

Producteers Holding ApS
Lars Liensvej 25, 9492 Blokhus

Company reg. no. 32 28 03 58

Annual report

2020

The annual report was submitted and approved by the general meeting on the 9 July 2021.

Anne Mette Solvang
Chairman of the meeting

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Notes:

- To ensure the greatest possible applicability of this document, IAS/IFRS English terminology has been used.
- Please note that decimal points have not been used in the usual English way. This means that for instance DKK 146.940 means the amount of DKK 146,940, and that 23,5 % means 23.5 %.

Management's report

Today, the executive board has presented the annual report of Producteers Holding ApS for the financial year 2020 of Producteers Holding ApS.

The annual report has been presented in accordance with the Danish Financial Statements Act.

We consider the accounting policies appropriate and, in our opinion, the financial statements provide a fair presentation of the company's assets, equity and liabilities, and financial position at 31 December 2020 and of the company's results of activities in the financial year 1 January – 31 December 2020.

We are of the opinion that the management commentary presents a fair account of the issues dealt with.

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

Blokhus, 9 July 2021

Executive board

Holger Krogsgård

Anne Mette Solvang

Independent auditor's report on extended review

To the shareholders of Producteers Holding ApS

Opinion

We have performed an extended review of the financial statements of Producteers Holding ApS for the financial year 1 January to 31 December 2020, which comprise accounting policies, income statement, statement of financial position, statement of changes in equity and notes. The financial statements have been prepared in accordance with the Danish Financial Statements Act.

Based on the work we have performed, we believe that the financial statements give a fair presentation of the assets, equity and liabilities, and financial position at 31 December 2020 and of the results of the company's activities for the financial year 1 January - 31 December 2020 in accordance with the Danish Financial Statements Act.

Basis for opinion

We performed the extended review in accordance with the standard from the Danish Business Authority applicable to auditor's reports on small enterprises and in accordance with the standard from the Danish Institute of State Authorised Public Accountants applicable to extended review of financial statements prepared in accordance with the Danish Financial Statements Act. Our responsibilities under those standards and requirements are further described in the section "Auditor's responsibilities for the extended review of the financial statements". We are independent of the company in accordance with international ethics standards for accountants (IESBA's Code of Ethics) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these standards and requirements. We believe that the evidence obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of management and those charged with governance for the financial statements

Management is responsible for the preparation of financial statements that give a fair presentation in accordance with the Danish Financial Statements Act. Management is also responsible for such internal control as the management considers necessary to prepare financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the the financial statements, the 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 unless the 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 extended review of the financial statements

Our responsibility is to express an opinion on the financial statements. This requires that we plan and perform our procedures with the purpose of achieving moderate assurance as to our opinion on the financial statements. Furthermore, it requires that we perform particularly required additional procedures with a view to achieving further assurance as to our opinion.

Independent auditor's report on extended review

An extended review comprises procedures primarily comprising inquiries to the management and to other persons within the enterprise when appropriate, analytical procedures, and the particularly required additional procedures along with an assessment of the achieved evidence.

The scope of the procedures performed during an extended review is less than in case of an audit, and consequently, we do not express any audit opinion on the financial statements.

Statement on the management commentary

Management is responsible for the management commentary.

Our opinion on the financial statements does not cover the management commentary, and we express no assurance opinion on the management commentary.

In connection with our extended review the financial statements, it is our responsibility to read the management commentary and to consider whether the management commentary is materially inconsistent with the financial statements or the evidence obtained during the extended review, or whether it otherwise appears to contain material misstatement.

Furthermore, it is our responsibility to consider whether the management commentary provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we believe that the management commentary is consistent with the financial statements and that it has been prepared in accordance with the requirements of the Danish Financial Statement Acts. We did not discover any material misstatement in the management commentary.

Ringkøbing, 9 July 2021

Partner Revision

State Authorised Public Accountants
Company reg. no. 15 80 77 76

Søren H. Andersen

State Authorised Public Accountant
mne23420

Company information

The company

Producteers Holding ApS
Lars Liensvej 25
9492 Blokhus

Company reg. no. 32 28 03 58
Established: 1 July 2009
Domicile: Jammerbugt
Financial year: 1 January - 31 December
11th financial year

Executive board

Holger Krosgård
Anne Mette Solvang

Auditors

Partner Revision statsautoriseret revisionsaktieselskab
Birkmosevej 20 A, 1.
6950 Ringkøbing

Bankers

Sydbank

Subsidiaries

Producteers A/S, Blokhus, Denmark
Producteers Electrical Appliances Company Ltd., China
Producteers International GmbH, Germany

Management commentary

The principal activities of the company

Like previous years, the principal activities consisted of holding activities and wealth management.

Uncertainties about recognition or measurement

The Chinese subsidiary, Producteers Electrical Appliances Company Ltd., is recognized on the basis of internal management account prepared by the Chinese accountant. The internal management account is not in accordance with the official Chinese annual report prepared under Chinese tax law.

Development in activities and financial matters

The result for 2020 is a profit of 6.249 thousand DKK against 1.682 thousand DKK in 2019.

The result for 2020 is satisfying.

From 2020, the company is tax resident in Germany.

The company's equity amounts at the end of the financial year 13.214 thousand DKK.

The subsidiary company, Producteers A/S, is expected to be dissolved during 2021.

Events occurring after the end of the financial year

After the end of the financial year, no events have occurred that could displace the company financial position substantially.

Accounting policies

The annual report for Producteers Holding ApS has been presented in accordance with the Danish Financial Statements Act regulations concerning reporting class B enterprises. Furthermore, the company has decided to comply with certain rules applying to reporting class C enterprises.

The accounting policies are unchanged from last year, and the annual report is presented in DKK.

Recognition and measurement in general

Income is recognised in the income statement concurrently with its realisation, including the recognition of value adjustments of financial assets and liabilities. Likewise, all costs are recognised in the income statement, including depreciations amortisations, writedowns for impairment, provisions, and reversals due to changes in estimated amounts previously recognised in the income statement.

Assets are recognised in the statement of financial position when it seems probable that future economic benefits will flow to the company and the value of the asset can be reliably measured.

Liabilities are recognised in the statement of financial position when it is seems probable that future economic benefits will flow out of the company and the value of the liability can be reliably measured.

Assets and liabilities are measured at cost at the initial recognition. Hereafter, assets and liabilities are measured as described below for each individual accounting item.

Certain financial assets and liabilities are measured at amortised cost, allowing a constant effective interest rate to be recognised during the useful life of the asset or liability. Amortised cost is recognised as the original cost less any payments, plus/less accrued amortisations of the difference between cost and nominal amount. In this way, capital losses and gains are allocated over the useful life of the liability.

Upon recognition and measurement, allowances are made for such predictable losses and risks which may arise prior to the presentation of the annual report and concern matters that exist on the reporting date.

Foreign currency translation

Transactions in foreign currency are translated by using the exchange rate prevailing at the date of the transaction. Differences in the rate of exchange arising between the rate at the date of transaction and the rate at the date of payment are recognised in the profit and loss account as an item under net financials. If currency positions are considered to hedge future cash flows, the value adjustments are recognised directly in equity in a fair value reserve.

Receivables, payables, and other foreign currency monetary items are translated using the closing rate. The difference between the closing rate and the rate at the time of the occurrence or initial recognition in the latest financial statements of the receivable or payable is recognised in the income statement under financial income and expenses.

Accounting policies

Fixed assets acquired and paid for in foreign currency are measured at the exchange rate prevailing at the date of the transaction.

Group enterprises abroad, associates, and equity investments are considered to be independent entities. The income statements are translated at an average exchange rate for the month, and the balance sheet items are translated at the closing rates. Currency translation differences, arising from the translation of the equity of group enterprises abroad at the beginning of the year to the closing rate and from the translation of income statements from average prices to the closing rate, are recognised directly in equity in the fair value reserve. This also applies to differences arising from translation of income statements from average exchange rate to closing rate.

Translation adjustment of balances with group enterprises abroad that are considered part of the total investment in group enterprises are recognised directly in equity in the fair value reserve. Likewise, foreign exchange gains and losses on loans and derived financial instruments for currency hedging independent group enterprises abroad are recognised directly in equity.

When recognising foreign group enterprises which are integral units, the monetary items are translated using the closing rate. Non-monetary items are translated using the exchange rate prevailing at the time of acquisition or at the time of the subsequent revaluation or writedown for impairment of the asset. Income statement items are translated using the exchange rate prevailing at the date of the transaction. However, items in the income statement derived from non-monetary items are translated using historical prices.

Income statement

Other external costs

Other external costs comprise costs incurred for administration.

Depreciation, amortisation, and writedown for impairment

Depreciation, amortisation, and writedown for impairment comprise depreciation on, amortisation of, and writedown for impairment of intangible and tangible assets, respectively.

Financial income and expenses

Financial income and expenses are recognised in the income statement with the amounts concerning the financial year. Financial income and expenses comprise interest income and expenses, financial expenses from financial leasing, realised and unrealised capital gains and losses relating to securities, debt and transactions in foreign currency, amortisation of financial assets and liabilities as well as surcharges and reimbursements under the advance tax scheme, etc.

Results from equity investments in group enterprises

After full elimination of intercompany profit or loss less amortised consolidated goodwill, the equity investment in the individual group enterprises are recognised in the income statement as a proportional share of the group enterprises' post-tax profit or loss.

Accounting policies

Tax on net profit or loss for the year

Tax for the year comprises the current income tax for the year and changes in deferred tax and is recognised in the income statement with the share attributable to the net profit or loss for the year and directly in equity with the share attributable to entries directly in equity.

The company is subject to Danish rules on compulsory joint taxation of Danish group enterprises. The company acts as an administration company in relation to the joint taxation. This means that the total Danish tax payable by the Danish consolidated companies is paid to the tax authorities by the company.

The current Danish income tax is allocated among the jointly taxed companies proportional to their respective taxable income (full allocation with reimbursement of tax losses).

Statement of financial position

Impairment loss relating to non-current assets

The carrying amount of equity investments are subject to annual impairment tests in order to disclose any indications of impairment beyond those expressed by amortisation and depreciation respectively.

If indications of impairment are disclosed, impairment tests are carried out for each individual asset or group of assets, respectively. Writedown for impairment is done to the recoverable amount if this value is lower than the carrying amount.

The recoverable amount is the higher value of value in use and selling price less expected selling cost. The value in use is calculated as the present value of the expected net cash flows from the use of the asset or the asset group and expected net cash flows from the sale of the asset or the asset group after the end of their useful life.

Previously recognised impairment losses are reversed when conditions for impairment no longer exist.

Investments

Equity investments in group enterprises

Equity investments in group enterprises are recognised and measured by applying the equity method. The equity method is used as a method of consolidation.

Equity investments in group enterprises are recognised in the statement of financial position at the proportionate share of the enterprise's equity value. This value is calculated in accordance with the parent's accounting policies with deductions or additions of unrealised intercompany gains and losses as well as with additions or deductions of the remaining value of positive or negative goodwill calculated in accordance with the acquisition method. Negative goodwill is recognised in the income statement at the time of acquisition of the equity investment. If the negative goodwill relates to contingent liabilities acquired, negative goodwill is not recognised until the contingent liabilities have been settled or lapsed.

Accounting policies

Equity investments in group enterprises with a negative equity value are measured at DKK 0, and any accounts receivable from these enterprises are written down to the extent that the account receivable is uncollectible. To the extent that the parent has a legal or constructive obligation to cover a negative balance that exceeds the account receivable, the remaining amount is recognised under provisions.

To the extent the equity exceeds the cost, the net revaluation of equity investments in group enterprises are transferred to the reserve under equity for net revaluation according to the equity method. Dividends from group enterprises expected to be adopted before the approval of this annual report are not subject to a limitation of the revaluation reserve. The reserve is adjusted by other equity movements in group enterprises.

Newly acquired or newly established companies are recognised in the financial statement as of the time of acquisition. Sold or liquidated companies are recognised until the date of disposal.

Receivables

Receivables are measured at amortised cost which usually corresponds to face value. In order to meet expected losses, they are written down for impairment to the net realisable value.

Financial instruments and equity investments

Financial instruments and equity investments recognised under current assets consist of listed shares and bonds which are measured at fair value on the reporting date. Unlisted equity investments are measured at cost. Writedown takes place to the recoverable amount if this value is lower than the carrying amount.

Equity

Reserve for net revaluation according to the equity method

The reserve for net revaluation according to the equity method comprises net revaluation of equity investments in subsidiaries, associates and equity interests proportional to cost.

The reserve may be eliminated in the event of losses, realisation of equity investments, or changes in the accounting estimates.

The reserve cannot be recognised by a negative amount.

Income tax and deferred tax

As administration company, Producteers Holding ApS is liable to the tax authorities for the subsidiaries' corporate income taxes.

Current tax liabilities and current tax receivable are recognised in the statement of financial position as calculated tax on the taxable income for the year, adjusted for tax of previous years' taxable income and for tax paid on account.

Accounting policies

The company is jointly taxed with consolidated Danish companies. The current corporate income tax is distributed between the jointly taxed companies in proportion to their taxable income and with full distribution with reimbursement as to tax losses. The jointly taxed companies are comprised by the Danish tax prepayment scheme.

Deferred tax is measured on the basis of temporary differences in assets and liabilities with a focus on the statement of financial position. Deferred tax is measured at net realisable value.

Adjustments take place in relation to deferred tax concerning elimination of unrealised intercompany gains and losses.

Deferred tax is measured based on the tax rules and tax rates applying under the legislation prevailing in the respective countries on the reporting date when the deferred tax is expected to be released as current tax. Changes in deferred tax due to changed tax rates are recognised in the income statement, except for items included directly in the equity.

Deferred tax assets, including the tax value of tax losses allowed for carryforward, are recognised at the value at which they are expected to be realisable, either by settlement against tax of future earnings or by set-off in deferred tax liabilities within the same legal tax unit. Any deferred net tax assets are measured at net realisable value.

Liabilities other than provisions

Other liabilities concerning payables to suppliers, group enterprises, and other payables are measured at amortised cost which usually corresponds to the nominal value.

Income statement 1 January - 31 December

All amounts in DKK.

<u>Note</u>	<u>2020</u>	<u>2019</u>
Other external costs	-72.585	-3.750
Gross profit	-72.585	-3.750
Depreciation and impairment of property, land, and equipment	-38.162	0
Operating profit	-110.747	-3.750
1 Income from equity investments in group enterprises	6.357.931	1.700.191
2 Other financial costs	-22	-20.145
Pre-tax net profit or loss	6.247.162	1.676.296
3 Tax on net profit or loss for the year	2.046	5.258
Net profit or loss for the year	6.249.208	1.681.554
Proposed appropriation of net profit:		
Extraordinary dividend adopted during the financial year	110.600	108.000
Reserves for net revaluation according to the equity method	6.172.121	1.565.984
Transferred to retained earnings	0	7.570
Allocated from retained earnings	-33.513	0
Total allocations and transfers	6.249.208	1.681.554

Statement of financial position at 31 December

All amounts in DKK.

Assets		
<u>Note</u>	<u>2020</u>	<u>2019</u>
Non-current assets		
4 Equity investments in group enterprises	15.416.094	9.142.391
Total investments	<u>15.416.094</u>	<u>9.142.391</u>
Total non-current assets	<u>15.416.094</u>	<u>9.142.391</u>
Current assets		
Receivables from group enterprises	0	187.160
Tax receivables from group enterprises	99.110	0
Total receivables	<u>99.110</u>	<u>187.160</u>
Other financial instruments and equity investments	82.660	0
Total financial instruments	<u>82.660</u>	<u>0</u>
Total current assets	<u>181.770</u>	<u>187.160</u>
Total assets	<u>15.597.864</u>	<u>9.329.551</u>

Statement of financial position at 31 December

All amounts in DKK.

Equity and liabilities		
<u>Note</u>	<u>2020</u>	<u>2019</u>
Equity		
Contributed capital	125.000	125.000
Reserve for net revaluation according to the equity method	13.168.171	6.996.050
Retained earnings	-79.057	3.004
Total equity	<u>13.214.114</u>	<u>7.124.054</u>
Liabilities other than provisions		
Trade payables	830	0
Payables to group enterprises	2.252.375	1.743.970
Income tax payable	97.064	436.942
Other payables	33.481	24.585
Total short term liabilities other than provisions	<u>2.383.750</u>	<u>2.205.497</u>
Total liabilities other than provisions	<u>2.383.750</u>	<u>2.205.497</u>
Total equity and liabilities	<u>15.597.864</u>	<u>9.329.551</u>

5 Charges and security

6 Contingencies

Statement of changes in equity

All amounts in DKK.

	Contributed capital	Reserve for net revalua-tion according to the eq-uity method	Retained earnings	Total
Equity 1 January 2019	125.000	5.430.066	-20.359	5.534.707
Share of profit or loss	0	1.565.984	7.570	1.573.554
Extraordinary dividend adopted during the financial year	0	0	108.000	108.000
Distributed extraordinary dividend adopted during the financial year	0	0	-108.000	-108.000
Exchange rate adjustment, subsidiary	0	0	15.793	15.793
Equity 1 January 2020	125.000	6.996.050	3.004	7.124.054
Share of profit or loss	0	6.172.121	-33.513	6.138.608
Extraordinary dividend adopted during the financial year	0	0	110.600	110.600
Distributed extraordinary dividend adopted during the financial year	0	0	-110.600	-110.600
Exchange rate adjustment, subsidiary	0	0	-48.548	-48.548
	125.000	13.168.171	-79.057	13.214.114

Notes

All amounts in DKK.

	<u>2020</u>	<u>2019</u>
1. Income from equity investments in group enterprises		
Share of results, Producteers A/S, 100%	3.613.522	1.690.254
Share of results, Producteers Electrical Appliances Company Ltd., 100%	1.654.671	9.937
Share of results, Producteers International GmbH, 75%	1.089.738	0
	<u>6.357.931</u>	<u>1.700.191</u>
2. Other financial costs		
Other financial costs	<u>22</u>	<u>20.145</u>
	<u>22</u>	<u>20.145</u>
3. Tax on net profit or loss for the year		
Tax on net profit or loss for the year	<u>-2.046</u>	<u>-5.258</u>
	<u>-2.046</u>	<u>-5.258</u>

Notes

All amounts in DKK.

	<u>31/12 2020</u>	<u>31/12 2019</u>
4. Equity investments in group enterprises		
Cost opening balance	2.146.341	2.146.341
Additions during the year	140.370	0
Cost end of period	<u>2.286.711</u>	<u>2.146.341</u>
Revaluations opening balance	6.996.050	5.430.066
Net profit or loss for the year before amortisation of goodwill	6.331.881	1.700.191
Dividend	-150.000	-150.000
Exchange rate adjustments, subsidiary	-48.548	15.793
Revaluation end of period	<u>13.129.383</u>	<u>6.996.050</u>
Carrying amount, end of period	<u>15.416.094</u>	<u>9.142.391</u>

Financial highlights for the enterprises according to the latest approved annual reports

	Equity interest	Equity	Results for the year	Carrying amount, Producteers Holding ApS
Producteers A/S, Blokhus, Denmark	100 %	10.611.508	3.613.522	10.611.408
Producteers Electrical Appliances Company Ltd., China	100 %	3.600.628	1.654.671	3.600.628
Producteers International GmbH, Germany	75 %	1.605.411	1.452.984	1.204.058
		<u>15.817.547</u>	<u>6.721.177</u>	<u>15.416.094</u>

5. Charges and security

The company guarantees the associated companies' involvement with Sydbank.

6. Contingencies

Joint taxation

The company acts as administration company for the group of companies subject to the Danish scheme of joint taxation and is unlimitedly, jointly, and severally liable, along with the other jointly taxed companies, to pay the total corporation tax.

Notes

All amounts in DKK.

6. Contingencies (continued)

Joint taxation (continued)

The company is unlimitedly, jointly, and severally liable, along with the other jointly taxed companies, for any obligations to withhold tax on interest, royalties, and dividends.

The total tax payable under the joint taxation scheme totals DKK 97.

The liability relating to obligations in connection with withholding tax on dividends, interest, and royalties represents an estimated maximum of DKK 0 thousand.

Any subsequent adjustments of corporate taxes or withholding taxes, etc., may result in changes in the company's liabilities.