

Produal A/S
Generatorvej 8H, 3250 Søborg

Annual report
2022

Company reg. no. 33 37 82 03

The annual report was submitted and approved by the general meeting on the 29 June 2023.

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 statement

Today, the Board of Directors and the Managing Director have approved the annual report of Produal A/S for the financial year 2022.

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

We consider the chosen accounting policy to be appropriate, and in our opinion, the financial statements give a true and fair view of the financial position of the Company at 31 December 2022 and of the results of the Company's operations for the financial year 1 January - 31 December 2022.

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

We recommend that the annual report be approved at the Annual General Meeting.

Søborg, 29 June 2023

Managing Director

Henrik Zederkof

Board of directors

Pekka Anselmi Immonen

Risto Laaksonen

Henrik Zederkof

Independent auditor's report

To the shareholders of Produl A/S

Opinion

We have audited the financial statements of Produl A/S for the financial year 1 January - 31 December 2022, which comprise a summary of significant accounting policies, income statement, balance sheet, statement of changes in equity and notes, for the Company. The financial statements are prepared under 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 2022, and of the results of the Company's operations for the financial year 1 January - 31 December 2022 in accordance with the Danish Financial Statements Act.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's Responsibilities for the Audit of the Financial Statements" section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (IESBA Code) and the additional ethical requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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 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 judgment and maintain professional skepticism 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 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 Management's Review and, in doing so, consider whether 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 Management's Review provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we conclude that 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 Management's Review.

Aarhus, 29 June 2023

EY

Godkendt Revisionspartnerselskab
Company reg. no. 30 70 02 28

Michael Laursen

State Authorised Public Accountant
mne26804

Company information

The company	Produal A/S Generatorvej 8H 3250 Søborg
	Company reg. no. 33 37 82 03 Established: 20 December 2010 Financial year: 1 January - 31 December 13th 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 6.173.382 against DKK 6.736.910 last year. Income or loss from ordinary activities after tax totals DKK 2.383.259 against DKK 3.321.728 last year. Management considers the net profit or loss for the year satisfactory.

In 2022, the company's cash and cash equivalents increased by DKK 3.788.315, i.e. from DKK 3.098.479 to DKK 6.886.794.

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 Produal 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.

Income statement

Gross profit

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

The Company has chosen IAS 11/IAS 18 as interpretation for revenue recognition.

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.

Staff costs

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

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.

Accounting policies

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

Leases

The enterprise will be applying IAS 17 as its base of interpretation for recognition of classification and recognition of leases.

At their initial recognition in the statement of financial position, leases concerning property, plant, and equipment where the company holds all essential risks and advantages associated with the proprietary right (finance lease) are measured either at fair value or at the present value of the future lease payments, whichever value is lower. When calculating the present value, the discount rate used is the internal rate of return of the lease or, alternatively, the borrowing rate of the enterprise. Hereafter, assets held under a finance lease are treated in the same way as other similar property, plant, and equipment.

The capitalised residual lease commitment is recognised in the statement of financial position as a liability other than provisions, and the interest part of the lease is recognised in the income statement for the term of the contract.

All other leases are regarded as operating leases. Payments in connection with operating leases and other lease agreements are recognised in the income statement for the term of the contract. The company's total liabilities concerning operating leases and lease agreements are recognised under contingencies, etc.

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.

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.

Accounting policies

The Company has chosen IAS 39 as interpretation for impairment write-down of financial receivables.

Prepayments and accrued income

Prepayments and accrued income recognised under assets comprise incurred costs concerning the following financial year.

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, Produal 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.

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>2022</u>	<u>2021</u>
Gross profit	6.173.382	6.736.910
1 Staff costs	<u>-3.883.431</u>	<u>-4.605.415</u>
Operating profit	2.289.951	2.131.495
Other financial costs	<u>-30.757</u>	<u>-30.285</u>
Pre-tax net profit or loss	2.259.194	2.101.210
2 Tax on net profit or loss for the year	<u>124.065</u>	<u>1.220.518</u>
Net profit or loss for the year	2.383.259	3.321.728
Proposed distribution of net profit:		
Transferred to retained earnings	<u>2.383.259</u>	<u>3.321.728</u>
Total allocations and transfers	2.383.259	3.321.728

Balance Sheet at 31 December

All amounts in DKK.

Assets		
<u>Note</u>	<u>2022</u>	<u>2021</u>
Current assets		
Inventory	1.532.151	1.879.433
Total inventories	<u>1.532.151</u>	<u>1.879.433</u>
Trade receivables	2.990.719	2.734.041
Receivables from group enterprises	12.881	10.762
Deferred tax assets	1.177.000	975.000
Other receivables	95.752	97.595
Prepayments	<u>50.103</u>	<u>0</u>
Total receivables	<u>4.326.455</u>	<u>3.817.398</u>
Cash on hand and demand deposits	<u>6.886.794</u>	<u>3.098.479</u>
Total current assets	<u>12.745.400</u>	<u>8.795.310</u>
Total assets	<u>12.745.400</u>	<u>8.795.310</u>

Balance Sheet at 31 December

All amounts in DKK.

<u>Note</u>	<u>2022</u>	<u>2021</u>
Equity and liabilities		
Equity		
Contributed capital	800.000	800.000
Retained earnings	<u>5.986.971</u>	<u>3.603.713</u>
Total equity	<u>6.786.971</u>	<u>4.403.713</u>
Long term liabilities other than provisions		
Trade payables	428.827	260.474
Payables to group enterprises	3.287.786	1.853.020
Other payables	<u>2.241.816</u>	<u>2.278.103</u>
Total short term liabilities other than provisions	<u>5.958.429</u>	<u>4.391.597</u>
Total liabilities other than provisions	<u>5.958.429</u>	<u>4.391.597</u>
Total equity and liabilities	<u>12.745.400</u>	<u>8.795.310</u>

3 Contingencies

Statement of changes in equity

All amounts in DKK.

	<u>Contributed capital</u>	<u>Retained earnings</u>	<u>Total</u>
Equity 1 January 2021	800.000	281.985	1.081.985
Profit or loss for the year brought forward	0	3.321.728	3.321.728
Equity 1 January 2022	800.000	3.603.713	4.403.713
Profit or loss for the year brought forward	0	2.383.258	2.383.258
	<u>800.000</u>	<u>5.986.971</u>	<u>6.786.971</u>

Notes

All amounts in DKK.

	<u>2022</u>	<u>2021</u>
1. Staff costs		
Salaries and wages	3.563.975	4.242.632
Pension costs	279.028	315.364
Other costs for social security	10.992	12.497
Other staff costs	29.436	34.922
	<u>3.883.431</u>	<u>4.605.415</u>
Average number of employees	<u>5</u>	<u>6</u>
2. Tax on net profit or loss for the year		
Adjustment of deferred tax	-202.000	-975.000
Adjustment of tax for previous years	77.935	-245.518
	<u>-124.065</u>	<u>-1.220.518</u>

As at 31 December 2022 the company's deferred tax assets are T.DKK 1.417 of witch 1.177 are recognized in the balance sheet.

The tax asset is recognized on the basis of expectations of positive tax profits in the coming years, which means that the temporary differences are expected to be partly utilized.

This year's assessment has resulted in an adjustment of the deferred tax asset by T.DKK 202.

3. 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 82 T.DKK.

Operating leasing

The company has entered into operational leasing contracts with an average annual leasing payment of T.DKK 172. The leasing contracts have 10-45 months left and the total outstanding leasing payments are T.DKK 643.

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.

Notes

All amounts in DKK.

3. 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.

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