

Schneider Nordic Baltic A/S

Lautrupvang 1

2750 Ballerup

CVR no. 21 40 93 32

Annual Report 2019

The annual report was presented and approved at the
Company's annual general meeting on

18 September, 2020

Thomas Träger
CEO

Contents

Statement by the Board of Directors and the Executive Board	2
Independent auditors' report	3
Management's review	5
Company details	5
Operating review	7
Financial statements for the period 1 January - 31 December	8
Income statement	8
Balance sheet	9
Accounting policies	12
Notes to the financial statements	16

Statement by the Board of Directors and the Executive Board

The Board of Directors and Executive Board have discussed and approved the annual report of Schneider Nordic Baltic A/S for the financial year 1 January - 31 December 2019.

The annual report has been prepared in accordance with 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 2019 and of the results of the Company's operations for the financial year 1 January – 31 December 2019.

Further, in our opinion, the Management's review gives a fair review of the development in the Company's operations and financial matters, of the results for the year and of the Company's financial position.

We recommend that the annual report is approved at the annual general meeting.

Ballerup, 18 September 2020

Executive Board:

Thomas Träger
CEO

Rasmus Haagensen Munkholm
CFO

Board of Directors:

Barbara Frei-Spreiter
Chairman

Birgitte Marguerite Véronique
Ludivine Blanc

Bernadette Alice Drillat ep.
Meunier-Beillard

Independent auditors' report

To the shareholder of Schneider Nordic Baltic A/S

Opinion

We have audited the financial statements of Schneider Nordic Baltic A/S for the financial year 1 January 2019 - 31 December 2019, which comprise income statement, balance sheet, statement of changes in equity and notes including 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 financial position of the Company at 31 December 2019 and of the results of the Company's operations for the financial year 1 January – 31 December 2019 in accordance with the Danish Financial Statements Act.

Basis of opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and 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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

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 additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these rules and requirements.

Managements' responsibility for the audit of 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 the 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 as to 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 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 the financial statements.

As part of an audit conducted in accordance with ISAs and 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

- Independent auditors' report (continued)

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 note 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 matter, 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 the Management's review

Management is responsible for the Management's review.

Our opinion on the financial statements does not cover the Management's review, 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 the Management's review and, in doing so, consider whether the 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 the Management's review provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we conclude that the Management's review 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 the Management's review.

Copenhagen, 18 September 2020

EY Godkendt Revisionspartnerselskab

CVR No. 30 70 02 28

Jan C. Olsen
State authorised
public accountant
mne33717

Dennis Dupont
State authorised
public accountant
mne36192

Management's review

Company details

Schneider Nordic Baltic A/S
Lautrupvang 1
2750 Ballerup
Denmark

Registration No.: 21 40 93 32
Established: 1 October 1998
Registered office: Ballerup
Financial year: 1 January – 31 December

Supervisory Board

Barbara Frei-Spreiter, chairman
Brigitte Marqueritte Véronique Ludivine Blanc
Bernadette Alice Drillet ep. Meunier-Beillard

Executive Board

Thomas Träger
Rasmus Haagensen Munkholm

Auditors

EY Godkendt Revisionspartnerselskab
Dirch Passers Alle 36
2000 Frederiksberg
Denmark

Annual general meeting

The annual general meeting will be held on 18 September 2020

Management's review

Financial highlights

DKK'000	2019	2018	2017	2016	2015
Key figures					
Ordinary operating loss	-6,282	-2,327	-9,538	-3,616	-3,337
Profit from financial income and expenses	1,280,734	795,792	531,601	236,917	574,134
Profit/loss for the year	1,291,691	799,969	519,475	235,675	573,720
Balance sheet					
Total assets	4,197,634	3,707,967	3,428,603	3,281,436	3,477,267
Equity	4,177,949	3,686,227	3,404,910	3,121,110	3,459,155
Ratios					
Solvency ratio	99,5%	99,4%	99,3%	95,1%	99,5%
Return on equity	30,8%	22,6%	15,8%	7,2%	16,5%

Financial ratios are calculated in accordance with the Danish Society of Financial Analysts' guidelines on the calculation of financial ratios. The financial ratios have been calculated as follows:

Return on equity
$$\frac{\text{Profit/loss for the year after tax} \times 100}{\text{Average equity}}$$

Solvency ratio
$$\frac{\text{Equity at year end} \times 100}{\text{Total liabilities}}$$

Operating review

The Company's business review

Schneider Nordic Baltic A/S is the parent company of the majority of Schneider Electric Industries SAS' operations in the Nordic and Baltic countries.

The principal activities in the subsidiaries comprise the production and sale of electric installation equipment and communication, industrial automation and security solutions.

Financial review

The income statement for 2019 shows a profit of DKK 1,291,691 thousand against a profit of DKK 799,969 thousand last year, and the balance sheet at 31 December 2019 shows equity of DKK 4,177,949 thousand. Management have identified a potential risk for impairment

Management's review

Operating review (continued)

Financial review (continued)

On the investment in subsidiaries due to a change in the current set up. As a consequence the investments in subsidiaries have been written down with 445,000 thousand.

Profit/loss for the year (including comparison with forecast previously announced)

The result is in line with our expectations.

Outlook

We expect the result of 2020 to be at a lower level than the result in 2019, due to lower dividend from subsidiaries in 2020.

Corporate social responsibility

The Company is following the parent company guidelines for social responsibilities including climate impact, environment, anti-corruption and bribery, social and staff matters and human rights.

In accordance with the Danish Financial Statements Act section 99(a), we refer to our parent company's sustainable Development Annual Report, see link:

<https://annualreport.se.com/#sustainability>

Goals and policies for the underrepresented gender

At 31 December 2019, the Board consisted of 3 elected people, of whom all 3 were women. Based on the composition at 31 December 2019, we do not meet the requirement of the Board gender distribution in line with the Danish Financial Statement Act section 99(b). We have a goal of electing one man for the Board of Directors before the end of 2024. For 2019, the targeted Board Gender distribution was not fulfilled, as no new members to Board of Directors were elected. The Company has no employees in 2019, therefore according to the Danish Financial Statements Act no policy is needed to be prepared.

Post balance sheet events

The outcome and potential impact on the Company's investments and dividend income from investments due to Covid-19 is as of the date of the approval of the annual report uncertain. No other events have occurred after the financial year-end, which could significantly affect the Company's financial position.

Financial Statements 1 January – 31 December

Income statement

DKK'000	Note	2019	2018
Administrative expenses	2	-6,282	-2,327
Ordinary operating profit/loss		-6,282	-2,327
Other operating income	3	72,410	92,470
Other operating costs	4	-55,279	-85,770
Operating profit/loss		10,849	4,373
Income from equity investments in group entities		1,737,075	796,507
Financial income	5	220	298
Financial expenses	6	-456,561	-1,014
Profit from ordinary activities before tax		1,291,583	800,164
Tax on profit/loss for the year	7	108	-195
Profit for the year	8	1,291,691	799,969

Financial Statements 1 January – 31 December

Balance sheet

DKK'000	Note	2019	2018
ASSETS			
Non-current assets			
Intangible assets			
Software	9	1,541	2,061
Prepayment on intangible assets		1,181	1,022
		2,722	3,083
Investments			
Investments in subsidiaries	10	2,825,843	3,270,843
		2,825,843	3,270,843
Total non-current assets		2,828,565	3,273,926
Current assets			
Receivables			
Amounts owed by subsidiaries		1,367,861	434,041
Other receivables	11	395	0
Deferred tax		813	0
		1,369,069	434,041
Total current assets		1,369,069	434,041
TOTAL ASSETS		4,197,634	3,707,967

Financial Statements 1 January – 31 December

Balance sheet

DKK'000	Note	2019	2018
EQUITY AND LIABILITIES			
Equity			
Share capital	12	306,400	306,400
Retained earnings		2,579,858	2,579,858
Proposed dividends		1,291,691	799,969
Total equity		4,177,949	3,686,227
Provisions			
Provisions for deferred tax	11	0	73
Total provisions		0	73
Current liabilities other than provisions			
Trade payables		0	1,154
Amounts owed to subsidiaries		3,587	12,365
Income taxes payable		1,045	21
Other payables		15,053	8,127
Total liabilities other than provisions		19,685	21,667
TOTAL EQUITY AND LIABILITIES		4,197,634	3,707,967
 Related party disclosures	 15		

Financial Statements 1 January – 31 December

Statement of changes in equity

DKK'000	Share capital	Retained earnings	Dividend proposed for the year	Total
Equity at 1 January 2018	306,400	2,579,858	518,652	3,404,910
Profit/loss for the year	0	0	799,969	799,969
Distributed dividends	0	0	-518,652	-518,652
Equity at 1 January 2019	306,400	2,579,858	799,969	3,686,227
Profit/loss for the year	0	0	1,291,691	1,291,691
Distributed dividends	0	0	-799,969	-799,969
Equity at 31 December 2019	306,400	2,579,858	1,291,691	4,177,949

Financial statements 1 January - 31 December

Notes (continued)

1 Accounting policies

The annual report of Schneider Nordic Baltic A/S for 2019 has been prepared in accordance with the provisions applying to reporting class C large entities under the Danish Financial Statements Act.

The accounting policies used in the preparation of the financial statements are consistent with those of last year.

Omission of cash flow statement

Pursuant to section 86 (4) of the Danish Financial Statements Act no cash flow statement has been prepared. The Company's cash flows are included in the cash flow statement in the consolidated financial statement of Schneider Electric Industries SAS.

Consolidated financial statements

With reference to section 112 (1) of the Danish Financial Statement Act, no consolidated financial statements have been prepared as the financial statements of Schneider Nordic Baltic A/S and all its subsidiaries are included in the consolidated financial statements of Schneider Electric Industries SAS (France).

Reporting currency

The financial statements are presented in Danish kroner thousands (DKK'000).

Foreign currency translation

On initial recognition, transactions denominated in foreign currencies are translated at the exchange rates at the transaction date. Foreign exchange differences arising between the exchange rates at the transaction date and at the date of payment are recognised in the income statement as financial income or financial expenses.

Receivables and payables and other monetary items denominated in foreign currencies are translated at the exchange rates at the balance sheet date. The difference between the exchange rates at the balance sheet date and at the date at which the receivable or payable arose or was recognised in the latest financial statements is recognised in the income statement as financial income or financial expenses.

Financial statements 1 January - 31 December

Notes (continued)

Income statement

Administrative expenses

Administrative expenses include office premises/expenses, audit and legal expenses as well as amortisation of intangible assets used for administrative purposes.

Income from investment in group entities

The item includes dividends from subsidiaries in so far as the dividend does not exceed the accumulated earnings in the subsidiary in the period of ownership.

Other operating income

Other operating income comprises only re invoicing of costs from other Schneider Electric group entities to Nordic group entities and bonus from customers.

Other operating expenses

Other operating expenses comprise purchases of services from other Schneider Electric group entities and re invoicing of received bonuses.

Financial income and expenses

Financial income and expenses are recognised in the income statement at the amounts that concern the financial year. Net financials include interest income and expenses, realised gains and losses on investments, payables and transactions denominated in foreign currencies as well as allowances and surcharges under the advance-payment of tax scheme, etc.

Tax on profit/loss for the year

Tax for the year includes current tax on the year's expected taxable income and the year's deferred tax adjustments. The portion of the tax that relates to the profit/loss for the year is recognised in the income statement, whereas the portion that relates to transactions taken to equity is recognised in equity.

The company acts as management company for the joint taxation group in Denmark, and consequently settles all corporate income tax payments with the Danish Tax Authorities. The

Financial statements 1 January - 31 December

Notes (continued)

Tax on profit/loss for the year (continued)

Danish income tax charge is allocated between profit making and loss-making Danish entities in proportion to their taxable income (full allocation method).

Jointly taxed companies entitled to a tax refund are, as a minimum, reimbursed by the management company according to the current rates applicable to interest allowances, and jointly taxed companies having paid too little tax pay, as a maximum, a surcharge according to the current rates applicable to interest surcharges to the management company.

Balance sheet

Intangible assets

Intangible assets comprise software licenses and prepayments for new software solutions. Intangible assets are measured at cost less accumulated amortisations and impairment losses.

Investments in subsidiaries

Investments in subsidiaries are measured at cost. The cost is reduced by received dividends exceeding the accumulated earnings after the acquisition date.

Impairment test of fixed assets

Every year, intangible assets as well as investments in subsidiaries are reviewed for impairment. Where there is indication of impairment, an impairment test is made for each individual asset or group of assets, respectively, generating independent cash flows. The assets are written down to the higher of the value in use and the net selling price of the asset or group of assets (recoverable amount) if it is lower than the carrying amount.

Financial statements 1 January - 31 December

Notes (continued)

Receivables

Receivables are measured at amortised cost.

An impairment loss is recognised if there is an objective indication that a receivable is impaired.

Write -downs are calculated as the difference between the carrying amount of the receivables and the present value of the expected cash flows, including the realisable value of any collateral received.

Equity

Proposed dividends are recognised as a separate item under Equity in the financial statement.

Provisions

Provisions for deferred tax are calculated, based on the liability method, of all temporary differences between carrying amounts and tax values, with the exception of temporary differences occurring at the time of acquisition of assets and liabilities neither affecting the results of operations nor the taxable income.

Deferred tax is measured according to the taxation rules and taxation rates in the respective countries applicable at the balance sheet date when the deferred tax is expected to crystallise as current tax. Deferred tax assets are recognised at the value at which they are expected to be utilised, either through elimination against tax on future earnings or through a set-off against deferred tax liabilities within the same jurisdiction.

Corporation tax

Current tax payable and receivable is recognised in the balance sheet as tax computed on the taxable income for the year, adjusted for tax on the taxable income of prior years and for tax paid on account.

Liabilities

Other liabilities are measured at net realisable value.

Segment information

As the Company does not have any revenue, segment information has been omitted.

Financial statements 1 January - 31 December

Notes (continued)

2 Staff costs

The Company has no employees in 2019 and 2018.

No remuneration to management or Board of Directors has been paid in 2019 and 2018.

3 Other operating income

Other operating income comprises only re invoicing of costs from other Schneider Electric group entities to Nordic group entities and bonus from customers.

4 Other operating costs

Other operating expenses comprise purchases of services from other Schneider Electric group entities and re invoicing of received bonuses.

DKK'000	2019	2018
5 Financial income		
Other financial income	0	143
Exchange gains	220	155
	220	298
	220	298
6 Financial expenses		
Interest expense to group entities	19	2
Other financial expenses	11,299	48
Impairment write-down of investments	445,000	0
Exchange losses	243	964
	456,561	1,014
	456,561	1,014
7 Tax for the year		
Current tax for the year	778	421
Deferred tax	-886	384
Adjustment of tax concerning previous years	0	-610
	-108	195
	-108	195

Financial statements 1 January - 31 December

Notes (continued)

DKK'000	2019	2018
8 Proposed profit appropriation		
Proposed dividends for the year	1,291,691	799,969
	1,291,691	799,969

9 Intangible assets

DKK'000	Software	Prepayment on intangible assets	Total
Cost at 1 January 2019	13,684	1,022	14,706
Additions	790	1,156	1,946
Disposals	0	-997	-997
	14,474	1,181	15,655
Cost at 31 December 2019			
Impairment and amortisation at 1 January 2019	-11,622	0	-11,622
Impairment and amortisation	-1,311	0	-1,311
	-12,933	0	-12,933
Value adjustments at 31 December 2019			
Carrying amount at 31 December 2019	1,541	1,181	2,722

10 Investment in subsidiaries

DKK'000	Investments in subsidiaries
Cost at 1 January 2019	3,471,609
Additions	0
Disposals	0
	3,471,609
Cost at 31 December 2019	
Value adjustments at 1 January 2019	-200,766
Foreign exchange adjustments	0
Impairment write-down	-445,000
	-645,766
Value adjustments at 31 December 2019	
Carrying amount at 31 December 2019	2,825,843

Financial statements 1 January - 31 December

Notes (continued)

10 Investment in subsidiaries (continued)

Name/legal form, registered office	Equity DKK'000	Profit/loss DKK'000	Voting rights and ownership
Lexel AB, Sweden	485,138	379,521	100%
(1) AB Wibe, Sweden	100,689	632	100%
(1) Schneider Electric Fire & Security OY, Finland	67,952	247	100%
Schneider Electric Buildings AB, Sweden	384,759	7,385	100%
(1) AB Craftere 1, Sweden	9,072	5,688	100%
(1) Schneider Electric Buildings UK LTD, UK	0	0	100%
(1) TAC Products Ltd, UK	0	0	100%
(1) Pelco Europe B.V., Netherlands	0	-1,038	100%
SIA Lexel Fabrika, Latvia	158,275	14,753	100%
SIA Schneider Electric Baltic Distribution Centre, Latvia	12,056	8,867	100%
SIA Schneider Electric Latvija, Latvia	12,863	6,319	100%
(2) UAB Schneider Electric Lietuva, Lietuva	9,506	3,965	100%
(2) AS Schneider Electric Eesti, Estonia	4,077	1,867	100%
Lexel Holding Norge AS, Norway:	306,226	66,355	100%
ELKO AS, Norway	74,655	79,347	100%
Jo Jo Ltd, UK	0	0	100%
Ørbækvej 280 A/S, Denmark	19,181	2,405	100%
Schneider Electric Danmark A/S, Denmark	337,165	225,165	100%
Schneider Electric Distributionscentre AB, Sweden	16,117	366	100%
Lexel Holdings Ltd, UK	0	0	100%
(1) All subsidiaries are sub-subsidiaries and are wholly owned			
(2) 2018 Annual Account numbers			
DKK'000		2019	2018

11 Deferred tax

Deferred tax liability at 1 January	73	-311
Adjustment of deferred tax	-886	384
Deferred tax liability at 31 December	-813	73
Provision for deferred tax relates to:		
Current assets	-813	0
Current liabilities	-813	73
	-813	73

Financial statements 1 January - 31 December

Notes (continued)

12 Share capital

The share capital consists of 306,400 shares of a nominal value of DKK 1,000 each. Totaling DKK 306,400 thousand

13 Contractual obligations, contingencies, etc.

Other contingent liabilities

As management company, the Company is jointly taxed with other Danish Schneider Electric group entities and is jointly and severally liable with other jointly taxed group entities for payment of income taxes as well as withholding taxes on interest, royalties and dividends.

14 Mortgages and collateral

The Company has not placed any assets as security for loans at 31 December 2019.

15 Related party disclosures

Schneider Nordic Baltic A/S' related parties comprise the following:

Parties exercising control

Related party:

Schneider Electric Industries SAS, France

Domicile:
Paris, France

Basis for control:
Share capital

Financial statements 1 January - 31 December

Notes (continued)

15 Related party disclosures (continued)

Information about consolidated financial statements

Parent:
Schneider Electric Industries SAS

Domicile:
Paris, France

Requisitioning of the parent's consolidated financial statements:

<http://www.se.com/ww/en/about-us/investor-relations/financial-results.jsp>

Related party transactions

DKK'000	2019	2018
Service invoiced	72,410	92,470
Service reinvoiced	-48,553	-66,476
Financial expenses	19	2
Receivables, group entities	1,367,861	434,041
Payables, group entities	3,587	12,365

16 Fees to auditor appointed at the general meeting

Audit fees are not disclosed with reference to section 96(3) of the Danish Financial Statements Act. The fee is specified in the consolidated financial statements for Schneider Electric Industries SAS.