

# Stanley Security Denmark ApS

Smedeland 15, 2600 Glostrup

CVR no. 15 70 67 08

## Annual report

for the year 1 January - 31 December 2019

Approved at the Company's annual general meeting on 21 September 2020

Chairman:

  
Kasper Stenberg

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### 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 Stanley Security Denmark ApS for the financial year 1 January - 31 December 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 of the Company at 31 December 2019 and of the results of the Company's operations for the financial year 1 January - 31 December 2019.

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

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

Copenhagen, 21 September 2020  
Executive Board:

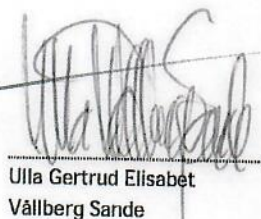


Michael Berggren Thomsen  
CEO

Board of Directors:



Ketti Stenberg  
Chairman



Ulla Gertrud Elisabet  
Vällberg Sande



Michael Berggren Thomsen

## Independent auditor's report

To the shareholders of Stanley Security Denmark ApS

### Opinion

We have audited the financial statements of Stanley Security Denmark ApS for the financial year 1 January - 31 December 2019, 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 2019 and of the results of the Company's operations for the financial year 1 January - 31 December 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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Independence

We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and 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.
- 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.

### Independent auditor's report

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, 21 September 2020  
EY Godkendt Revisionspartnerselskab  
CVR no. 30 70 02 28



Alex Petersen  
State Authorised Public Accountant  
mne28604



## Management's review

### Company details

Name	Stanley Security Denmark ApS
Address, Postal code, City	Smedeland 15, 2600 Glostrup
CVR no.	15 70 67 08
Established	1 March 1992
Registered office	Glostrup
Financial year	1 January - 31 December
Board of Directors	Ketil Stenberg, Chairman Ulja Gertrud Elisabet Vällberg Sande Michael Berggren Thomsen
Executive Board	Michael Berggren Thomsen, CEO
Auditors	EY Godkendt Revisionspartnerselskab Dirch Passers Allé 36, P.O. Box 250, 2000 Frederiksberg, Denmark

## Management's review

### Financial highlights

DKK'000	2019	2018	2017	2016	2015
<b>Key figures</b>					
Gross profit	54,128	54,339	44,394	40,238	36,174
Operating profit/loss	9,209	10,661	6,838	5,527	3,012
Net financials	309	256	288	243	180
Profit for the year	8,254	9,304	5,943	4,483	2,456
<b>Total assets</b>					
Investment in property, plant and equipment	295	0	0	0	3,251
Equity	34,276	26,023	16,719	10,776	6,293
<b>Financial ratios</b>					
Return on assets	13.4%	16.4%	13.6%	14.4%	8.3%
Equity ratio	50.7%	37.1%	27.7%	26.7%	17.3%
Return on equity	27.4%	43.5%	43.2%	52.5%	27.1%
<b>Average number of employees</b>					
	66	65	58	53	51

Financial ratios are calculated in accordance with the Danish Finance Society's recommendations. For terms and definitions, please see the accounting policies.

## Management's review

### Business review

Stanley Security Denmark ApS is a specialised security systems integrator providing design, installation and support of technology-based customised security solutions.

Stanley Security offers complete security solutions to businesses with high security requirements in market segments such as banks, post offices, industry, national defense, public institutions, local authorities, retail and chain stores, etc.

Our technological expertise ensures our customers the latest and most advanced high-tech security equipment.

Thanks to our international affiliation, our customers always have access to leading security insights and knowhow.

Our services are based on innovative technology and concepts comprising:

- Services - Helpdesk - Remote services - Alarm management & monitoring - Intruder detection & alarm
- Access control - EAS - Video surveillance - Fire protection - Integrated systems

### Work environment

The Company works actively to ensure a good working environment. We believe this helps build a healthy and sound corporate culture. We perform surveys to find out whether our employees are satisfied, are in need of professional development, etc. and follow up on results in performance reviews at least once a year.

### Mission

Our mission is to deliver complete solutions making clients trust us 100%.

### Vision

Our vision is to earn our clients' 100% trust based on the following five commitments.

#### 1. RELIABILITY

We promise to be there for our clients when it really counts. Together, we aim for the highest reliability scores for their specific business, industry and service requirements. Together, we define detailed objectives and metrics for the security performances that are vital to them.

#### 2. TRANSPARENCY

We promise to set clear and concrete service standards and to keep improving them. First, we qualify and quantify service performance levels for our clients' specific security needs. Next, we invite them to judge us on those criteria. Then we use their feedback to improve our service performance. Our clients' ratings, and those of their colleagues, will enable us to update the benchmarks for their sector and to keep raising the bar.

#### 3. PROACTIVITY

We promise to help our clients stay ahead of the game. We keep them up to date on the security trends in their industry. We tell them about every opportunity for optimising their system with the latest technology. We advise them on compliance with current and upcoming European and local legislation and certification. We help our clients to choose solutions that are future proof.

#### 4. RELEVANCE

We promise to offer our clients solutions that are a 'best fit'. We tell them about benchmark projects in their sector. We make sure that we understand their specific business needs. We make security assessments and identify areas in which they can reduce their risks. Size does not matter to us. What counts is implementing the security solution that is best suited to our clients' businesses, whether they are small, medium or large. We go for solutions that are flexible enough to move to their new site with them, to expand with them into new markets and to keep working smoothly in a cross border environment.

#### 5. ACCOUNTABILITY

We promise to take full responsibility from start to finish. We will hold ourselves fully accountable for the service levels we provide to our clients.



## Management's review

### Financial review

The income statement for 2019 shows a profit of DKK 8,253,662 against a profit of DKK 9,304,181 last year, and the balance sheet at 31 December 2019 shows equity of DKK 34,276,385. The profit for year is regarded as acceptable. In 2019, our focus has been on selling new solutions to the NAM and KAM market. It is important for us to have to correct customer mix, and that journey will continue in 2020.

### Impact on the external environment

The Company has no significant impact on the external environment.

### Events after the balance sheet date

After the balance sheet date 31 December 2019, the COVID-19 outbreak impacted Denmark. Management consider the outbreak to constitute a non-adjusting event and as a result, management have not adjusted any figures in the financial statements 2019.

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

### Outlook

The Company has in 2019 lost a bit on the Datacenter market and therefore we need to find new top customers in 2020 to meet the same growth. We have made an investment in sales department with new sales leaders that makes a stronger footprint by region, and we expect a higher growth on our core business in 2020.

The Company is not yet significantly affected by the ongoing COVID-19 outbreak, specially the Nordic market seems to handle the effect very well. Management is unable to quantify the expected COVID-19 impact on the outlook for 2020.

The Company introduce the A2E (Ability2Execute) culture in 2019 and this is a program to get us more productive, this supports the journey and good result of the employee survey in 2019.

Management expects to reach a gross profit in the range of DKK 40-60 million and a profit after tax in the range of DKK 5-15 million.

Financial statements 1 January - 31 December

Income statement

Note	DKK	2019	2018
	Gross profit	54,128,345	54,338,711
3	Staff costs	-40,863,448	-39,187,954
4	Amortisation/depreciation of intangible assets and property, plant and equipment	-2,990,355	-3,434,241
	Profit before net financials	10,274,542	11,716,516
	Financial income	371,913	323,983
	Financial expenses	-62,422	-68,375
	Profit before tax	10,584,033	11,972,124
5	Tax for the year	-2,330,371	-2,667,943
	Profit for the year	8,253,662	9,304,181

Financial statements 1 January - 31 December

Balance sheet

Note	DKK	2019	2018
	ASSETS		
	Non-current assets		
6	Intangible assets		
	Acquired intangible assets	218,352	517,173
		<u>218,352</u>	<u>517,173</u>
7	Property, plant and equipment		
	Fixtures and fittings, other plant and equipment	4,646,173	7,186,270
	Leasehold improvements	164,533	372,959
		<u>4,810,706</u>	<u>7,559,229</u>
8	Financial assets		
	Other receivables	3,476,144	3,413,068
	Deposits, investments	573,386	565,100
		<u>4,049,530</u>	<u>3,978,168</u>
	Total non-current assets	<u>9,078,588</u>	<u>12,054,570</u>
	Current assets		
	Inventories		
	Finished goods and goods for resale	1,931,172	2,053,888
		<u>1,931,172</u>	<u>2,053,888</u>
	Receivables		
	Trade receivables	22,330,957	24,663,407
9	Construction contracts	5,570,317	5,141,254
	Receivables from group enterprises	27,502,139	25,047,660
	Other receivables	259,094	276,757
10	Prepayments	920,378	847,688
		<u>56,582,885</u>	<u>55,976,766</u>
	Total current assets	<u>58,514,057</u>	<u>58,030,654</u>
	TOTAL ASSETS	<u>67,592,645</u>	<u>70,085,224</u>

Financial statements 1 January - 31 December

Balance sheet

Note	DKK	2019	2018
	<b>EQUITY AND LIABILITIES</b>		
	Equity		
11	Share capital	1,250,000	1,250,000
	Retained earnings	27,026,385	24,772,723
	Dividend proposed	6,000,000	0
	<b>Total equity</b>	<b>34,276,385</b>	<b>26,022,723</b>
12	Non-current liabilities		
13	Deferred tax	3,495,356	2,643,220
	Deposits	82,580	81,865
	Other payables	1,346,160	0
	<b>Total non-current liabilities</b>	<b>4,924,096</b>	<b>2,725,085</b>
	Current liabilities		
9	Construction contracts	1,531,021	3,264,535
	Trade payables	9,719,374	12,922,535
	Payables to group enterprises	3,035,215	8,646,029
	Other payables	8,444,835	10,699,858
14	Deferred income	5,661,719	5,804,459
	<b>Total current liabilities</b>	<b>28,392,164</b>	<b>41,337,416</b>
	<b>Total liabilities</b>	<b>33,316,260</b>	<b>44,062,501</b>
	<b>TOTAL EQUITY AND LIABILITIES</b>	<b>67,592,645</b>	<b>70,085,224</b>

- 1 Accounting policies
- 2 Events after the balance sheet date
- 15 Contractual obligations and contingencies, etc.
- 16 Collateral
- 17 Related parties
- 18 Appropriation of profit

Financial statements 1 January - 31 December

Statement of changes in equity

Note	DKK	Share capital	Retained earnings	Dividend proposed	Total
	Equity at				
	1 January 2018	1,250,000	15,468,542	0	16,718,542
18	Transfer, see				
	"Appropriation of profit"	0	9,304,181	0	9,304,181
	Equity at				
	1 January 2019	1,250,000	24,772,723	0	26,022,723
18	Transfer, see				
	"Appropriation of profit"	0	2,253,662	6,000,000	8,253,662
	Equity at				
	31 December 2019	1,250,000	27,026,385	6,000,000	34,276,385

## Financial statements 1 January - 31 December

### Notes to the financial statements

#### 1 Accounting policies

The annual report of Stanley Security Denmark ApS for 2019 has been prepared in accordance with the provisions in the Danish Financial Statements Act applying to medium-sized reporting class C entities.

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

#### Omission of a cash flow statement

With reference to section 86(4) of the Danish Financial Statements Act, no cash flow statement for the Company is prepared, as the Company's cash flows are part of the consolidated cash flow statement for the ultimate parent company, Stanley Black & Decker Inc., which can be required from the following homepage: [www.stanleyblackanddecker.com](http://www.stanleyblackanddecker.com)

#### Reporting currency

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

#### 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

The Company has chosen IAS 11 (construction contracts) IAS 18 (other goods and services) as interpretation for revenue recognition.

Income from the sale of goods for resale and finished goods, comprising sale of spare parts and other installation equipment 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.

Income from the rendering of services, which comprises installation services and other ad hoc services, is recognised as revenue as the services are rendered, implying that revenue corresponds to the market value of the services rendered in the year (production method).

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

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

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

## Financial statements 1 January - 31 December

### Notes to the financial statements

#### 1 Accounting policies (continued)

Where finance leases are entered into regarding assets, a sale and a receivable are recognised corresponding to the present value of cash flows from the lease plus the estimated, unguaranteed residual value of the asset at the end of the lease term. The present value is calculated based on the interest implicit in the lease agreement. Lease payments received are recognised partly as instalments on the lease receivable and partly as financial income.

#### Gross profit

The items revenue, other operating income and external expenses have been aggregated into one item in the income statement called gross profit in accordance with section 32 of the Danish Financial Statements Act.

#### Other operating income

Other operating income comprise items of a secondary nature relative to the Company's core activities, including gains on the sale of non-current 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.

#### Amortisation/depreciation

The item comprises amortisation/depreciation of intangible assets and property, plant and equipment.

The basis of amortisation, which is calculated as cost less any residual value, is amortised on a straight line basis over the expected useful life. The expected useful lives of the assets are as follows:

Acquired intangible assets	3-5 years
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Depreciation is based on the residual value of the asset and is reduced by impairment losses, if any. The depreciation period and the residual value are determined at the acquisition date and are reassessed annually. Where the residual value exceeds the carrying amount of the asset, no further depreciation charges are recognised.

In the case of changes in the depreciation period or the residual value, the effect on the depreciation charges is recognised prospectively as a change in accounting estimates.

The basis of depreciation, which is calculated as cost less any residual value, is depreciated on a straight line basis over the expected useful life. The expected useful lives of the assets are as follows:

Fixtures and fittings, other plant and equipment	3-5 years
Leasehold improvements	5 years

Depreciation is based on the residual value of the asset and is reduced by impairment losses, if any. The depreciation period and the residual value are determined at the acquisition date and are reassessed annually. Where the residual value exceeds the carrying amount of the asset, no further depreciation charges are recognised.

## Financial statements 1 January - 31 December

### Notes to the financial statements

#### 1 Accounting policies (continued)

In the case of changes in the depreciation period or the residual value, the effect on the depreciation charges is recognised prospectively as a change in accounting estimates.

#### 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

The Company is covered by the Danish rules on compulsory joint taxation of the Group's Danish subsidiaries. The Danish sister companies are included in the joint taxation arrangement from the date at which they are included in the consolidated financial statements and up to the date when they are excluded from the consolidation.

The Company is the management company for the joint taxation and consequently settles all corporation tax payments with the tax authorities.

On payment of joint taxation contributions, the Danish corporate income tax charge is allocated between the jointly taxed entities in proportion to their taxable income. Entities with tax losses receive joint taxation contributions from entities that have been able to use the tax losses to reduce their own taxable income.

Tax for the year, which comprises the current income tax charge, joint taxation contributions and deferred tax adjustments, including adjustments arising from changes in tax rates, is recognised in the income statement as regards the portion that relates to the profit/loss for the year and directly in equity as regards the portion that relates to entries directly in equity.

#### Balance sheet

##### Intangible assets

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

Other intangible assets are measured at cost less accumulated amortisation and impairment losses.

##### Property, plant and equipment

Items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses. Cost includes the acquisition price and costs directly related to the acquisition until the time at which the asset is ready for use.

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

##### Financial assets

Financial assets relate to receivables under finance lease and deposit related to rent.

Receivables relating to finance leases are measured at the net present value of the remaining minimum value, calculated by reference to interest rate implicit in the lease less write-downs resulting from the debtor's inability to pay. Write-downs are made on an individual basis, as required.



## Financial statements 1 January - 31 December

### Notes to the financial statements

#### 1 Accounting policies (continued)

##### Leases

The Company has chosen IAS 17 as interpretation for classification and recognition of leases.

Leases that do not transfer substantially all the risks and rewards incident to the ownership to the Company are classified as operating leases. Payments relating to operating leases and any other rent agreements are recognised in the income statement over the term of the lease. The Company's aggregate liabilities relating to operating leases and other rent agreements are disclosed under "Contingent liabilities".

##### Impairment of non-current assets

The carrying amount of intangible assets, property, plant and equipment and investments in subsidiaries and associates is assessed for impairment on an annual basis.

Impairment tests are conducted on assets or groups of assets when there is evidence of impairment. The carrying amount of impaired assets is reduced to the higher of the net selling price and the value in use (recoverable amount).

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

Previously recognised impairment losses are reversed when the reason for recognition no longer exists.

##### Inventories

Inventories are measured at cost in accordance with the weighted average method. Where the net realisable value is lower than cost, inventories are written down to this lower value. The net realisable value of inventories is calculated as the sales amount less costs of completion and expenses required to effect the sale and is determined taking into account marketability, obsolescence and development in the expected selling price.

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

##### Receivables

Receivables are measured at amortised cost.

The Company has chosen IAS 39 as interpretation for impairment of financial receivables.

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.

##### Construction contracts

Service supplies and contract work in progress for third parties are measured at the market value of the work performed less progress billings. The market value is calculated based on the stage of completion at the balance sheet date and the total expected income from the relevant contract. The stage of completion is calculated based on the expenses incurred relative to the expected total expenses relating to the relevant contract.

## Financial statements 1 January - 31 December

### Notes to the financial statements

#### 1 Accounting policies (continued)

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

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

The value of work in progress less progress billings is classified as assets when the selling price exceeds progress billings and as liabilities when progress billings exceed the market value.

#### Prepayments

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

#### Cash

Cash comprises cash and bank balances.

Given the nature of the Group's cash pool arrangement, cash pool balances are not considered cash, but are recognised under "Receivables from group entities".

#### 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.

As management company for all the entities in the joint taxation arrangement, the parent company is liable for payment of the subsidiaries' income taxes vis à vis the tax authorities as the subsidiaries pay their joint taxation contributions. Joint taxation contributions payable or receivable are recognised in the balance sheet as intercompany receivables or payables.

#### Other payables

Other payables are measured at net realisable value.

Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

Deferred income

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

2 Events after the balance sheet date

After the balance sheet date 31 December 2019, the COVID-19 outbreak impacted Denmark. Management consider the outbreak to constitute a non-adjusting event and as a result, management have not adjusted any figures in the financial statements 2019.

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

	DKK	2019	2018
3 Staff costs		<u>          </u>	<u>          </u>
Wages/salaries		37,168,996	35,822,945
Pensions		2,804,239	2,598,184
Other social security costs		523,485	442,263
Other staff costs		366,728	324,562
		<u>40,863,448</u>	<u>39,187,954</u>
Average number of full-time employees		<u>66</u>	<u>65</u>

Remuneration to members of Management:

	DKK	2019
Executive Board		<u>2,785,299</u>
		<u>2,785,299</u>

For the year 2019, remuneration to members of management includes remuneration for existing and former members of the executive board, including severance expenses.

By reference to section 98b(3)(ii) of the Danish Financial Statements Act, remuneration to management is not disclosed for the comparison year, 2018.

	DKK	2019	2018
4 Amortisation/depreciation of intangible assets and property, plant and equipment		<u>          </u>	<u>          </u>
Amortisation of intangible assets		298,820	292,950
Depreciation of property, plant and equipment		2,691,535	3,141,291
		<u>2,990,355</u>	<u>3,434,241</u>

Financial statements 1 January - 31 December

Notes to the financial statements

DKK		2019	2018	
5	Tax for the year			
	Estimated tax charge for the year	1,478,235	872,134	
	Deferred tax adjustments in the year	865,484	1,806,665	
	Tax adjustments, prior years	-13,348	-10,856	
		<u>2,330,371</u>	<u>2,667,943</u>	
6	Intangible assets			
	DKK		Acquired Intangible assets	
	Cost at 1 January 2019		<u>9,332,944</u>	
	Cost at 31 December 2019		<u>9,332,944</u>	
	Impairment losses and amortisation at 1 January 2019		<u>8,815,771</u>	
	Amortisation for the year		<u>298,821</u>	
	Impairment losses and amortisation at 31 December 2019		<u>9,114,592</u>	
	Carrying amount at 31 December 2019		<u>218,352</u>	
	Amortised over		<u>3-5 years</u>	
7	Property, plant and equipment			
	DKK	Fixtures and fittings, other plant and equipment	Leasehold improvements	Total
	Cost at 1 January 2019	16,356,482	7,359,668	23,716,150
	Additions	294,749	0	294,749
	Disposals	-1,746,598	0	-1,746,598
	Cost at 31 December 2019	<u>14,904,633</u>	<u>7,359,668</u>	<u>22,264,301</u>
	Impairment losses and depreciation at 1 January 2019	9,170,212	6,986,709	16,156,921
	Depreciation	2,483,109	208,426	2,691,535
	Depreciation and impairment of disposals	-1,394,861	0	-1,394,861
	Impairment losses and depreciation at 31 December 2019	<u>10,258,460</u>	<u>7,195,135</u>	<u>17,453,595</u>
	Carrying amount at 31 December 2019	<u>4,646,173</u>	<u>164,533</u>	<u>4,810,706</u>
	Depreciated over	<u>3-5 years</u>	<u>5 years</u>	

Financial statements 1 January - 31 December

Notes to the financial statements

8 Investments

DKK	Other receivables	Deposits, investments	Total
Cost at 1 January 2019	3,413,068	565,100	3,978,168
Additions	63,076	8,286	71,362
Disposals	0	0	0
Cost at 31 December 2019	3,476,144	573,386	4,049,530
Carrying amount at 31 December 2019	3,476,144	573,386	4,049,530

With reference to the accounting policies, the other receivables comprises finance leases.

DKK	2019	2018
9 Construction contracts		
Selling price of work performed	79,040,716	60,352,846
Progress billings	-75,001,420	-58,476,127
	4,039,296	1,876,719
recognised as follows:		
Construction contracts (assets)	5,570,317	5,141,254
Construction contracts (liabilities)	-1,531,021	-3,264,535
	4,039,296	1,876,719

10 Prepayments

Prepayments include accrual of expenses relating to subsequent financial years, including rent, insurance policies etc.

DKK	2019	2018
11 Share capital		
Analysis of the share capital:		
1,250,000 shares of DKK 1.00 nominal value each	1,250,000	1,250,000
	1,250,000	1,250,000

The Company's share capital has remained DKK 1,250,000 over the past 5 years.

12 Non-current liabilities

Other payables relates to the accrued holiday allowance for the period 1 September 2019 - 31 December 2019 under the new Danish Holiday Act. The accrued holiday allowance is recognised and presented as long-term debt at 31 December 2019, and expected maturity is below 5 years.

None of the non-current liabilities falls due or are expected to be realised after 5 years.

Financial statements 1 January - 31 December

Notes to the financial statements

	DKK	
	2019	2018
13 Deferred tax		
Deferred tax at 1 January	2,643,220	676,599
Change in deferred tax for the year	865,484	1,795,809
Adjustment to deferred tax from prior year	-13,348	170,812
Deferred tax at 31 December	<u>3,495,356</u>	<u>2,643,220</u>

14 Deferred income

Deferred income consists of income related to service contracts where revenue is recognised in subsequent financial year.

15 Contractual obligations and contingencies, etc.

Contingent liabilities

	DKK	
	2019	2018
Bank guarantees	<u>901,091</u>	<u>911,898</u>
	<u>901,091</u>	<u>911,898</u>

Guarantee commitments relates to projects for customers.

Other financial obligations

Other rent and lease liabilities:

Rent and lease liabilities	<u>4,587,089</u>	<u>6,825,391</u>
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Rent and lease liabilities include a rent obligation totalling DKK 4,587 thousand in interminable rent agreements.

16 Collateral

Regarding bank guarantees, see note for contractual obligations and contingencies, etc. The Company has not provided any other security or other collateral in assets at 31 December 2018.

17 Related parties

Stanley Security Denmark ApS' related parties comprise the following:

Parties exercising control

Related party	Domicile	Basis for control
Niscayah Group AB	Box 12231, 102 26 Stockholm, Sweden	Participating interest

Information about consolidated financial statements

Parent	Domicile	Requisitioning of the parent company's consolidated financial statements
Stanley Black & Decker, Inc.	1000 Stanley Drive, New Britain, Connecticut 05053, USA	<a href="https://www.stanleyblackanddecker.com/investors">https://www.stanleyblackanddecker.com/investors</a>

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Related party transactions

Stanley Security Denmark ApS was engaged in the below related party transactions:

DKK	2019	2018
Service and IT costs to parent company	-3,539,359	-5,271,228
Service and IT costs to associated companies	-2,597,099	-3,864,028
Employee related income from associated companies	-638,748	-526,704
Other	1,238,358	726,340

All intercompany balances are with companies within the Stanley Black and Decker Group and no receivable or payable with parent company.

Ownership

The following shareholders are registered in the Company's register of shareholders as holding minimum 5% of the votes or minimum 5% of the share capital:

Name	Domicile
Niscayah Group AB	Box 12231, 102 26 Stockholm, Sweden

DKK	2019	2018
18 Appropriation of profit		
Recommended appropriation of profit		
Proposed dividend recognised under equity	6,000,000	0
Retained earnings	2,253,662	9,304,181
	<u>8,253,662</u>	<u>9,304,181</u>