
Ridgid Scandinavia A/S

Drejergangen 3C, 1, DK-2690 Karlslunde

Annual Report for 1 October 2018 - 30 September 2019

CVR No 70 69 90 28

The Annual Report was
presented and adopted at
the Annual General
Meeting of the Company on
28/1 2020

Peter Kim Ketelsen
Chairman of the General
Meeting

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Management's Statement

The Executive Board and Board of Directors have today considered and adopted the Annual Report of Ridgid Scandinavia A/S for the financial year 1 October 2018 - 30 September 2019.

The Annual Report is 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 at 30 September 2019 of the Company and of the results of the Company operations for 2018/19.

In our opinion, Management's Review includes a true and fair account of the matters addressed in the Review.

We recommend that the Annual Report be adopted at the Annual General Meeting.

Karlslunde, 28 January 2020

Executive Board

Philip Enevoldsen
CEO

Board of Directors

Peter Kim Ketelsen
Chairman

Philip Enevoldsen

Marc Vandevælde

Independent Auditor's Report

To the Shareholder of Ridgid Scandinavia A/S

Opinion

We have audited the Financial Statements of Ridgid Scandinavia A/S for the financial year 1 October 2018 - 30 September 2019 comprising 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 30 September 2019 and of the results of the Company's operations for the financial year 1 October 2018 - 30 September 2019 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' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements. 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 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 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.

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.

Independent Auditor's Report

Moreover, it is our responsibility to consider whether Management's Review provides the information required under the Danish Financials Statements Act.

Based on the work we have performed, in our view, 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 in Management's Review.

Copenhagen, 28 January 2020

KPMG

Statsautoriseret Revisionspartnerselskab

CVR No 30 70 02 28

Kenn W. Hansen

statsautoriseret revisor

mne30154

Company Information

The Company

Ridgid Scandinavia A/S
Drejergangen 3C, 1
DK-2690 Karlslunde

Telephone: + 45 80887355

CVR No: 70 69 90 28

Financial period: 1 October - 30 September

Established: 3 January 1964

Municipality of reg. office: Greve

Board of Directors

Peter Kim Ketelsen, Chairman
Philip Enevoldsen
Marc Vandevælde

Executive Board

Philip Enevoldsen

Auditors

KPMG
Statsautoriseret Revisionspartnerselskab
Dampfærgevej 28
DK-2100 København Ø Denmark

Financial Highlights

Seen over a five-year period, the development of the Company is described by the following financial highlights:

	2018/19 TDKK	2017/18 TDKK	2016/17 TDKK	2015/16 TDKK	2014/15 TDKK
Key figures					
Profit/loss					
Operating profit/loss	14,727	12,658	11,714	13,649	13,503
Profit/loss before financial income and expenses	14,727	12,658	11,714	13,649	13,503
Net financials	16	20	7	2	8
Net profit/loss for the year	11,472	9,691	9,253	10,519	10,222
Balance sheet					
Balance sheet total	48,466	36,508	27,405	28,315	27,515
Equity	35,037	23,565	13,874	14,610	14,091
Number of employees	11	11	11	11	11
Ratios					
Return on assets	30.4%	34.7%	42.7%	48.2%	49.1%
Solvency ratio	72.3%	64.5%	50.6%	51.6%	51.2%
Return on equity	39.2%	51.8%	65.0%	73.3%	73.1%

The ratios have been prepared in accordance with the recommendations and guidelines issued by the Danish Society of Financial Analysts. For definitions, see under accounting policies.

Management's Review

Key activities

The company's business consists of marketing and sale of tools in the Nordic and Baltic countries. The products comprise power tools, machines and TV inspections.

Development in the year

The income statement of the Company for 2018/19 shows a profit of TDKK 11,472, and at 30 September 2019 the balance sheet of the Company shows equity of TDKK 35,037.

Operating risks

The Company's main operating risk relates to its ability to maintain a strong position in the main markets. In addition, it is important for the Company to remain at the leading edge through offering of new products. The Company ensures this through major development in activities in other companies of the Group.

Foreign exchange risks

The Company invoices in DKK and EUR. Purchases of goods are made in DKK.

Interest rate risks

As a consequence of its financial resources, the Company's exposure to changes in the interest rate level is limited.

Credit risks

The Company is not exposed to significant risk in relation to individual customers or partners. The Company's credit risk policy dictates that all major customers and other partners are subject to regular credit checks.

Targets and expectations for the year ahead

Management expects a minor increase in revenue and profit for the coming financial year compared to 2018/19.

Unusual events

The financial position at 30 September 2019 of the Company and the results of the activities of the Company for the financial year for 2018/19 have not been affected by any unusual events.

Subsequent events

No events materially affecting the assessment of the Annual Report have occurred after the balance sheet date.

Income Statement 1 October - 30 September

	Note	2018/19 TDKK	2017/18 TDKK
Gross profit/loss		22,396	20,209
Staff expenses	1	-7,615	-7,495
Depreciation, amortisation and impairment of intangible assets and property, plant and equipment		-54	-56
Profit/loss before financial income and expenses		14,727	12,658
Financial income	2	16	20
Profit/loss before tax		14,743	12,678
Tax on profit/loss for the year	3	-3,271	-2,987
Net profit/loss for the year		11,472	9,691

Distribution of profit

Proposed distribution of profit

Retained earnings	11,472	9,691
	11,472	9,691

Balance Sheet 30 September

Assets

	Note	2019 TDKK	2018 TDKK
Other fixtures and fittings, tools and equipment		37	58
Leasehold improvements		71	95
Property, plant and equipment	4	108	153
Deposits		275	272
Fixed asset investments		275	272
Fixed assets		383	425
Inventories		2,056	1,850
Trade receivables		7,660	7,854
Receivables from group enterprises	5	37,823	25,833
Receivables		69	18
Deferred tax asset		8	0
Prepayments		94	496
Receivables		45,654	34,201
Cash at bank and in hand		373	32
Currents assets		48,083	36,083
Assets		48,466	36,508

Balance Sheet 30 September

Liabilities and equity

	Note	2019 TDKK	2018 TDKK
Share capital		500	500
Retained earnings		34,537	23,065
Equity		35,037	23,565
Provision for deferred tax		0	15
Provisions		0	15
Trade payables		298	561
Payables to group enterprises		7,160	6,960
Corporation tax		3,461	3,042
Other payables		2,510	2,365
Short-term debt		13,429	12,928
Debt		13,429	12,928
Liabilities and equity		48,466	36,508
Contingent assets, liabilities and other financial obligations	6		
Related parties	7		
Accounting Policies	8		

Statement of Changes in Equity

	<u>Share capital</u> TDKK	<u>Retained earnings</u> TDKK	<u>Total</u> TDKK
Equity at 1 October 2018	500	23,065	23,565
Net profit/loss for the year	0	11,472	11,472
Equity at 30 September 2019	500	34,537	35,037

Notes to the Financial Statements

	<u>2018/19</u>	<u>2017/18</u>
	TDKK	TDKK
1 Staff expenses		
Wages and salaries	6,752	6,705
Pensions	695	626
Other social security expenses	168	164
	<u>7,615</u>	<u>7,495</u>
Average number of employees	<u>11</u>	<u>11</u>
2 Financial income		
Interest received from group enterprises	15	9
Other financial income	1	11
	<u>16</u>	<u>20</u>
3 Tax on profit/loss for the year		
Current tax for the year	3,324	2,905
Deferred tax for the year	-23	25
Adjustment of tax concerning previous years	-30	57
	<u>3,271</u>	<u>2,987</u>

Notes to the Financial Statements

4 Property, plant and equipment

	Other fixtures and fittings, tools and equipment	Leasehold improvements	Total
	TDKK	TDKK	TDKK
Cost at 1 October 2018	271	383	654
Additions for the year	9	0	9
Disposals for the year	-9	0	-9
Cost at 30 September 2019	<u>271</u>	<u>383</u>	<u>654</u>
Impairment losses and depreciation at 1 October 2018	213	288	501
Depreciation for the year	30	24	54
Reversal of impairment and depreciation of sold assets	-9	0	-9
Impairment losses and depreciation at 30 September 2019	<u>234</u>	<u>312</u>	<u>546</u>
Carrying amount at 30 September 2019	<u>37</u>	<u>71</u>	<u>108</u>

5 Receivables

Receivables from group enterprises consist of receivables within the Emerson Group cash pool.

	2019	2018
	TDKK	TDKK
6 Contingent assets, liabilities and other financial obligations		
Rental and lease obligations		
Rent and leasing commitments	<u>1,863</u>	<u>1,977</u>
Other contingent liabilities		

The Company is jointly taxed with other Danish subsidiaries of Emerson Electric Co. The Company has joint and several unlimited liability for Danish company taxes, withholding taxes on dividends, interest and royalties within the joint taxation.

Notes to the Financial Statements

7 Related parties

Ownership

The following shareholder is recorded in the Company's register of shareholders as holding at least 5% of the votes or at least 5% of the share capital:

Ridge Tool Europe N.V., Haasrode-Zone 2, Interleuvenlaan 50, B-3001 Leuven, Belgium, owns 100% of the share capital, and the financial statements of Ridgid Scandinavia A/S are included in the consolidated financial statements of this company

Ridgid Scandinavia A/S is included in the consolidated financial statements of its ultimate parent, Emerson Electric Co., World Headquarters, 8000 W. Florissant Ave., P.O. Box 4100, St. Louis, MO 63136, USA. This company is listed on the stock exchange in the USA.

Notes to the Financial Statements

8 Accounting Policies

The Annual Report of Ridgid Scandinavia A/S for 2018/19 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to enterprises of reporting class B as well as selected rules applying to reporting class C.

The accounting policies applied remain unchanged from last year.

The Financial Statements for 2018/19 are presented in TDKK.

Recognition and measurement

Revenues are recognised in the income statement as earned. Furthermore, value adjustments of financial assets and liabilities measured at fair value or amortised cost are recognised. Moreover, all expenses incurred to achieve the earnings for the year are recognised in the income statement, including depreciation, amortisation, impairment losses and provisions as well as reversals due to changed accounting estimates of amounts that have previously been recognised in the income statement.

Assets are recognised in the balance sheet when it is probable that future economic benefits attributable to the asset will flow to the Company, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when it is probable that future economic benefits will flow out of the Company, and the value of the liability can be measured reliably.

Assets and liabilities are initially measured at cost. Subsequently, assets and liabilities are measured as described for each item below.

Translation policies

Transactions in foreign currencies are translated at the exchange rates at the dates of transaction. Exchange differences arising due to differences between the transaction date rates and the rates at the dates of payment are recognised in financial income and expenses in the income statement. Where foreign exchange transactions are considered hedging of future cash flows, the value adjustments are recognised directly in equity.

Receivables, payables and other monetary items in foreign currencies that have not been settled at the balance sheet date are translated at the exchange rates at the balance sheet date. Any differences between the exchange rates at the balance sheet date and the rates at the time when the receivable or the debt arose are recognised in financial income and expenses in the income statement.

Fixed assets acquired in foreign currencies are measured at the transaction date rates.

Notes to the Financial Statements

8 Accounting Policies (continued)

Income Statement

Revenue

Revenue from the sale of goods for resale is recognised in the income statement when transfer of risk to the buyer has taken place and provided that the income can be reliably measured and is expected to be received.

Revenue is measured at the consideration received and is recognised exclusive of VAT and net of discounts relating to sales.

Other external expenses

Other external expenses comprise indirect production costs and expenses for premises, sales and distribution as well as office expenses, etc.

Gross profit/loss

With reference to section 32 of the Danish Financial Statements Act, gross profit/loss is calculated as a summary of revenue, change in inventories of finished goods, work in progress and goods for resale and other external expenses.

Staff expenses

Staff expenses comprise wages and salaries as well as payroll expenses.

Amortisation, depreciation and impairment losses

Amortisation, depreciation and impairment losses comprise amortisation, depreciation and impairment of equipment and leasehold improvements.

Financial income and expenses

Financial income and expenses comprise interest and unrealised foreign exchange adjustments.

Tax on profit/loss for the year

Tax for the year consists of current tax for the year and deferred tax for the year. The tax attributable to the profit for year is recognised in the income statement, whereas the tax attributable to equity transactions is recognised directly in equity.

Any changes in deferred tax due to changes to tax rates are recognised in the income statement.

The Company is jointly taxed with other wholly owned Danish group companies. The tax effect of the joint taxation with the subsidiaries is allocated to Danish enterprises showing profits or losses in propor-

Notes to the Financial Statements

8 Accounting Policies (continued)

tion to their taxable incomes (full allocation with credit for tax losses).

Balance Sheet

Property, plant and equipment

Equipment and leasehold improvements are measured at cost less accumulated depreciation and less any accumulated impairment losses.

Cost comprises the cost of acquisition and expenses directly related to the acquisition up until the time when the asset is ready for use.

Depreciation based on cost reduced by any residual value is calculated on a straight-line basis over the expected useful lives of the assets, which are:

Other fixtures and fittings, tools and equipment	3-5 years
Leasehold improvements	10 years

Depreciation period and residual value are reassessed annually.

Impairment of fixed assets

The carrying amounts of equipment are reviewed on an annual basis to determine whether there is any indication of impairment other than that expressed by amortisation and depreciation.

If so, the asset is written down to its lower recoverable amount.

Fixed asset investments

Fixed asset investments consist of deposits.

Inventories

Inventories are measured at the lower of cost under the FIFO method and net realisable value.

The net realisable value of inventories is calculated at the amount expected to be generated by sale of the inventories in the process of normal operations with deduction of selling expenses. The net realisable value is determined allowing for marketability, obsolescence and development in expected selling price.

Goods for resale are measured at cost, comprising purchase price plus delivery costs.

Provisions are made for obsolete and slow-moving items.

Notes to the Financial Statements

8 Accounting Policies (continued)

Receivables

Receivables are measured in the balance sheet at the lower of amortised cost and net realisable value, which corresponds to nominal value less provisions for bad debts. Provisions for bad debts are determined on the basis of an individual assessment of each receivable, and in respect of trade receivables, a general provision is also made based on the Company's experience from previous years.

Prepayments

Prepayments comprise prepayment of costs incurred relating to subsequent financial years.

Equity

Dividend

Dividend distribution proposed by Management for the year is disclosed as a separate equity item.

Deferred tax assets and liabilities

Deferred tax is recognised in respect of all temporary differences between the carrying amount and the tax base of assets and liabilities.

Deferred tax is measured on the basis of the tax rules and tax rates that will be effective under the legislation at the balance sheet date when the deferred tax is expected to crystallise as current tax. In cases where the computation of the tax base may be made according to alternative tax rules, deferred tax is measured on the basis of the intended use of the asset and settlement of the liability, respectively.

Deferred tax assets are measured at the value at which the asset is expected to be realised, either by elimination in tax on future earnings or by set-off against deferred tax liabilities.

Current tax receivables and liabilities

Current tax receivables and 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 taxable incomes for prior years. Tax receivables and liabilities are offset if there is a legally enforceable right of set-off and an intention to settle on a net basis or simultaneously.

Financial debts

Debts are measured at amortised cost, substantially corresponding to nominal value.

Notes to the Financial Statements

8 Accounting Policies (continued)

Financial Highlights

Explanation of financial ratios

Return on assets	$\frac{\text{Profit before financials} \times 100}{\text{Total assets}}$
Solvency ratio	$\frac{\text{Equity at year end} \times 100}{\text{Total assets at year end}}$
Return on equity	$\frac{\text{Net profit for the year} \times 100}{\text{Average equity}}$