Fein Elektroværktøj Danmark A/S

Lykkegårdsvej 1, DK-4000 Roskilde

Annual Report for 1 January - 31 December 2018

CVR No 24 21 01 97

The Annual Report was presented and adopted at the Annual General Meeting of the Company on 15/4 2019

Janek Jaspaert
Chairman of the General Meeting

Contents

Management’s Statement

The Executive Board and Board of Directors have today considered and adopted the Annual Report of Fein Elektroværktøj Danmark A/S for the financial year 1 January - 31 December 2018.

The Annual Report is prepared in accordance with the Danish Financial Statements Act.

In our opinion the Financial Statements give a true and fair view of the financial position at 31 December 2018 of the Company and of the results of the Company operations for 2018.

In our opinion, Management's Review includes a true and fair account of the matters addressed in the Review.

We recommend that the Annual Report be adopted at the Annual General Meeting.

Roskilde, 15 April 2019

Executive Board

Mika Hämäläinen
Managing Director

Board of Directors

Janek Jaspaert Chairman	Dr. Michael Fischer	Michael Bach

Independent Auditor's Report

To the Shareholder of Fein Elektroværktøj Danmark A/S

Opinion
In our opinion, the Financial Statements give a true and fair view of the financial position of the Company at 31 December 2018 and of the results of the Company's operations for the financial year 1 January - 31 December 2018 in accordance with the Danish Financial Statements Act.

We have audited the Financial Statements of Fein Elektroværktøj Danmark A/S for the financial year 1 January - 31 December 2018, which comprise income statement, balance sheet and notes, including a summary of significant accounting policies ("the Financial Statements").

Basis for opinion
We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the Financial Statements" section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' 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.

Statement on Management's Review
Management is responsible for Management's Review.

Our opinion on the Financial Statements does not cover Management's Review, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the Financial Statements, our responsibility is to read Management's Review and, in doing so, consider whether Management's Review is materially inconsistent with the Financial Statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether Management's Review provides the information required under the Danish Financials Statements Act.

Based on the work we have performed, in our view, Management's Review is in accordance with the Financial Statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement in Management's Review.

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 misstate-

ment, whether due to fraud or error.

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

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

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.

- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the Financial Statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

Independent Auditor's Report

- Evaluate the overall presentation, structure and contents of the Financial Statements, including the disclosures, and whether the Financial Statements represent the underlying transactions and events in a manner that gives a true and fair view.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Ringsted, 15 April 2019
PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
CVR No 33 77 12 31

Claus Kjær Poulsen
statsautoriseret revisor
mne10677

Company Information

The Company	Fein Elektroværktøj Danmark A/S Lykkegårdsvej 1 DK-4000 Roskilde CVR No: 24 21 01 97 Financial period: 1 January - 31 December Municipality of reg. office: Roskilde
Board of Directors	Janek Jaspaert, Chairman Dr. Michael Fischer Michael Bach
Executive Board	Mika Hämäläinen
Auditors	PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab Eventyrvej 16 DK-4100 Ringsted
Bankers	Nordea Danmark A/S Ahlgade 20-24 4300 Holbæk

Management's Review

Financial Statements of Fein Elektroværktøj Danmark A/S for 2018 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to enterprises of reporting class B.

The Annual Report has been prepared under the same accounting policies as last year.

Key activities

FEIN Danmarks principle activity is to promote and sell company's self-developed and manufactured electro power tools and accessories through professional wholesale and dealer channels.

Development in the year

The income statement of the Company for 2018 shows a loss of DKK 2,092,981, and at 31 December 2018 the balance sheet of the Company shows negative equity of DKK 2,250,928.

Capital resources

The Management is aware, that the Company has lost the share capital. Please refer to note 1.

Subsequent events

No events materially affecting the assessment of the Annual Report have occurred after the balance sheet date.

Income Statement 1 January - 31 December

	Note	2018	2017
		DKK	DKK
Gross profit/loss		**1.065.254**	**2.941.026**
Staff expenses	2	-2.956.737	-2.858.861
Depreciation, amortisation and impairment of intangible assets and property, plant and equipment	3	-122.547	-36.230
Profit/loss before financial income and expenses		**-2.014.030**	**45.935**
Financial expenses	4	-48.951	-42.113
Profit/loss before tax		**-2.062.981**	**3.822**
Tax on profit/loss for the year	5	-30.000	-1.549
Net profit/loss for the year		**-2.092.981**	**2.273**

Distribution of profit

Proposed distribution of profit

Retained earnings	-2.092.981	2.273
	-2.092.981	**2.273**

Balance Sheet 31 December

Assets

	Note	2018	2017
		DKK	DKK
Other fixtures and fittings, tools and equipment		137.913	119.935
Property, plant and equipment	6	**137.913**	**119.935**
Deposits		60.000	60.000
Fixed asset investments		**60.000**	**60.000**
Fixed assets		**197.913**	**179.935**
Inventories		**134.360**	**114.972**
Trade receivables		1.854.005	2.138.854
Deferred tax asset	8	0	30.000
Corporation tax receivable from group enterprises		0	5.451
Prepayments		87.496	71.638
Receivables		**1.941.501**	**2.245.943**
Cash at bank and in hand		**965.931**	**3.332.714**
Currents assets		**3.041.792**	**5.693.629**
Assets		**3.239.705**	**5.873.564**

Balance Sheet 31 December

Liabilities and equity

	Note	2018	2017
		DKK	DKK
Share capital		1.150.000	1.150.000
Retained earnings		-3.400.928	-1.307.947
Equity	7	**-2.250.928**	**-157.947**
Trade payables		190.117	263.986
Payables to group enterprises		3.336.663	3.263.376
Other payables		1.963.853	2.504.149
Short-term debt		**5.490.633**	**6.031.511**
Debt		**5.490.633**	**6.031.511**
Liabilities and equity		**3.239.705**	**5.873.564**
Going concern	1		
Contingent assets, liabilities and other financial obligations	9		
Accounting Policies	10		

Notes to the Financial Statements

1 Going concern

During the recent years, the Company has had some significant losses from the operations, and has on that basis lost the share capital. The Management has, in collaboration with the Group Management, prepared a detailed action plan for increasing the income from operations and reestablishing the capital.

The Company has received a Letter of Financial Support from the Parent Company, to ensure that the Company have sufficient capital available to continue the operations for the upcoming year. On this basis, the Financial Statements are prepared based on the principles of Going Concern.

	2018	2017
	DKK	DKK

2 Staff expenses

	2018 DKK	2017 DKK
Wages and salaries	2.400.812	2.257.185
Pensions	507.904	549.900
Other social security expenses	48.021	51.776
	2.956.737	**2.858.861**
Average number of employees	**6**	**6**

3 Depreciation, amortisation and impairment of intangible assets and property, plant and equipment

	2018 DKK	2017 DKK
Depreciation of property, plant and equipment	122.547	36.230
	122.547	**36.230**

4 Financial expenses

	2018 DKK	2017 DKK
Other financial expenses	3	1.321
Exchange differences, intercompany	48.948	40.792
	48.951	**42.113**

Notes to the Financial Statements

5 Tax on profit/loss for the year

	2018	2017
	DKK	DKK
Current tax for the year	0	-5.451
Deferred tax for the year	30.000	7.000
	30.000	**1.549**

6 Property, plant and equipment

	Other fixtures and fittings, tools and equipment
	DKK
Cost at 1 January	1.228.111
Additions for the year	140.524
Cost at 31 December	1.368.635
Impairment losses and depreciation at 1 January	1.108.175
Depreciation for the year	122.547
Impairment losses and depreciation at 31 December	1.230.722
Carrying amount at 31 December	**137.913**
Depreciated over	3 years

7 Equity

	Share capital	Retained earnings	Total
	DKK	DKK	DKK
Equity at 1 January	1.150.000	-1.307.947	-157.947
Net profit/loss for the year	0	-2.092.981	-2.092.981
Equity at 31 December	**1.150.000**	**-3.400.928**	**-2.250.928**

Notes to the Financial Statements

		2018	2017
		DKK	DKK
8	**Provision for deferred tax**		
	Property, plant and equipment	-7.000	-23.000
	Trade receivables	-6.000	-7.000
	Tax loss carry-forward	-470.000	0
	Transferred to deferred tax asset	483.000	30.000
		0	**0**
	Deferred tax asset		
	Calculated tax asset	483.000	30.000
	Write-down to assessed value	-483.000	0
	Carrying amount	**0**	**30.000**

9 Contingent assets, liabilities and other financial obligations

	2018	2017
Rental and lease obligations	601.113	1.025.209

The Danish group companies are jointly and severally liable for tax on the jointly taxed incomes of the Danish Group Companies. Moreover, the Danish group companies are jointly and severally liable for Danish withholding taxes by way of dividend tax, tax on royalty payments and tax on unearned income. Any subsequent adjustments of corporation taxes and withholding taxes may increase the Company's liability.

Notes to the Financial Statements

10 Accounting Policies

The Annual Report of Fein Elektroværktøj Danmark A/S for 2018 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to enterprises of reporting class B.

The accounting policies applied remain unchanged from last year.

The Financial Statements for 2018 are presented in DKK.

Recognition and measurement

Revenues are recognised in the income statement as earned. Furthermore, value adjustments of financial assets and liabilities measured at fair value or amortised cost are recognised. Moreover, all expenses incurred to achieve the earnings for the year are recognised in the income statement, including depreciation, amortisation, impairment losses and provisions as well as reversals due to changed accounting estimates of amounts that have previously been recognised in the income statement.

Assets are recognised in the balance sheet when it is probable that future economic benefits attributable to the asset will flow to the Company, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when it is probable that future economic benefits will flow out of the Company, and the value of the liability can be measured reliably.

Assets and liabilities are initially measured at cost. Subsequently, assets and liabilities are measured as described for each item below.

Translation policies

Transactions in foreign currencies are translated at the exchange rates at the dates of transaction. Exchange differences arising due to differences between the transaction date rates and the rates at the dates of payment are recognised in financial income and expenses in the income statement. Where foreign exchange transactions are considered hedging of future cash flows, the value adjustments are recognised directly in equity.

Receivables, payables and other monetary items in foreign currencies that have not been settled at the balance sheet date are translated at the exchange rates at the balance sheet date. Any differences between the exchange rates at the balance sheet date and the rates at the time when the receivable or the debt arose are recognised in financial income and expenses in the income statement.

Fixed assets acquired in foreign currencies are measured at the transaction date rates.

Notes to the Financial Statements

10 Accounting Policies (continued)

Income Statement

Revenue

Revenue from the sale of goods is recognised when the risks and rewards relating to the goods sold have been transferred to the purchaser, the revenue can be measured reliably and it is probable that the economic benefits relating to the sale will flow to the Company.

Revenue is measured at the consideration received and is recognised exclusive of VAT and net of discounts relating to sales.

Expenses for raw materials and consumables

Expenses for raw materials and consumables comprise the raw materials and consumables consumed to achieve revenue for the year.

Other external expenses

Other external expenses comprise indirect production costs and expenses for premises, sales and distribution as well as office expenses, etc.

Gross profit/loss

With reference to section 32 of the Danish Financial Statements Act, gross profit/loss is calculated as a summary of revenue, expenses for raw materials and consumables and other external expenses.

Staff expenses

Staff expenses comprise wages and salaries as well as payroll expenses other than production wages.

Amortisation, depreciation and impairment losses

Amortisation, depreciation and impairment losses comprise amortisation, depreciation and impairment of intangible assets and property, plant and equipment.

Financial income and expenses

Financial income and expenses are recognised in the income statement at the amounts relating to the financial year.

Notes to the Financial Statements

10 Accounting Policies (continued)

Tax on profit/loss for the year

Tax for the year consists of current tax for the year and changes in deferred tax for the year. The tax attributable to the profit for the year is recognised in the income statement, whereas the tax attributable to equity transactions is recognised directly in equity.

The Company is jointly taxed with wholly owned Danish and foreign subsidiaries. The tax effect of the joint taxation is allocated to enterprises in proportion to their taxable incomes.

Balance Sheet

Property, plant and equipment

Property, plant and equipment are measured at cost less accumulated depreciation and less any accumulated impairment losses.

Cost comprises the cost of acquisition and expenses directly related to the acquisition up until the time when the asset is ready for use.

Interest expenses on loans raised directly for financing the construction of property, plant and equipment are recognised in cost over the period of construction. All indirectly attributable borrowing expenses are recognised in the income statement.

Depreciation based on cost reduced by any residual value is calculated on a straight-line basis over the expected useful lives of the assets, which are:

Other fixtures and fittings, tools and equipment	3	years

Depreciation period and residual value are reassessed annually.

Assets costing less than DKK 13,500 are expensed in the year of acquisition.

Impairment of fixed assets

The carrying amounts of intangible assets and property, plant and equipment are reviewed on an annual basis to determine whether there is any indication of impairment other than that expressed by amortisation and depreciation.

If so, the asset is written down to its lower recoverable amount.

Notes to the Financial Statements

10 Accounting Policies (continued)

Fixed asset investments

Fixed asset investments consist of security deposits.

Inventories

Inventories are measured at the lower of cost under the FIFO method and net realisable value.

The net realisable value of inventories is calculated at the amount expected to be generated by sale of the inventories in the process of normal operations with deduction of selling expenses. The net realisable value is determined allowing for marketability, obsolescence and development in expected selling price.

The cost of goods for resale equals landed cost.

Receivables

Receivables are recognised in the balance sheet at amortised cost, which substantially corresponds to nominal value. Provisions for estimated bad debts are made.

Prepayments

Prepayments comprise prepaid expenses concerning rent, insurance premiums, subscriptions and interest.

Deferred tax assets and liabilities

Deferred income tax is measured using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes on the basis of the intended use of the asset and settlement of the liability, respectively.

Deferred tax assets are measured at the value at which the asset is expected to be realised, either by elimination in tax on future earnings or by set-off against deferred tax liabilities within the same legal tax entity.

Deferred tax is measured on the basis of the tax rules and tax rates that will be effective under the legislation at the balance sheet date when the deferred tax is expected to crystallise as current tax. Any changes in deferred tax due to changes to tax rates are recognised in the income statement or in equity if the deferred tax relates to items recognised in equity.

Financial debts

Debts are measured at amortised cost, substantially corresponding to nominal value.