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# ***Ridgid Scandinavia A/S***

Drejergangen 3C, 1, DK-2690 Karlslunde

## **Annual Report for 1 October 2019 - 30 September 2020**

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CVR No 70 69 90 28

The Annual Report was  
presented and adopted at  
the Annual General  
Meeting of the Company on  
17/02 2021

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 2019 - 30 September 2020.

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 2020 of the Company and of the results of the Company operations for 2019/20.

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, 17 February 2021

## **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 2019 – 30 September 2020, 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 Company's assets, liabilities and financial position at 30 September 2020 and of the results of the Company's operations for the financial year 1 October 2019 – 30 September 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 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, 17 February 2021

**KPMG**

Statsautoriseret Revisionspartnerselskab

*CVR No 25 57 81 98*

Kenn W. Hansen

statsautoriseret revisor

mne30154

## **Company Information**

### **The Company**

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

CVR No: 70 69 90 28

Financial period: 1 October - 30 September

Incorporated: 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

## Financial Highlights

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

	2019/20	2018/19	2017/18	2016/17	2015/16
	TDKK	TDKK	TDKK	TDKK	TDKK
<b>Key figures</b>					
<b>Profit/loss</b>					
Gross profit/loss	21,828	22,436	20,209	18,967	21,057
Profit/loss before financial income and expenses	13,778	14,767	12,658	11,714	13,649
Net financials	-55	-24	20	7	2
Net profit/loss for the year	10,693	11,472	9,691	9,253	10,519
<b>Balance sheet</b>					
Balance sheet total	64,435	48,466	36,508	27,405	28,315
Equity	45,730	35,037	23,565	13,874	14,610
Investment in property, plant and equipment	12	9	62	142	26
Number of employees	12	11	11	11	11
<b>Ratios</b>					
Return on assets	21.4%	30.5%	34.7%	42.7%	48.2%
Solvency ratio	71.0%	72.3%	64.5%	50.6%	51.6%
Return on equity	26.5%	39.2%	51.8%	65.0%	73.3%

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 2019/20 shows a profit of TDKK 10,693, and at 30 September 2020 the balance sheet of the Company shows equity of TDKK 45,730.

## ***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**

Subject to any effects of the COVID-19 situation, Management expects revenue for the financial year 2020/2021 to correspond to revenue in 2019/20 whereas a minor decrease in net profit is expected compared to 2019/20.

## **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

	<u>Note</u>	<u>2019/20</u> TDKK	<u>2018/19</u> TDKK
<b>Gross profit/loss</b>	2	<b>21,828</b>	<b>22,436</b>
Staff expenses	3	-7,995	-7,615
Depreciation		<u>-55</u>	<u>-54</u>
<b>Profit/loss before financial income and expenses</b>		<b>13,778</b>	<b>14,767</b>
Financial income	4	21	16
Financial expenses		<u>-76</u>	<u>-40</u>
<b>Profit/loss before tax</b>		<b>13,723</b>	<b>14,743</b>
Tax on profit/loss for the year	5	<u>-3,030</u>	<u>-3,271</u>
<b>Net profit/loss for the year</b>		<b><u>10,693</u></b>	<b><u>11,472</u></b>

## Balance Sheet 30 September

### Assets

	Note	2019/20 TDKK	2018/19 TDKK
Other fixtures and fittings, tools and equipment		21	37
Leasehold improvements		44	71
<b>Property, plant and equipment</b>	6	<b>65</b>	<b>108</b>
Deposits		288	275
<b>Fixed asset investments</b>		<b>288</b>	<b>275</b>
<b>Fixed assets</b>		<b>353</b>	<b>383</b>
<b>Inventories</b>		<b>1,980</b>	<b>2,056</b>
Trade receivables		9,336	7,660
Receivables from group enterprises		52,405	37,823
Receivables	7	37	69
Deferred tax asset	8	13	8
Prepayments	9	311	94
<b>Receivables</b>		<b>62,102</b>	<b>45,654</b>
<b>Cash at bank and in hand</b>		<b>0</b>	<b>373</b>
<b>Currents assets</b>		<b>64,082</b>	<b>48,083</b>
<b>Assets</b>		<b>64,435</b>	<b>48,466</b>

# Balance Sheet 30 September

## Liabilities and equity

	Note	2019/20 TDKK	2018/19 TDKK
Share capital		500	500
Retained earnings		45,230	34,537
<b>Equity</b>		<b>45,730</b>	<b>35,037</b>
Trade payables		271	298
Payables to group enterprises		7,513	7,160
Corporation tax		6,496	3,461
Other payables		4,425	2,510
<b>Short-term debt</b>		<b>18,705</b>	<b>13,429</b>
<b>Debt</b>		<b>18,705</b>	<b>13,429</b>
<b>Liabilities and equity</b>		<b>64,435</b>	<b>48,466</b>
Unusual events	1		
Distribution of profit	10		
Contingent assets, liabilities and other financial obligations	11		
Related parties	12		
Accounting Policies	13		

## Statement of Changes in Equity

	Share capital	Retained earnings	Total
	TDKK	TDKK	TDKK
Equity at 1 October 2019	500	34,537	35,037
Net profit/loss for the year	0	10,693	10,693
<b>Equity at 30 September 2020</b>	<b>500</b>	<b>45,230</b>	<b>45,730</b>

# Notes to the Financial Statements

## 1 Unusual events

The COVID-19 situation has affected the demand for the Company's products in certain sectors, but in aggregate the COVID-19 situation has not had a material adverse effect on the Company's revenue. The Company has - to a limited degree - made use of available compensation schemes to mitigate the effects of the COVID-19 situation, which compensation - together with a reduction in representation and marketing activities caused by COVID-19 restrictions - have affected net profit positively.

	2019/20 TDKK	2018/19 TDKK
<b>2 Other operating income</b>		
Government support/aid regarding salary compensation	90	0
	<b>90</b>	<b>0</b>

## 3 Staff expenses

Wages and salaries	7,168	6,752
Pensions	687	695
Other social security expenses	140	168
	<b>7,995</b>	<b>7,615</b>
<b>Average number of employees</b>	<b>12</b>	<b>11</b>

Remuneration to the Executive Board has not been disclosed in accordance with section 98 B(3) of the Danish Financial Statements Act.

## 4 Financial income

Interest received from group enterprises	21	15
Other financial income	0	1
	<b>21</b>	<b>16</b>

## Notes to the Financial Statements

	2019/20	2018/19
	TDKK	TDKK
<b>5 Tax on profit/loss for the year</b>		
Current tax for the year	3,035	3,324
Deferred tax for the year	-5	-23
Adjustment of deferred tax concerning previous years	0	-30
	<u>3,030</u>	<u>3,271</u>

## 6 Property, plant and equipment

	Other fixtures and fittings, tools and equipment	Leasehold improvements	Total
	TDKK	TDKK	TDKK
Cost at 1 October 2019	271	383	654
Additions for the year	12	0	12
Disposals for the year	-17	0	-17
Cost at 30 September 2020	<u>266</u>	<u>383</u>	<u>649</u>
Impairment losses and depreciation at 1 October 2019	234	312	546
Depreciation for the year	28	27	55
Reversal of impairment and depreciation of sold assets	-17	0	-17
Impairment losses and depreciation at 30 September 2020	<u>245</u>	<u>339</u>	<u>584</u>
<b>Carrying amount at 30 September 2020</b>	<u>21</u>	<u>44</u>	<u>65</u>

## 7 Receivables from group enterprises

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

## 8 Deferred tax asset

Deferred tax asset at 1 October 2019	8	-15
Amounts recognised in the income statement for the year	<u>5</u>	<u>23</u>
<b>Deferred tax asset at 30 September 2020</b>	<u>13</u>	<u>8</u>

# Notes to the Financial Statements

## 9 Prepayments

Prepayments consist of prepaid expenses concerning rent, insurance premiums and subscriptions.

	<u>2019/20</u> TDKK	<u>2018/19</u> TDKK
<b>10 Distribution of profit</b>		
Retained earnings	10,693	11,472
	<u>10,693</u>	<u>11,472</u>

## 11 Contingent assets, liabilities and other financial obligations

### Rental and lease obligations

Rent and leasing commitments	<u>1,845</u>	<u>1,863</u>
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### 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

## 12 Related parties

	<b>Basis</b>
<b>Controlling interest</b>	
Ridgid Tool Europe NV	Parent company
Emerson Electric Co.	Ultimate parent company

### Transactions

During the year, the Company had the following transaction with related parties:

Goods for resale bought from group entities TDKK 65,766 (TDKK 71,275 in 2019).

Other external expenses incl. management fee to group entities TDKK 4,239 (TDKK 4,472 in 2019).

Interest income from group entities TDKK 21 (TDKK 15 in 2019).

Receivables from group enterprises TDKK 52,405 (TDKK 37,823 in 2019).

Payables from group enterprises TDKK 7,513 (TDKK 7,160 in 2019).

### Consolidated Financial Statements

Name and registered office of the Parent preparing consolidated financial statements for the group:

Name	Place of registered office
Emerson Electric Co	Saint Louis, Missouri, United States

The Group Annual Report of Emerson Electric Co. may be obtained at the following address:

[www.emerson.com/en-us/investors/annual-reports](http://www.emerson.com/en-us/investors/annual-reports)

# Notes to the Financial Statements

## 13 Accounting Policies

The Annual Report of Ridgid Scandinavia A/S for 2019/20 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to medium-sized enterprises of reporting class C.

The Financial Statements for 2019/20 are presented in TDKK.

### Changes in accounting policies

The accounting policies applied remain unchanged from last year. However a reclassification of DKK 40 thousand has been made in the comparative figures for 2019 between "Gros Profit" and "Financial expenses".

### Cash flow statement

With reference to section 86(4) of the Danish Financial Statements Act and to the cash flow statement included in the consolidated financial statements of Emerson Electric Co, the Company has not prepared a cash flow statement.

### 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.

# Notes to the Financial Statements

## 13 Accounting Policies (continued)

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.

## 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 the Company's administration, 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, other operating income, expenses for raw materials and consumables 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.

### Other operating income and expenses

Other operating income and other operating expenses comprise items of a secondary nature to the main activities of the Company, including gains and losses on the sale of intangible assets and property, plant and equipment.

# Notes to the Financial Statements

## 13 Accounting Policies (continued)

### 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 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 proportion 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

The fixed assets' residual values are determined at nil.

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.

# Notes to the Financial Statements

## 13 Accounting Policies (continued)

### **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.

### **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.

# Notes to the Financial Statements

## 13 Accounting Policies (continued)

### 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.

## 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	$\frac{\text{Net profit for the year} \times 100}{\text{Average equity}}$