focus is centralized around People, Products and Planet

People:
We strive to create a healthy work environment that is built on persistent education and reduce inequalities both among our own staff, and of our partners. We foster an inclusive workspace where we salute diversity and invite people with special skills and challenges to contribute and grow – this also includes partnership with non-profits, the local communities, and authorities along with schools, universities and other organizations that helps people to grow and prosper. For further information regarding the staff please see section Employees.

Products:
Lighting consumers energy, but we're proud to be one of the leading players in creating energy efficient LED lighting, that reduce the energy consumption. Our products are made-to-last, and we focus on resource efficiency in everything from design, through manufacturing and throughout transportation, where we optimize our products for shipping.

Planet:
As an integrated part of our operations, we take many measures to protect the planet as part of our operations. We steer free of harmful chemicals; and we have reduced the use of plastic in our packaging to also protect the sea environment. We use only FSC certified wood and grass materials, and we are a supporting member of FSC to secure "Forests for all forever". We support recycling and use recycled materials in our production when possible. We have in 2022 launched our first luminaire of recycled plastic, something we will implement more of in our design for the future. We are members of different recycling unions to ensure our own products are re-purposed when they get to their end of life.

Furthermore, our Code of Conduct concluded that Nordlux and our Business partners must strive to use less possible resources in the production and hereby also strive to reduce carbon footprint in transportation. For further details see Section Protection of the environment in our Code of Conduct. We have in 2022 limited the environmental impact from our freight from China by using sea freight for almost every delivery.

UN Sustainable Development Goals:
The group supports the United Nations Sustainable Development Goals. Our CSR Policy Commitment refers to our company values "IDEA" (Integrity, Dynamic, Excitement, Always) and is a valuable tool used to reach the Nordlux vision. To lead the way, we have chosen the three, for us, most important and relevant UN Sustainable Development Goals:

- 3. Good health and wellbeing
- 7. Affordable and clean energy
- 12. Responsible consumption and production

It also refers to international endorsed principles for sustainable development:

- The International Bill of Human Rights, including the core labour rights from the ILO declaration on Fundamental Principles and Rights at Work
- Rio Declaration on Environment and Development
- UN Convention against Corruption.

We are committed to seeking to prevent, address, and mitigate adverse impacts on all areas, as set forth in the UN Guiding Principles on Business and Human Rights (UNGP's, 2011) and implemented in the OECD Guidelines for Multinational Enterprises (2011). Other additional policies and procedures for Nordlux will be aligned with this CSR Policy Commitment.

Statutory report on the underrepresented gender (§99b)

The group believes that diversity among employees, including equal distribution of gender, contributes positively to the work environment and strengthens the business performance and competitiveness. Our four board members are selected based on their qualifications and not based on gender.

Our target is to have one female board member within the coming 4 years. At the moment, the entire board of Nordlux Invest A/S consist of men. Our focus has in 2022 not been to add a female. We will in the event of future changes to the Board of Directors look for a female that can add value to our Board of Directors.

Nordlux Invest A/S had only 1 employee in the financial year 2022 and are therefore exempted to prepare a policy for the underrepresented gender at the other management levels of the company.

Statutory report on data ethics (§99d)

The Group is working on an updated policy that covers the topics regarding data that is not covered by the GDPR. The Group collects information about behavior on our website and this information is manly 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.

All our turnover is business to business, and we do not have any sales to private people except our employees.

We do have other policies concerning GDPR-rules.

INCOME STATEMENT 1 JANUARY - 31 DECEMBER

		Group		Parent Company	
	Note	2022 DKK '000	2021 DKK '000	2022 DKK '000	2021 DKK '000
NET REVENUE	1	**384.880**	**383.514**	**0**	**0**
Raw materials and consumables used		-264.125	-235.979	0	0
Other external expenses	2	-24.780	-22.270	-181	-35
GROSS PROFIT/LOSS		**95.975**	**125.265**	**-181**	**-35**
Staff costs	3	-49.445	-49.887	0	0
Depreciation, amortisation and impairment losses		-2.801	-2.263	0	0
OPERATING PROFIT		**43.729**	**73.115**	**-181**	**-35**
Income from investments in subsidiaries		0	0	54.780	42.337
Other financial income	4	1.299	1.383	25	56
Other financial expenses	5	-2.332	-3.116	-590	-708
PROFIT BEFORE TAX		**42.696**	**71.382**	**54.034**	**41.650**
Tax on profit/loss for the year	6	-10.075	-16.855	164	151
PROFIT FOR THE YEAR	7	**32.621**	**54.527**	**54.198**	**41.801**

BALANCE SHEET AT 31 DECEMBER

ASSETS	Note	Group 2022 DKK '000	Group 2021 DKK '000	Parent Company 2022 DKK '000	Parent Company 2021 DKK '000
Development projects completed		0	0	0	0
Intangible fixed assets acquired		84	105	0	0
Goodwill		2.750	3.626	0	0
Intangible assets	8	**2.834**	**3.731**	**0**	**0**
Other plant, machinery tools and equipment		3.679	2.816	0	0
Leasehold improvements		1.085	1.361	0	0
Property, plant and equipment	9	**4.764**	**4.177**	**0**	**0**
Equity investments in group enterprises		0	0	164.323	164.323
Rent deposit and other receivables		1.338	1.312	0	0
Financial non-current assets	10	**1.338**	**1.312**	**164.323**	**164.323**
NON-CURRENT ASSETS		**8.936**	**9.220**	**164.323**	**164.323**
Finished goods and goods for resale		146.173	119.984	0	0
Inventories		**146.173**	**119.984**	**0**	**0**
Trade receivables		45.666	51.464	0	0
Receivables from group enterprises		12.523	4.975	7.074	0
Deferred tax assets	11	247	224	0	0
Derivative financial instruments	12	0	1.447	0	0
Other receivables		1.047	1.452	0	0
Corporation tax receivable		1.243	2.928	164	151
Receivables		**60.726**	**62.490**	**7.238**	**151**
Cash and cash equivalents		**14.821**	**14.558**	**7**	**5**
CURRENT ASSETS		**221.720**	**197.032**	**7.245**	**156**
ASSETS		**230.656**	**206.252**	**171.568**	**164.479**

BALANCE SHEET AT 31 DECEMBER

EQUITY AND LIABILITIES	Note	Group 2022 DKK '000	Group 2021 DKK '000	Parent Company 2022 DKK '000	Parent Company 2021 DKK '000
Share capital	13	2.544	2.544	2.544	2.544
Retained earnings		50.978	42.370	127.155	92.957
Proposed dividend		20.000	25.000	20.000	25.000
EQUITY		**73.522**	**69.914**	**149.699**	**120.501**
Other liabilities		2.394	2.325	0	0
Non-current liabilities	14	**2.394**	**2.325**	**0**	**0**
Bank debt		81.012	64.912	21.781	31.781
Trade payables		16.513	21.549	0	1.867
Debt to Group companies		12.804	10.299	0	10.299
Corporation tax payable		3.819	5.207	0	0
Other liabilities		37.800	32.046	88	31
Derivative financial instruments		2.792	0	0	0
Current liabilities		**154.740**	**134.013**	**21.869**	**43.978**
LIABILITIES		**157.134**	**136.338**	**21.869**	**43.978**
EQUITY AND LIABILITIES		**230.656**	**206.252**	**171.568**	**164.479**

Contingencies etc.	15
Charges and securities	16
Related parties	17
Fee to statutory auditor	2

EQUITY

	Group			
	Share capital	Retained earnings	Proposed dividend	Total
Equity at 1 January 2022	2.544	42.370	25.000	69.914
Proposed profit allocation, cf. note 7		12.621	20.000	32.621
Transactions with owners				
Dividend paid			-25.000	-25.000
Other legal bindings				
Foreign exchange adjustments		-1.728		-1.728
Other adjustments to equity value		-2.789		-2.789
Tax on changes in equity		**504**		**504**
Equity at 31 December 2022	**2.544**	**50.978**	**20.000**	**73.522**

	Parent Company			
	Share capital	Retained earnings	Proposed dividend	Total
Equity at 1 January 2022	2.544	92.957	25.000	120.501
Proposed profit allocation, cf. note 7		34.198	20.000	54.198
Transactions with owners				
Dividend paid			-25.000	-25.000
Equity at 31 December 2022	**2.544**	**127.155**	**20.000**	**149.699**

Other adjustments to equity value are related to adjustments to forward contracts at fair value concerning hedging of future purchases in foreign currency.

All shares rank equally.

The parent's share capital has remained DKK 2,544 thousand over the past 5 years.

CASH FLOW STATEMENT 1 JANUARY - 31 DECEMBER

	Group	
	2022 DKK '000	**2021** DKK '000
Profit/loss for the year	32.621	54.527
Depreciation and amortisation, reversed	2.801	2.263
Tax on profit/loss, reversed	10.075	16.855
Other adjustments	-447	318
Corporation tax paid	-9.195	-24.721
Change in inventories	-26.189	-26.899
Change in receivables (ex tax)	-1.345	-184
Change in current liabilities (ex bank, tax, instalments payable and overdraft facility)	5.617	13.591
Other cash flows from operating activities	-2.038	1.421
CASH FLOWS FROM OPERATING ACTIVITY	**11.900**	**37.171**
Purchase of property, plant and equipment	-2.707	-2.201
Purchase of financial assets	-26	-2
CASH FLOWS FROM INVESTING ACTIVITY	**-2.733**	**-2.203**
Instalments on loans	-10.000	-10.000
Change in operating credit	26.096	19.261
Dividends paid in the financial year	-25.000	-44.750
CASH FLOWS FROM FINANCING ACTIVITY	**-8.904**	**-35.489**
CHANGE IN CASH AND CASH EQUIVALENTS	**263**	**-521**
Cash and cash equivalents at 1. januar	14.558	15.079
CASH AND CASH EQUIVALENTS AT 31. DECEMBER	**14.821**	**14.558**
Cash and cash equivalents at 31 December comprise:		
Cash and cash equivalents	14.821	14.558
CASH AND CASH EQUIVALENTS	**14.821**	**14.558**

NOTES

					Note
Net revenue					**1**
Segment details (geography)					
Scandinavia	214.113	223.671	0	0	
Other Europe	157.873	149.563	0	0	
Rest of the world	12.894	10.279	0	0	
	384.880	**383.513**	**0**	**0**	
Segment details (activities)					
Bulbs	28.366	16.935	0	0	
DFTP	40.807	48.637	0	0	
Functional	90.641	80.843	0	0	
Nordlux Deco	119.214	109.340	0	0	
Outdoor	92.029	102.561	0	0	
Smart Light	3.144	3.372	0	0	
Other	10.679	21.825	0	0	
	384.880	**383.513**	**0**	**0**	
Fee to statutory auditor					**2**
Total fees:					
BDO	308	295	75	70	
	308	**295**	**75**	**70**	
Specification of fees:					
Statutory audit	204	195	26	25	
Assurance engagements	10	10	0	0	
Other services	94	90	49	45	
	308	**295**	**75**	**70**	
Staff costs					**3**
Average number of employees	89	84	0	0	
Wages and salaries	43.920	44.288	0	0	
Pensions	2.906	3.006	0	0	
Social security costs	1.971	2.498	0	0	
Other staff costs	648	95	0	0	
	49.445	**49.887**	**0**	**0**	
Remuneration of Management and Board of Directors	4.403	4.243	0	0	
	4.403	**4.243**	**0**	**0**	

Information on management remuneration has been omitted in accordance with the exemption provision in section 98 b, subsection 3, No. 2 of the Danish Financial Statements.

NOTES

	Group		Parent Company		
	2022 DKK '000	2021 DKK '000	2022 DKK '000	2021 DKK '000	Note
Other financial income					4
Group enterprises	0	3	25	50	
Other interest income	1.299	1.380	0	6	
	1.299	**1.383**	**25**	**56**	
Other financial expenses					5
Group enterprises	0	0	0	18	
Other interest expenses	2.332	3.116	590	690	
	2.332	**3.116**	**590**	**708**	
Tax on profit/loss for the year					6
Calculated tax on taxable income of the year	9.464	16.103	-164	-151	
Adjustment of deferred tax	611	752	0	0	
	10.075	**16.855**	**-164**	**-151**	
Proposed distribution of profit					7
Proposed dividend for the year	20.000	25.000	20.000	25.000	
Extraordinary dividend	0	15.000	0	15.000	
Retained earnings	12.621	14.527	34.198	1.801	
	32.621	**54.527**	**54.198**	**41.801**	

Intangible assets 8

	Group		
	Development projects completed	Intangible fixed assets acquired	Goodwill
Cost at 1 January 2022	1.539	308	115.492
Exchange adjustment at closing rate	0	0	-663
Disposals	-1.539	0	0
Cost at 31 December 2022	**0**	**308**	**114.829**
Amortisation at 1 January 2022	1.539	203	111.867
Exchange adjustment at closing rate	0	0	-467
Reversal of amortisation of assets disposed of	-1.539	0	0
Amortisation for the year	0	21	679
Amortisation at 31 December 2022	**0**	**224**	**112.079**
Carrying amount at 31 December 2022	**0**	**84**	**2.750**

Completed development projects include development and testing of application for use in the company's product range. The application is depreciated over 2 years.

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Property, plant and equipment 9

	Group	
	Other plant, machinery tools and equipment	Leasehold improvements
Cost at 1 January 2022	6.527	2.219
Exchange adjustment at closing rate	-24	0
Additions	2.707	0
Disposals	-24	0
Cost at 31 December 2022	**9.186**	**2.219**
Depreciation and impairment losses at 1 January 2022	3.711	860
Exchange adjustment	-21	0
Depreciation for the year	1.839	274
Reversed depreciation and impairment from disposals	-22	0
Depreciation and impairment losses at 31 December 2022	**5.507**	**1.134**
Carrying amount at 31 December 2022	**3.679**	**1.085**

Financial non-current assets 10

	Group
	Rent deposit and other receivables
Cost at 1 January 2022	1.312
Additions	26
Cost at 31 December 2022	**1.338**
Carrying amount at 31 December 2022	**1.338**

	Parent Company
	Equity investments in group enterprises
Cost at 1 January 2022	164.323
Cost at 31 December 2022	**164.323**
Carrying amount at 31 December 2022	**164.323**

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Fixed asset investments (continued) 10
Investments in subsidiaries (DKK '000)

Name and domicil	Equity	Profit/loss for the year	Ownership
Nordlux A/S,, Denmark	56.107	15.520	100 %
Nordlux AS, Norway	7.972	5.246	100 %
Nordlux GmbH, Germany	7.906	6.061	100 %
Guangzhou Nordlux Lighting Co. Ltd. , China	4.734	781	100 %
Nordlux AB, Sweden	4.846	3.814	100 %
Nordlux (UK & Eire) Ltd. , United Kingdom	3.823	2.464	100 %

Deferred tax assets 11

	Group		Parent Company	
	2022 DKK '000	**2021** DKK '000	**2022** DKK '000	**2021** DKK '000
Deferred tax, beginning of year	224	1.342	0	0
Deferred tax of the year, income statement	-611	-752	0	0
Deferred tax of the year, equity	634	-366	0	0
Provision for deferred tax 31 December 2022	**247**	**224**	**0**	**0**

The provision for deferred tax is related to differences between the carrying amount and tax value of securities, receivables, intangible and tangible fixed assets, including recognised finance lease contracts. The deferred tax is expected to be utilised based on taxable income in the joint taxation.

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Derivative financial instruments 12

Analysis of the Group's balances in foreign currency as well as related hedging transactions at 31 December 2022:

		Group			
Currency	Payment/Expiry	Receivables DKK '000	Debt DKK '000	Hedging-transaction DKK '000	Netposition DKK '000
USD	< 1 year	882	-16.010	16.013	885
EUR	< 1 year	29.494	-254	0	29.240
SEK	< 1 year	0	-12	0	-12
GBP	< 1 year	1.206	0	0	1.206
DKK	< 1 year	2.268	-1.145	0	1.123
CNY	< 1 year	3	0	0	3
		33.853	**-17.421**	**16.013**	**32.445**

The Company has entered into foreign exchange contract to hedge future purehase of goods in USD for totally DKK 59,518 thousand. In relation to the forward rate as per 31 December 2022, the hedge instrumentshave a negative value of DKK 2,791 thousand.

	2022 DKK '000	2021 DKK '000	
Share capital			13
Allocation of share capital:			
A-aktier, 2.543.500 unit in the denomination of 1 DKK..........	2.544	2.544	
	2.544	**2.544**	

Long-term liabilities 14

	Group			
	31/12 2022 total liabilities	Repayment next year	Debt outstanding after 5 years	31/12 2021 total liabilities
Other liabilities..................................	2.394	0	0	2.325
	2.394	**0**	**0**	**2.325**

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Contingencies etc. 15

Contingent liabilities

Group
Rent and lease liabilities include a rent obligation totalling DKK 16,403 thousand in interminable rent agreements with remaining contract terms of up to 5 years. Furthermore, the group has liabilities under operating leases for cars and IT equipment, totalling DKK 2,300 thousand, with remaining contract terms of 0-3 years.

Parent Company
Guarantee commitments consists of a guarantee provided in respect of bank commitments in Nordlux A/S. The bank debt amounts of total DKK 59,215 thousand as of 31 December 2022.

As a result of a dividend restriction submitted to the Company's bank, the Company is limited to distribute dividend.

Joint liabilities
The Danish companies of the group is jointly and severally liable for tax on the group’s jointly taxed income and for certain possible withholding taxes such as dividend tax and royalty tax, and for the joint registration of VAT.

Tax payable of the group’s jointly taxed income amounts to DKK (‘000) 886 at the Balance Sheet date.

Charges and securities 16

Group
As security for the group's debt to credit institutions the group has provided a floating charge for its assets for a total amount of DKK 60.000 thousand.

Parent Company
As security for the parent Company's debt to banks, the parent Company has provided security in the parent Company's investments in subsidiares for Nordlux A/S (Denmark) and Nordlux AS (Norway).

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Related parties 17

The Company's related parties include:

Controlling interest
Energetic Lighting Europe NV, Belgium, (Parent Company)

Transactions with related parties:	**2022**
***Group*:**	
Sales of goods and services to group enterprises:	34.072
Purchases of goods and services from group enterprises:	43.328
Fees from group enterprises:	6.221
Other costs, group enterprises:	1.748
Parent Company:	
Received dividend from group entities:	54.780
Interest income, group entities:	25
Interest exspenses, group enterprises:	-
Receivables from group enterprises:	7.074

Remuneration/fees to members of the Executive Board and the Board of Directors are reflected in note 3.

ACCOUNTING POLICIES

The Annual Report of Nordlux Invest A/S for 2022 has been presented in accordance with the provisions of the Danish Financial Statements Act for enterprises in reporting class C, large-size enterprises.

The Annual Report is prepared with the following accounting principles.

Reporting currency
The financial statements are presented in Danish Kroner (DKK'000)

Consolidated Financial Statements
The consolidated financial statements comprise the Parent Company and subsidiaries controlled by the Parent Company.

Control means a parent company's power to direct a subsidiary's financial and operating policy decisions. Besides the above power, the parent company should also be able to yield a return from its investment.

In assessing if the parent company controls an entity, de facto control is taken into consideration as well.

The existence of potential voting rights which may currently be exercised or converted into additional voting rights is considered when assessing if an entity can become empowered to direct another entity's financial and operating decisions.

The consolidated financial statements are prepared as a consolidation of the parent company's and the individual subsidiaries' financial statements, which are prepared according to the group's accounting policies. On consolidation, intra- group income and expenses, shareholdings, intra- group balances and dividends, and realised and unrealised gains on intra- group transactions are eliminated.

External business combinations
Recently acquired entities are recognised in the consolidated financial statements from the date of acquisition. Entities sold or otherwise disposed of are recognised up to the date of disposal. Comparative figures are not restated to reflect newly acquired entities.

The date of acquisition is the date when the group actually obtains control of the acquiree.

The acquisition method is applied to the acquisition of new entities of which the group obtains control. The acquirees' identifiable assets, liabilities and contingent liabilities are measured at fair value at the date of acquisition. Identifiable intangible assets are recognised if they are separable or arise from a contractual right. Deferred tax related to the revaluations is recognised.

Positive differences (goodwill) between, on the one hand, the consideration for the acquiree, the value of non- controlling interests in the acquired entity and the fair value of any previously acquired equity investments and, on the other hand, the fair value of the assets, liabilities and contingent liabilities acquired are recognised as goodwill under "Intangible assets". Goodwill is amortised on a straight- line basis in the income statement based on an individual assessment of the economic life of the asset.

Negative differences (negative goodwill) are recognised in the income statement at the date of acquisition.

Upon acquisition, goodwill is allocated to the cash- generating units, which subsequently form the basis for impairment testing. Goodwill and fair value adjustments in connection with the acquisition of a foreign entity with a functional currency different from the presentation currency used in the consolidated financial statements are accounted for as assets and liabilities belonging to the foreign entity and are, on initial recognition, translated into the foreign entity's functional currency using the exchange rate at the transaction date.

The consideration paid for an entity consists of the fair value of the agreed consideration in the form of assets transferred, liabilities assumed and equity instruments issued. If part of the consideration is contingent on future events or compliance with agreed terms, such part of the consideration is recognised at fair value at the date of acquisition. Subsequent adjustments of contingent considerations are recognised in the income statement.

Expenses incurred to acquire entities are recognised in the income statement in the year in which they are incurred.

Foreign currency translation
On initial recognition, transactions denominated in foreign currencies are translated at the exchange rate at the transaction date. Foreign exchange differences arising between the exchange rates at the transaction date and the date of payment are recognised in the income statement as financial income or financial expenses.

Receivables and payables and other monetary items denominated in foreign currencies are translated at the exchange rate at the balance sheet date. The difference between the exchange rates at the balance sheet date and the date at which the receivable or payable arose or was recognised in the most recent financial statements is recognised in the income statement as financial income or financial expenses

Derivative financial instruments
On initial recognition, derivative financial instruments are recognised at cost in the balance sheet and are subsequently measured at fair value. Positive and negative fair values of derivative financial instruments are presented as separate items in the balance sheet.

Fair value adjustments of derivative financial instruments designated and qualifying as hedging of future assets or liabilities are recognised as separate items in the balance sheet and in the hedging reserve under equity. If the 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 forecast transaction results in income or expenses, amounts previously recognised in equity are transferred to the income statement in the period in which the hedged item affects the income statement.

ACCOUNTING POLICIES

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 based on Incoterms® 2010. 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/loss

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, including direct and indirect costs of raw materials and consumables.

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 Group and the Parent Company's employees. Repayments from public authorities are deducted from staff costs.

Income from investments in subsidiaries

Dividend from equity interests is recognised in the financial year in which the dividend is declared. In connection with transfers, potential profits are recognised when the economic rights related to the sold equity interests are transferred, however, at the earliest when the profit has been realised or is regarded as realisable. Moreover, realised losses other than impairments are included where identified.

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.

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.

ACCOUNTING POLICIES

BALANCE SHEET

Intangible fixed assets
Goodwill is amortised over the expected economic life of the asset, measured by reference to Management's experience in the individual business segments. Goodwill is amortised on a straight-line basis over the amortisation period. The amortisation period is fixed on the basis of the expected repayment horizon, longest for strategically acquired business enterprises with strong market positions and long- term earnings profiles.

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 areidentifiable 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 residuaf value, the effect on the depreciation charges is recognised prospectively as a change in accounting estimates.

ACCOUNTING POLICIES

Tangible fixed assets
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 ofthe 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 annua lly. 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 residuaf 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 %

Profit or loss on sale of tangible fixed assets is stated as the difference between the sales price less selling costs and the carrying amount at the date of sale. Profit or loss is recognised in the Income Statement as other operating income or other operating expenses.

Lease contracts
The Company has chosen IAS 17 as interpretation for classification and recognition of leases.

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" .

Fixed asset investment
Equity investments in subsidiaries are measured at cost. If the cost exceeds the net realisable value, this is written down to the lower value.

Acquired enterprises are subject to the acquisition method, reassessing all identified assets and liabilities to fair value at the acquisition date. The fair value is calculated based on acquisitions made in an active market, alternatively calculated using generally accepted valuation models.

Consolidated goodwill is amortised over the expected useful life, which is determined on the basis of Management’s experience within the individual lines of business. Consolidated goodwill is amortised on a straightline basis over the amortisation period, which is X years. The amortisation period is determined on the basis of an assessment of the acquired entity’s market position and earnings profile, and the industryspecific condition.

ACCOUNTING POLICIES

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 calculated at the higher of the capital value and the sales value less expected costs of a sale. The capital value is determined as the Company's share in the current value of the net cash flows which the subsidiary is expected to generate through its activities and from sale of assets after the end of their useful lives. A discount rate is used which reflects the risk-free market rate and the owners' minimum return on interest requirements for similar assets. The growth rate in the terminal period is determined in accordance with the standards within the industry.

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 cost of merchandise as well as raw materials and consumables is calculated at acquisition price with addition of transportation and similar costs.

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.

Receivables
Receivables are measured at amortised cost.

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 is impaired.

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.

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.

ACCOUNTING POLICIES

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 equal to the capitalised value when using the effective interest, the difference between the proceeds and the nominal value being recognised in the Income Statement over the loan period.

The amortised cost of current liabilities corresponds usually to the nominal value.

CASH FLOW STATEMENT

The cash flow statement shows the Company's cash flows for the year for operating activities, investing activities and financing activities in the year, the change in cash and cash equivalents of the year and cash and cash equivalents at beginning and end of the year.

Cash flows from operating activities:
Cash flows from operating activities are computed as the results for the year adjusted for non-cash operating items, changes in net working capital and corporation tax paid.

Cash flows from investing activities:
Cash flows from investing activities include payments in connection with purchase and sale of intangible and tangible fixed asset and fixed asset investments.

Cash flows from financing activities:
Cash flows from financing activities include changes in the size or composition of share capital and related costs, and borrowings and repayment of interest-bearing debt and payment of dividend to shareholders.

Cash and cash equivalents:
Cash and cash equivalents include cash in hand.