

Ecofoss A/S

Mariendalsvej 28, 8800 Viborg

Company reg. no. 32 82 93 84

Annual report

1 January - 31 December 2022



The annual report was submitted and approved by the general meeting on the 31 January 2023.

Jeppé Ruseng Hansen
Chairman of the meeting

Contents

	<u>Page</u>
Reports	
Management's statement	1
Independent auditor's report	2
Management's review	
Company information	5
Management's review	6
Financial statements 1 January - 31 December 2022	
Accounting policies	7
Income statement	12
Balance sheet	13
Statement of changes in equity	15
Notes	16

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 Ecofoss 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

Juan Antonio Garcia Tormund

Veli Pekka Raatikainen

Arni Martti-Pekka Ekholm

Independent auditor's report

To the Shareholder of Ecofoss A/S

Opinion

We have audited the financial statements of Ecofoss 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.

Independent auditor's report

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and contents of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

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

Statement on Management'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	Ecofoss A/S Mariendalsvej 28 8800 Viborg
	Company reg. no. 32 82 93 84 Established: 11 March 2010 Domicile: Viborg Financial year: 1 January - 31 December
Board of directors	Juan Antonio Garcia Tormund Veli Pekka Raatikainen Arni Martti-Pekka Ekholm
Managing Director	Jeppe Ruseng Hansen
Auditors	Ullits & Winther Statsautoriseret Revisionspartnerselskab Agerlandsvej 1 8800 Viborg
Bankers	Nordea, Sct. Mathias Gade 68, 8800 Viborg
Parent company	SEC Scandinavia A/S

Management's review

Description of key activities of the company

Like previous years, the activities are import and sale of lightingsources as well as related activities.

Development in activities and financial matters

The profit and loss account covers 1 January to 31 December and shows a result of DKK 984.669 against DKK 1.544.267 last year. The balance sheet shows equity of DKK 3.228.559.

Accounting policies

The annual report for Ecofoss 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, write-downs 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.

Accounting policies

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.

Depreciation, amortisation, and write-down for impairment

Depreciation, amortisation, and write-down for impairment comprise depreciation on, amortisation of, and write-down 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, realised and unrealised capital gains and losses relating to securities, debt and transactions in foreign currency, amortisation of financial assets and liabilities as well as surcharges and reimbursements under the advance tax scheme, etc.

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

Accounting policies

Statement of financial position

Property, plant, and equipment

Land and buildings is measured at cost plus revaluations and less accrued depreciation and write-down for impairment. Land is not subject to depreciation.

The depreciable amount is cost plus revaluations at fair value less expected residual value after the end of the useful life of the asset. The amortisation period is fixed at the acquisition date and reassessed annually. If the residual value exceeds the carrying amount of the asset, depreciation is discontinued.

Reversal of previous revaluations and recognised deferred taxes concerning revaluations are recognised directly in company equity.

Depreciation is done on a straight-line basis according to an assessment of the expected useful life:

	Useful life
Buildings	30 years

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.

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.

Accounting policies

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.

Accounts receivable for which there is no objective indication of impairment at the individual level are evaluated at portfolio level for objective indication of impairment. The portfolios are primarily based on the debtors' domicile and credit rating in accordance with the company's and the group's credit risk management policy. Determination of the objective indicators applied for portfolios are based on experience with historical losses.

Impairment losses are calculated as the difference between the carrying amount of accounts receivable and the present value of the expected cash flows, including the realisable value of any securities received. The effective interest rate for the individual account receivable or portfolio is used as the discount rate.

Prepayments

Prepayments recognised under assets comprise incurred costs concerning the following financial year.

Cash and cash equivalents

Cash and cash equivalents 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.

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".

According to the rules of joint taxation, Ecofoss A/S is unlimitedly, jointly, and severally liable to pay the Danish tax authorities the total income tax, including withholding tax on interest, royalties, and dividends, arising from the jointly taxed group of companies.

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

Accounting policies

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.

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.

<u>Note</u>	<u>2022</u>	<u>2021</u>
Gross profit	1.372.204	2.119.456
Depreciation and impairment of property, land, and equipment	<u>0</u>	<u>-33.838</u>
Operating profit	1.372.204	2.085.618
Other financial income	0	17.084
1 Other financial expenses	<u>-105.935</u>	<u>-120.195</u>
Pre-tax net profit or loss	1.266.269	1.982.507
Tax on net profit or loss for the year	<u>-281.600</u>	<u>-438.240</u>
Net profit or loss for the year	984.669	1.544.267
Proposed distribution of net profit:		
Transferred to retained earnings	<u>984.669</u>	<u>1.544.267</u>
Total allocations and transfers	984.669	1.544.267

Balance sheet at 31 December

All amounts in DKK.

<u>Note</u>	<u>2022</u>	<u>2021</u>
Assets		
Non-current assets		
2 Land and buildings	0	859.278
Total property, plant, and equipment	0	859.278
Total non-current assets	0	859.278
Current assets		
Raw materials and consumables	36.417	0
Manufactured goods and goods for resale	6.938.302	4.945.114
Prepayments for goods	999.218	655.016
Total inventories	7.973.937	5.600.130
Trade receivables	1.628.887	1.446.192
Other receivables	0	27.608
Prepayments	33.600	10.058
Total receivables	1.662.487	1.483.858
Cash and cash equivalents	74.933	4.883
Total current assets	9.711.357	7.088.871
Total assets	9.711.357	7.948.149

Balance sheet at 31 December

All amounts in DKK.

<u>Note</u>	<u>2022</u>	<u>2021</u>
Equity and liabilities		
Equity		
Contributed capital	500.000	500.000
Retained earnings	2.728.559	1.743.890
Total equity	<u>3.228.559</u>	<u>2.243.890</u>
Liabilities other than provisions		
Current portion of long term liabilities	0	937.150
Trade payables	374.246	573.302
Payables to group enterprises	4.912.454	85.444
Income tax payable	271.600	438.240
Other payables	924.498	3.670.123
Total short term liabilities other than provisions	<u>6.482.798</u>	<u>5.704.259</u>
Total liabilities other than provisions	<u>6.482.798</u>	<u>5.704.259</u>
Total equity and liabilities	<u>9.711.357</u>	<u>7.948.149</u>

Statement of changes in equity

All amounts in DKK.

	<u>Contributed capital</u>	<u>Retained earnings</u>	<u>Total</u>
Equity 1 January 2021	500.000	199.623	699.623
Profit or loss for the year brought forward	0	1.544.267	1.544.267
Equity 1 January 2022	500.000	1.743.890	2.243.890
Profit or loss for the year brought forward	0	984.669	984.669
	500.000	2.728.559	3.228.559

Notes

All amounts in DKK.

	<u>2022</u>	<u>2021</u>
1. Other financial expenses		
Financial costs, group enterprises	32.799	52.871
Other financial costs	<u>73.136</u>	<u>67.324</u>
	<u>105.935</u>	<u>120.195</u>
	<u>31/12 2022</u>	<u>31/12 2021</u>
2. Land and buildings		
Cost opening balance	926.854	926.954
Disposals during the year	<u>-926.854</u>	<u>0</u>
Cost end of period	<u>0</u>	<u>926.954</u>
Depreciation and write-down opening balance	-67.676	-33.838
Depreciation for the year	0	-33.838
Depreciation, amortisation and writedown for the year, assets disposed of	<u>67.676</u>	<u>0</u>
Depreciation and write-down end of period	<u>0</u>	<u>-67.676</u>
Carrying amount, end of period	<u>0</u>	<u>859.278</u>