Ullits & Winther

SEC Scandinavia A/S

Mariensdalsvej 28, 8800 Viborg

Company reg. no. 15 15 07 85

Annual report

1 January - 31 December 2022

The annual report was submitted and approved by the general meeting on the 3 February 2023.

Jeppe Ruseng Hansen
Chairman of the meeting

Contents

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 statement

Today, the Board of Directors and the Managing Director have approved the annual report of SEC Scandinavia A/S for the financial year 1 January - 31 December 2022.

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

We consider the chosen accounting policy to be appropriate, and in our opinion, the financial statements give a true and fair view of the financial position of the Company at 31 December 2022 and of the results of the Company's operations for the financial year 1 January – 31 December 2022.

Further, in our opinion, the Management's review gives a true and fair review of the matters discussed in the Management's review.

We recommend that the annual report be approved at the Annual General Meeting.

Viborg, 31 January 2023

Managing Director

Jeppe Ruseng Hansen

Board of directors

Arni Martti-Pekka Ekholm

Veli Pekka Raatikainen

Juan Antonio Garcia Tormund

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 2022, which comprise a summary of significant accounting policies, income statement, balance sheet, statement of changes in equity and notes, for the Company. The financial statements are prepared under the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the financial position of the Company at 31 December 2022, and of the results of the Company's operations 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 Financial Statements” section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants’ International Code of Ethics for Professional Accountants (IESBA Code) and the additional ethical requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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.

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.

- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and contents of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Statement on Management's Review

Management is responsible for Management's Review.

Our opinion on the financial statements does not cover Management's Review, and we do not express any form of assurance conclusion thereon.

Independent auditor's report

In connection with our audit of the financial statements, our responsibility is to read Management’s Review and, in doing so, consider whether Management’s Review is materially inconsistent with the financial statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether Management’s Review provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we conclude that Management’s Review is in accordance with the financial statements and has been prepared in accordance with the requirements of the Danish Financial Statement Act. We did not identify any material misstatement of Management’s Review.

Viborg, 31 January 2023

Ullits & Winther
State Authorized Public Accounting Firm
Company reg. no. 32 09 32 72

Claus Søndergaard Nielsen
State Authorised Public Accountant
mne30145

Company information

The company	SEC Scandinavia A/S Mariensdalsvej 28 8800 Viborg	
	Company reg. no.	15 15 07 85
	Established:	1 May 1991
	Domicile:	Viborg
	Financial year:	1 January - 31 December
Board of directors	Arni Martti-Pekka Ekholm Veli Pekka Raatikainen Juan Antonio Garcia Tormund	
Managing Director	Jeppe Ruseng Hansen	
Auditors	Ullits & Winther Statsautoriseret Revisionspartnerselskab Agerlandsvej 1 8800 Viborg	
Bankers	Nordea, Sct. Mathias Gade 68, 8800 Viborg	
Subsidiary	Ecofoss A/S, Viborg	

Management´s review

The principal activities of the company

Like previous years, the activities are 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 605.073 against DKK 1.017.390 last year. The balance sheet shows equity of DKK 3.980.824.

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 income statement concurrently with its realisation, including the recognition of value adjustments of financial assets and liabilities. Likewise, all costs are recognised in the income statement, including depreciations amortisations, writedowns for impairment, provisions, and reversals due to changes in estimated amounts previously recognised in the income statement.

Assets are recognised in the statement of financial position when it seems probable that future economic benefits will flow to the company and the value of the asset can be reliably measured.

Liabilities are recognised in the statement of financial position when it is seems probable that future economic benefits will flow out of the company and the value of the liability can be reliably measured.

Assets and liabilities are measured at cost at the initial recognition. Hereafter, assets and liabilities are measured as described below for each individual accounting item.

Upon recognition and measurement, allowances are made for such predictable losses and risks which may arise prior to the presentation of the annual report and concern matters that exist on the reporting 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. If currency positions are considered to hedge future cash flows, the value adjustments are recognised directly in equity in a fair value reserve.

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, changes in inventories of finished goods, and work in progress, own work capitalised, other operating income, and external costs.

The enterprise will be applying IAS 18 as its basis of interpretation for the recognition of revenue.

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. Revenue is measured at the fair value of the consideration promised exclusive of VAT and taxes and less any discounts relating directly to sales.

Cost of sales comprises costs concerning purchase of raw materials and consumables less discounts and changes in inventories.

Other operating income comprises items of a secondary nature as regards the principal activities of the enterprise, including profit from the disposal of intangible and tangible assets as well as operating loss and conflict compensation. Compensation is recognized when it is overwhelmingly probable that the company will receive the compensation.

Other external expenses comprise expenses incurred for distribution, sales, advertising, administration, premises, loss on receivables, and operational leasing costs.

Staff costs

Staff costs include salaries and wages, including holiday allowances, pensions, and other social security costs, etc., for staff members.

Depreciation, amortisation, and writedown for impairment

Depreciation, amortisation, and writedown for impairment comprise depreciation on, amortisation of, and writedown for impairment of intangible and tangible 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, debt and transactions in foreign currency, amortisation of financial assets and liabilities as well as surcharges and reimbursements under the advance tax scheme, etc.

Results from investments in subsidiaries

Dividend from investments in subsidiaries is recognised in the financial year in which the dividend is declared.

Tax on net profit or loss for the year

Tax for the year comprises the current income tax for the year and changes in deferred tax and is recognised in the income statement with the share attributable to the net profit or loss for the year and directly in equity with the share attributable to entries directly in equity.

The company is subject to Danish rules on compulsory joint taxation of Danish group enterprises. The company acts as an administration company in relation to the joint taxation. This means that the total Danish tax payable by the Danish consolidated companies is paid to the tax authorities by the company.

The current Danish income tax is allocated among the jointly taxed companies proportional to their respective taxable income (full allocation with reimbursement of tax losses).

Statement of financial position

Property, plant, and equipment

Property is measured at cost plus revaluations and less accrued depreciation and writedown for impairment. Land is not subject to depreciation.

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.

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

All other 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.

Investments

Investments in subsidiaries

Investments in subsidiaries arerecognised and measured at cost. If the recoverable amount is lower than the cost price, it shall be written down for impairment to this lower value.

Deposits

Deposits are measured at amortised cost and represent lease deposits, etc.

Impairment loss relating to non-current assets

The carrying amount of both intangible and tangible fixed assets as well as equity investments in subsidiaries are subject to annual impairment tests in order to disclose any indications of impairment beyond those expressed by amortisation and depreciation respectively.

If indications of impairment are disclosed, impairment tests are carried out for each individual asset or group of assets, respectively. Writedown for impairment is done to the recoverable amount if this value is lower than the carrying amount.

The recoverable amount is the higher value of value in use and selling price less expected selling cost. The value in use is calculated as the present value of the expected net cash flows from the use of the asset or the asset group and expected net cash flows from the sale of the asset or the asset group after the end of their useful life.

Previously recognised impairment losses are reversed when conditions for impairment no longer exist. Impairment relating to goodwill is not reversed.

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 estimated selling 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.

In order to meet expected losses, impairment takes place at the net realisable value. The company has chosen to use IAS 39 as a basis for interpretation when recognising impairment of financial assets, which means that impairments must be made to offset losses where an objective indication is deemed to have occurred that an account receivable or a portfolio of accounts receivable is impaired.If an objective indication shows that an individual account receivable has been impaired, an impairment takes place at individual level.

Prepayments

Prepaymentsrecognised under assets comprise incurred costs concerning the following financial year.

Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand.

Income tax and deferred tax

As administration company, SEC Scandinavia A/S is liable to the tax authorities for the subsidiaries' corporate income taxes.

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.

The company is jointly taxed with consolidated Danish companies. The current corporate income tax is distributed between the jointly taxed companies in proportion to their taxable income and with full distribution with reimbursement as to tax losses. The jointly taxed companies are comprised by the Danish tax prepayment scheme.

Joint taxation contributions payable and receivable are recognised in the statement of financial position as ”Income tax receivable” or “Income tax payable”.

Deferred tax is measured on the basis of temporary differences in assets and liabilities with a focus on the statement of financial position. Deferred tax is measured at net realisable value.

Adjustments take place in relation to deferred tax concerning elimination of unrealised intercompany gains and losses.

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.

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

Other 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.

Note		2022	2021
	Gross profit	**5.056.122**	**4.729.815**
1	Staff costs	-4.134.434	-3.345.831
	Depreciation and impairment of property, land, and equipment	-13.255	-33.004
	Operating profit	**908.433**	**1.350.980**
	Other financial income	78.211	1.219
2	Other financial expenses	-200.775	-44.679
	Pre-tax net profit or loss	**785.869**	**1.307.520**
	Tax on net profit or loss for the year	-180.796	-290.130
	Net profit or loss for the year	**605.073**	**1.017.390**
	Proposed distribution of net profit:		
	Transferred to retained earnings	605.073	1.017.390
	Total allocations and transfers	**605.073**	**1.017.390**

Balance sheet at 31 December

All amounts in DKK.

Note	Assets	2022	2021
	Non-current assets		
3	Other fixtures, fittings, tools and equipment	36.904	2.967
	Total property, plant, and equipment	36.904	2.967
4	Investments in group enterprises	7.749.160	0
5	Deposits	270.000	0
	Total investments	8.019.160	0
	Total non-current assets	**8.056.064**	**2.967**
	Current assets		
	Raw materials and consumables	3.893.953	3.248.950
	Prepayments for goods	1.578.118	765.351
	Total inventories	5.472.071	4.014.301
	Trade receivables	2.013.102	1.768.042
	Receivables from subsidiaries	4.912.454	0
	Other receivables	595	86.695
	Prepayments	116.979	72.439
	Total receivables	7.043.130	1.927.176
	Cash and cash equivalents	62.060	89.315
	Total current assets	**12.577.261**	**6.030.792**
	Total assets	**20.633.325**	**6.033.759**

Balance sheet at 31 December

All amounts in DKK.

Note	Equity and liabilities	2022	2021
	Equity		
	Contributed capital	500.000	500.000
	Retained earnings	3.480.824	2.875.751
	Total equity	**3.980.824**	**3.375.751**
	Provisions		
	Provisions for deferred tax	16.000	5.000
	Total provisions	**16.000**	**5.000**
	Liabilities other than provisions		
	Bank loans	42.398	0
	Payables to group enterprises	11.828.968	835.082
	Total long term liabilities other than provisions	11.871.366	835.082
	Trade payables	439.841	650.352
	Income tax payable	169.796	284.130
	Other payables	4.155.498	883.444
	Total short term liabilities other than provisions	4.765.135	1.817.926
	Total liabilities other than provisions	**16.636.501**	**2.653.008**
	Total equity and liabilities	**20.633.325**	**6.033.759**
6	**Charges and security**		
7	**Contingencies**		

Statement of changes in equity

All amounts in DKK.

	Contributed capital	Retained earnings	Total
Equity 1 January 2021	500.000	1.858.361	2.358.361
Profit or loss for the year brought forward	0	1.017.390	1.017.390
Equity 1 January 2022	500.000	2.875.751	3.375.751
Profit or loss for the year brought forward	0	605.073	605.073
	500.000	**3.480.824**	**3.980.824**

Notes

All amounts in DKK.

		2022	2021
1.	**Staff costs**		
	Salaries and wages	3.602.576	2.940.053
	Pension costs	465.691	343.612
	Other costs for social security	66.167	62.166
		4.134.434	**3.345.831**
	Average number of employees	8	7
2.	**Other financial expenses**		
	Financial costs, group enterprises	116.889	12.397
	Other financial costs	83.886	32.282
		200.775	**44.679**

		31/12 2022	31/12 2021
3.	**Other fixtures, fittings, tools and equipment**		
	Cost opening balance	184.914	258.621
	Additions during the year	47.192	0
	Disposals during the year	0	-73.707
	Cost end of period	**232.106**	**184.914**
	Amortisation and write-down opening balance	-181.947	-222.650
	Depreciation for the year	-13.255	-33.004
	Reversal of depreciation, amortisation and writedown, assets disposed of	0	73.707
	Amortisation and write-down end of period	**-195.202**	**-181.947**
	Carrying amount, end of period	**36.904**	**2.967**

All amounts in DKK.

		31/12 2022	31/12 2021
4.	**Investments in group enterprises**		
	Additions during the year	7.749.160	0
	Carrying amount, end of period	**7.749.160**	**0**

Financial highlights for the enterprises according to the latest approved annual reports

	Equity interest	Equity	Results for the year	Carrying amount, SEC Scandinavia A/S
Ecofoss A/S, Viborg	100 %	0	0	0
		0	**0**	**0**

		31/12 2022	31/12 2021
5.	**Deposits**		
	Additions during the year	270.000	0
	Cost end of period	**270.000**	**0**
	Carrying amount, end of period	**270.000**	**0**

6. Charges and security

None.

7. Contingencies

Contingent liabilities

Lease liabilities

The company has entered into operational leases with an average annual lease payment of DKK 77 tkr. The leases have 5-32 months to maturity and total outstanding lease payments total DKK 98 tkr.

Warranty commitments and other contingent liabilities:

The company has entered into a tenancy agreement with an annual rent of DKK 1.080 tkr. The agreement may be terminated by giving 6 month's notice. However, the tenancy agreement can only be terminated for eviction on 31 march 2033.

All amounts in DKK.

7. Contingencies (continued)

Joint taxation

The company acts as administration company for the group of companies subject to the Danish scheme of joint taxation and is unlimitedly, jointly, and severally liable, along with the other jointly taxed companies, to pay the total corporation tax.

The company is unlimitedly, jointly, and severally liable, along with the other jointly taxed companies, for any obligations to withhold tax on interest, royalties, and dividends.

Any subsequent adjustments of corporate taxes or withholding taxes, etc., may result in changes in the company's liabilities.