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**SGM FINANCE APS**  
**SOMMERVEJ 23C, 8210 AARHUS V**  
**ANNUAL REPORT**  
**1 JANUARY - 31 DECEMBER 2021**

**The Annual Report has been presented and  
adopted at the Company's Annual General  
Meeting on 24 May 2022**

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**Massimo Covre**

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**COMPANY DETAILS**

|                           |  |
|---------------------------|--|
| <b>Company</b>            | SGM Finance ApS<br>Sommervej 23C<br>8210 Aarhus V  |
|                           | CVR No.: 37 23 91 27<br>Established: 17 November 2015<br>Municipality: Aarhus<br>Financial Year: 1 January - 31 December |
| <b>Board of Directors</b> | Paolo Covre, chairman<br>Filippo Bortolini<br>Massimo Covre  |
| <b>Executive Board</b>    | Massimo Covre  |
| <b>Auditor</b>            | BDO Statsautoriseret revisionsaktieselskab<br>Kolding Åpark 8A, 7. sal<br>6000 Kolding                                   |

## MANAGEMENT'S STATEMENT

Today the Board of Directors and Executive Board have discussed and approved the Annual Report of SGM Finance ApS for the financial year 1 January - 31 December 2021.

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

In our opinion the Financial Statements give a true and fair view of the Company's assets, liabilities and financial position at 31 December 2021 and of the results of the Company's operations for the financial year 1 January - 31 December 2021.

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.

Pordenone, 24 May 2022

Executive Board

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Massimo Covre

Board of Directors

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Paolo Covre  
Chairman

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Filippo Bortolini

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Massimo Covre

## INDEPENDENT AUDITOR'S REPORT

To the Shareholders of SGM Finance ApS

### Opinion

We have audited the Financial Statements of SGM Finance ApS for the financial year 1 January - 31 December 2021, which comprise income statement, Balance Sheet, statement of changes in equity, notes and a summary of significant accounting policies. The Financial Statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the Financial Statements give a true and fair view of the assets, liabilities and financial position of the Company at 31 December 2021 and of the results of the Company's operations for the financial year 1 January - 31 December 2021 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 (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 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.

## INDEPENDENT AUDITOR'S REPORT

- 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 Commentary

Management is responsible for Management Commentary.

Our opinion on the Financial Statements does not cover Management Commentary, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the Financial Statements, our responsibility is to read Management Commentary and, in doing so, consider whether Management Commentary 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 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 Financial Statements 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.

Kolding, 24 May 2022

BDO Statsautoriseret revisionsaktieselskab  
CVR no. 20 22 26 70

Jørn Holm  
State Authorised Public Accountant  
MNE no. mne35808

## MANAGEMENT COMMENTARY

### **Principal activities**

The principal activities comprise factoring and related activities.

### **Development in activities and financial and economic position**

The income statement of the Company for 2021 shows a profit of EUR 251,665, and at 31 December 2021 the balance sheet of the Company shows equity of EUR 318,095.

### **Significant events after the end of the financial year**

No events have occurred after the end of the financial year of material importance for the Company's financial position.

## INCOME STATEMENT 1 JANUARY - 31 DECEMBER

|  | Note | 2021<br>EUR    | 2020<br>EUR '000 |
|--|------|----------------|------------------|
| Administrative expenses.....           |      | -4.252         | -3               |
| <b>OPERATING LOSS.....</b>             |      | <b>-4.252</b>  | <b>-3</b>        |
| Financial income.....                  | 1    | 577.561        | 444              |
| Financial expenses.....                | 2    | -246.041       | -577             |
| <b>PROFIT BEFORE TAX.....</b>          |      | <b>327.268</b> | <b>-136</b>      |
| Tax on profit/loss for the year.....   | 3    | -75.603        | 30               |
| <b>PROFIT FOR THE YEAR.....</b>        |      | <b>251.665</b> | <b>-106</b>      |
| <b>PROPOSED DISTRIBUTION OF PROFIT</b> |      |                |                  |
| Retained earnings.....                 |      | 251.665        | -106             |
| <b>TOTAL.....</b>                      |      | <b>251.665</b> | <b>-106</b>      |



## BALANCE SHEET AT 31 DECEMBER

| ASSETS                                       | Note | 2021<br>EUR      | 2020<br>EUR '000 |
|--|------|------------------|------------------|
| Trade receivables .....                      |      | 1.161.362        | 1.446            |
| Receivables from group enterprises.....      |      | 3.480.297        | 3.098            |
| Receivables from associated enterprises..... |      | 1.528.755        | 416              |
| Deferred tax assets.....                     |      | 0                | 30               |
| Other receivables.....                       |      | 305.073          | 340              |
| <b>Receivables.....</b>                      |      | <b>6.475.487</b> | <b>5.330</b>     |
| <b>Cash and cash equivalents.....</b>        |      | <b>101.051</b>   | <b>670</b>       |
| <b>CURRENT ASSETS.....</b>                   |      | <b>6.576.538</b> | <b>6.000</b>     |
| <b>ASSETS.....</b>                           |      | <b>6.576.538</b> | <b>6.000</b>     |

## BALANCE SHEET AT 31 DECEMBER

| EQUITY AND LIABILITIES   | Note     | 2021<br>EUR      | 2020<br>EUR '000 |
|--|----------|------------------|------------------|
| Share capital.....   |          | 6.800            | 7                |
| Retained earnings.....   |          | 311.295          | 58               |
| <b>EQUITY.....</b>   |          | <b>318.095</b>   | <b>65</b>        |
| Payables to group enterprises.....                                     |          | 5.425.000        | 5.425            |
| <b>Non-current liabilities.....</b>                                    | <b>4</b> | <b>5.425.000</b> | <b>5.425</b>     |
| Prepayments from customers.....  |          | 70.185           | 0                |
| Trade payables.....  |          | 14.665           | 2                |
| Debt to Group companies.....   |          | 703.244          | 508              |
| Corporation tax payable.....   |          | 45.349           | 0                |
| <b>Current liabilities.....</b>  |          | <b>833.443</b>   | <b>510</b>       |
| <b>LIABILITIES.....</b>  |          | <b>6.258.443</b> | <b>5.935</b>     |
| <b>EQUITY AND LIABILITIES.....</b>                                     |          | <b>6.576.538</b> | <b>6.000</b>     |
| <br>Contingencies etc.   | <br>5    |                  |                  |
| Charges and securities   | 6        |                  |                  |
| Related parties  | 7        |                  |                  |
| Information on uncertainty with respect to recognition and measurement | 8        |                  |                  |
| Consolidated Financial Statements                                      | 9        |                  |                  |
| Staff costs  | 10       |                  |                  |

## EQUITY

|  | Share capital | Retained earnings | Total          |
|--|---------------|-------------------|----------------|
| Equity at 1 January 2021.....          | 6.800         | 58.867            | 65.667         |
| Proposed profit allocation.....        |               | 251.665           | 251.665        |
| <b>Other legal bindings</b>            |               |                   |                |
| Foreign exchange adjustments.....      |               | 763               | 763            |
| <b>Equity at 31 December 2021.....</b> | <b>6.800</b>  | <b>311.295</b>    | <b>318.095</b> |

## NOTES

|  |                                 |                        |                                      |                                 | Note |
|--|---------------------------------|------------------------|--------------------------------------|---------------------------------|------|
|  |                                 | 2021<br>EUR            |                                      | 2020<br>EUR '000                |      |
| <b>Financial income</b>  |                                 |                        |                                      |                                 |      |
| Group enterprises.....   |                                 | 404.627                |                                      | 367                             | 1    |
| Other interest income.....   |                                 | 172.934                |                                      | 77                              |      |
|  |                                 | <b>577.561</b>         |                                      | <b>444</b>                      |      |
| <b>Financial expenses</b>  |                                 |                        |                                      |                                 |      |
| Group enterprises.....   |                                 | 244.437                |                                      | 348                             | 2    |
| Other interest expenses.....   |                                 | 1.604                  |                                      | 229                             |      |
|  |                                 | <b>246.041</b>         |                                      | <b>577</b>                      |      |
| <b>Tax on profit/loss for the year</b>   |                                 |                        |                                      |                                 |      |
| Calculated tax on taxable income of the year.....  |                                 | 45.346                 |                                      | 0                               | 3    |
| Adjustment of deferred tax.....  |                                 | 30.257                 |                                      | -30                             |      |
|  |                                 | <b>75.603</b>          |                                      | <b>-30</b>                      |      |
| <b>Long-term liabilities</b>   |                                 |                        |                                      |                                 |      |
|  | 31/12 2021<br>total liabilities | Repayment<br>next year | Debt<br>outstanding<br>after 5 years | 31/12 2020<br>total liabilities | 4    |
| Payables to group enterprises.....   | 5.425.000                       | 0                      | 5.425.000                            | 5.425.000                       |      |
|  | <b>5.425.000</b>                | <b>0</b>               | <b>5.425.000</b>                     | <b>5.425.000</b>                |      |
| <b>Contingencies etc.</b>  |                                 |                        |                                      |                                 |      |
| <b>Joint liabilities</b>   |                                 |                        |                                      |                                 |      |
| The Company is jointly and severally liable together with the Parent Company and the other group companies in the joint taxable group for tax on the group's joint taxable income and for certain possible withholding taxes, such as dividend tax, etc.   |                                 |                        |                                      |                                 |      |
| Tax payable on the Group's joint taxable income is stated in the annual report of P.L.I. Professional Lighting International ApS, which serves as management Company for the joint taxation.   |                                 |                        |                                      |                                 |      |
| <b>Charges and securities</b>  |                                 |                        |                                      |                                 |      |
| As security for bank debt, a corporate mortgage of TEUR 336 has been issued, in the company's trade receivables, other fixtures and fittings, tools and equipment and inventories, which amounts to a total of TEUR 1.162. Furthermore, the same corporate mortgage has been pledged as security for a sister company's approved bank overdraft facility, which amounts to a max. of 4.000 EUR. The bank debt relating to the bank facility amounts per 31 December to TEUR 2,450. |                                 |                        |                                      |                                 |      |

NOTES

|  | <b>Note</b>  |      |      |      |                    |  |  |                             |   |   |
|--|--|------|------|------|--------------------|--|--|-----------------------------|---|---|
| <p><b>Related parties</b><br/>The Company's related parties include:</p>   | <b>7</b>   |      |      |      |                    |  |  |                             |   |   |
| <p><b>Controlling interest</b><br/>P.L.I. Professional Lighting International ApS, Sommervej 23, 8210 Aarhus V, is the Parent Company.</p>   |  |      |      |      |                    |  |  |                             |   |   |
| <p><b>Transactions with related parties</b><br/>The Company did not carry out any material transactions that were not concluded on market conditions. According to section 98c, subsection 7 of the Danish Financial Statements Act information is given only on transactions that were not performed on common market conditions.</p>   |  |      |      |      |                    |  |  |                             |   |   |
| <p><b>Information on uncertainty with respect to recognition and measurement</b><br/>The company has a total net receivable of K EUR 1.007 from a customer and business partner. The receivable is expected to be settled over 5-6 years based on management's estimate. Management's estimate is based on expected normalization in the industry after COVID-19 and the estimated future perspectives for the business partner. Development in 2022 confirm management's assessment. The receivable is measured at amortized costs is based on management's estimate. Due to the factoring agreement between the company and SGM Light A/S, the company will have a recourse claim against SGM Light A/S if the receivable is impaired, and any adjustments to the value of the receivable is not expected to affect the company.</p> | <b>8</b>   |      |      |      |                    |  |  |                             |   |   |
| <p><b>Consolidated Financial Statements</b><br/>The Company is included in the consolidated Financial Statements of P.L.I. Professional Lighting International ApS, Sommervej 23, 8210 Aarhus V, CVR No. 37 20 77 64.</p>  | <b>9</b>   |      |      |      |                    |  |  |                             |   |   |
|  | <table border="0" style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th></th> <th style="text-align: right;">2021</th> <th style="text-align: right;">2020</th> </tr> </thead> <tbody> <tr> <td><b>Staff costs</b></td> <td></td> <td></td> </tr> <tr> <td>Average number of employees</td> <td style="text-align: right;">1</td> <td style="text-align: right;">1</td> </tr> </tbody> </table> |      | 2021 | 2020 | <b>Staff costs</b> |  |  | Average number of employees | 1 | 1 |
|  | 2021   | 2020 |      |      |                    |  |  |                             |   |   |
| <b>Staff costs</b>   |  |      |      |      |                    |  |  |                             |   |   |
| Average number of employees  | 1  | 1    |      |      |                    |  |  |                             |   |   |
| <p>There is only hired one director, who does not receive remuneration.</p>  | <b>10</b>  |      |      |      |                    |  |  |                             |   |   |

## ACCOUNTING POLICIES

The Annual Report of SGM Finance ApS for 2021 has been presented in accordance with the provisions of the Danish Financial Statements Act for enterprises in reporting class B and certain provisions applying to reporting class C.

The Annual Report is prepared consistently with the accounting principles applied last year.

The Annual Report are presented in EUR.

## INCOME STATEMENT

### Administrative expenses

Administrative expenses recognise costs incurred during the year regarding management and administration and office expenses.

### Financial income and expenses

Financial income and expenses include interest income and expenses, realised and unrealised gains and losses arising from 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.

## BALANCE SHEET

### Receivables

Receivables are measured at amortised cost which usually corresponds to nominal value. The value is written down to meet expected losses.

### 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

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

### Foreign currency translation

Transactions in foreign currencies are translated at the rate of exchange on the transaction date. Exchange differences arising between the rate on the transaction date and the rate on the payment date are recognised in the Income Statement as a financial income or expense.

Receivables, payables and other monetary items in foreign currencies that are not settled on the Balance Sheet date are translated at the exchange rate on the Balance Sheet date. The difference between the exchange rate on the Balance Sheet date and the exchange rate at the date when the receivables or payables come into existence recognised in the Income Statement as financial income or expenses.

Fixed assets acquired in foreign currencies are translated at the rate of exchange on the transaction date.

The Income Statements of foreign subsidiaries and associates fulfilling the conditions for being independent entities are translated at an average exchange rate for the year and the Balance Sheet items are translated at the rate of exchange on the Balance Sheet date. Exchange differences arising from translation of the equity of foreign subsidiaries at the beginning of the year to the rates of the Balance Sheet date and from translation of Income Statements from average rate to the rates of the Balance Sheet date are recognised directly in the equity.