

## **Scanavo Holding ApS**

Roskildevej 328

DK-2630 Taastrup

Central Business Registration No

20461640

## **Annual report 2016**

The Annual General Meeting adopted the annual report on 12.06.2017

### **Chairman of the General Meeting**

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Name: Tino Thorbjørn Sølling

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## Entity details

### Entity

Scanavo Holding ApS  
Roskildevej 328  
DK-2630 Taastrup

Central Business Registration No: 20461640

Registered in: Høje Taastrup

Financial year: 01.01.2016 - 31.12.2016

### Executive Board

Tino Thorbjørn Sølling, CEO

### Auditors

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

## **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 01.01.2016 - 31.12.2016.

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 31.12.2016 and of the results of its operations for the financial year 01.01.2016 - 31.12.2016.

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, 08.06.2017

### **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 01.01.2016 - 31.12.2016, 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 31.12.2016 and of the results of its operations for the financial year 01.01.2016 - 31.12.2016 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, 08.06.2017

### **Deloitte**

Statsautoriseret Revisionspartnerselskab

Central Business Registration No: 33963556

Morten Speitzer

State Authorised Public Accountant

## 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 is carried out in most of the world by the Company's sales companies in Europe, North America and Asia, respectively.

### Development in activities and finances

The annual report for 2016 shows a profit before tax of DKK 59,836 thousand and a profit after tax of DKK 57,526 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 2016

	<u>Notes</u>	<u>2016 DKK</u>	<u>2015 DKK'000</u>
<b>Gross loss</b>		<b>(148.524)</b>	<b>(33)</b>
Depreciation, amortisation and impairment losses		(87.264)	(87)
<b>Operating profit/loss</b>		<b>(235.788)</b>	<b>(120)</b>
Income from investments in group enterprises		48.667.022	34.331
Income from investments in associates		871.142	40
Other financial income		10.939.203	7.919
Other financial expenses		(405.754)	(143)
<b>Profit/loss before tax</b>		<b>59.835.825</b>	<b>42.027</b>
Tax on profit/loss for the year	1	(2.309.764)	(1.853)
<b>Profit/loss for the year</b>		<b>57.526.061</b>	<b>40.174</b>
<b>Proposed distribution of profit/loss</b>			
Ordinary dividend for the financial year		400.000	12.000
Extraordinary dividend distributed in the financial year		43.680.153	0
Transferred to reserve for net revaluation according to the equity method		49.538.748	34.371
Retained earnings		(36.092.840)	(6.197)
		<b>57.526.061</b>	<b>40.174</b>

## Balance sheet at 31.12.2016

	<u>Notes</u>	<u>2016 DKK</u>	<u>2015 DKK'000</u>
Land and buildings		6.625.138	6.712
<b>Property, plant and equipment</b>	2	<b>6.625.138</b>	<b>6.712</b>
Investments in group enterprises		67.926.053	53.111
Investments in associates		83.674	195
Receivables from associates		239.660	225
Other receivables		2.926.829	0
<b>Fixed asset investments</b>	3	<b>71.176.216</b>	<b>53.531</b>
<b>Fixed assets</b>		<b>77.801.354</b>	<b>60.243</b>
Other receivables		1.127.648	646
Income tax receivable		457.675	333
<b>Receivables</b>		<b>1.585.323</b>	<b>979</b>
Other investments		155.567.625	106.963
<b>Other investments</b>		<b>155.567.625</b>	<b>106.963</b>
<b>Cash</b>		<b>78.246.351</b>	<b>98.230</b>
<b>Current assets</b>		<b>235.399.299</b>	<b>206.172</b>
<b>Assets</b>		<b>313.200.653</b>	<b>266.415</b>

## Balance sheet at 31.12.2016

	<u>Notes</u>	<u>2016 DKK</u>	<u>2015 DKK'000</u>
Contributed capital	4	187.500	150
Unpaid contributed capital		23.408.655	0
Reserve for net revaluation according to the equity method		51.046.332	36.442
Reserve for non-paid contributed capital		(23.408.655)	0
Retained earnings		259.078.713	215.931
Proposed dividend		400.000	12.000
<b>Equity</b>		<b><u>310.712.545</u></b>	<b><u>264.523</u></b>
Trade payables		154.555	0
Payables to shareholders and management		13.798	0
Income tax payable		2.233.292	1.798
Other payables		86.463	94
<b>Current liabilities other than provisions</b>		<b><u>2.488.108</u></b>	<b><u>1.892</u></b>
<b>Liabilities other than provisions</b>		<b><u>2.488.108</u></b>	<b><u>1.892</u></b>
<b>Equity and liabilities</b>		<b><u>313.200.653</u></b>	<b><u>266.415</u></b>
Contingent liabilities	5		
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## Statement of changes in equity for 2016

	<b>Contributed capital DKK</b>	<b>Unpaid contributed capital DKK</b>	<b>Reserve for net revaluation according to the equity method DKK</b>	<b>Reserve for non-paid contributed capital DKK</b>
Equity beginning of year	150.000	0	36.442.156	0
Increase of capital	37.500	23.408.655	0	(23.408.655)
Ordinary dividend paid	0	0	0	0
Extraordinary dividend paid	0	0	0	0
Exchange rate adjustments	0	0	663.019	0
Dividends from group enterprises	0	0	(34.663.000)	0
Dividends from associates	0	0	(934.591)	0
Profit/loss for the year	0	0	49.538.748	0
<b>Equity end of year</b>	<b>187.500</b>	<b>23.408.655</b>	<b>51.046.332</b>	<b>(23.408.655)</b>
		<b>Retained earnings DKK</b>	<b>Proposed dividend DKK</b>	<b>Total DKK</b>
Equity beginning of year		215.931.309	12.000.000	264.523.465
Increase of capital		43.642.653	0	43.680.153
Ordinary dividend paid		0	(12.000.000)	(12.000.000)
Extraordinary dividend paid		(43.680.153)	0	(43.680.153)
Exchange rate adjustments		0	0	663.019
Dividends from group enterprises		34.663.000	0	0
Dividends from associates		934.591	0	0
Profit/loss for the year		7.587.313	400.000	57.526.061
<b>Equity end of year</b>		<b>259.078.713</b>	<b>400.000</b>	<b>310.712.545</b>

## Notes

	<b>2016</b>	<b>2015</b>
	<b>DKK</b>	<b>DKK'000</b>
<b>1. Tax on profit/loss for the year</b>		
Tax on current year taxable income	2.285.536	1.853
Adjustment concerning previous years	24.228	0
	<b>2.309.764</b>	<b>1.853</b>
		<b>Land and buildings DKK</b>
<b>2. Property, plant and equipment</b>		
Cost beginning of year		7.323.250
<b>Cost end of year</b>		<b>7.323.250</b>
Depreciation and impairment losses beginning of the year		(610.848)
Depreciation for the year		(87.264)
<b>Depreciation and impairment losses end of the year</b>		<b>(698.112)</b>
<b>Carrying amount end of year</b>		<b>6.625.138</b>

## Notes

	<b>Investments in group enterprises DKK</b>	<b>Investments in associates DKK</b>	<b>Receivables from associates DKK</b>	<b>Other receivables DKK</b>
<b>3. Fixed asset investments</b>				
Cost beginning of year	16.863.751	228	224.992	0
Exchange rate adjustments	0	0	14.668	0
Additions	<u>100.000</u>	<u>0</u>	<u>0</u>	<u>2.926.829</u>
<b>Cost end of year</b>	<b><u>16.963.751</u></b>	<b><u>228</u></b>	<b><u>239.660</u></b>	<b><u>2.926.829</u></b>
Revaluations beginning of year	36.247.005	195.150	0	0
Exchange rate adjustments	711.275	(48.256)	0	0
Share of profit/loss for the year	48.667.022	871.143	0	0
Dividend	<u>(34.663.000)</u>	<u>(934.591)</u>	<u>0</u>	<u>0</u>
<b>Revaluations end of year</b>	<b><u>50.962.302</u></b>	<b><u>83.446</u></b>	<b><u>0</u></b>	<b><u>0</u></b>
<b>Carrying amount end of year</b>	<b><u>67.926.053</u></b>	<b><u>83.674</u></b>	<b><u>239.660</u></b>	<b><u>2.926.829</u></b>

	<b>Registered in</b>	<b>Corpo- rate form</b>	<b>Equity inte- rest %</b>
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

The investment in Audimus ApS has been measured at cost as the first financial year has been prolonged until 31.12.2017.

	<b>Registered in</b>	<b>Corpo- rate form</b>	<b>Equity inte- rest %</b>
Investments in associates comprise:			
Scanavo North America Ltd.	Alberta, Canada	Ltd.	50,0

## Notes

	<u>Number</u>	<u>Par value DKK</u>	<u>Nominal value DKK</u>
<b>4. Contributed capital</b>			
A shares	12.500	1	12.500
B shares	<u>175.000</u>	1	<u>175.000</u>
	<u><b>187.500</b></u>		<u><b>187.500</b></u>

### 5. Contingent liabilities

The Entity participates in a Danish joint taxation arrangement in which T.S. 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.

### 6. 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 T.S. ApS, Business Registration No 25019520.

## 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 addition of certain provisions for reporting class C.

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 internal profits or losses.

### Income from investments in associates

Income from investments in associates comprises the pro rata share of the individual associates' profit/loss after elimination of internal 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.

## Accounting policies

### Balance sheet

#### Property, plant and equipment

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 positive, or negative, goodwill and minus or plus unrealised intra-group profits or losses.

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.

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

#### 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.

## Accounting policies

### 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.