
SGM Finance ApS

Sommervej 23, DK-8210 Aarhus V

Annual Report for 1 January - 31 December 2018

CVR No 37 23 91 27

The Annual Report was
presented and adopted at
the Annual General
Meeting of the Company on
21/5 2019

Paolo Covre
Chairman of the General
Meeting



Contents

	<u>Page</u>
Management's Statement and Auditor's Report	
Management's Statement	1
Independent Auditor's Report	2
Company Information	
Company Information	5
Financial Statements	
Income Statement 1 January - 31 December	6
Balance Sheet 31 December	7
Notes to the Financial Statements	8

Management's Statement

The Executive Board and Board of Directors have today considered and adopted the Annual Report of SGM Finance ApS for the financial year 1 January - 31 December 2018.

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

In our opinion the Financial Statements give a true and fair view of the financial position at 31 December 2018 of the Company and of the results of the Company operations for 2018.

We recommend that the Annual Report be adopted at the Annual General Meeting.

Aarhus, 21 May 2019

Executive Board

Peter Johansen

Board of Directors

Paolo Covre
Chairman

Peter Johansen

Massimo Covre

Independent Auditor's Report

To the Shareholder of SGM Finance ApS

Opinion

In our opinion, the Financial Statements give a true and fair view of the financial position of the Company at 31 December 2018 and of the results of the Company's operations for the financial year 1 January - 31 December 2018 in accordance with the Danish Financial Statements Act.

We have audited the Financial Statements of SGM Finance ApS for the financial year 1 January - 31 December 2018, which comprise income statement, balance sheet and notes, including a summary of significant accounting policies ("the Financial Statements").

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' Code of Ethics for Professional Accountants (IESBA Code) 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.

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 judgement 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 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.

Independent Auditor's Report

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.

Aarhus, 21 May 2019

PricewaterhouseCoopers

Statsautoriseret Revisionspartnerselskab

CVR No 33 77 12 31

Mads Meldgaard

State Authorised Accountant

mne24826

Tina Østerby Najbjerg

State Authorised Accountant

mne33802

Company Information

The Company

SGM Finance ApS
Sommervej 23
DK-8210 Aarhus V

CVR No: 37 23 91 27
Financial period: 1 January - 31 December
Municipality of reg. office: Aarhus

Board of Directors

Paolo Covre, Chairman
Peter Johansen
Massimo Covre

Executive Board

Peter Johansen

Auditors

PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
Nobelparken
Jens Chr. Skous Vej 1
DK-8000 Aarhus C

Income Statement 1 January - 31 December

	Note	2018 EUR	2017 EUR
Administrative expenses		-3,857	-3,525
Operating profit/loss		-3,857	-3,525
Financial income	2	473,096	322,371
Financial expenses	3	-354,697	-303,840
Profit/loss before tax		114,542	15,006
Tax on profit/loss for the year	4	-25,190	-3,301
Net profit/loss for the year		89,352	11,705

Distribution of profit

Proposed distribution of profit

Retained earnings	89,352	11,705
	89,352	11,705

Balance Sheet 31 December

	Note	2018 EUR	2017 EUR
Assets			
Trade receivables		1,960,228	3,663,255
Receivables from group enterprises		2,435,769	1,186,963
Receivables from associates		1,737,201	2,109,165
Receivables		6,133,198	6,959,383
Cash at bank and in hand		115	88,715
Currents assets		6,133,313	7,048,098
Assets		6,133,313	7,048,098
Liabilities and equity			
Share capital		6,800	6,800
Retained earnings		105,615	16,539
Equity	5	112,415	23,339
Payables to group enterprises		5,425,000	5,425,000
Long-term debt	6	5,425,000	5,425,000
Credit institutions		15,489	102
Trade payables		2,344	2,678
Payables to group enterprises	6	548,215	1,592,319
Corporation tax		29,850	4,660
Short-term debt		595,898	1,599,759
Debt		6,020,898	7,024,759
Liabilities and equity		6,133,313	7,048,098
Key activities	1		
Contingent assets, liabilities and other financial obligations	7		
Related parties	8		
Accounting Policies	9		

Notes to the Financial Statements

1 Key activities

The Company's key activities comprise factoring and related activities.

2 Financial income

	2018 EUR	2017 EUR
Interest received from group enterprises	388,318	322,371
Other financial income	6,897	0
Exchange gains	77,881	0
	473,096	322,371

3 Financial expenses

Interest paid to group enterprises	352,656	300,198
Other financial expenses	2,041	3,642
	354,697	303,840

4 Tax on profit/loss for the year

Current tax for the year	25,190	3,301
	25,190	3,301

5 Equity

	Share capital EUR	Retained earnings EUR	Total EUR
Equity at 1 January	6,800	16,539	23,339
Exchange adjustments	0	-276	-276
Net profit/loss for the year	0	89,352	89,352
Equity at 31 December	6,800	105,615	112,415

Notes to the Financial Statements

6 Long-term debt

Payments due within 1 year are recognised in short-term debt. Other debt is recognised in long-term debt.

The debt falls due for payment as specified below:

	2018 EUR	2017 EUR
Payables to group enterprises		
Between 1 and 5 years	5,425,000	5,425,000
Long-term part	5,425,000	5,425,000
Other short-term debt to group enterprises	548,215	1,592,319
	5,973,215	7,017,319

7 Contingent assets, liabilities and other financial obligations

Contingent liabilities

The group companies are jointly and severally liable for tax on the jointly taxed incomes etc of the Group. The total amount of corporation tax payable is disclosed in the Annual Report of P.L.I. Professional Lighting International ApS, which is the management company of the joint taxation purposes. Moreover, the group companies are jointly and severally liable for Danish withholding taxes by way of dividend tax, tax on royalty payments and tax on unearned income. Any subsequent adjustments of corporation taxes and withholding taxes may increase the Company's liability.

Notes to the Financial Statements

8 Related parties

	<u>Basis</u>
Controlling interest	
P.L.I. Professional Lighting International ApS, Sommervej 23, DK-8210 Aarhus V	Parent Company

Transactions

The Company has chosen only to disclose transactions which have not been made on an arm's length basis in accordance with section 98(c)(7) of the Danish Financial Statements Act.

Consolidated Financial Statements

The Company is included in the Group Annual Report of the Parent Company

<u>Name</u>	<u>Place of registered office</u>
P.L.I. Professional Lighting International ApS, CVR no. 37 20 77 64	Aarhus

The Group Annual Report of P.L.I. Professional Lighting International ApS, CVR no. 37 20 77 64 may be obtained at the following address:

P.L.I. Professional Lighting International ApS
Sommervej 23
DK8210 Aarhus V

Notes to the Financial Statements

9 Accounting Policies

The Annual Report of SGM Finance ApS for 2018 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to enterprises of reporting class B.

The accounting policies applied remain unchanged from last year.

The Financial Statements for 2018 are presented in EUR.

Recognition and measurement

Revenues are recognised in the income statement as earned. Furthermore, value adjustments of financial assets and liabilities measured at fair value or amortised cost are recognised. Moreover, all expenses incurred to achieve the earnings for the year are recognised in the income statement, including depreciation, amortisation, impairment losses and provisions as well as reversals due to changed accounting estimates of amounts that have previously been recognised in the income statement.

Assets are recognised in the balance sheet when it is probable that future economic benefits attributable to the asset will flow to the Company, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when it is probable that future economic benefits will flow out of the Company, and the value of the liability can be measured reliably.

Assets and liabilities are initially measured at cost. Subsequently, assets and liabilities are measured as described for each item below.

Translation policies

EURO is used as the presentation currency. All other currencies are regarded as foreign currencies.

Transactions in foreign currencies are translated at the exchange rates at the dates of transaction. Exchange differences arising due to differences between the transaction date rates and the rates at the dates of payment are recognised in financial income and expenses in the income statement. Where foreign exchange transactions are considered hedging of future cash flows, the value adjustments are recognised directly in equity.

Receivables, payables and other monetary items in foreign currencies that have not been settled at the balance sheet date are translated at the exchange rates at the balance sheet date. Any differences between the exchange rates at the balance sheet date and the rates at the time when the receivable or the debt arose are recognised in financial income and expenses in the income statement.

Fixed assets acquired in foreign currencies are measured at the transaction date rates.

Notes to the Financial Statements

9 Accounting Policies (continued)

Income Statement

Administrative expenses

Administrative expenses comprise expenses for Management, administrative staff and office expenses.

Financial income and expenses

Financial income and expenses are recognised in the income statement at the amounts relating to the financial year.

Tax on profit/loss for the year

Tax for the year consists of current tax for the year and changes in deferred tax for the year. The tax attributable to the profit for the year is recognised in the income statement, whereas the tax attributable to equity transactions is recognised directly in equity.

The Company is jointly taxed with P.L.I. Professional Lighting International ApS. The tax effect of the joint taxation is allocated to enterprises in proportion to their taxable incomes.

Balance Sheet

Receivables

Receivables are measured in the balance sheet at the lower of amortised cost and net realisable value, which corresponds to nominal value less provisions for bad debts. Provisions for bad debts are determined on the basis of an individual assessment of each receivable, and in respect of trade receivables, a general provision is also made based on the Company's experience from previous years.

Current tax receivables and liabilities

Current tax liabilities and receivables are recognised in the balance sheet as the expected taxable income for the year adjusted for tax on taxable incomes for prior years and tax paid on account. Extra payments and repayment under the on-account taxation scheme are recognised in the income statement in financial income and expenses.

Financial debts

Debts are measured at amortised cost, substantially corresponding to nominal value.