
Ridgid Scandinavia A/S

Drejergangen 3C, 1, DK-2690 Karlslunde

Annual Report for 1 October 2020 - 30 September 2021

CVR No 70 69 90 28

The Annual Report was
presented and adopted at
the Annual General
Meeting of the Company on
31/1 2022

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 2020 - 30 September 2021.

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 2021 of the Company and of the results of the Company operations for 2020/21.

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, 31 January 2022

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 2020 - 30 September 2021, which comprise income statement, balance sheet, statement of changes in equity and notes, including a summary of significant 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 2021 and of the results of the Company's operations for the financial year 1 October 2020 - 30 September 2021 in accordance with the Danish Financial Statements Act.

Basis for Opinion

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

Management's responsibilities for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the Danish Financial Statements Act, and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the Financial Statements, Management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting in preparing the Financial Statements unless Management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Financial Statements.

Independent Auditor's Report

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional 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.

København, 31 January 2022

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:

	2020/21 TDKK	2019/20 TDKK	2018/19 TDKK	2017/18 TDKK	2016/17 TDKK
Key figures					
Profit/loss					
Gross profit/loss	19,183	21,828	22,436	20,209	18,967
Profit/loss before financial income and expenses	11,685	13,778	14,767	12,658	11,714
Net financials	-105	-55	-24	20	7
Net profit/loss for the year	8,929	10,693	11,472	9,691	9,253
Balance sheet					
Balance sheet total	67,598	64,435	48,466	36,508	27,405
Equity	54,659	45,730	35,037	23,565	13,874
Investment in property, plant and equipment	15	12	9	62	142
Number of employees	11	12	11	11	11
Ratios					
Return on assets	17.3%	21.4%	30.5%	34.7%	42.7%
Solvency ratio	80.9%	71.0%	72.3%	64.5%	50.6%
Return on equity	17.8%	26.5%	39.2%	51.8%	65.0%

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 2020/21 shows a profit of TDKK 8,929, and at 30 September 2021 the balance sheet of the Company shows equity of TDKK 54,659.

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 COVID-19 and mutations thereof, Management expects revenue and net profit for the financial year 2021/2022 to correspond to revenue and net profit, respectively, in 2020/21.

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>2020/21</u> TDKK	<u>2019/20</u> TDKK
Gross profit/loss	2	19,183	21,828
Staff expenses	3	-7,452	-7,995
Depreciation		-46	-55
Profit/loss before financial income and expenses		11,685	13,778
Financial income	4	51	21
Financial expenses		-156	-76
Profit/loss before tax		11,580	13,723
Tax on profit/loss for the year	5	-2,651	-3,030
Net profit/loss for the year		8,929	10,693

Balance Sheet 30 September

Assets

	Note	2020/21 TDKK	2019/20 TDKK
Other fixtures and fittings, tools and equipment		17	21
Leasehold improvements		17	44
Property, plant and equipment	6	34	65
Deposits		295	288
Fixed asset investments		295	288
Fixed assets		329	353
Inventories		1,632	1,980
Trade receivables		4,210	9,336
Receivables from group enterprises	7	60,734	52,405
Other Receivables		43	37
Deferred tax asset	8	14	13
Prepayments	9	629	311
Receivables		65,630	62,102
Cash at bank and in hand		7	0
Currents assets		67,269	64,082
Assets		67,598	64,435

Balance Sheet 30 September

Liabilities and equity

	<u>Note</u>	<u>2020/21</u> TDKK	<u>2019/20</u> TDKK
Share capital		500	500
Retained earnings		54,159	45,230
Equity		<u>54,659</u>	<u>45,730</u>
Trade payables		526	271
Payables to group enterprises		7,031	7,513
Corporation tax		2,890	6,496
Other payables		2,492	4,425
Short-term debt		<u>12,939</u>	<u>18,705</u>
Debt		<u>12,939</u>	<u>18,705</u>
Liabilities and equity		<u>67,598</u>	<u>64,435</u>
Unusual events	1		
Distribution of profit	10		
Contingent, 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 2020	500	45,230	45,730
Net profit/loss for the year	0	8,929	8,929
Equity at 30 September 2021	500	54,159	54,659

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 in 2020/2021. The Company has not made use of available compensation schemes to mitigate the effects of the COVID-19 situation.

	<u>2020/21</u>	<u>2019/20</u>
	TDKK	TDKK
2 Other operating income		
Government support/aid regarding salary compensation	0	90
	<u>0</u>	<u>90</u>

3 Staff expenses

Wages and salaries	6,588	7,168
Pensions	736	687
Other social security expenses	122	140
Other staff expenses	6	0
	<u>7,452</u>	<u>7,995</u>
Average number of employees	<u>11</u>	<u>12</u>

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	26	21
Exchange adjustments	25	0
	<u>51</u>	<u>21</u>

Notes to the Financial Statements

	2020/21	2019/20
	TDKK	TDKK
5 Tax on profit/loss for the year		
Current tax for the year	2,652	3,035
Deferred tax for the year	-99	-5
Adjustment of deferred tax concerning previous years	98	0
	<u>2,651</u>	<u>3,030</u>

6 Property, plant and equipment

	Other fixtures and fittings, tools and equipment	Leasehold improvements	Total
	TDKK	TDKK	TDKK
Cost at 1 October 2020	266	383	649
Additions for the year	<u>15</u>	<u>0</u>	<u>15</u>
Cost at 30 September 2021	<u>281</u>	<u>383</u>	<u>664</u>
Impairment losses and depreciation at 1 October 2020	245	339	584
Depreciation for the year	<u>19</u>	<u>27</u>	<u>46</u>
Impairment losses and depreciation at 30 September 2021	<u>264</u>	<u>366</u>	<u>630</u>
Carrying amount at 30 September 2021	<u>17</u>	<u>17</u>	<u>34</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 2020	13	8
Amounts recognised in the income statement for the year	99	5
Adjustment of deferred tax concerning previous year	<u>-98</u>	<u>0</u>
Deferred tax asset at 30 September 2021	<u>14</u>	<u>13</u>

Notes to the Financial Statements

9 Prepayments

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

	<u>2020/21</u> TDKK	<u>2019/20</u> TDKK
10 Distribution of profit		
Retained earnings	8,929	10,693
	<u>8,929</u>	<u>10,693</u>

11 Contingent, liabilities and other financial obligations

Rental and lease obligations

Rent and leasing commitments	<u>1,374</u>	<u>1,845</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

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

Transactions

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

Goods for resale bought from group entities TDKK 70,728 (TDKK 65,766 in 2019/2020).

Other external expenses including management fee to group entities TDKK 4,481 (TDKK 4,239 in 2019/2020).

Interest income from group entities TDKK 26 (TDKK 21 in 2019/2020).

Receivables from group enterprises TDKK 60,734 (TDKK 52,405 in 2019/2020).

Payables from group enterprises TDKK 7,031 (TDKK 7,513 in 2019/2020).

Consolidated Financial Statements

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

<u>Name</u>	<u>Place of registered office</u>
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

Notes to the Financial Statements

13 Accounting Policies

The Annual Report of Ridgid Scandinavia A/S for 2020/21 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to medium-sized enterprises of reporting class C.

The accounting policies applied remain unchanged from last year.

The Financial Statements for 2020/21 are presented in TDKK.

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, cost of goods sold, other operating income and other external expenses.

Staff expenses

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

Fixed asset investments

Fixed asset investments consist of deposits.

Notes to the Financial Statements

13 Accounting Policies (continued)

Impairment of fixed assets

The carrying amounts of property, plant and 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.

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

Notes to the Financial Statements

13 Accounting Policies (continued)

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.

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