

# FläktGroup A/S

Helge Nielsens Alle 7  
DK-8723 Løsning

CVR no. 29 63 74 90

**Annual report 2021**

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

8 July 2022



Chairman of the annual general meeting

## Contents

Statement by the Board of Directors and the Executive Board	2
Independent auditor's report	3
Management's review	6
Company details	6
Operating review	7
Financial statements 1 January – 31 December	8
Income statement	8
Balance sheet	9
Statement of changes in equity	11
Notes	12

## Statement by the Board of Directors and the Executive Board

The Board of Directors and the Executive Board have today discussed and approved the annual report of FläktGroup A/S for the financial year 1 January – 31 December 2021.

The annual report has been prepared 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.

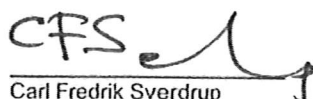
Further, in our opinion, the Management's review gives a fair review of the matters discussed in the Management's review.

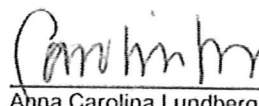
We recommend that the annual report be approved at the annual general meeting.

8 July 2022  
Executive Board:

  
Carl Fredrik Sverdrup  
CEO

Board of Directors:

  
Carl Fredrik Sverdrup  
Chairman

  
Anna Carolina Lundberg

  
Jonas Berg



## Independent auditor's report

### To the shareholders of FläktGroup A/S

#### Opinion

We have audited the financial statements of FläktGroup A/S for the financial year 1 January – 31 December 2021 comprising 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 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 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.

#### Emphasis of matter regarding matters in the financial statements

We draw attention to Note 2 "Going concern" to the financial statements, which describes that the COVID-19 pandemic negatively affects the Company's results in the financial year 2020 and expectations for 2021. The note also describes that FläktGroup A/S, Denmark, is dependent on funding from the FläktGroup, Fusilli AcquiCo S.á r.l. Group. Our opinion is not modified in respect of this matter.

#### Management's responsibility 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 that 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 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 the additional requirements in Denmark will always detect a material misstatement when it exists. Misstatements may 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 made 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 company 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 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.



## **Independent auditor's report**

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.

Aarhus, 8 July 2022

**KPMG**

Statsautoriseret Revisionspartnerselskab

CVR no. 25 57 81 98

A handwritten signature in blue ink, appearing to read 'Michael E. K. Rasmussen'.

Michael E. K. Rasmussen

State Authorised

Public Accountant

mne41364

**FläktGroup A/S**  
Annual report 2021  
CVR no. 29 63 74 90

## **Management's review**

### **Company details**

FläktGroup A/S  
Helge Nielsens Alle 7  
DK-8723 Løsning

Telephone: +45 70 22 26 22  
Website: <https://www.flaktgroup.com/dk/>

CVR no.: 29 63 74 90  
Financial year: 1 January – 31 December

### **Board of Directors**

Carl Fredrik Sverdrup, Chairman  
Anna Carolina Lundberg  
Jonas Berg

### **Executive Board**

Carl Fredrik Sverdrup, CEO

### **Auditor**

KPMG  
Statsautoriseret Revisionspartnerselskab  
Frederiks Plads 42  
DK-8000 Aarhus C  
CVR no. 25 57 81 98

## Management's review

### Operating review

#### Principal activities

The principal activity of the Company is to engage in the sale of heating, ventilation and air conditioning products ("HVAC products") and solutions.

#### Progress in financial activities and related actions

The Company's income statement for 2021 shows a loss of DKK 14,184,110 against a loss of DKK 9,301,579 in 2020. Equity in the Company's balance sheet at 31 December 2021 stood at a negative DKK 27,465,469 as against a negative of DKK 13,281,359 at 31 December 2020.

Accordingly, more than 50% of the contributed capital has been lost, and the Company is thereby subject to the rules on capital loss laid down in the Danish Companies Act. In March 2022, a capital injection was made from the Parent Company, Fläkt Woods Luxembourg Sàrl, with 30 million DKK. The capital injection was made partly by debt-to-equity swap and partly by cash injection. Subsequently the equity is restored in 2022.

The level of activity reached was lower than expected, as the Coronavirus pandemic had an adverse effect on the Company's primary segments, resulting in postponed deliveries.

In the light of this, results for the year were not satisfactory.

#### Material events after the reporting date

Capital injection during 2022 have been made to restore equity and payables to group entities has been paid.

#### Outlook

The market for 2022 is expected to remain unchanged for 2021. The company is cautiously optimistic about the coming year with continued strengthening with the market strategy and product offering.



## Financial statements 1 January – 31 December

### Income statement

DKK	Note	2021	2020
<b>Gross profit/loss</b>		-1,287,181	7,054,142
Staff costs	2	-8,804,774	-12,091,749
Depreciation, amortisation and impairment losses		-169,229	-372,169
Other operating costs		<u>-3,606,168</u>	<u>-682,957</u>
<b>Loss before financial income and expenses</b>		-13,867,352	-6,092,733
Other financial expenses	3	<u>-316,758</u>	<u>-208,846</u>
<b>Loss before tax</b>		-14,184,110	-6,301,579
Tax on profit/loss for the year		<u>0</u>	<u>-3,000,000</u>
<b>Loss for the year</b>		<u><u>-14,184,110</u></u>	<u><u>-9,301,579</u></u>
<b>Proposed distribution of loss</b>			
Retained earnings		<u><u>-14,184,110</u></u>	<u><u>-9,301,579</u></u>

## Financial statements 1 January – 31 December

### Balance sheet

DKK	Note	31/12 2021	31/12 2020
<b>ASSETS</b>			
<b>Fixed assets</b>			
<b>Intangible assets</b>			
Software		<u>0</u>	<u>16,801</u>
<b>Property, plant and equipment</b>			
Fixtures and fittings, tools and equipment		125,095	151,734
Leasehold improvements		<u>0</u>	<u>228,308</u>
		<u>125,095</u>	<u>380,042</u>
<b>Investments</b>			
Deposits		<u>117,558</u>	<u>162,973</u>
<b>Total fixed assets</b>		<u>242,653</u>	<u>559,816</u>
<b>Current assets</b>			
<b>Inventories</b>			
Finished goods and goods for resale		<u>767,633</u>	<u>1,138,745</u>
<b>Receivables</b>			
Trade receivables		5,886,671	10,143,192
Receivables from group entities		735,191	66,306
Other receivables		114	0
Prepayments		<u>482,953</u>	<u>212,059</u>
		<u>7,104,929</u>	<u>10,421,557</u>
<b>Cash at bank and in hand</b>		<u>6,014,243</u>	<u>5,073,067</u>
<b>Total current assets</b>		<u>13,886,805</u>	<u>16,633,369</u>
<b>TOTAL ASSETS</b>		<u><u>14,129,458</u></u>	<u><u>17,193,185</u></u>

## Financial statements 1 January – 31 December

### Balance sheet

DKK	Note	31/12 2021	31/12 2020
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Contributed capital	4	500,001	500,001
Retained earnings		-27,965,470	-13,781,360
<b>Total equity</b>		<u>-27,465,469</u>	<u>-13,281,359</u>
<b>Provisions</b>			
Other provisions		100,000	100,000
<b>Total provisions</b>		<u>100,000</u>	<u>100,000</u>
<b>Liabilities other than provisions</b>			
<b>Current liabilities other than provisions</b>			
Banks, current liabilities		2,390,394	8,818
Prepayments received from customers		261,723	2,718,648
Trade payables		671,365	2,803,464
Payables to group entities		32,481,916	19,027,139
Other payables		5,689,529	5,816,475
		<u>41,494,927</u>	<u>30,374,544</u>
<b>Total liabilities other than provisions</b>		<u>41,494,927</u>	<u>30,374,544</u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u>14,129,458</u>	<u>17,193,185</u>

## Financial statements 1 January – 31 December

### Statement of changes in equity

DKK	Contributed capital	Retained earnings	Total
Equity at 1 January 2021	500,001	-13,781,360	-13,281,359
Transferred over the distribution of loss	0	-14,184,110	-14,184,110
<b>Equity at 31 December 2021</b>	<b>500,001</b>	<b>-27,965,470</b>	<b>-27,465,469</b>

## Financial statements 1 January – 31 December

### Notes

#### 1 Accounting policies

The annual report of FläktGroup A/S for 2021 has been prepared in accordance with the provisions applying to reporting class B entities under the Danish Financial Statements Act with opt-in from higher reporting classes.

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

#### 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 the date of payment are recognised in the income statement as financial income or financial expenses.

Receivables, 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 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.

#### Revenue

Income from the sale of goods is recognised in revenue when delivery and transfer of risk to the buyer have taken place, and the income may be measured reliably and is expected to be received. The date of transfer of the most significant benefits and risks is determined using standard Incoterms © 2010.

#### Cost of sales

Cost of sales comprises costs incurred to generate revenue for the year. This item also comprises direct costs for goods for resale and changes to inventory of goods for resale.

#### Other operating costs

Other operating costs comprise items secondary to the activities of the entity, including losses on the disposal of intangible assets and property, plant and equipment.

#### Other external costs

Other external costs comprise distribution costs and costs related to sales, sales campaigns, administration, office premises, operating leases, etc.

#### Gross profit

Pursuant to Section 32 of the Danish Financial Statements Act, the Company has decided only to disclose gross profit.

#### Staff costs

Staff costs comprise wages and salaries, including holiday allowance, pension and other social security costs, etc., to the Company's employees, excluding reimbursements from public authorities.

## Financial statements 1 January – 31 December

### Notes

#### 1 Accounting policies (continued)

##### Financial expenses

Financial expenses comprise interest expense, financial costs regarding finance leases, gains and losses on securities, payables and transactions denominated in foreign currencies, amortisation of financial assets and liabilities as well as surcharges and refunds under the on-account tax scheme, etc.

##### Tax on profit/loss for the year

Tax for the year comprises current corporation tax for the year and changes in deferred tax, including changes in tax rates. The tax expense relating to the profit/loss for the year is recognised in the income statement, and the tax expense relating to amounts directly recognised in equity is recognised directly in equity.

### Balance sheet

#### Intangible assets

##### Software

Software is measured at cost, wages, salaries and amortisation directly and indirectly attributable to software activities, less accumulated amortisation and impairment losses. Depreciation is provided on a straight-line basis over the estimated useful life. The estimated useful lives are 3 years.

Gains and losses on the disposal of intangible assets are determined as the difference between the selling price less selling costs and the carrying amount at the date of disposal. Gains and losses are recognised in the income statement as other operating income or other operating costs, respectively.

##### Property, plant and equipment

Plant and machinery and fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation and impairment losses.

Cost comprises the purchase price and any costs directly attributable to the acquisition until the date on which the asset is available for use. Indirect production overheads and borrowing costs are not recognised in cost.

Where individual components of an item of plant and equipment have different useful lives, they are accounted for as separate items, which are depreciated separately.

The basis of depreciation is cost less any projected residual value after the end of the useful life. Depreciation is provided on a straight-line basis over the estimated useful life. The estimated useful lives are as follows:

## Financial statements 1 January – 31 December

### Notes

#### 1 Accounting policies (continued)

Fixtures and fittings, tools and equipment	4-8 years
Leasehold improvements	10 years

The useful life and residual value are reassessed annually. Changes are treated as accounting estimates, and the effect on depreciation is recognised prospectively.

Fixed assets under construction are recognised and measured at cost at the balance sheet date. Upon entry into service, the cost is transferred to the relevant group of property, plant and equipment.

Depreciation is recognised in the income statement as production costs, distribution costs and administrative expenses, respectively.

Gains and losses on the disposal of property, plant and equipment are stated as the difference between the selling price less selling costs and the carrying amount at the date of disposal. Gains and losses are recognised in the income statement as other operating income or other operating costs, respectively.

#### Leases

On initial recognition, leases for fixed assets that transfer substantially all risks and rewards incident to ownership to the Company (finance leases) are recognised in the balance sheet at the lower of fair value and the net present value of future lease payments. When calculating the net present value, the interest rate implicit in the lease or the incremental borrowing rate is used as the discount factor. Assets held under finance leases are subsequently treated as the Company's other fixed assets.

The capitalised lease obligation is recognised in the balance sheet as a liability at amortised cost, allowing the interest element of the lease payment to be recognised in the income statement over the term of the lease.

All other leases are operating leases. Payments relating to operating leases and other leases are recognised in the income statement over the term of the lease. The Company's total obligation relating to operating leases and other leases is disclosed as contractual obligations and contingencies, etc.

#### Investments

Other receivables and deposits are recognised at amortised cost.

#### Impairment of fixed assets

The carrying amount of intangible assets and property, plant and equipment as well as equity investments in group entities and associates is subject to an annual test for indications of impairment other than the decrease in value reflected by depreciation or amortisation.

Impairment tests are conducted of individual assets or groups of assets when there is an indication that they may be impaired. Write-down is made to the recoverable amount if this is lower than the carrying amount.

The recoverable amount is the higher of an asset's net selling price and its value in use. The value in use is determined as the present value of the forecast net cash flows from the use of the asset or the group of assets, including forecast net cash flows from the disposal of the asset or the group of assets after the end of the useful life.

## Financial statements 1 January – 31 December

### Notes

#### 1 Accounting policies (continued)

##### Inventories

Inventories are measured at cost in accordance with the weighted average method. Where the net realisable value is lower than cost, inventories are written down to this lower value.

Goods for resale and raw materials and consumables are measured at cost, comprising purchase price plus delivery costs.

Finished goods and work in progress are measured at cost, comprising the cost of raw materials, consumables, direct wages and salaries and indirect production overheads. Indirect production overheads comprise indirect materials and wages and salaries as well as the maintenance of depreciation of production machinery, buildings and equipment as well as factory administration and management. Borrowing costs are not included in cost.

The net realisable value of inventories is calculated as the sales amount less costs of completion and costs necessary to make the sale and is determined taking into account marketability, obsolescence and development in expected selling price.

##### Receivables

Receivables are measured at amortised cost.

Write-down is made for bad debt losses where there is an objective indication that a receivable or a portfolio of receivables has been impaired. If there is an objective indication that an individual receivable has been impaired, write-down is made on an individual basis.

Receivables with no objective indication of individual impairment are assessed for objective indication of impairment on a portfolio basis. The portfolios are primarily based on the debtors' registered offices and credit rating in accordance with the Company's credit risk management policy. The objective indicators used in relation to portfolios are determined on the basis of historical loss experience.

Write-downs are calculated as the difference between the carrying amount of receivables and the present value of forecast cash flows, including the realisable value of any collateral received. The effective interest rate for the individual receivable or portfolio is used as discount rate.

##### Prepayments

Prepayments comprise prepayments of costs incurred relating to subsequent financial years.

##### Corporation tax and deferred 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.

Deferred tax is measured using the balance sheet liability method on all temporary differences between the carrying amount and the tax value of assets and liabilities based on the planned use of the asset or settlement of the liability. However, deferred tax is not recognised on temporary differences relating to goodwill non-deductible for tax purposes and on office premises and other items where the temporary differences arise at the date of acquisition without affecting either profit/loss or taxable income.



## Financial statements 1 January – 31 December

### Notes

#### 1 Accounting policies (continued)

Deferred tax assets, including the tax value of tax loss carryforwards, are recognised at the expected value of their utilisation within the foreseeable future; either as a set-off against tax on future income or as a set-off against deferred tax liabilities in the same legal tax entity. Any deferred net assets are measured at net realisable value.

Deferred tax is measured in accordance with the tax rules and at the tax rates applicable at the balance sheet date when the deferred tax is expected to crystallise as current tax. Changes in deferred tax as a result of changes in tax rates are recognised in the income statement or equity, respectively.

#### Provisions

Provisions are recognised when, as a result of past events, the Company has a legal or a constructive obligation, and it is probable that there may be outflow of resources embodying economic benefits to settle the obligation. Provisions are measured at value in use.

Provisions are recognised based on the Company's experience with warranties. Provisions expected to be maintained for more than one year from the balance sheet date are discounted at a rate reflecting risk and the due date for payment.

#### Liabilities other than provisions

Financial liabilities are recognised at cost at the date of borrowing, corresponding to the proceeds received less transaction costs paid. In subsequent periods, the financial liabilities are measured at amortised cost using the effective interest method. Accordingly, the difference between cost and the nominal value is recognised in the income statement over the term of the loan together with interest expenses.

Finance lease obligation comprise the capitalised residual lease obligation of finance leases.

Other liabilities are measured at net realisable value.

DKK	2021	2020
<b>2 Staff costs</b>		
Wages and salaries	8,271,349	10,123,643
Pensions	1,655,386	2,830,121
Other social security costs	<u>204,868</u>	<u>222,260</u>
	<u>10,131,603</u>	<u>13,176,024</u>
Staff costs are recognised in the financial statements as follows:		
Cost of sales	1,326,829	1,084,275
Staff costs	<u>8,804,774</u>	<u>12,091,749</u>
	<u>10,131,603</u>	<u>13,176,024</u>
Average number of full-time employees	<u>16</u>	<u>21</u>

## Financial statements 1 January – 31 December

### Notes

#### 3 Financial expenses

Interest expense to group entities	278,459	194,267
Other financial costs	<u>38,299</u>	<u>14,579</u>
	<u>316,758</u>	<u>208,846</u>

#### 4 Equity

The Company has lost more than 50% of its contributed capital and is therefore subject to the provisions on loss of capital under the Danish Companies Act. It is Management's expectation that the capital can be restored over operations going forward and if necessary new capital from owners.

Capital injection during 2022 have been made to restore equity and payables to group entities has been paid.

#### 5 Contractual obligations, contingencies, etc.

##### Contingent assets

The Company has a unrecognised tax asset of DKK 10,707 thousand.

##### Contingent liabilities

FläktGroup A/S is a party to a pending lawsuit. In Management's opinion, apart from the liabilities recognised in the balance sheet at 31 December 2021, the outcome of the lawsuit will not affect the Company's financial position.

##### Operating lease obligations

The Company has entered into operating leases, totalling DKK 454 thousand.

Remaining operating lease obligations at the balance sheet date fall due at DKK 454 thousand within three years.

#### 6 Mortgages and collateral

Collateral for the engagement with Sydbank is a registered all moneys mortgage of DKK 4,000 thousand on claims with a carrying amount of DKK 5,887 thousand at the balance sheet date.

#### 7 Related party disclosures

FläktGroup A/S' related parties comprise the following:

##### Related party transactions

FläktGroup A/S is part of the consolidated financial statements of Fläkt Woods Luxembourg Sàrl, f A, Rue Thomas Edison L- 1445 Strassen Luxembourg, which is the smallest group in which the Company is included as a subsidiary.