

SEC Scandinavia A/S

Bækkegårdsvej 26, Sparkær, 8800 Viborg

Company reg. no. 15 15 07 85

Annual report

1 January - 31 December 2020



The annual report was submitted and approved by the general meeting on the 5 February 2021.

Jeppé Ruseng Hansen
Chairman of the meeting

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Notes:

- To ensure the greatest possible applicability of this document, IAS/IFRS English terminology has been used.
- Please note that decimal points have not been used in the usual English way. This means that for instance DKK 146.940 means the amount of DKK 146,940, and that 23,5 % means 23.5 %.

Management's report

Today, the board of directors and the managing director have presented the annual report of SEC Scandinavia A/S for the financial year 1 January - 31 December 2020.

The annual report has been presented in accordance with the Danish Financial Statements Act.

We consider the accounting policies appropriate and, in our opinion, the financial statements provide a fair presentation of the company's assets, equity and liabilities, and financial position at 31 December 2020 and of the company's results of activities in the financial year 1 January – 31 December 2020.

We are of the opinion that the management commentary presents a fair account of the issues dealt with.

We recommend that the annual report be approved by the general meeting.

Viborg, 29 January 2021

Managing Director

Jeppe Ruseng Hansen

Board of directors

Arni Martti-Pekka Ekholm

Veli Pekka Raatikainen

Jeppe Ruseng Hansen

Independent auditor's report

To the shareholders of SEC Scandinavia A/S

Opinion

We have audited the financial statements of SEC Scandinavia A/S for the financial year 1 January - 31 December 2020, which comprise accounting policies, income statement, statement of financial position, statement of changes in equity and notes. The financial statements have been prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements present a fair view of the company's assets, equity and liabilities, and financial position at 31 December 2020 and of the results of the company's activities for the financial year 1 January - 31 December 2020 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with international standards on auditing and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the section "Auditor's responsibilities for the audit of the financial statements". We are independent of the company in accordance with international ethical requirements for auditors (IESBA's Code of Ethics), and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of management and those charged with governance for the financial statements

Management is responsible for the preparation of financial statements that provide a fair view in accordance with the Danish Financial Statements Act. Management is also responsible for such internal control as the management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting 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 including an opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with international standards on auditing, and the additional requirements applicable in Denmark, will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Independent auditor's report

As part of an audit conducted in accordance with international standards on auditing, and the additional requirements applicable in Denmark, we exercise professional judgment and maintain professional scepticism 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 the 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 preparation of the financial statements using the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists arising from 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 disclosures in notes, and whether the financial statements reflect the underlying transactions and events in a manner that presents a 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 the internal control that we identify during our audit.

Statement on the management commentary

Management is responsible for the management commentary.

Our opinion on the financial statements does not cover the management commentary, and we express no assurance opinion thereon.

Independent auditor's report

In connection with our audit of the financial statements, it is our responsibility to read the management commentary and to consider whether the management commentary is materially inconsistent with the financial statements or the evidence obtained during the audit, or whether it otherwise appears to contain material misstatement.

Furthermore, it is our responsibility to consider whether the management commentary provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we believe that management commentary is consistent with the financial statements and that it has been prepared in accordance with the provisions of the Danish Financial Statement Act. We did not discover any material misstatement in the management commentary.

Viborg, 29 January 2021

Ullits & Winther

State Authorised Public Accountants
Company reg. no. 32 09 32 72

Claus Søndergaard Nielsen

State Authorised Public Accountant
mne30145

Company information

The company

SEC Scandinavia A/S
Bækkegårdsvej 26
Sparkær
8800 Viborg

Company reg. no. 15 15 07 85
Established: 1 May 1991
Domicile:
Financial year: 1 January - 31 December

Board of directors

Arni Martti-Pekka Ekholm
Veli Pekka Raatikainen
Jeppe Ruseng Hansen

Managing Director

Jeppe Ruseng Hansen

Auditors

Ullits & Winther
Statsautoriseret Revisionspartnerselskab
Agerlandsvej 1
8800 Viborg

Bankers

Nordea, Sct. Mathias Gade 68, 8800 Viborg

Management commentary

The principal activities of the company

As in previous years, the main activity has been the sale of a number of quality brands within primarily multimedia, hands-free, reversing camera and car stereo, as well as its own brand within LED lighting.

Development in activities and financial matters

The profit and loss account covers 1 January to 31 December and shows a result of DKK 695.447 against DKK 819.082 last year. The balance sheet shows equity of DKK 2.358.361.

Accounting policies

The annual report for SEC Scandinavia A/S has been presented in accordance with the Danish Financial Statements Act regulations concerning reporting class B enterprises. Furthermore, the company has decided to comply with certain rules applying to reporting class C enterprises.

The accounting policies are unchanged from last year, and the annual report is presented in DKK.

Recognition and measurement in general

Income is recognised in the profit and loss account concurrently with its realisation, including the recognition of value adjustments of financial assets and liabilities. Likewise, all costs, these including depreciation, amortisation, writedown, provisions, and reversals which are due to changes in estimated amounts previously recognised in the profit and loss account are recognised in the profit and loss account.

Assets are recognised in the balance sheet when the company is liable to achieve future, financial benefits and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when the company is liable to lose future, financial benefits and the value of the liability can be measured reliably.

At the first recognition, assets and liabilities are measured at cost. Later, assets and liabilities are measured as described below for each individual accounting item.

At recognition and measurement, such predictable losses and risks are taken into consideration, which may appear before the annual report is presented, and which concerns matters existing on the balance sheet date.

Foreign currency translation

Transactions in foreign currency are translated by using the exchange rate prevailing at the date of the transaction. Differences in the rate of exchange arising between the rate at the date of transaction and the rate at the date of payment are recognised in the profit and loss account as an item under net financials.

Receivables, payables, and other foreign currency monetary items are translated using the closing rate. The difference between the closing rate and the rate at the time of the occurrence or initial recognition in the latest financial statements of the receivable or payable is recognised in the income statement under financial income and expenses.

Income statement

Gross profit

Gross profit comprises the revenue, other operating income, and external costs.

Accounting policies

Revenue is recognised in the income statement if delivery and passing of risk to the buyer have taken place before the end of the year and if the income can be determined reliably and inflow is anticipated. Recognition of revenue is exclusive of VAT and taxes and less any discounts relating directly to sales.

Costs of sales includes costs for the purchase of raw materials and consumables less discounts and changes in inventories.

Other operating income comprise accounting items of secondary nature in proportion to the principal activities of the enterprise and tangible fixed assets.

Other external costs comprise costs for distribution, sales, advertisement, administration, premises, loss on debtors, and operational leasing costs.

Staff costs

Staff costs include salaries and wages including holiday allowances, pensions and other costs for social security etc. Staff costs are less public reimbursements.

Depreciation, amortisation and writedown

Depreciation, amortisation and writedown comprise depreciation on, amortisation of and writedown relating and tangible fixed assets respectively.

Financial income and expenses

Financial income and expenses are recognised in the income statement with the amounts concerning the financial year. Financial income and expenses comprise interest income and expenses, well as surcharges and reimbursements under the advance tax scheme, etc.

Tax of the results for the year

The tax for the year comprises the current tax for the year and the changes in deferred tax, and it is recognised in the profit and loss account with the share referring to the results for the year and directly in the equity with the share referring to entries directly on the equity.

The balance sheet

Property, plant, and equipment

Depreciation is done on a straight-line basis according to an assessment of the expected useful life and the residual value of the individual assets:

	Useful life	Residual value
Other fixtures and fittings, tools and equipment	3-5 years	0-20 %

Minor assets with an expected useful life of less than 1 year are recognised as costs in the income statement in the year of acquisition.

Accounting policies

Profit or loss derived from the disposal of property, land, and equipment is measured as the difference between the sales price less selling costs and the carrying amount at the date of disposal. Profit or loss is recognised in the income statement as other operating income or other operating expenses.

As regards self-constructed assets, the cost comprises direct costs for materials, components, deliveries from subsuppliers, payroll costs, and borrowing costs from specific and general borrowing concerning the construction of each individual asset.

Leases

Leases are regarded as operating leases. Payments in connection with operating leases and other lease agreements are recognised in the income statement for the term of the contract. The company's total liabilities concerning operating leases and lease agreements are recognised under contingencies, etc.

Inventories

Inventories are measured at cost according to the FIFO method. In cases when the net realisable value of the inventories is lower than the cost, the latter is written down for impairment to this lower value.

Costs of goods for resale, raw materials, and consumables comprise acquisition costs plus delivery costs.

The net realisable value for inventories is recognised as the market price less costs of completion and selling costs. The net realisable value is determined with due consideration of negotiability, obsolescence, and the development of expected market prices.

Receivables

Receivables are measured at amortised cost, which usually corresponds to nominal value.

Accrued income and deferred expenses

Accrued income and deferred expenses recognised under assets comprise incurred costs concerning the next financial year.

Available funds

Available funds comprise cash at bank.

Income tax and deferred tax

Current tax liabilities and current tax receivable are recognised in the statement of financial position as calculated tax on the taxable income for the year, adjusted for tax of previous years' taxable income and for tax paid on account.

Deferred tax is measured based on the tax rules and tax rates applying under the legislation prevailing in the respective countries on the reporting date when the deferred tax is expected to be released as current tax. Changes in deferred tax due to changed tax rates are recognised in the income statement, except for items included directly in the equity.

Accounting policies

Deferred tax assets, including the tax value of tax losses allowed for carryforward, are recognised at the value at which they are expected to be realisable, either by settlement against tax of future earnings or by set-off in deferred tax liabilities within the same legal tax unit. Any deferred net tax assets are measured at net realisable value.

Liabilities other than provisions

Liabilities concerning payables to suppliers, group enterprises, and other payables are measured at amortised cost which usually corresponds to the nominal value.

Income statement 1 January - 31 December

All amounts in DKK.

<u>Note</u>	<u>2020</u>	<u>2019</u>
Gross profit	4.719.501	4.625.229
1 Staff costs	-3.704.842	-3.230.055
Depreciation and writedown relating to tangible fixed assets	-32.650	-94.548
Profit before net financials	982.009	1.300.626
Other financial income	1.314	129.392
2 Other financial costs	-95.876	-373.936
Pre-tax net profit or loss	887.447	1.056.082
Tax on ordinary results	-192.000	-237.000
Net profit or loss for the year	695.447	819.082
Proposed appropriation of net profit:		
Transferred to retained earnings	695.447	819.082
Total allocations and transfers	695.447	819.082

Statement of financial position at 31 December

All amounts in DKK.

<u>Note</u>	<u>2020</u>	<u>2019</u>
Assets		
Non-current assets		
3 Property	0	909.504
4 Other fixtures and fittings, tools and equipment	35.971	54.382
Total property, plant, and equipment	<u>35.971</u>	<u>963.886</u>
Total non-current assets	<u>35.971</u>	<u>963.886</u>
Current assets		
Raw materials and consumables	2.556.831	2.055.557
Prepayments for goods	1.028.412	1.202.245
Total inventories	<u>3.585.243</u>	<u>3.257.802</u>
Trade debtors	1.890.462	1.574.200
Deferred tax assets	1.000	193.000
Other debtors	3.605	2.248.573
Accrued income and deferred expenses	118.882	142.690
Total receivables	<u>2.013.949</u>	<u>4.158.463</u>
Available funds	<u>229.833</u>	<u>755</u>
Total current assets	<u>5.829.025</u>	<u>7.417.020</u>
Total assets	<u>5.864.996</u>	<u>8.380.906</u>

Statement of financial position at 31 December

All amounts in DKK.

<u>Note</u>	<u>2020</u>	<u>2019</u>
Equity and liabilities		
Equity		
Contributed capital	500.000	500.000
Results brought forward	1.858.361	1.162.914
Total equity	<u>2.358.361</u>	<u>1.662.914</u>
Liabilities other than provisions		
Other debts	0	58.510
Total long term liabilities other than provisions	0	58.510
Bank debts	0	4.162.156
Trade creditors	595.180	1.767.674
Debt to group enterprises	822.685	0
Other debts	2.088.770	729.652
Total short term liabilities other than provisions	3.506.635	6.659.482
Total liabilities other than provisions	<u>3.506.635</u>	<u>6.717.992</u>
Total equity and liabilities	<u>5.864.996</u>	<u>8.380.906</u>

5 Charges and security

6 Contingencies

Statement of changes in equity

All amounts in DKK.

	<u>Contributed capital</u>	<u>Retained earnings</u>	<u>Total</u>
Equity 1 January 2019	500.000	343.832	843.832
Profit or loss for the year brought forward	<u>0</u>	<u>819.082</u>	<u>819.082</u>
Equity 1 January 2020	500.000	1.162.914	1.662.914
Profit or loss for the year brought forward	<u>0</u>	<u>695.447</u>	<u>695.447</u>
	<u>500.000</u>	<u>1.858.361</u>	<u>2.358.361</u>

Notes

All amounts in DKK.

	<u>2020</u>	<u>2019</u>
1. Staff costs		
Salaries and wages	3.314.166	2.841.337
Pension costs	337.901	331.665
Other costs for social security	<u>52.775</u>	<u>57.053</u>
	<u>3.704.842</u>	<u>3.230.055</u>
Average number of employees	<u>7</u>	<u>7</u>
2. Other financial costs		
Financial costs, group enterprises	22.685	0
Other financial costs	<u>73.191</u>	<u>373.936</u>
	<u>95.876</u>	<u>373.936</u>
3. Property		
Cost opening balance	1.660.532	1.660.532
Disposals during the year	<u>-1.660.532</u>	<u>0</u>
Cost end of period	<u>0</u>	<u>1.660.532</u>
Depreciation and writedown opening balance	-751.028	-696.278
Depreciation for the year	<u>751.028</u>	<u>-54.750</u>
Depreciation and writedown end of period	<u>0</u>	<u>-751.028</u>
Carrying amount, end of period	<u>0</u>	<u>909.504</u>

Notes

All amounts in DKK.

	<u>31/12 2020</u>	<u>31/12 2019</u>
4. Other fixtures and fittings, tools and equipment		
Cost opening balance	244.382	244.382
Additions during the year	<u>14.239</u>	<u>0</u>
Cost end of period	<u>258.621</u>	<u>244.382</u>
Amortisation and writedown opening balance	-190.000	-150.202
Depreciation for the year	<u>-32.650</u>	<u>-39.798</u>
Amortisation and writedown end of period	<u>-222.650</u>	<u>-190.000</u>
Carrying amount, end of period	<u>35.971</u>	<u>54.382</u>

5. Charges and security

For bank loans, DKK 0, the company has provided security in company assets representing a nominal value of DKK 5.500,00 This security comprises the assets below, stating the carrying amounts:

	<u>DKK in thousands</u>
Inventories	3.585
Trade receivables	1.890
Other fixtures and fittings, tools and equipment	36

6. Contingencies

Contingent liabilities

Leasing liabilities

In addition to financial leasing contracts, the company has entered into operational leasing contracts with an average annual leasing payment of DKK 430 t.kr.. The leasing contracts have 2-56 months left to run, and the total outstanding leasing payment is DKK 340 t.kr.