

ADA International Scandinavia A/S

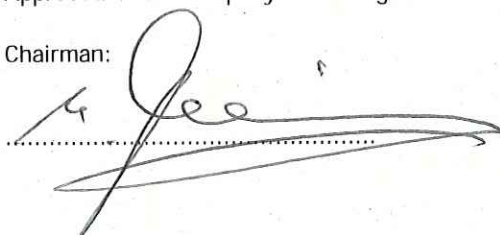
Hørkær 26, 2730 Herlev

CVR no. 10 96 62 48

Annual report 2017

Approved at the Company's annual general meeting on 28 March 2018

Chairman:

A handwritten signature in black ink, consisting of a large, stylized 'A' followed by a series of loops and a long horizontal stroke that ends in a sharp point. The signature is written over a dotted horizontal line.The EY logo, consisting of the letters 'EY' in a bold, sans-serif font. The 'E' and 'Y' are connected at the top. The logo is positioned above the tagline.

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Contents

Statement by the Board of Directors and the Executive Board	2
Independent auditor's report	3
Management's review	5
Financial statements 1 January - 31 December	7
Income statement	7
Balance sheet	8
Statement of changes in equity	10
Notes to the financial statements	11



Statement by the Board of Directors and the Executive Board

Today, the Board of Directors and the Executive Board have discussed and approved the annual report of ADA International Scandinavia A/S for the financial year 1 January - 31 December 2017.

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 of the Company at 31 December 2017 and of the results of the Company's operations for the financial year 1 January - 31 December 2017.

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

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

Herlev, 28 March 2018
Executive Board

Stefan Schmidt

Board of Directors

Wilhem Bernhard-Könning
Chairman

Sylvia Anne Jensch

Kar Simon Milewski



Independent auditor's report

To the shareholders of ADA International Scandinavia A/S

Opinion

We have audited the financial statements of ADA International Scandinavia A/S for the financial year 1 January - 31 December 2017, 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 2017 and of the results of the Company's operations for the financial year 1 January - 31 December 2017 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 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 Group 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 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.

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 the financial statements.

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.

Independent auditor's report

- ▶ 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.

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.

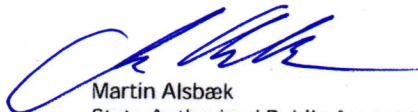
Based on the work we have performed, we conclude that the Management's review is in accordance with the financial statements and has been prepared in accordance with the requirements of the Danish Financial Statement Act. We did not identify any material misstatement of the Management's review.

Copenhagen, 28 March 2018

ERNST & YOUNG

Godkendt Revisionspartnerselskab

CVR no. 30 70 02 28



Martin Alsbaek
State Authorised Public Accountant
MNE no.: mne28627



Allan Nørgaard
State Authorised Public Accountant
MNE no.: mne35501



Management's review

Company details

Name ADA International Scandinavia A/S
Address, Postal code, City Hørkær 26, 2730 Herlev

CVR no. 10 96 62 48
Established 7 July 1987
Registered office Hvidovre
Financial year 1 January - 31 December

Board of Directors Wilhelm Bernhard Könning, Chairman
Sylvia Anne Jensch
Kai Simon Milewski

Executive Board Stefan Schmidt

Auditors Ernst & Young Godkendt Revisionspartnerselskab
Osvald Helmuths Vej 4, P.O. Box 250, 2000 Frederiksberg,
Denmark



Management's review

Business review

ADA International Scandinavia A/S' primary activity is sale of products for the hotel industry.

The Company was acquired by the German ADA Cosmetics Group in April 2015.

In the beginning of 2016 all remaining inventories were transferred to the group company ADA Cosmetics GmbH in Germany.

Financial review

The income statement for 2017 shows a profit of DKK 4,019,547 against a profit of DKK 5,418,933 last year, and the balance sheet at 31 December 2017 shows equity of DKK 4,565,888.

Events after the balance sheet date

No events materially affecting the Company's financial position have occurred subsequent to the financial year-end.



Financial statements 1 January - 31 December

Income statement

Note	DKK	2017	2016
	Gross margin	7,197,780	8,763,059
3	Staff costs	-1,647,185	-2,171,987
	Profit before net financials	5,550,595	6,591,072
4	Financial income	145,164	596,018
5	Financial expenses	-542,493	-239,757
	Profit before tax	5,153,266	6,947,333
6	Tax for the year	-1,133,719	-1,528,400
	Profit for the year	4,019,547	5,418,933
	Recommended appropriation of profit		
	Proposed dividend recognised under equity	4,000,000	7,800,000
	Retained earnings/accumulated loss	19,547	-2,381,067
		4,019,547	5,418,933



Financial statements 1 January - 31 December

Balance sheet

Note	DKK	2017	2016
	ASSETS		
	Non-current assets		
	Financial assets		
7	Deferred tax assets	46,424	58,419
		<u>46,424</u>	<u>58,419</u>
	Total non-current assets	<u>46,424</u>	<u>58,419</u>
	Current assets		
	Receivables		
	Trade receivables	1,468,622	2,132,255
	Receivables from group enterprises	6,819,780	3,809,981
	Other receivables	13,769	302,322
	Prepayments	0	15,813
		<u>8,302,171</u>	<u>6,260,371</u>
	Cash	<u>4,173,409</u>	<u>12,211,906</u>
	Total current assets	<u>12,475,580</u>	<u>18,472,277</u>
	TOTAL ASSETS	<u>12,522,004</u>	<u>18,530,696</u>

Financial statements 1 January - 31 December

Statement of changes in equity

DKK	Share capital	Retained earnings	Dividend proposed	Total
Equity at 1 January 2017	500,000	46,341	7,800,000	8,346,341
Transfer through appropriation of profit	0	19,547	4,000,000	4,019,547
Dividend distributed	0	0	-7,800,000	-7,800,000
Equity at 31 December 2017	500,000	65,888	4,000,000	4,565,888



Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies

The annual report of ADA International Scandinavia A/S for 2017 has been prepared in accordance with the provisions in the Danish Financial Statements Act applying to reporting class B entities and elective choice of certain provisions applying to reporting class C entities.

The accounting policies used in the preparation of the financial statements are consistent with those of last year.

Foreign currency translation

On initial recognition, transactions denominated in foreign currencies are translated at the exchange rate at the transaction date. Foreign exchange differences arising between the exchange rates at the transaction date and the date of payment are recognised 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 rate at the balance sheet date. The difference between the exchange rates at the balance sheet date and the date at which the receivable or payable arose or was recognised in the most recent financial statements is recognised in the income statement as financial income or financial expenses.

Income statement

Revenue

Income from the sale of goods for resale and finished goods, is recognised in revenue when transfer of the most significant rewards and risks to the buyer has taken place and provided that the income can be reliably measured and payment is expected to be received. The date of the transfer of the most significant rewards and risks is based on standardised terms of delivery based on Incoterms® 2010.

License fee income is recognised on a straight-line basis.

Gross margin

With reference to section 32 of the Danish Financial Statements Act, the items 'Revenue', 'Cost of sale', 'Other external expenses' and 'Other operating income' are consolidated into one item designated 'Gross profit'.

Other operating income

Other operating income comprise items of a secondary nature relative to the entity's core activities, including royalty income and gain on the sale of fixed assets.

Cost of sales

Cost of sales includes the cost of goods used in generating the year's revenue.

Other external expenses

Other external expenses include the year's expenses relating to the Company's core activities, including expenses relating to distribution, sale, advertising, administration, premises, bad debts, payments under operating leases, etc.

Staff costs

Staff costs include wages and salaries, including compensated absence and pension to the Company's employees, as well as other social security contributions, etc. The item is net of refunds from public authorities.

Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

Financial income and expenses

Financial income and expenses are recognised 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.

Tax

Tax for the year includes current tax on the year's expected taxable income and the year's deferred tax adjustments. The portion of the tax for the year that relates to the profit/loss for the year is recognised in the income statement, whereas the portion that relates to transactions taken to equity is recognised in equity.

The entity and its Danish group entities are taxed on a joint basis. 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

Receivables

Receivables are measured at amortised cost.

An impairment loss is recognised if there is objective evidence that a receivable or a group of receivables is impaired. If there is objective evidence that an individual receivable has been impaired, an impairment loss is recognised on an individual basis.

Impairment losses are calculated as the difference between the carrying amount of the receivables and the present value of the expected cash flows, including the realisable value of any collateral received. The effective interest rate for the individual receivable or portfolio is used as discount rate.

Prepayments

Prepayments recognised under "Assets" comprise prepaid expenses regarding subsequent financial reporting years.

Securities and investments

Securities and investments are measured at fair value. The fair value is made up at the market value at the balance sheet date if the securities are listed and at a value made up using generally recognised valuation principles if the securities are unlisted.

Cash

Cash comprise cash and short term securities which are readily convertible into cash and subject only to minor risks of changes in value.

Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

Equity

Proposed dividends

Dividend proposed for the year is recognised as a liability once adopted at the annual general meeting (declaration date). Dividends expected to be distributed for the financial year are presented as a separate item under "Equity".

Income taxes

Current tax payables and receivables are recognised in the balance sheet as the estimated income tax charge for the year, adjusted for prior-year taxes and tax paid on account.

Deferred tax is measured according to the liability method on all temporary differences between the carrying amount and the tax base of assets and liabilities. However, deferred tax is not recognised on temporary differences relating to goodwill which is not deductible for tax purposes and on office premises and other items where temporary differences, apart from business combinations, arise at the date of acquisition without affecting either profit/loss for the year or taxable income. Where alternative tax rules can be applied to determine the tax base, deferred tax is measured based on Management's intended use of the asset or settlement of the liability, respectively.

Deferred tax is measured according to the tax rules and at the tax rates applicable at the balance sheet date when the deferred tax is expected to crystallise as current tax. Deferred tax assets are recognised at the expected value of their utilisation; either as a set-off against tax on future income or as a set-off against deferred tax liabilities in the same legal tax entity. Changes in deferred tax due to changes in the tax rate are recognised in the income statement.

Liabilities

Financial liabilities are recognised at the date of borrowing at the net proceeds received less transaction costs paid. On subsequent recognition, financial liabilities are measured at amortised cost, corresponding to the capitalised value, using the effective interest rate. Accordingly, the difference between the proceeds and the nominal value is recognised in the income statement over the term of the loan. Financial liabilities also include the capitalised residual lease liability in respect of finance leases.

Other liabilities are measured at net realisable value.

Financial statements 1 January - 31 December

Notes to the financial statements

DKK	2017	2016
2 Other operating income		
License fee income	2,977,960	2,973,757
Gain on the sale of property, plant and equipment	0	3,650
	<u>2,977,960</u>	<u>2,977,407</u>
3 Staff costs		
Wages/salaries	1,641,041	2,163,915
Other social security costs	6,144	8,072
	<u>1,647,185</u>	<u>2,171,987</u>
Average number of full-time employees	<u>2</u>	<u>3</u>
4 Financial income		
Interest income, group entities	119,775	409,943
Exchange adjustments	15,707	170,817
Other financial income	9,682	15,258
	<u>145,164</u>	<u>596,018</u>
5 Financial expenses		
Interest expenses, group entities	7,412	0
Exchange losses	266,756	164,244
Other financial expenses	268,325	75,513
	<u>542,493</u>	<u>239,757</u>
6 Tax for the year		
Estimated tax charge for the year	1,121,724	1,544,796
Deferred tax adjustments in the year	11,995	-16,396
	<u>1,133,719</u>	<u>1,528,400</u>
7 Deferred tax assets		
Deferred tax asset originate from temporary difference on operating equipment.		
8 Share capital		
Analysis of the share capital:		
500 A shares of DKK 1,000.00 nominal value each	<u>500,000</u>	<u>500,000</u>
	<u>500,000</u>	<u>500,000</u>

The Company's share capital has remained DKK 500,000 over the past 5 years.



Financial statements 1 January - 31 December

Notes to the financial statements

9 Contractual obligations and contingencies, etc.

Other contingent liabilities

DKK	2017	2016
Guarantee commitments	227,130	245,460
	<u>227,130</u>	<u>245,460</u>

Other contingent liabilities includes a bank guarantee to the Norwegian customs authority of 300,000 NOK (approximately 227,000 DKK).

The Company has since 14 April 2015 been jointly taxed with its parent, ADA Scan Holding ApS, which acts as management company, and is jointly and severally liable with the parent company for payment of income taxes from 14 April 2015 onwards as well as withholding taxes on interest, royalties and dividends falling due for payment after commencement of the joint taxation arrangement on 14 April 2015.

The Company was until 14 April 2015 jointly taxed with its former parent company, Scanam Holding ApS, which acts as management company, and is jointly and severally liable with other jointly taxed group entities for payment of income taxes from the income year 2013 and until the end of the joint taxation arrangement as well as for payment of withholding taxes on interest, royalties and dividends falling due for payment from 1 July 2012 and until 14 April 2015.

Other financial obligations

Other rent and lease liabilities:

DKK	2017	2016
Rent and lease liabilities	27,723	27,500
	<u>27,723</u>	<u>27,500</u>

10 Related parties

Information about consolidated financial statements

Parent	Domicile	Requisitioning of the parent company's consolidated financial statements
PWSC Verwaltungs GmbH	Kehl, Germany	Ratstatter Str. 2A, D-77694