

Scanavo Holding ApS
Roskildevej 328
2630 Taastrup, Denmark
Central Business Registration No
20461640

Annual report 2017

The Annual General Meeting adopted the annual report on 31.05.2018

Chairman of the General Meeting

Name: Tino Thorbjørn Sølling

Contents

	<u>Page</u>
Entity details	1
Statement by Management on the annual report	2
Independent auditor's report	3
Management commentary	6
Income statement for 2017	7
Balance sheet at 31.12.2017	8
Statement of changes in equity for 2017	10
Notes	11
Accounting policies	15

Entity details

Entity

Scanavo Holding ApS
Roskildevej 328
2630 Taastrup, Denmark

Central Business Registration No: 20461640

Registered in: Høje Taastrup

Financial year: 01.01.2017 - 31.12.2017

Executive Board

Tino Thorbjørn Sølling, CEO

Auditors

Deloitte Statsautoriseret Revisionspartnerselskab
Weidekampsgade 6
P.O. Box 1600
0900 Copenhagen C, Denmark

Statement by Management on the annual report

The Executive Board has today considered and approved the annual report of Scanavo Holding ApS for the financial year 01.01.2017 - 31.12.2017.

The annual report is presented in accordance with the Danish Financial Statements Act.

In my opinion, the financial statements give a true and fair view of the Entity's financial position at 31.12.2017 and of the results of its operations for the financial year 01.01.2017 - 31.12.2017.

I believe that the management commentary contains a fair review of the affairs and conditions referred to therein.

I recommend the annual report for adoption at the Annual General Meeting.

Taastrup, 31.05.2018

Executive Board

Tino Thorbjørn Sølling
CEO

Independent auditor's report

To the shareholders of Scanavo Holding ApS

Opinion

We have audited the financial statements of Scanavo Holding ApS for the financial year 01.01.2017 - 31.12.2017, which comprise the 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 Entity's financial position at 31.12.2017 and of the results of its operations for the financial year 01.01.2017 - 31.12.2017 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and 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 this auditor's report. We are independent of the Entity in accordance with the International Ethics Standards Board of 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 Entity's ability to continue as a going concern, for disclosing, as applicable, matters related to going concern, and for using the going concern basis of accounting in preparing the financial statements unless Management either intends to liquidate the Entity 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.

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:

Independent auditor's report

- 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 Entity'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 Entity'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 Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures in the notes, 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 commentary

Management is responsible for the management commentary.

Our opinion on the financial statements does not cover the management commentary, 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 commentary and, in doing so, consider whether the management commentary is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether the management commentary provides the information required under the Danish Financial Statements Act.

Independent auditor's report

Based on the work we have performed, we conclude that the management commentary 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 of the management commentary.

Copenhagen, 31.05.2018

Deloitte

Statsautoriseret Revisionspartnerselskab

Central Business Registration No: 33963556

Morten Speitzer

State Authorised Public Accountant

Identification number (MNE) mne10057

Management commentary

Primary activities

The Company's primary activity comprises the sale and marketing of Media Packaging. In recent years, the Company has developed customised packaging and has, subsequently, taken out a patent on it. Manufacturing and implementation of new products are managed from the Company's subsidiary in Hong Kong. Today, sales are carried out worldwide by the Company's sales companies in Europe, North America and Asia, respectively.

Development in activities and finances

The annual report for 2017 shows a profit before tax of DKK 35,723 thousand and a profit after tax of DKK 35,043 thousand, which Management finds satisfactory.

Outlook

Management is cautiously optimistic regarding earnings for the coming year.

Events after the balance sheet date

No events have occurred after the balance sheet date to this date, which would influence the evaluation of this annual report.

Income statement for 2017

	<u>Notes</u>	<u>2017 DKK</u>	<u>2016 DKK'000</u>
Gross loss		(686.202)	(148)
Depreciation, amortisation and impairment losses	1	(87.264)	(87)
Operating profit/loss		(773.466)	(235)
Income from investments in group enterprises		32.789.253	49.538
Other financial income		4.907.389	10.939
Other financial expenses		(1.200.621)	(406)
Profit/loss before tax		35.722.555	59.836
Tax on profit/loss for the year	2	(679.746)	(2.310)
Profit/loss for the year		35.042.809	57.526
Proposed distribution of profit/loss			
Ordinary dividend for the financial year		500.000	400
Extraordinary dividend distributed in the financial year		0	43.680
Transferred to reserve for net revaluation according to the equity method		33.468.400	49.539
Retained earnings		1.074.409	(36.093)
		35.042.809	57.526

Balance sheet at 31.12.2017

	<u>Notes</u>	<u>2017 DKK</u>	<u>2016 DKK'000</u>
Land and buildings		6.537.874	6.625
Property, plant and equipment	3	6.537.874	6.625
Investments in group enterprises		50.221.518	67.926
Receivables from group enterprises		281.143	0
Investments in associates		0	83
Receivables from associates		0	240
Other receivables		6.375.160	2.927
Fixed asset investments	4	56.877.821	71.176
Fixed assets		63.415.695	77.801
Receivables from group enterprises		448.935	0
Other receivables		1.195.064	1.127
Income tax receivable		549.513	458
Receivables		2.193.512	1.585
Other investments		174.070.274	155.568
Other investments		174.070.274	155.568
Cash		102.426.397	78.246
Current assets		278.690.183	235.399
Assets		342.105.878	313.200

Balance sheet at 31.12.2017

	<u>Notes</u>	<u>2017 DKK</u>	<u>2016 DKK'000</u>
Contributed capital	5	187.500	188
Unpaid contributed capital		23.408.655	23.409
Reserve for net revaluation according to the equity method		30.606.448	51.046
Reserve for non-paid contributed capital		(23.408.655)	(23.409)
Retained earnings		309.764.721	259.079
Proposed dividend		500.000	400
Equity		<u>341.058.669</u>	<u>310.713</u>
Trade payables		159.398	154
Payables to shareholders and management		0	14
Income tax payable		635.809	2.233
Other payables		252.002	86
Current liabilities other than provisions		<u>1.047.209</u>	<u>2.487</u>
Liabilities other than provisions		<u>1.047.209</u>	<u>2.487</u>
Equity and liabilities		<u>342.105.878</u>	<u>313.200</u>
Contingent liabilities	6		
Group relations	7		

Statement of changes in equity for 2017

	Contributed capital DKK	Unpaid contributed capital DKK	Reserve for net revaluation according to the equity method DKK	Reserve for non-paid contributed capital DKK
Equity beginning of year	187.500	23.408.655	51.046.332	(23.408.655)
Ordinary dividend paid	0	0	0	0
Exchange rate adjustments	0	0	(1.105.825)	0
Other equity postings	0	0	(3.190.859)	0
Dividends from group enterprises	0	0	(49.611.600)	0
Profit/loss for the year	0	0	33.468.400	0
Equity end of year	187.500	23.408.655	30.606.448	(23.408.655)
		Retained earnings DKK	Proposed dividend DKK	Total DKK
Equity beginning of year		259.078.712	400.000	310.712.544
Ordinary dividend paid		0	(400.000)	(400.000)
Exchange rate adjustments		0	0	(1.105.825)
Other equity postings		0	0	(3.190.859)
Dividends from group enterprises		49.611.600	0	0
Profit/loss for the year		1.074.409	500.000	35.042.809
Equity end of year		309.764.721	500.000	341.058.669

Notes

	2017	2016
	DKK	DKK'000
1. Depreciation, amortisation and impairment losses		
Depreciation of property, plant and equipment	87.264	87
	87.264	87
	2017	2016
	DKK	DKK'000
2. Tax on profit/loss for the year		
Tax on current year taxable income	679.734	2.286
Adjustment concerning previous years	12	24
	679.746	2.310
		Land and buildings DKK
3. Property, plant and equipment		
Cost beginning of year		7.323.250
Cost end of year		7.323.250
Depreciation and impairment losses beginning of the year		(698.112)
Depreciation for the year		(87.264)
Depreciation and impairment losses end of the year		(785.376)
Carrying amount end of year		6.537.874

Notes

	Investments in group enterprises DKK	Receivables from group enterprises DKK	Investments in associates DKK	Receivables from associates DKK
4. Fixed asset investments				
Cost beginning of year	16.963.751	0	228	239.660
Transfers	228	0	(228)	(239.660)
Additions	3.057.715	400.000	0	0
Cost end of year	20.021.694	400.000	0	0
Revaluations beginning of year	50.962.302	0	83.446	0
Exchange rate adjustments	(1.105.825)	0	0	0
Transfers	83.446	0	(83.446)	0
Adjustments on equity	(3.190.859)	0	0	0
Share of profit/loss for the year	33.368.984	0	0	0
Dividend	(49.611.600)	0	0	0
Revaluations end of year	30.506.448	0	0	0
Share of profit/loss for the year	(579.731)	0	0	0
Investments with negative equity depreciated over receivables	273.107	(118.857)	0	0
Impairment losses end of year	(306.624)	(118.857)	0	0
Carrying amount end of year	50.221.518	281.143	0	0
Goodwill or negative goodwill recognised during the financial year	1.903.930	-	-	-

Notes

	Other receivables DKK
	<u>DKK</u>
4. Fixed asset investments	
Cost beginning of year	2.926.829
Transfers	0
Additions	<u>3.448.331</u>
Cost end of year	<u>6.375.160</u>
Revaluations beginning of year	0
Exchange rate adjustments	0
Transfers	0
Adjustments on equity	0
Share of profit/loss for the year	0
Dividend	<u>0</u>
Revaluations end of year	<u>0</u>
Share of profit/loss for the year	0
Investments with negative equity depreciated over receivables	<u>0</u>
Impairment losses end of year	<u>0</u>
Carrying amount end of year	<u>6.375.160</u>
Goodwill or negative goodwill recognised during the financial year	<u>-</u>

	Registered in	Corpo- rate form	Equity inte- rest %
Investments in group enterprises comprise:			
Scanavo A/S	Taastrup	A/S	100,0
Scanpeople ApS	Taastrup	ApS	51,0
Audimus ApS	Taastrup	ApS	70,0
Scanavo North America Ltd.	Canada	Ltd	70,0

Notes

	<u>Number</u>	<u>Par value DKK</u>	<u>Nominal value DKK</u>
5. Contributed capital			
A shares	12.500	1	12.500
B shares	<u>175.000</u>	1	<u>175.000</u>
	<u>187.500</u>		<u>187.500</u>

6. Contingent liabilities

The Entity participates in a Danish joint taxation arrangement in which TS Holding 2018 ApS serves as the administration company. According to the joint taxation provisions of the Danish Corporation Tax Act, the Entity is, therefore, alternatively liable from the financial year 2013 for income taxes etc for the jointly taxed entities, but only for the share by which the Entity is included in the Group, and from 1 July 2012 also for obligations, if any, relating to the withholding of tax on interest, royalties and dividends for these entities. The total known net liability of the jointly taxed entities under the joint taxation arrangement is evident from the administration company's financial statements.

7. Group relations

Name and registered office of the Parent preparing consolidated financial statements for the smallest group: Scanavo Holding ApS and its subsidiaries and associates are included in the consolidated financial statements of TS Holding 2018 ApS, Business Registration No 39404532.

Accounting policies

Reporting class

This annual report has been presented in accordance with the provisions of the Danish Financial Statements Act governing reporting class B enterprises with the addition of certain provisions for reporting class C enterprises.

The accounting policies applied for these financial statements are consistent with those applied last year.

Consolidated financial statements

Referring to section 112(1) of the Danish Financial Statements Act, no consolidated financial statements have been prepared.

Recognition and measurement

Assets are recognised in the balance sheet when it is probable as a result of a prior event that future economic benefits will flow to the Entity, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when the Entity has a legal or constructive obligation as a result of a prior event, and it is probable that future economic benefits will flow out of the Entity, and the value of the liability can be measured reliably.

On initial recognition, assets and liabilities are measured at cost. Measurement subsequent to initial recognition is effected as described below for each financial statement item.

Anticipated risks and losses that arise before the time of presentation of the annual report and that confirm or invalidate affairs and conditions existing at the balance sheet date are considered at recognition and measurement.

Income is recognised in the income statement when earned, whereas costs are recognised by the amounts attributable to this financial year.

Foreign currency translation

On initial recognition, foreign currency transactions are translated applying the exchange rate at the transaction date. Receivables, payables and other monetary items denominated in foreign currencies that have not been settled at the balance sheet date are translated using the exchange rate at the balance sheet date. Exchange differences that arise between the rate at the transaction date and the one in effect at the payment date, or the rate at the balance sheet date are recognised in the income statement as financial income or financial expenses.

Income statement

Gross profit or loss

Gross profit or loss comprises revenue, other operating income and external expenses.

Referring to section 32 of the Danish Financial Statements Act, the items revenue, other operating income, and external expenses have been aggregated in the item gross profit or loss.

Accounting policies

Revenue

Revenue from the sale of services is recognised in the income statement when delivery is made to the buyer. Revenue is recognised net of VAT, duties and sales discounts and is measured at fair value of the consideration fixed.

Other external expenses

Other external expenses include expenses relating to the Entity's ordinary activities, including marketing costs etc. This item also includes write-downs of receivables recognised in current assets.

Depreciation, amortisation and impairment losses

Depreciation, amortisation and impairment losses relating to intangible assets and property, plant and equipment comprise amortisation, depreciation and impairment losses for the financial year, calculated on the basis of the residual values and useful lives of the individual assets and impairment testing as well as gains and losses from the sale of intangible assets as well as property, plant and equipment.

Income from investments in group enterprises

Income from investments in group enterprises comprises the pro rata share of the individual enterprises' profit/loss after full elimination of intra-group profits or losses.

Other financial income

Other financial income comprises dividends etc received on other investments, interest income, including interest income on receivables from group enterprises, net capital gains on securities, payables and transactions in foreign currencies, amortisation of financial assets as well as tax relief under the Danish Tax Prepayment Scheme etc.

Other financial expenses

Other financial expenses comprise interest expenses, including interest expenses on payables to group enterprises, net capital losses on securities, payables and transactions in foreign currencies, amortisation of financial liabilities as well as tax surcharge under the Danish Tax Prepayment Scheme etc.

Tax on profit/loss for the year

Tax for the year, which consists of current tax for the year and changes in deferred tax, is recognised in the income statement by the portion attributable to the profit for the year and recognised directly in equity by the portion attributable to entries directly in equity.

The Entity is covered by the Danish rules of compulsory joint taxation of the Scanavo Group's Danish subsidiaries. The Parent T.S. ApS is the administration company for the joint taxation and, consequently, settles all corporation tax payments with the tax authorities.

Balance sheet

Property, plant and equipment

Accounting policies

Land and buildings, plant and machinery as well as other fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation and impairment losses. Land is not depreciated.

Cost comprises the acquisition price, costs directly attributable to the acquisition and preparation costs of the asset until the time when it is ready to be put into operation.

The basis of depreciation is cost less estimated residual value after the end of useful life. Straight-line depreciation is made on the basis of the following estimated useful lives of the assets:

Buildings	50 years
Plant and machinery	1-2 years
Other fixtures and fittings, tools and equipment	3-5 years
Production tools	1 year

Leasehold improvements are expensed during the financial year.

Estimated useful lives and residual values are reassessed annually.

Property, plant and equipment are written down to the lower of recoverable amount and carrying amount.

Investments in group enterprises

Investments in group enterprises are recognised and measured according to the equity method. This means that investments are measured at the pro rata share of the enterprises' equity value plus or minus unamortised goodwill and plus or minus unrealised intra-group profits or losses.

Group enterprises with negative equity value are measured at DKK 0. Any receivables from these enterprises are written down to net realisable value based on a specific assessment. If the Parent has a legal or constructive obligation to cover the liabilities of the relevant enterprise, and it is probable that such obligation is imminent, a provision is recognised that is measured at present value of the costs deemed necessary to incur to settle the obligation.

Upon distribution of profit or loss, net revaluation of investments in group enterprises is transferred to reserve for net revaluation according to the equity method under equity.

Goodwill is calculated as the difference between cost of the investments and fair value of the pro rata share of assets and liabilities acquired. Goodwill is amortised straight-line over its estimated useful life, which is fixed based on the experience gained by Management for each business area. Useful life is determined based on an assessment of whether the enterprises are strategically acquired enterprises with a strong market position and a long-term earnings profile and whether the amount of goodwill includes intangible resources of a temporary nature that cannot be separated and recognised as separate assets. If the useful life cannot be estimated reliably, it is fixed at 10 years. Useful lives are reassessed annually. The amortisation periods used are 3 years.

Investments in group enterprises are written down to the lower of recoverable amount and carrying amount.

Accounting policies

Investments in associates

Investments in associates are recognised and measured according to the equity method. This means that investments are measured at the pro rata share of the associates' equity value plus or minus unamortised positive, or negative, goodwill and minus or plus unrealised pro rata internal profits and losses.

Upon distribution of profit or loss, net revaluation of investments in associates is transferred to reserve for net revaluation according to the equity method under equity.

Investments in associates are written down to the lower of recoverable amount and carrying amount.

Receivables

Receivables are measured at amortised cost, usually equalling nominal value less write-downs for bad and doubtful debts.

Other investments

Securities recognised under current assets comprise listed bonds and investments measured at fair value (market price) at the balance sheet date.

Cash

Cash comprises cash in hand and bank deposits.

Dividend

Dividend is recognised as a liability at the time of adoption at the general meeting. Proposed dividend for the financial year is disclosed as a separate item in equity. Extraordinary dividend adopted in the financial year is recognised directly in equity when distributed and disclosed as a separate item in Management's proposal for distribution of profit/loss.

Other financial liabilities

Other financial liabilities are measured at amortised cost, which usually corresponds to nominal value.

Income tax receivable or payable

Current tax payable or receivable is recognised in the balance sheet, stated as tax calculated on this year's taxable income, adjusted for prepaid tax.