

# Schneider Electric Danmark A/S

Lautrupvang 1  
2750 Ballerup

CVR no. 70 69 87 14

## Annual report 2020

The annual report was presented and approved at the  
Company's annual general meeting on

\_\_\_\_\_ 26 May, 2021

Thomas Träger  
CEO

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## Statement by the Board of Directors and the Executive Board

The Board of Directors and the Executive Board have today discussed and approved the annual report of Schneider Electric Danmark A/S for the financial year 1 January – 31 December 2020.

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

In our opinion, the financial statements give a true and fair view of the Company's assets, liabilities and financial position at 31 December 2020 and of the results of the Company's operations for the financial year 1 January – 31 December 2020.

Further, in our opinion, the Management's review gives a fair review of the development in the Company's operations and financial matters, of the results for the year and of the Company's financial position.

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

Ballerup, 26 May 2021

Executive Board:

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Thomas Träger

Board of Directors:

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Hanne Bækager  
Sjøberg

Chairman

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Benoit Merriaux

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Thomas Träger

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Hanne Taarup Jensen

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Jan Elkjær Busk

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Michael Rene Larsen

## Independent auditor's report

### To the shareholders of Schneider Electric Danmark A/S

#### Opinion

We have audited the financial statements of Schneider Electric Danmark 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.

## Independent auditor's report

### 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 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 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 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 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.

## Independent auditor's report

### 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 Statement Act. We did not identify any material misstatement of the Management's review.

Copenhagen, 26 May 2021

**EY Godkendt Revisionspartnerselskab**  
CVR no. 30 70 02 28

Mogens Andreasen  
State Authorized  
Public Accountant  
mne28603

Dennis Dupont  
State Authorized  
Public Accountant  
mne36192

## Management's review

## Company details

**Schneider Electric Danmark A/S**  
**Lautrupvang 1**  
**2750 Ballerup**

CVR no. 70 69 87 14  
Registered office: Ballerup  
Financial year: 1 January – 31 December 2020

## Board of Directors

Hanne Bækager Sjøberg, Chairman  
Benoit Merriaux  
Thomas Träger  
Hanne Taarup Jensen  
Jan Elkjær Busk, Employee elected  
Michael Rene Larsen, Employee elected

## Executive Board

Thomas Träger, CEO

## Auditor

EY Godkendt Revisionspartnerselskab  
Dirch Passer Alle 36  
2000 Frederiksberg

## Annual general meeting

The annual general meeting will be held on 26 May 2021.

## Management's review

### Financial highlights

DKK'000	2020	2019*	2018*	2017*	2016*
<b>Key figures</b>					
Revenue	2,224,488	2,082,319	2,143,514	2,138,315	2,029,508
Operating profit	341,420	289,616	297,038	321,538	238,101
Net financials	61,813	-748	29,443	41	-1,361
Profit/loss for the year	319,597	225,165	259,715	251,801	183,302
<b>Balance sheet</b>					
Total assets	4,104,850	853,553	895,632	925,326	774,085
Investment in property, plant and equipment	-12,625	-20,335	-16,880	-11,202	-42,068
Equity	3,218,773	337,165	373,112	365,198	295,302
<b>Ratios</b>					
Operating margin	15.3%	13.9%	13.9%	15.0%	11.7%
Return on assets	17.5%	32.5%	34.3%	39.7%	32.4%
Solvency ratio	78.4%	39.5%	41.7%	39.5%	38.1%
Return on equity	24.4%	62.8%	75.4%	81.0%	64.6%
Average number of full-time employees	653	689	702	724	783

\* Effective from 1 January 2020, Schneider Electric Danmark A/S and Schneider Nordic Baltic A/S have been merged, with Schneider Electric Danmark A/S as the succeeding company. The merger has been completed by applying the net book value method. Comparative figures for the years 2016 – 2019 have not been restated.

Financial ratios are calculated in accordance with the Danish Society of Financial Analysts' guidelines on the calculation of financial ratios. The financial ratios have been calculated as follows:

Operating margin	$\frac{\text{Operating profit} \times 100}{\text{Revenue}}$
Return on equity	$\frac{\text{Profit/loss for the year after tax} \times 100}{\text{Average equity}}$
Solvency ratio	$\frac{\text{Equity at year end} \times 100}{\text{Total liabilities}}$
Return on assets	$\frac{\text{Profit/loss from operating activities}}{\text{Average assets} \times 100}$



## Management's review

### Operating review

#### Principal activities

Our purpose is to empower all to make the most of our energy and resources, bridging progress and sustainability for all. At Schneider, we call this Life Is On.

We embrace a customer-first, dare to disrupt, learn every day, and act like owner's culture.

We drive digital transformation through 4X integrations, by making process and energy safe, reliable, and cybersecure, efficient and sustainable, open and connected. We privilege people, partners and open partnerships in everything we do.

Our mission is to be the digital partner for Sustainability and Efficiency. We create impact through innovation and our people. We are the most local of the global companies, serving our customers with the largest portfolio of connected products, software and services of our industry, bringing expertise to our segments, customers and partners.

Schneider Electric Danmark A/S is located in Ballerup in the GreenHouse, a showcase for our latest technologies and solutions notably in terms of energy efficiency and cost reduction.

The company has approximately 650 employees and is among others responsible for the Lauritz Knudsen brand, which is the oldest supplier of electrical materials for the Danish market. The manufacturing of Lauritz Knudsen products is primarily taking place in Schneider Electric's highly automated and energy efficiency factory in Ringsted, which also manufactures products to European and Asian markets. Schneider Electric Danmark A/S is owned by Schneider Electric Industries SAS (France), which is the ultimate parent company in the Group.

Effective from 1 January 2020, Schneider Electric Danmark A/S and Schneider Nordic Baltic A/S have been merged, with Schneider Electric Danmark A/S as the succeeding company. Schneider Electric Danmark A/S continues the activities of Schneider Nordic Baltic A/S. As per 1 January 2020, Schneider Electric Danmark A/S' principal activities also include holding the majority of the shares of Schneider Electric Industries SAS's operations in the Nordic and Baltic countries.

## Management's review

### Operating review (continued)

#### Development in activities and financial position

The Covid-19 pandemic led to a challenging year where several segments dropped significantly, and our Services department was facing difficulties getting on site with our customers to do interventions. At the same time, we faced a significant increase in the activities in especially the residential market which together with some large wins more than compensated the negative drivers, leading to strong full year growth.

The company's gross profit has increased by MDKK 23,4 mainly due to higher volume.

Effective from 1 January 2020, Schneider Electric Danmark A/S and Schneider Nordic Baltic A/S have been merged, with Schneider Electric Danmark A/S as the succeeding company. The merger has been completed by applying the net book value method.

Schneider Nordic Baltic was a holding company, holding the majority of the shares of Schneider Electric SAS' operations in the Nordic and Baltic countries. Further, Schneider Nordic Baltic A/S activities included purchases of services as well as re-invoicing of expenses from Schneider Electric Group entities to the Nordic Group entities.

Schneider Electric Danmark A/S continues the activities of Schneider Nordic Baltic A/S as per 1 January 2020. Comparative numbers for 2019 have not been restated. As Schneider Nordic Baltic does not have any other activities, revenue and production costs have not been affected by the merger.

The company's ordinary operating profit is MDKK 341,4 which is satisfactory.

#### Profit/loss for the year compared to previous stated expectations

The company aimed for revenue growth of 5-7% and profit before tax 10-15%, pre Covid-19 and the merger. In 2020 revenue went up +6,8%, while profit before tax was increased with 39,6% vs 2019 to 18,1% due to gross profit improvement, the merger with Schneider Nordic Baltic A/S and less administrative expenses driven mainly by tactical measures. This result is seen as highly satisfactory.

#### Corporate social responsibility

In accordance with the Danish Financial Statements Act section 99(a), we refer to our parent company's Sustainable Development Annual Report for a description of the Company's engagement in corporate social responsibility, including human rights, environmental and climate issues, social and employee conditions and anticorruption, See link: <https://annualreport.se.com/#sustainability>

Schneider Electric was in January 2021 ranked world's most sustainable company by Corporate Knights. The jump from the 29<sup>th</sup> place in 2020 reflects Schneider's consistent progress towards commitment to sustainable excellence. See link: <https://www.se.com/ww/en/about-us/newsroom/news/press-releases/schneider-electric-ranked-world%E2%80%99s-most-sustainable-company-by-corporate-knights-600a99142da98a304f239fbf>

## Management's review

### Operating review (continued)

#### Gender composition

In line with the Danish Financial Statement Act section 99(b), we meet the requirement of board gender composition, as the Board consists of 6 members, 2 men and 2 women elected by the General Assembly, and 2 men elected by the employees. Hanne Bækager Sjøberg, VP HR Denmark & Nordic Baltic Zone, has been appointed as Chairman in June 2019 and Hanne Taarup Jensen, Transformation Lead, was elected as board member in 2014.

Schneider Electric became in March 2019 the first multi-national company to achieve 100% commitment to UN Women's Empowerment Principles. This was after the United Nations Women and Global Compact in 2015 conferred the group CEO Jean Pascal Tricoire with the 2015 CEO Leadership Award in recognition of his demonstrated commitment to - and implementation of - policies, that advances and empower women in the workplace, marketplace and community.

At management level the country MD has set a goal to ensure more women in the management team level. The global target for 2020 was set to 30%, however our local ambition is still to achieve a minimum of 40%. By end of 2020 we had 3 women out of 7 in the management team.

In addition, we continue to focus on our 2 major females initiatives. One is to ensure female candidates in all recruitments. Currently we are at 31.0% female out of the total workforce, and the target is to have a more balanced split, which varies considerably from department to department. Therefore, we set a target of 40% for new hires to be women. In 2018 we reached 26,3%, in 2019 40,2% but only achieved 21,4% in 2020. Secondly, we are focusing on increasing the women in sales roles with a target of 20% women in Sales. In 2020 we reached 17.3%

#### Intellectual capital

Schneider Electric's ambition is to be the global specialist in energy management and hereby help to solve the energy dilemma in the world. At Schneider Electric we think it's a human right to have access to energy. At the same time, we need to increase the energy efficiency since the use of energy is increasing.

In Denmark, this implies that we continue to play a central role in the Danish electrical industry and that we are contributing to the development of the industry and the market in general. We are focusing on a high degree of delivery reliability, high quality products and product functionality and to give our customers an extraordinary experience in their interface with us. The Company also strives to be a great place to work for skilled and committed employees. We strongly believe that you bring the best performance to the company by bringing the best of our people. It's key that we continue to attract the best talents and at the same time to develop our employees.

To achieve these objectives, the Company highly emphasizes building the right competences within the selected business areas, partly through own staff and partly through a comprehensive educational program with business partners in the industry.

## Management's review

### Operating review (continued)

#### Outlook

The objective for 2021 is to deliver higher growth than the market – this through targeted segments such as Data Centers, Wind and Buildings. Expected annual revenue growth is 8-12% and a profit before tax between 12 and 16%.

Our ability to deliver a result in line with targets is highly dependent on how the different segments rebound after the Covid-19 related slowdown in 2020.

#### Post balance sheet events

No specific events have occurred after the financial year-end, which could significantly affect the Company's financial position.

## Financial statements 1 January – 31 December

### Income statement

DKK'000	Note	2020	2019
Revenue	2	2,224,488	2,082,319
Production costs	3	-1,450,750	-1,331,979
<b>Gross profit</b>		<b>773,738</b>	<b>750,340</b>
Distribution costs	3	-215,170	-235,612
Administrative expenses	3	-207,070	-223,767
<b>Ordinary operating profit</b>		<b>351,498</b>	<b>290,961</b>
Other operating income		35,729	195
Other operating expenses		-45,807	-1,540
<b>Operating profit</b>		<b>341,420</b>	<b>289,616</b>
Income from equity investments in group entities		62,319	0
Financial income	4	4,246	595
Financial expenses	5	-4,752	-1,343
<b>Profit before tax</b>		<b>403,233</b>	<b>288,868</b>
Tax for the year	6	-83,636	-63,703
<b>Profit for the year</b>	7	<b>319,597</b>	<b>225,165</b>

## Financial statements 1 January – 31 December

### Balance sheet

DKK'000	Note	2020	2019
<b>ASSETS</b>			
<b>Fixed assets</b>			
<b>Intangible assets</b>			
	8		
Goodwill		0	629
Software		1,388	852
Prepayments		1,181	0
		<u>2,569</u>	<u>1,481</u>
<b>Property, plant and equipment</b>			
	9		
Land and buildings		38,941	45,515
Plant and machinery		52,122	55,844
Other fixtures and fittings, tools and equipment		8,614	10,110
Property, plant and equipment in progress		19,950	22,572
		<u>119,627</u>	<u>134,041</u>
<b>Investments</b>			
	10		
Investments in Subsidiaries		2,501,590	0
Other securities and investments		28	28
		<u>2,501,618</u>	<u>28</u>
<b>Total fixed assets</b>		<u>2,623,814</u>	<u>135,550</u>
<b>Current assets</b>			
<b>Inventories</b>			
Raw materials and consumables		17,615	15,066
Work in progress		14,382	15,449
Finished goods and goods for resale		57,150	32,726
		<u>89,147</u>	<u>63,241</u>
<b>Receivables</b>			
Trade receivables		372,228	253,863
Work in progress for third parties	11	24,033	40,584
Receivables from group entities		863,379	265,945
Income taxes receivables		0	13,818
Other receivables		50,963	43,415
Prepayments		346	1,096
		<u>1,310,949</u>	<u>618,721</u>
<b>Cash</b>		<u>80,940</u>	<u>36,042</u>
<b>Total current assets</b>		<u>1,481,036</u>	<u>718,004</u>
<b>TOTAL ASSETS</b>		<u>4,104,850</u>	<u>853,554</u>

## Financial statements 1 January 31 December

### Balance sheet

DKK'000	Note	2020	2019
<b>Equity</b>	12		
Share capital		114,000	112,000
Retained earnings		2,785,176	0
Proposed dividend for the year		319,597	225,165
<b>Total equity</b>		<b>3,218,773</b>	<b>337,165</b>
<b>Provisions</b>	13		
Deferred tax		10,360	16,862
Other provisions		13,385	28,422
<b>Total provisions</b>		<b>23,745</b>	<b>45,284</b>
<b>Liabilities other than provisions</b>			
<b>Current liabilities other than provisions</b>			
Prepayments on work in progress	11	72,576	29,274
Trade payables		54,457	26,970
Payables to group entities		322,104	139,412
Other payables	15	364,936	246,080
Deferred income	14	35,395	29,369
Income Tax payable		12,864	0
<b>Total liabilities other than provisions</b>		<b>862,332</b>	<b>471,105</b>
<b>Total liabilities and provisions</b>		<b>886,077</b>	<b>471,105</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>4,104,850</b>	<b>853,554</b>
Collateral	16		
Contractual obligations, contingencies, etc.	17		
Related parties	18		
Fees to the auditor appointed at the Company in the general meeting	19		

## Financial statements 1 January – 31 December

### Statement of changes in equity

DKK'000	Share capital	Retained earnings	Dividend proposed for the year	Total
<b>Equity at 01 January 2019</b>	112,000	0	261,112	373,112
Profit/loss for the year	0	0	225,165	225,165
Distributed dividends	0	0	-261,112	-261,112
<b>Equity at 01 January 2020</b>	112,000	0	225,165	337,165
Addition from merger	2,000	2,785,176	0	2,787,176
Profit/loss for the year	0	0	319,597	319,597
Distributed dividends	0	0	-225,165	-225,165
<b>Equity at 31 December 2020</b>	114,000	2,785,176	319,597	3,218,773



# Financial statements 1 January – 31 December

## Notes

### 1 Accounting policies

The annual report of Schneider Electric Danmark A/S for 2020 has been prepared in accordance with the provisions applying to reporting class C large entities under the Danish Financial Statements Act.

Effective from 1 January 2020, Schneider Electric Danmark A/S and Schneider Nordic Baltic A/S have been merged, with Schneider Electric Danmark A/S as the succeeding company. The merger has been completed by applying the net book value method.

Effective from the financial year 2020, the company has implemented amending act. No 1716 of 27 December 2018 to the Danish Financial Statements Act. The implementation of the amending act has not affected the Company's accounting policies on recognition and measurement of assets and liabilities but has solely entailed new and amended presentation and disclosure requirements.

#### Omission of cash flow statement

Pursuant to section 86(4) of the Danish Financial Statements Act, no cash flow statement has been prepared. The Company's cash flows are included in the cash flow statement in the consolidated financial statements of Schneider Electric Industries SAS.

#### Consolidated financial statements

With reference to section 112 (1) of the Danish Financial Statement Act, no financial statements of Schneider Electric Danmark A/S and all its subsidiaries are included in the consolidated financial statements of Schneider Electric Industries SAS (France).

#### Intra-group business combinations

The book value method is applied to business combinations such as acquisition and disposal of equity investments, mergers, demergers, additions of assets and share conversions, etc. in which entities controlled by the parent company are involved, provided, that the combination is considered completed at the time of acquisition without any restatement of comparative figures. Differences between the agreed consideration and the carrying amount of the acquire are taken directly to equity.

#### Reporting currency

The financial statements are presented in Danish kroner thousands (DKK'000).

#### Foreign currency translation

On initial recognition, transactions denominated in foreign currencies are translated at the exchange rates at the transaction date. Foreign exchange differences arising between the exchange rates at the transaction date and at the date of payment are recognized in the income statement as financial income or financial expenses.

Receivables and payables and other monetary items denominated in foreign currencies are translated at the exchange rates at the balance sheet date. The difference between the exchange rates at the balance sheet date and at the date at which the receivable or payable arose or was recognized in the latest financial statements is recognized in the income

# Financial statements 1 January – 31 December

## Notes

### 1 Accounting policies (continued)

statement as financial income or financial expenses.

### Income statement

#### Revenue

Revenue is recognized based on the provisions in IAS 18. Income from the sale of goods for resale and finished goods is recognized in revenue at the time of delivery and when the risk passes to the buyer, provided that the income can be reliably measured, and payment is expected to be received.

Income from the rendering of services, is recognized as revenue as the services are rendered, implying that revenue corresponds to the market value of the services rendered in the year (production method).

Income from construction contracts where the purchaser has significantly influenced the construction of the asset is recognized as revenue as the production activities are carried on, implying that revenue corresponds to the market value of the contract work performed (production method). This method is used where the total income and expenses and the degree of completion of the contract can be made up reliably.

Where the income from a construction contract cannot be estimated reliably, contract revenue corresponding to the expenses incurred is recognized only in so far as it is probable that such expenses will be recoverable from the counterparty.

Revenue is measured at fair value of the agreed consideration exclusive of VAT and taxes charged on behalf of third parties. All discounts and rebates granted are recognized in revenue.

#### Other operating income and operating expenses

Other operating income and operating expenses comprise items of a secondary nature relative to the entity's core activities, including re-invoicing of costs from/to other Schneider Electric group entities, bonus from customers and gains or losses on the sale of fixed assets.

#### Income from investment in group entities

The item includes dividends from subsidiaries in so far as the dividend does not exceed the accumulated earnings in the subsidiary in the period of ownership.

#### Production costs

Production costs include expenses incurred to generate the year's revenue. The item includes direct and indirect expenses relating to raw materials, consumables, labor, rent and leasing as well as depreciation of productive equipment.

Provisions for losses on construction contracts are recognized in production costs.

# Financial statements 1 January – 31 December

## Notes

### 1 Accounting policies (continued)

#### Distribution costs

Distribution costs include expenses relating to sale and distribution in the year, including expenses relating to sales staff, advertising, exhibitions and amortization/depreciation of assets that are related to sale and distribution of the company's products.

#### Administrative expenses

Administrative expenses include expenses incurred in the year for purposes of managing and administering the company, including expenses relating to administrative staff, management, office premises/expenses as well as amortization/depreciation of assets used for administrative purposes.

#### Development costs

The item includes research costs, development costs not satisfying the criteria for capitalization and amortization/depreciation.

#### Financial income and expenses

Financial income and expenses are recognized in the income statements at the amounts that concern the financial year. Net financials include interest income and expenses as well as allowances and surcharges under the advance payment of tax scheme, etc. Further, gains and losses on disposal of subsidiaries are recognized as financial income and expenses.

#### Tax

Tax for the year comprises current corporation tax, joint taxation contributions for the year and changes in deferred tax for the year – including changes resulting from changes in the tax rate. The tax expense relating to the profit/loss for the year is recognized in the income statement, and the tax expense relating to amounts directly recognized in equity is recognized directly in equity.

The company acts as management company for the joint taxation group in Denmark, and consequently settles all corporate income tax payments with the Danish Tax Authorities. The Danish income tax charge is allocated between profit making and loss-making Danish entities in proportion to their taxable income (full allocation method).

Jointly taxed companies entitled to a tax refund are, as a minimum, reimbursed by the management company according to the current rates applicable to interest allowances, and jointly taxed companies having paid too little tax pay, as a maximum, a surcharge according to the current rates applicable to interest surcharges to the management company.

### Balance sheet

#### Intangible assets

Goodwill is amortized over expected economic life of the asset, measured by reference to Management's experience in the individual business segments, Goodwill is amortized on a straight-line basis over the amortization period, which is between 5 and 10 years. The amortization period is fixed on the basis of the expected repayment horizon, longest for

# Financial statements 1 January – 31 December

## Notes

### 1 Accounting policies (continued)

strategically acquired business enterprise with strong market positions and long-term earnings profiles.

Other intangible assets include development projects and other acquired intangible rights, including software licenses, distribution rights and development projects.

On initial recognition, intangible assets are measured at cost.

Development projects are capitalized if they are clearly defined and identifiable and the following recognition criteria can be satisfied:

-The technical feasibility of completing the project can be demonstrated,

-plans are to produce and market the product or to use the product or the process,

-sufficient technical and financial resources to complete and use or sell the project are available.

-it is probable that the project will generate future economic benefits and that a potential, future market or possibility of internal use in the entity exists.

The cost of development projects is measured at direct costs incurred as well as a portion of costs indirectly attributable to the individual development projects.

Software are measured at cost less accumulated amortization and impairment losses. Software are amortized over 5 years.

Gains and losses on the sale of intangible assets are recognized in the income statement under 'Other operating income' or 'Other operating expenses', respectively. Gains and losses are calculated by reference to the difference between the selling price fewer selling expenses and the carrying amount at the time of sale.

### Property, plant and equipment

Items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses, no scrap value is expected. Land is not depreciated. Cost includes the acquisition price and costs directly related to the acquisition until the time at which the asset is ready for use.

The amortization periods are:

Buildings	25 years
Buildings installations	10 years
Plant and machinery	8 years
Tools	4 years
Fixtures and fittings, tools and equipment	3-8 years
Leasehold improvements	10 years

## Financial statements 1 January – 31 December

### Notes

#### 1 Accounting policies (continued)

Gains or losses are made up as the difference between the selling price the less selling costs and the carrying amount at the date of disposal. Gains and losses from the disposal of property, plant and equipment are recognized in the income statement as other operating income or other operating costs.

Depreciation is recognized in the income statement as production costs, distribution costs and administrative expenses, respectively.

The basis of depreciation is based on the residual value of the asset and is reduced by impairment losses, if any. The depreciation period and the residual value are determined at the time of acquisition and are reassessed every year.

#### Investments in Subsidiaries

Investments in subsidiaries are measured at cost. The cost is reduced by received dividends exceeding the accumulated earnings after the acquisition date.

#### Other securities and investments

Other securities and investments are measured at cost.

#### Impairment of non-current assets

The carrying amount of intangible assets and property, plant and equipment is tested annually for evidence of impairment other than the decrease in value reflected by amortization/depreciation. Impairment tests are conducted on individual assets or groups of assets when there is evidence of impairment. Assets are written down to the lower of the carrying amount and the recoverable amount.

The recoverable amount is the higher of the net selling price of an asset and its value in use. The value in use is calculated as the net present value of the expected net cash flow from the use of the asset or the group of assets and the expected net cash flows from the disposal of the asset or the group of assets after the end of the useful life.

#### Inventories

Inventories are measured at cost in accordance with the standard cost method with ongoing adjustments, if necessary. Where the net realizable value is lower than cost, inventories are written down to this lower value. The net realizable value of inventories is calculated as the sales amount less costs of completion and costs necessary to affect the sale and is determined taking into account marketability, obsolescence and development in the expected selling price.

## Financial statements 1 January – 31 December

### Notes

#### 1 Accounting policies (continued)

The cost of raw materials and consumables comprises the cost of acquisition plus delivery costs.

The cost of finished goods and work in progress includes the cost of raw materials, consumables, direct labour and indirect production overheads.

Production overheads include the indirect cost of material and labour as well as maintenance and depreciation of production machinery, buildings and equipment and expenses relating to plant administration and management. Borrowing costs are not recognized in the sales price.

Goods for resale are measured at cost, which comprises the cost of acquisition plus delivery costs as well as other costs directly attributable to the acquisition.

#### Receivables

Receivables are measured at amortized cost, which usually corresponds to the nominal value. Provisions are made for bad debts on the basis of objective evidence that a receivable or a group of receivables are impaired. Provisions are made to the lower of the net realizable value and the carrying amount.

#### Work in progress for third parties

Ongoing service supplies and work in progress for third parties are measured at the market value of the work performed less advances received. The market value is calculated on the basis of the percentage of completion at the balance sheet date and the total expected income from the relevant contract. The percentage of completion is made up based on costs incurred relative to the expected, total expenses on each individual work in progress.

Where the outcome of contract work in progress cannot be made up reliably, the market value is measured at the costs incurred in so far as they are expected to be paid by the purchaser.

Where the total expenses relating to the work in progress are expected to exceed the total market value, the expected loss is recognized as a loss-making agreement under 'Provisions' and is expensed in the income statement.

The value of each contract in progress less prepayments is classified as assets when the market value exceeds prepayments and as liabilities when prepayments exceeds the market value.

#### Prepayments

Prepayments recognized under 'Assets' comprise prepaid expenses regarding subsequent financial reporting years.

## Financial statements 1 January – 31 December

### Notes

#### 1 Accounting policies (continued)

##### Cash at hand and in bank

Cash at hand and in bank comprise cash and short-term marketable securities which are subject to an insignificant risk of changes in value.

##### Equity

###### *Proposed dividends*

Dividends proposed for the financial year are presented as a separate item under 'Equity'.

##### Provisions

Provisions comprise expected expenses relating to guarantee commitments, losses on work in progress, restructurings, etc. Provisions are recognized when the company has a legal or constructive obligation as a result of a past event at the balance sheet date and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation.

Provisions are measured at net realizable value or at fair value if the obligation concerned is expected to be settled far into the future.

Warranties comprise obligations to make good any defects within the warranty period. Provisions for warranties are measured at net realizable value and recognized based on past experiences.

Provisions are measured at net realizable value.

##### Corporation tax

Current tax payable and receivable is recognized in the balance sheet as tax computed on the taxable income for the year, adjusted for tax on the taxable income of prior years and for tax paid on account.

Provisions for deferred tax are calculated, based on the liability method, of all temporary differences between carrying amounts and tax values, with the exception of temporary differences occurring at the time of acquisition of assets and liabilities neither affecting the results of operations nor the taxable income.

Deferred tax is measured according to the taxation rules and taxation rate applicable at the balance sheet date when the deferred tax is expected to crystallize as current tax. Deferred tax assets are recognized at the value at which they are expected to be utilized, either through elimination against tax on future earnings or through a set off against deferred tax liabilities within the same jurisdiction.

## Financial statements 1 January – 31 December

### Notes

#### 1 Accounting policies (continued)

##### Other payables

Other payables are measured at net realizable value.

##### Deferred income

Deferred income recognized as a liability comprises payments received concerning income in subsequent financial reporting years.

##### Segment information

Information is provided on business segments and geographical markets. Segment information is based on the Company's accounting policies, risks and internal financial management.

DKK '000	2020	2019
<b>2 Revenue</b>		
Business segmentation of revenue:		
Sale of goods	1,691,612	1,625,196
Sale of projects	532,876	457,123
	2,224,488	2,082,319
Geographical segmentation of revenue:		
Denmark	1,979,195	1,821,413
International markets	245,293	260,906
	2,224,488	2,082,319



## Financial statements 1 January – 31 December

### Notes

DKK'000

	2020	2019
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#### 3 Staff costs

Wages and salaries	414,230	444,144
Pension	34,692	38,743
Other social and security costs	2,066	2,167
Other employee-related expenses	12,027	11,405
	463,015	496,459

Average number of full-time employees	653	689
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With reference to section 98b(3), (ii), of the Danish Financial Statements Act, remuneration to management is not disclosed.

No remuneration to the Board of Directors has been paid in 2020 and 2019.

#### 4 Financial income

Interest receivable, group entities	52	0
Other financial income	3,682	552
Exchange gain	512	43
	4,246	595

#### 5 Financial expenses

Interest expenses, group entities	457	160
Exchange losses	3,419	975
Other financial expenses	876	208
	4,752	1,343

## Financial statements 1 January – 31 December

### Notes

DKK'000	2020	2019
<b>6 Tax on profit/loss for the year</b>		
Current tax for the year	79,270	61,238
Deferred tax for the year	-5,689	2,309
Adjustment of tax concerning previous years	9,929	0
Withholding tax	126	156
	<b>83,636</b>	<b>63,703</b>
<b>7 Proposed profit appropriation</b>		
Proposed dividends for the year	319,597	225,165
	<b>319,597</b>	<b>225,165</b>

### 8 Intangible assets

DKK'000	Goodwill	Software	Prepayments	Total
Cost at 1 January 2020	6,287	22,044	0	28,331
Addition from merger	0	14,474	1,181	15,655
Additions for the year	0	91	0	91
Cost at 31 December 2020	6,287	36,609	1,181	44,077
Amortization and impairment losses at 1 January 2020	-5,658	-21,192	0	-26,850
Addition from merger	0	-12,933	0	-12,933
Amortization for the year	-629	-1,095	0	-1,725
Impairment losses and amortization at 31 December 2020	-6,287	-35,221	0	-41,508
<b>Carrying amount at 31 December 2020</b>	<b>0</b>	<b>1,388</b>	<b>1,181</b>	<b>2,569</b>

## Financial statements 1 January – 31 December

### Notes

#### 9 Property, plant and equipment

DKK'000	Land and buildings	Plant and machinery	Other fixtures and fittings, tools and equipment	Property, plant and equipment in progress	Total
Cost at 1 January 2020	163,533	603,441	47,965	22,572	837,511
Additions for the year	623	2,531	1,271	8,200	12,625
Disposal for the year	0	-739	-20	0	-759
Reclassification	0	10,822	0	-10,822	0
Cost at 31 December 2020	164,156	616,055	49,216	19,950	849,377
Depreciation and impairment at 1 January 2020	-118,018	-547,597	-37,853	0	-703,468
Depreciation for the year	-7,197	-17,075	-2,749	0	-27,021
Reversed depreciation and impairment losses on assets sold	0	739	0	0	739
Revaluations at 31 December 2020	-125,215	-563,933	-40,602	0	-729,750
Carrying amount at 31 December 2020	38,941	52,122	8,614	19,950	119,627

#### 10 Investments

DKK'000	Investment in Sub.	Other securities and investments	Total
Cost at 1 January 2020	0	28	28
Addition from merger	3,147,356	0	3,147,356
Disposals	-200,766	0	-200,766
Cost at 31 December 2020	2,946,590	28	2,946,618
Impairment losses at 1 January 2020	0	0	0
Addition from merger	-645,766	0	-645,766
Reversal of impairment losses on assets disposed	200,766	0	200,766
Impairment losses at 31 December 2020	-445,000	0	-445,000
Carrying amount at 31 December 2020	2,501,590	28	2,501,618

	Legal form	Domicile
Other investments in limited partnerships or partnerships		
Nordfyns Erhvervsselskab	A/S	Denmark

## Financial statements 1 January – 31 December

### Notes

#### Investment (continued)

Name/legal form, registered office	Equity DKK'000	Profit/loss DKK'000	Voting rights and ownership
Lexel AB, Sweden	503,296	1,749	100%
(1) AB Wibe, Sweden	104,832	737	100%
(1) Schneider Electric Fire & Security OY, Finland	61,389	5,111	100%
Schneider Electric Buildings AB, Sweden	429,308	31,535	100%
(1) AB Craftere 1, Sweden	9,433	55	100%
(1) Schneider Electric Buildings UK Ltd, UK	0	0	100%
(1) TAC Products Ltd, UK	0	0	100%
SIA Lexel Fabrika, Latvia	181,363	27,853	100%
SIA Schneider Electric Baltic Distribution Centre, Latvia	5,349	2,172	100%
(2) SIA Schneider Electric Latvija, Latvia	12,810	6,294	100%
UAB Schneider Electric Lietuva, Lietuva	14,053	3,965	100%
Schneider Electric Eesti AS, Estonia	7,700	4,196	100%
Lexel Holding Norge AS, Norway:	284,720	47	100%
ELKO AS, Norway	226,418	162,408	100%
Ørbækvej 280 A/S, Denmark	13,714	2,533	100%
Schneider Electric Distributionscentre AB, Sweden	17,294	632	100%

- (1) All subsidiaries are sub-subsidiaries and are wholly owned  
(2) 2019 Annual Accounts numbers

#### 11 Work in progress for third parties

DKK'000	2020	2019
On-account invoicing, work in progress	-48,543	11,310
<b>recognized as follows:</b>		
Work in progress for third parties (assets)	24,033	40,584
Work in progress for third parties (liabilities)	-72,576	-29,274
	-48,543	11,310
Selling price	413,336	412,305
Invoiced	-461,879	-400,995
	-48,543	11,310

## Financial statements 1 January – 31 December

### Notes

#### 12 Share capital

The share capital consists of 6 shares of a total nominal value of DKK 114,000 thousand.  
All shares rank equally.

#### 13 Provisions

The provision for deferred tax primarily relates to timing differences in respect of intangible assets, liabilities and property, plant and equipment.

Other provisions comprise provisions for warranty commitments, totaling DKK 12,206 thousand (2019 DKK 16,631 thousand) and restructuring provisions of DKK 1,179 thousand (2019 DKK 11,791 thousand). Warranty provisions relate to expected warranty expenses in accordance with usual guarantee commitments applicable to the sale of goods. The restructuring provision will be paid out in the coming financial year.

#### Deferred tax

DKK'000	2020	2019
Deferred tax at 01 January	16,862	14,553
Addition from merger	-813	0
Change in the year	-5,689	2,309
Deferred tax at 31 December	10,360	16,862
<b>Deferred tax relates to:</b>		
Intangible Fixed Assets	-395	-454
Tangible Fixed Assets	3,162	4,267
Current Assets	14,073	25,139
Liabilities	-6,480	-12,090
	10,360	16,862

## Financial statements 1 January – 31 December

### Notes

#### 14 Deferred income

Deferred income comprises payments relating to the sale of services, which will not be recognized as income until in the subsequent financial year once the recognition criteria are satisfied.

#### 15 Other payables

DKK'000	2020	2019
VAT and other indirect taxes	98,940	34,544
Wages/salaries, salary taxes, social security contributions, etc.	160,944	102,293
Other accrued expenses	105,052	109,243
	<u>364,936</u>	<u>246,080</u>

#### 16 Collateral

The Company has not pledged any assets or other as security for loans at 31/12 2020.

#### 17 Contractual obligations, contingencies, etc.

##### Other contingent liabilities

As management company, the Company is jointly taxed with other Danish Schneider Electric group entities and is jointly and severally liable with other jointly taxed group entities for payment of income taxes as well as withholding taxes on interest, royalties and dividends.

The company is currently involved in tax dispute with the Danish Tax Authorities regarding with-holding tax on Royalty paid to Schneider Electric Industries SAS. Management assess that the company is compliant with current legislation. The final outcome of the dispute is related to uncertainties.

DKK'000	2020	2019
<b>Other financial obligations</b>		
Rent and lease liabilities	113,436	129,051
Performance Bonds	76,421	87,155
Other obligations	11,251	12,028

## Financial statements 1 January – 31 December

### Notes

#### 18 Related party disclosures

Schneider Electric Danmark A/S' related parties comprise the following:

##### Parties exercising control

Related party: Schneider Electric Industries SAS

Domicile: Paris, France

Basis for control: Share capital

##### Information about consolidated financial statements

Parent:

Schneider Electric Industries SAS

Domicile: Paris, France

Requisitioning of the parent's consolidated financial statements

<http://www.se.com/ww/en/about-us/investor-relations/regulatory-information/annual-reports.jsp>

DKK`000	2020	2019
Sales of goods	212,499	212,850
Purchase of goods	857,198	719,131
Sales of services	71,555	87,606
Purchase of Services	189,540	171,442
Financial income	52	0
Financial Expenses	457	160
Receivables from group entities	863,379	265,945
Liabilities to group entities	322,104	139,412

#### 19 Fees to the auditor appointed by the Company in the general meeting

Audit fees are not disclosed with reference to section 96(3) of the Danish Financial Statements Act. The fee is specified in the consolidated financial statements for Schneider Electric Industries SAS