
Emerson Process Management A/S

Generatorvej 8 A, 2., DK-2860 Søborg

Annual Report for 1 October 2019 - 30 September 2020

CVR No 31 48 24 29

The Annual Report was
presented and adopted at
the Annual General
Meeting of the Company on
8 /1 2021

Lars Peter Larsson
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
Management's Review	6
Financial Statements	
Income Statement 1 October - 30 September	7
Balance Sheet 30 September	8
Statement of Changes in Equity	10
Notes to the Financial Statements	11

Management's Statement

The Executive Board and Board of Directors have today considered and adopted the Annual Report of Emerson Process Management A/S for the financial year 1 October 2019 - 30 September 2020.

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 30 September 2020 of the Company and of the results of the Company operations for 2019/20.

In our opinion, Management's Review includes a true and fair account of the matters addressed in the Review.

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

Copenhagen, 8 January 2021

Executive Board

Erik Christensen
Executive Officer

Board of Directors

Lars Peter Larsson
Chairman

Erik Langeland

Erik Christensen

Independent Auditor's Report

To the Shareholder of Emerson Process Management A/S

Opinion

We have audited the Financial Statements of Emerson Process Management A/S for the financial year 1 October 2019 - 30 September 2020 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.

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.

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 rules and 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 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 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 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 Management's Review

Management is responsible for Management's Review.

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

Independent Auditor's Report

In connection with our audit of the financial statements, our responsibility is to read 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 Statement Act. We did not identify any material misstatement of the Management's review.

Copenhagen, 8 January 2021

KPMG

Statsautoriseret Revisionspartnerselskab

CVR No 25 57 81 98

Kenn W. Hansen

State Authorised Public Accountant

mne30154

Company Information

The Company

Emerson Process Management A/S
Generatorvej 8 A, 2.
DK-2860 Søborg

Telephone: + 45 70253051

CVR No: 31 48 24 29

Financial period: 1 October - 30 September

Municipality of reg. office: Gladsaxe

Board of Directors

Lars Peter Larsson, Chairman
Erik Langeland
Erik Christensen

Executive Board

Erik Christensen

Auditors

KPMG
Statsautoriseret Revisionspartnerselskab
Dampfærgevej 28
DK-2100 København Ø

Management's Review

Key activities

The Company's activities consist of sale of measuring instruments and consultancy services.

Development in the year

The income statement of the Company for 2019/20 shows a profit of TDKK 2,675, and at 30 September 2020 the balance sheet of the Company shows equity of TDKK 39,665.

Unusual events

The Covid-19 outbreak has put it's special mark on 2020. In particular we've seen occasions where it's been hard to visit customers and perform certain jobs, but overall Emerson has managed the difficulties related to Covid-19 quite well.

Subsequent events

No events materially affecting the assessment of the Annual Report have occurred after the balance sheet date.

Income Statement 1 October - 30 September

	Note	2019/20 TDKK	2018/19 TDKK
Gross profit		35.000	36.078
Staff expenses	1	-31.124	-30.881
Depreciation, amortisation and impairment of property, plant and equipment		-390	-382
Other operating expenses		0	-326
Profit before financial income and expenses		3.486	4.489
Financial income	2	23	38
Financial expenses		-61	-95
Profit before tax		3.448	4.432
Tax on profit for the year	3	-773	-992
Net profit/loss for the year		2.675	3.440

Distribution of profit

Proposed distribution of profit

Retained earnings	2.675	3.440
	2.675	3.440

Balance Sheet 30 September

Assets

	Note	2019/20 TDKK	2018/19 TDKK
Other fixtures and fittings, tools and equipment		1.179	1.476
Leasehold improvements		211	271
Property, plant and equipment	4	1.390	1.747
Deposits		513	615
Financial fixed asset investments		513	615
Fixed assets		1.903	2.362
Inventories		305	1.153
Trade receivables		12.956	24.792
Contract work in progress	5	3.945	0
Receivables from group enterprises		48.057	36.586
Other receivables		2.304	1.399
Prepayments		75	77
Receivables		67.337	62.854
Currents assets		67.642	64.007
Assets		69.545	66.369

Balance Sheet 30 September

Liabilities and equity

	Note	2019/20 TDKK	2018/19 TDKK
Share capital		48.500	48.500
Retained earnings		-8.835	-11.510
Equity		39.665	36.990
Provision for deferred tax		56	96
Other provisions	6	2.207	2.311
Provisions		2.263	2.407
Other payables		0	274
Long-term debt	7	0	274
Trade payables		577	2.413
Prepayments received regarding work in progress	5	4.719	4.791
Payables to group enterprises		1.894	6.075
Payables to group enterprises relating to corporation tax		1.792	979
Other payables	7	14.229	10.881
Deferred income		4.406	1.559
Short-term debt		27.617	26.698
Debt		27.617	26.972
Liabilities and equity		69.545	66.369
Contingent assets, liabilities and other financial obligations	8		
Related parties	9		
Accounting Policies	10		

Statement of Changes in Equity

	<u>Share capital</u> TDKK	<u>Retained earnings</u> TDKK	<u>Total</u> TDKK
Equity at 1 October 2019	48.500	-11.510	36.990
Profit/loss for the year	0	2.675	2.675
Equity at 30 September 2020	48.500	-8.835	39.665

Notes to the Financial Statements

	<u>2019/20</u>	<u>2018/19</u>
	TDKK	TDKK
1 Staff expenses		
Wages and salaries	28.399	28.273
Pensions	2.498	2.360
Other social security expenses	227	248
	<u>31.124</u>	<u>30.881</u>
Average number of employees	<u>36</u>	<u>33</u>
2 Financial income		
Interest received from group enterprises	23	21
Exchange gains	0	17
	<u>23</u>	<u>38</u>
3 Tax on profit for the year		
Current tax for the year	813	979
Deferred tax for the year	-42	13
Adjustment of deferred tax concerning previous years	2	0
	<u>773</u>	<u>992</u>

Notes to the Financial Statements

4 Property, plant and equipment

	Other fixtures and fittings, tools and equipment	Leasehold improvements	Total
	TDKK	TDKK	TDKK
Cost at 1 October 2019	2.594	568	3.162
Additions for the year	59	0	59
Disposals for the year	-26	0	-26
Cost at 30 September 2020	<u>2.627</u>	<u>568</u>	<u>3.195</u>
Impairment losses and depreciation at 1 October 2019	1.118	297	1.415
Depreciation for the year	330	60	390
Impairment losses and depreciation at 30 September 2020	<u>1.448</u>	<u>357</u>	<u>1.805</u>
Carrying amount at 30 September 2020	<u>1.179</u>	<u>211</u>	<u>1.390</u>

5 Contract work in progress

	2019/20	2018/19
	TDKK	TDKK
Selling price of work in progress	85.215	106.199
Payments received on account	-85.989	-110.990
	<u>-774</u>	<u>-4.791</u>
Recognised in the balance sheet as follows:		
Contract work in progress recognised in assets	3.945	0
Prepayments received recognised in debt	-4.719	-4.791
	<u>-774</u>	<u>-4.791</u>

6 Other provisions

Provision for warranties	138	183
Provision for losses on contract work in progress	2.069	2.128
	<u>2.207</u>	<u>2.311</u>

Notes to the Financial Statements

7 Long-term debt

	2019/20	2018/19
	TDKK	TDKK
Other payables		
After 5 years	0	0
Between 1 and 5 years	0	274
Long-term part	0	274
Other short-term payables	14.229	10.881
	14.229	11.155

8 Contingent assets, liabilities and other financial obligations

Rental and lease obligations

Lease obligations under operating leases. Total future lease payments:

Between 1 and 5 years	4.930	6.037
After 5 years	0	784
	4.930	6.821

Other contingent liabilities

The Company has via bank provided warranty to a third party in the amount of TDKK 6,537 (2018/19: TDKK 10,564)

The Danish group companies are jointly and severally liable for tax on the Danish jointly taxed incomes. 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

9 Related parties

Basis

Consolidated Financial Statements

Name and registered office of the Parent preparing consolidated financial statements for the smallest group:

Name

Place of registered office

Emerson Process Management AB

Karlstad, Sweden

Notes to the Financial Statements

10 Accounting Policies

The Annual Report of Emerson Process Management A/S for 2019/20 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to enterprises of reporting class B as well as selected rules applying to reporting class C.

The company has moved from reporting class C, medium to reporting class B in 2019/20.

The accounting policies applied remain unchanged from last year.

The Financial Statements for 2019/20 are presented in TDKK.

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

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

10 Accounting Policies (continued)

Income Statement

Revenue

Revenue from the sale of goods is recognised when the risks and rewards relating to the goods sold have been transferred to the purchaser, the revenue can be measured reliably and it is probable that the economic benefits relating to the sale will flow to the Company.

Contract work in progress (construction contracts) is recognised at the rate of completion, which means that revenue equals the selling price of the work completed for the year (percentage-of-completion method). This method is applied when total revenues and expenses in respect of the contract and the stage of completion at the balance sheet date can be measured reliably, and it is probable that the economic benefits, including payments, will flow to the Company. The stage of completion is determined on the basis of the ratio between the expenses incurred and the total expected expenses of the contract.

Revenue is measured at the consideration received and is recognised exclusive of VAT and net of discounts relating to sales.

Other external expenses

Other external expenses comprise indirect production costs and expenses for premises, sales and distribution as well as office expenses, etc.

Gross profit/loss

With reference to section 32 of the Danish Financial Statements Act, gross profit/loss is calculated as a summary of revenue, change in inventories of finished goods, work in progress and goods for resale and other external expenses.

Staff expenses

Staff expenses comprise wages and salaries as well as payroll related expenses.

Amortisation, depreciation and impairment losses

Amortisation, depreciation and impairment losses comprise amortisation, depreciation and impairment of property, plant and equipment.

Other operating income and expenses

Other operating income and other operating expenses comprise items of a secondary nature to the main activities of the Company, including gains and losses on the sale of property, plant and equipment.

Notes to the Financial Statements

10 Accounting Policies (continued)

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 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 other Danish subsidiaries of the group. The tax effect of the joint taxation is allocated to enterprises in proportion to their incomes.

Balance Sheet

Property, plant and equipment

Property, plant and equipment are measured at cost less accumulated depreciation and less any accumulated impairment losses.

Cost comprises the cost of acquisition and expenses directly related to the acquisition up until the time when the asset is ready for use.

Depreciation based on cost reduced by any residual value is calculated on a straight-line basis over the expected useful lives of the assets, which are:

Other fixtures and fittings, tools and equipment	2-10 years
Leasehold improvements	5-6 years

Depreciation period and residual value are reassessed annually.

Impairment of fixed assets

The carrying amounts of property, plant and equipment and financial fixed asset investments are reviewed on an annual basis to determine whether there is any indication of impairment other than that expressed by amortisation and depreciation.

If so, the asset is written down to its lower recoverable amount.

Financial fixed asset investments

Financial fixed asset investments consist of deposits.

Notes to the Financial Statements

10 Accounting Policies (continued)

Inventories

Inventories are measured at the lower of cost under the FIFO method and net realisable value.

The net realisable value of inventories is calculated at the amount expected to be generated by sale of the inventories in the process of normal operations with deduction of selling expenses. The net realisable value is determined allowing for marketability, obsolescence and development in expected selling price.

The cost of finished goods and goods for resale comprises the cost of purchase price plus delivery costs.

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.

Contract work in progress

Contract work in progress is measured at selling price of the work performed calculated on the basis of the stage of completion. The stage of completion is measured by the proportion that the contract expenses incurred to date bear to the estimated total contract expenses. Where it is probable that total contract expenses will exceed total revenues from a contract, the expected loss is recognised as an expense in the income statement.

Where the selling price cannot be measured reliably, the selling price is measured at the lower of expenses incurred and net realisable value.

Payments received on account are set off against the selling price. The individual contracts are classified as receivables when the net selling price is positive and as liabilities when the net selling price is negative.

Expenses relating to sales work and the winning of contracts are recognised in the income statement as incurred.

Prepayments

Prepayments comprise prepaid expenses concerning rent and insurance premiums.

Notes to the Financial Statements

10 Accounting Policies (continued)

Provisions

Provisions are recognised when - in consequence of an event occurred before or on the balance sheet date - the Company has a legal or constructive obligation and it is probable that economic benefits must be given up to settle the obligation.

Other provisions include expected losses on work in progress and warranty obligations in respect of repair work within the warranty period of 1-5.

Deferred tax assets and liabilities

Deferred income tax is measured using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes on the basis of the intended use of the asset and settlement of the liability, respectively.

Deferred tax assets are measured at the value at which the asset is expected to be realised, either by elimination in tax on future earnings or by set-off 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 will be effective under the legislation at the balance sheet date when the deferred tax is expected to crystallise as current tax. Any changes in deferred tax due to changes to tax rates are recognised in the income statement or in equity if the deferred tax relates to items recognised in equity.

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.

Deferred income

Deferred income comprises payments received in respect of income in subsequent years.