

Produal A/S
Generatorvej 8H, 2860 Søborg

Annual report
2020

Company reg. no. 33 37 82 03

The annual report was submitted and approved by the general meeting on the 7 July 2021.

Anselmi Immonen
Chairman of the meeting

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 %.

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Management's report

Today, the board of directors and the managing director have presented the annual report of Produal A/S for the financial year 2020.

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.

Søborg, 7 July 2021

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

Opinion

We have audited the financial statements of Produal A/S for the financial year 1 January - 31 December 2020, which comprise income statement, balance sheet, statement of changes in equity and notes, including accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the financial position of the Company at 31 December 2020 and of the results of the Company's operations for the financial year 1 January - 31 December 2020 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the financial statements" section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these rules and requirements.

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 as 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 additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit conducted in accordance with ISAs and additional requirements applicable in Denmark, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- ▶ Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.

- ▶ Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- ▶ Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- ▶ Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- ▶ Evaluate the overall presentation, structure and contents of the financial statements, including the note disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

We communicate with those charged with governance regarding, among other 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.

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, 7 July 2021

EY Godkendt Revisionspartnerselskab

CVR no. 30 70 02 28

Michael Laursen
State Authorised
Public Accountant
mne26804

Company information

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 11th financial year
Board of directors	Pekka Anselmi Immonen Risto Laaksonen Henrik Zederkof
Managing Director	Henrik Zederkof
Auditors	EY Godkendt Revisionspartnerselskab Værkmestergade 25 8000 Aarhus C
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 totals DKK 5.092.667 against DKK 4.832.757 last year. The results after tax totals DKK 1.347.040 against DKK 557.273 last year. Management considers the net profit or loss for the year satisfactory.

Expected developments

In 2021, the financial development will largely depend on the type and the extent of the restrictions maintained or introduced by the Danish authorities in order to prevent the spread of the coronavirus. In anticipation of the company not being subject to shutdown, the management expects the company's financial position and profit for the financial year 2021 to be insignificantly affected by the consequences of the coronavirus.

Events occurring after the end of the financial year

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

Accounting policies

The annual report for Pro dual A/S 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.

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.

Income statement

Gross profit

Gross profit comprises revenue, changes in inventories of finished goods, other operating income, and external costs.

Revenue is recognised in the income statement if delivery and passing of risk to the buyer have taken place before the end of the year and if the income can be determined reliably and inflow is anticipated. Recognition of revenue is exclusive of VAT and taxes and less any discounts relating directly to sales.

Cost of sales comprises costs concerning purchase of raw materials and consumables less discounts and changes in inventories.

Other external costs comprise costs incurred for distribution, sales, advertising, administration, premises, loss on receivables, and operational leasing costs.

Accounting policies

Staff costs

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

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, realised and unrealised capital gains and losses relating to debt and transactions in foreign currency, amortisation of financial assets and liabilities.

Tax on net profit or loss for the year

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

Balance Sheet

Intangible assets

Goodwill

Acquired goodwill is measured at cost less accumulated amortisation. Given that it is impossible to make a reliable estimate of the useful life, the amortisation period is set at 10 years.

Inventories

Inventories are measured at cost according to the FIFO method. In cases when the net realisable value of the inventories is lower than the cost, the latter is written down for impairment to this lower value.

Costs of goods for resale, raw materials, and consumables comprise acquisition costs plus delivery costs.

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

Accounting policies

Receivables

Receivables are measured at amortised cost, which usually corresponds to nominal value. In order to meet expected losses, impairment takes place at the net realisable value.

Cash on hand and demand deposits

Cash on hand and demand deposits comprise cash at bank and on hand.

Income tax and deferred tax

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.

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.

Joint taxation contributions payable and receivable are recognised in the statement of financial position as "Income tax receivable" or "Income tax payable".

According to the rules of joint taxation, Pro dual A/S is unlimitedly, jointly, and severally liable to pay the Danish tax authorities the total income tax, including withholding tax on interest, royalties, and dividends, arising from the jointly taxed group of companies.

Provisions

Provisions comprise long-term holiday pay obligations.

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>
Gross profit	5.092.667	4.832.757
1 Staff costs	-4.049.266	-3.882.357
Amortisation and impairment of intangible assets	<u>-689.594</u>	<u>-689.595</u>
Operating profit	353.807	260.805
Other financial costs	<u>-28.846</u>	<u>-10.739</u>
Pre-tax net profit or loss	324.961	250.066
2 Tax on net profit or loss for the year	<u>1.022.079</u>	<u>307.207</u>
Net profit or loss for the year	<u>1.347.040</u>	<u>557.273</u>
Proposed appropriation of net profit:		
Transferred to retained earnings	<u>1.347.040</u>	<u>557.273</u>
Total allocations and transfers	<u>1.347.040</u>	<u>557.273</u>

Balance Sheet at 31 December

All amounts in DKK.

Assets		
<u>Note</u>	<u>2020</u>	<u>2019</u>
Non-current assets		
3 Goodwill	0	689.594
Total intangible assets	0	689.594
Total non-current assets	0	689.594
Current assets		
Inventory	1.433.852	1.461.290
Total inventories	1.433.852	1.461.290
Trade receivables	1.688.042	2.124.320
Receivables from group enterprises	10.140	0
Other receivables	1.107.713	85.464
Total receivables	2.805.895	2.209.784
Cash on hand and demand deposits	5.265.375	1.278.690
Total current assets	9.505.122	4.949.764
Total assets	9.505.122	5.639.358

Balance Sheet at 31 December

All amounts in DKK.

<u>Note</u>	<u>2020</u>	<u>2019</u>
Equity and liabilities		
Equity		
Contributed capital	800.000	800.000
Retained earnings	281.985	-1.065.055
Total equity	1.081.985	-265.055
 Provisions		
Other provisions	0	80.275
Total provisions	0	80.275
 Liabilities other than provisions		
Trade payables	359.550	138.676
Payables to group enterprises	4.696.366	4.286.577
Other payables	3.367.221	1.398.885
Total short term liabilities other than provisions	8.423.137	5.824.138
Total liabilities other than provisions	8.423.137	5.824.138
 Total equity and liabilities	 9.505.122	 5.639.358

4 Contingencies

Statement of changes in equity

All amounts in DKK.

	<u>Contributed capital</u>	<u>Retained earnings</u>	<u>Total</u>
Equity 1 January 2019	800.000	-1.622.328	-822.328
Profit or loss for the year brought forward	<u>0</u>	<u>557.273</u>	<u>557.273</u>
Equity 1 January 2020	800.000	-1.065.055	-265.055
Profit or loss for the year brought forward	<u>0</u>	<u>1.347.040</u>	<u>1.347.040</u>
	<u>800.000</u>	<u>281.985</u>	<u>1.081.985</u>

Notes

All amounts in DKK.

	<u>2020</u>	<u>2019</u>
1. Staff costs		
Salaries and wages	3.714.060	3.560.492
Pension costs	290.284	278.149
Other costs for social security	13.507	13.507
Other staff costs	31.415	30.209
	<u>4.049.266</u>	<u>3.882.357</u>
Average number of employees	<u>6</u>	<u>6</u>
2. Tax on net profit or loss for the year		
Adjustment of tax for previous years	<u>-1.022.079</u>	<u>-307.207</u>
	<u>-1.022.079</u>	<u>-307.207</u>
The value of the tax loss 2.4 mio. DKK is not included in the accounts due to an uncertainty of when and to what extend it will be used.		
3. Goodwill		
Cost 1 January	<u>6.895.950</u>	<u>6.895.950</u>
Cost 31 December	<u>6.895.950</u>	<u>6.895.950</u>
Amortisation and writedown 1 January	-6.206.356	-5.516.761
Amortisation for the year	<u>-689.594</u>	<u>-689.595</u>
Amortisation and writedown 31 December	<u>-6.895.950</u>	<u>-6.206.356</u>
Carrying amount, 31 December	<u>0</u>	<u>689.594</u>
4. 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 105 T.DKK.		

Notes

All amounts in DKK.

4. Contingencies (continued)

Contingent liabilities (continued)

Operating leasing

The company has entered into operational leasing contracts with an average annual leasing payment of T.DKK 278. The leasing contracts have 24-47 months left and the total outstanding leasing payments are T.DKK 1.089.

Joint taxation

With Caljan A/S, company reg. no 30205618 as administration company, the company is subject to the Danish scheme of joint taxation and unlimitedly, jointly, and severally liable, along with the other jointly taxed companies, for the total corporation tax.

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.

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