

**Produal A/S**  
**Generatorvej 8H, 2860 Søborg**

---

**Annual report**

**2018**

---

**Company reg. no. 33 37 82 03**

The annual report was submitted and approved by the general meeting on the 30 April 2019.

---

**Pekka Anselmi Immonen**  
Chairman of the meeting

Notes:

- To ensure the greatest possible applicability of this document, British 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 %.

## Contents

---

Page

**Reports**

- 1 Management's report
- 2 Independent auditor's report

**Management's review**

- 5 Company data
- 6 Management's review

**Annual accounts 1 January - 31 December 2018**

- 7 Accounting policies used
- 10 Profit and loss account
- 11 Balance sheet
- 13 Notes

## **Management's report**

---

The board of directors and the managing director have today presented the annual report of Produal A/S for the financial year 1 January to 31 December 2018.

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

We consider the accounting policies used appropriate, and in our opinion the annual accounts provide a true and fair view of the company's assets and liabilities and its financial position at 31 December 2018 and of the company's results of its activities in the financial year 1 January to 31 December 2018.

We are of the opinion that the management's review includes a fair description of the issues dealt with.

The annual report is recommended for approval by the general meeting.

Søborg, 30 April 2019

### **Managing Director**

Henrik Zederkof

### **Board of directors**

Pekka Anselmi Immonen

Risto Laaksonen

Henrik Zederkof

## **Independent auditor's report**

---

### **To the shareholders of Produal A/S**

#### **Auditor's report on the annual accounts**

##### **Opinion**

We have audited the annual accounts of Produal A/S for the financial year 1 January to 31 December 2018, which comprise accounting policies used, profit and loss account, balance sheet and notes. The annual accounts are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the annual accounts give a true and fair view of the company's assets, liabilities and financial position at 31 December 2018 and of the results of the company's operations for the financial year 1 January to 31 December 2018 in accordance with the Danish Financial Statements Act.

##### **Basis for opinion**

We conducted our audit in accordance with international standards on auditing and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the below section "Auditor's responsibilities for the audit of the annual accounts". 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 audit evidence obtained is sufficient and appropriate to provide a basis for our opinion.

##### **The management's responsibilities for the annual accounts**

The management is responsible for the preparation of annual accounts that give a true and fair view in accordance with the Danish Financial Statements Act. The management is also responsible for such internal control as the management determines is necessary to enable the preparation of annual accounts that are free from material misstatement, whether due to fraud or error.

In preparing the annual accounts, the management is responsible for evaluating the company's ability to continue as a going concern, and, when relevant, disclosing matters related to going concern and using the going concern basis of accounting when preparing the annual accounts, unless the management either intends to liquidate the company or to cease operations, or if it has no realistic alternative but to do so.

##### **Auditor's responsibilities for the audit of the annual accounts**

Our objectives are to obtain reasonable assurance about whether the annual accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report including an opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with international standards on auditing and the additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements may arise due to fraud or error and may be considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions made by users on the basis of the annual accounts.

## **Independent auditor's report**

---

As part of an audit conducted in accordance with international standards on auditing and the additional requirements applicable in Denmark, we exercise professional evaluations and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement in the annual accounts, whether due to fraud or error, design and perform audit procedures in response 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 the risk of not detecting a misstatement resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of the 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 by the management and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of the management's preparation of the annual accounts being based on the going concern principle and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may raise significant doubt about 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 annual accounts 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 annual accounts, including the disclosures in the notes, and whether the annual accounts reflect 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 the internal control that we identify during our audit.

### **Statement on the management's review**

The management is responsible for the management's review.

Our opinion on the annual accounts does not cover the management's review, and we do not express any kind of assurance opinion on the management's review.

## **Independent auditor's report**

---

In connection with our audit of the annual accounts, our responsibility is to read the management's review and in that connection consider whether the management's review is materially inconsistent with the annual accounts or our knowledge obtained during the audit, or whether it otherwise appears to contain material misstatement.

Furthermore, 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 believe that the management's review is in accordance with the annual accounts and that it has been prepared in accordance with the requirements of the Danish Financial Statement Acts. We did not find any material misstatement in the management's review.

### **Loss of capital**

The company has lost all of the contributed capital. Within the Companies Act deadlines, management is required to ensure the holding of the general meeting and explain the company's financial position and, if necessary, propose measures to be taken. Failing this, management can incur liability as per the Companies Act § 119.

As mentioned in note 1 the mother company has confirmed by a Letter of subordination, that all debt and liabilities towards Produal A/S, will be junior and subordinate to all its other creditors.

Copenhagen, 30 April 2019

### **Martinsen**

State Authorised Public Accountants  
Company reg. no. 32 28 52 01

### **Leif Tomasson**

State Authorised Public Accountant  
mne25346

## Company data

---

### The company

Produal A/S  
Generatorvej 8H  
2860 Søborg

Company reg. no. 33 37 82 03  
Established: 20 December 2010  
Financial year: 1 January - 31 December  
9th financial year

### Board of directors

Pekka Anselmi Immonen  
Risto Laaksonen  
Henrik Zederkof

### Managing Director

Henrik Zederkof

### Auditors

Martinsen  
Statsautoriseret Revisionspartnerselskab  
Øster Allé 42  
2100 København Ø  
Phone +45 35 38 48 88  
www.martinsen.dk

### Parent company

Produal Holding Oy, Finland

## **Management's review**

---

### **The principal activities of the company**

The company sells a wide range of products for among other management and measurement within building automation, which should enable optimum energy efficiency and indoor comfort.

### **Development in activities and financial matters**

The gross profit for the year is DKK 2.760.519 against DKK 2.232.000 last year. The results from ordinary activities after tax are DKK -2.141.057 against DKK -2.168.000 last year. The management consider the results satisfactory.

The company's cash and cash equivalents have decreased by DKK 653.260, i.e. from DKK 1.219.951 to DKK 566.691.

### **Uncertainties concerning the enterprise's ability to continue as a going concern**

There are uncertainties concerning the company's ability to continue as a going concern, due to the liabilities towards the company's creditors. However the management of the parent company, Produl OY, has confirmed by a Letter of subordination, that all debt and liabilities towards Produl A/S, will be junior and subordinate to all its other creditors.

### **The expected development**

The positive development we have experienced in the Danish Market, in recent years, seems to continue. We expect that the existing products will provide further growth, in the future.

In addition, we launched a new product in 2018, which is expected to generate further growth.

### **Events subsequent to the financial year**

There has been no subsequent events that have an impact on the financial statements.



## **Accounting policies used**

---

The annual report for Produl A/S is presented in accordance with those regulations of the Danish Financial Statements Act concerning companies identified as class B enterprises. Furthermore, the company has chosen to comply with some of the rules applying for class C enterprises.

The accounting policies used are unchanged compared to last year, and the annual accounts are presented in Danish kroner (DKK).

### **Recognition and measurement in general**

Income is recognised in the profit and loss account concurrently with its realisation, including the recognition of value adjustments of financial assets and liabilities. Likewise, all costs, these including depreciation, amortisation, writedown, provisions, and reversals which are due to changes in estimated amounts previously recognised in the profit and loss account are recognised in the profit and loss account.

Assets are recognised in the balance sheet when the company is liable to achieve future, financial benefits and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when the company is liable to lose future, financial benefits and the value of the liability can be measured reliably.

At the first recognition, assets and liabilities are measured at cost. Later, assets and liabilities are measured as described below for each individual accounting item.

At recognition and measurement, such predictable losses and risks are taken into consideration, which may appear before the annual report is presented, and which concerns matters existing on the balance sheet date.

## **The profit and loss account**

### **Gross profit**

The gross profit comprises the net turnover, changes in inventories of finished goods and work in progress, work performed for own purposes and capitalised, other operating income, and external costs.

The net turnover is recognised in the profit and loss account if delivery and risk transfer to the buyer have taken place before the end of the year, and if the income can be determined reliably and is expected to be received. The net turnover is recognised exclusive of VAT and taxes and with the deduction of any discounts granted in connection with the sale.

Other external costs comprise costs for distribution, sales, advertisement, administration, premises, loss on debtors, and operational leasing costs.

## **Accounting policies used**

---

### **Staff costs**

Staff costs include salaries and wages including holiday allowances, pensions and other costs for social security etc. for staff members. Staff costs are less public reimbursements.

### **Depreciation, amortisation and writedown**

Depreciation, amortisation and writedown comprise depreciation on, amortisation of and writedown relating to intangible and tangible fixed assets respectively.

### **Net financials**

Net financials include interest income, interest expences an realised and unrealised capital gains and losses concerning financial assets and liabilities. Net financials are recognised in the profit and loss account with the amounts that concerns the financial year.

### **Tax of the results for the year**

The tax for the year comprises the current tax for the year and the changes in deferred tax, and it is recognised in the profit and loss account with the share referring to the results for the year and directly in the equity with the share referring to entries directly on the equity.

## The balance sheet

### **Intangible fixed assets**

#### **Goodwill**

Acquired goodwill is measured at cost with deduction of accumulated amortisation. As it is not possible to determine a reliable estimate of the useful life, the amortisation period is set at 10 years.

#### **Inventories**

Inventories are measured at cost on basis of the FIFO method. In case the net realisable value of the inventories is lower than the cost, writedown takes place to this lower value.

The cost for trade goods, raw materials, and consumables comprises the acquisition cost with the addition of the delivery costs.

The net realisable value for inventories is recognised as the market price with deduction of completion costs and selling costs. The net realisable value is determined taking into consideration the negotiability, obsolescence, and development of the expected market price.

#### **Debtors**

Debtors are measured at amortised cost which usually corresponds to face value. In order to meet expected losses, writedown takes place at the net realisable value.

#### **Available funds**

Available funds comprise cash at bank and in hand.

## **Accounting policies used**

---

### **Corporate tax and deferred tax**

Current tax receivable and tax liabilities are recognised in the balance sheet at the amount calculated on the basis of the expected taxable income for the year adjusted for tax on previous years' taxable income and prepaid taxes. Tax receivable and tax liabilities are set off to the extent that legal right of set-off exists and if the items are expected to be settled net or simultaneously.

Deferred tax is measured on the basis of all temporary differences in assets and liabilities with a balance sheet focus.

Deferred tax is measured based on the tax rules and tax rates applying under the legislation on the balance sheet date and prevailing when the deferred tax is expected to be released as current tax.

### **Liabilities**

Other liabilities are measured at amortised cost which usually corresponds to the nominal value.

## Profit and loss account 1 January - 31 December

---

Amounts concerning 2018: DKK.

Amounts concerning 2017: DKK in thousands.

| <u>Note</u>  | <u>2018</u>       | <u>2017</u>   |
|--|-------------------|---------------|
| <b>Gross profit</b>  | <b>2.760.519</b>  | <b>2.232</b>  |
| 2 Staff costs  | -3.899.678        | -3.703        |
| Amortisation and writedown relating to intangible fixed assets | -689.595          | -690          |
| <b>Operating profit</b>  | <b>-1.828.754</b> | <b>-2.161</b> |
| Other financial costs  | -12.303           | -7            |
| <b>Results before tax</b>                                      | <b>-1.841.057</b> | <b>-2.168</b> |
| 3 Tax on ordinary results                                      | -300.000          | 0             |
| <b>Results for the year</b>                                    | <b>-2.141.057</b> | <b>-2.168</b> |
| <b>Proposed distribution of the results:</b>                   |                   |               |
| Allocated from results brought forward                         | -2.141.057        | -2.168        |
| <b>Distribution in total</b>                                   | <b>-2.141.057</b> | <b>-2.168</b> |

## Balance sheet 31 December

---

Amounts concerning 2018: DKK.

Amounts concerning 2017: DKK in thousands.

| <b>Assets</b>         |   | <u>2018</u>             | <u>2017</u>          |
|-----------------------|---|-------------------------|----------------------|
| Note                  |   |                         |                      |
| <b>Fixed assets</b>   |   |                         |                      |
| 4                     | Goodwill                                  | 1.379.189               | 2.068                |
|                       | Intangible fixed assets in total          | <u>1.379.189</u>        | <u>2.068</u>         |
|                       | <b>Fixed assets in total</b>              | <b><u>1.379.189</u></b> | <b><u>2.068</u></b>  |
| <b>Current assets</b> |   |                         |                      |
|                       | Inventory                                 | 1.715.492               | 1.958                |
|                       | Inventories in total                      | <u>1.715.492</u>        | <u>1.958</u>         |
|                       | Trade debtors                             | 2.106.819               | 1.309                |
|                       | Deferred tax assets                       | 0                       | 300                  |
|                       | Other debtors                             | 79.558                  | 111                  |
|                       | Claims for payment of contributed capital | <u>0</u>                | <u>5.000</u>         |
|                       | Debtors in total                          | <u>2.186.377</u>        | <u>6.720</u>         |
|                       | Available funds                           | <u>566.691</u>          | <u>1.220</u>         |
|                       | <b>Current assets in total</b>            | <b><u>4.468.560</u></b> | <b><u>9.898</u></b>  |
|                       | <b>Assets in total</b>                    | <b><u>5.847.749</u></b> | <b><u>11.966</u></b> |

**Balance sheet 31 December**

Amounts concerning 2018: DKK.

Amounts concerning 2017: DKK in thousands.

| <b>Equity and liabilities</b> |  | <u>2018</u>      | <u>2017</u>   |
|-------------------------------|--|------------------|---------------|
| Note                          |  |                  |               |
| <b>Equity</b>                 |  |                  |               |
| 5                             | Contributed capital                    | 800.000          | 800           |
| 6                             | Results brought forward                | -1.622.328       | 519           |
|                               | <b>Equity in total</b>                 | <b>-822.328</b>  | <b>1.319</b>  |
| <b>Liabilities</b>            |  |                  |               |
|                               | Trade creditors                        | 331.765          | 134           |
|                               | Debt to group enterprises              | 5.262.794        | 9.526         |
|                               | Other debts                            | 1.075.518        | 987           |
|                               | Short-term liabilities in total        | 6.670.077        | 10.647        |
|                               | <b>Liabilities in total</b>            | <b>6.670.077</b> | <b>10.647</b> |
|                               | <b>Equity and liabilities in total</b> | <b>5.847.749</b> | <b>11.966</b> |

**1 Uncertainties concerning the enterprise's ability to continue as a going concern****7 Contingencies**

## Notes

---

Amounts concerning 2018: DKK.

Amounts concerning 2017: DKK in thousands.

### 1. Uncertainties concerning the enterprise's ability to continue as a going concern

There are uncertainties concerning the company's ability to continue as a going concern, due to the liabilities towards the company's creditors. However the management of the parent company, Produal OY, has confirmed by a Letter of subordination, that all debt and liabilities towards Produal A/S, will be junior and subordinate to all its other creditors.

|   | <u>2018</u>                 | <u>2017</u>             |
|---|-----------------------------|-------------------------|
| <b>2. Staff costs</b>                   |                             |                         |
| Salaries and wages                      | 3.439.684                   | 3.295                   |
| Pension costs                           | 276.616                     | 241                     |
| Other costs for social security         | 12.434                      | 11                      |
| Other staff costs                       | 170.944                     | 156                     |
|   | <b><u>3.899.678</u></b>     | <b><u>3.703</u></b>     |
| <br>Average number of employees         | <br><u>5</u>                | <br><u>5</u>            |
| <b>3. Tax on ordinary results</b>       |                             |                         |
| Adjustment for the year of deferred tax | 300.000                     | 0                       |
|   | <b><u>300.000</u></b>       | <b><u>0</u></b>         |
| <b>4. Goodwill</b>                      |                             |                         |
| Cost 1 January                          | 6.895.950                   | 6.896                   |
| <b>Cost 31 December</b>                 | <b><u>6.895.950</u></b>     | <b><u>6.896</u></b>     |
| Amortisation 1 January                  | -4.827.166                  | -4.138                  |
| Amortisation for the year               | -689.595                    | -690                    |
| <b>Amortisation 31 December</b>         | <b><u>-5.516.761</u></b>    | <b><u>-4.828</u></b>    |
| <br><b>Book value 31 December</b>       | <br><b><u>1.379.189</u></b> | <br><b><u>2.068</u></b> |

## Notes

---

Amounts concerning 2018: DKK.

Amounts concerning 2017: DKK in thousands.

|                                     | <u>31/12 2018</u>     | <u>31/12 2017</u> |
|-------------------------------------|-----------------------|-------------------|
| <b>5. Contributed capital</b>       |                       |                   |
| Contributed capital 1 January       | 800.000               | 700               |
| Capital increase, 29. December 2017 | <u>0</u>              | <u>100</u>        |
|                                     | <b><u>800.000</u></b> | <b><u>800</u></b> |

The share capital consists of 800 shares, each with a nominal value of DKK 1.000. No shares hold particular rights.

|   |                          |                   |
|---|--------------------------|-------------------|
| <b>6. Results brought forward</b>           |                          |                   |
| Results brought forward 1 January           | 518.729                  | -2.573            |
| Share premium, 29. December 2017            | 0                        | 4.900             |
| Profit or loss for the year brought forward | <u>-2.141.057</u>        | <u>-1.808</u>     |
|   | <b><u>-1.622.328</u></b> | <b><u>519</u></b> |

## 7. Contingencies

### Contingent liabilities

The company has entered into lease agreements. The lease contract may be terminated with a notice period of 6 months.

The total lease commitment amounts to 93 T.DKK.

### Operational leasing

The company has entered into operational leasing contracts with an average annual leasing payment of 199 T.DKK. The leasing contracts have 48 months left to run, and the total outstanding leasing payment is 797 T.DKK.