

**Techtronic Industries  
Nordic ApS**

Stamholmen 147, 4.  
2650 Hvidovre  
Central Business Registration No  
27976255

**Annual report 2017**

The Annual General Meeting adopted the annual report on 02.05.2018

**Chairman of the General Meeting**

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Name: Per Ulf Thomas Jacobsson

# Contents

	<b><u>Page</u></b>
Entity details	1
Statement by Management on the annual report	2
Independent auditor's report	3
Management commentary	6
Income statement for 2017	9
Balance sheet at 31.12.2017	10
Statement of changes in equity for 2017	12
Notes	13
Accounting policies	17

## Entity details

### Entity

Techtronic Industries Nordic ApS  
Stamholmen 147, 4.  
2650 Hvidovre

Central Business Registration No: 27976255

Registered in: Hvidovre

Financial year: 01.01.2017 - 31.12.2017

Phone: +4543565555

### Executive Board

Per Ulf Thomas Jacobsson  
Barnaby Michael John Hampson

### 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 Techtronic Industries Nordic ApS for the financial year 01.01.2017 to 31.12.2017.

The annual report is presented 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 to 31.12.2017.

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

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

Hvidovre, 02.05.2018

### **Executive Board**

Per Ulf Thomas Jacobsson

Barnaby Michael John Hampson

# Independent auditor's report

## To the shareholder of Techtronic Industries Nordic ApS

### Opinion

We have audited the financial statements of Techtronic Industries Nordic 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.

## Independent auditor's report

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 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.

## Independent auditor's report

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

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, 02.05.2018

### **Deloitte**

Statsautoriseret Revisionspartnerselskab

Central Business Registration No: 33963556

Jan Larsen

State Authorised Public Accountant

Identification number (MNE) mne16541

## Management commentary

	2017	2016	2015	2014	2013
	DKK'000	DKK'000	DKK'000	DKK'000	DKK'000
<b>Financial highlights</b>					
<b>Key figures</b>					
Revenue	889.513	785.587	654.726	533.302	305.758
Gross profit/loss	48.981	53.006	37.118	38.871	21.174
Operating profit/loss	14.236	22.502	9.426	14.547	506
Net financials	(4.283)	(2.758)	(3.065)	(7.373)	(389)
Profit/loss for the year	6.368	15.589	3.520	5.166	(8)
Total assets	367.879	291.324	237.599	173.503	141.317
Equity	28.622	22.255	6.666	3.146	(2.020)
<b>Ratios</b>					
Gross margin (%)	5,5	6,7	5,7	7,3	6,9
Net margin (%)	0,7	2,0	0,5	1,0	0,0
Return on equity (%)	25,0	107,8	71,7	917,6	-
Equity ratio (%)	7,8	7,6	2,8	1,8	(1,4)

Financial highlights are defined and calculated in accordance with "Recommendations & Ratios 2015" issued by the Danish Society of Financial Analysts.

Ratios	Calculation formula	Ratios
Gross margin (%)	$\frac{\text{Gross profit/loss} \times 100}{\text{Revenue}}$	The entity's operating gearing.
Net margin (%)	$\frac{\text{Profit/loss for the year} \times 100}{\text{Revenue}}$	The entity's operating profitability.
Return on equity (%)	$\frac{\text{Profit/loss for the year} \times 100}{\text{Average equity}}$	The entity's return on capital invested in the entity by the owners.
Equity ratio (%)	$\frac{\text{Equity} \times 100}{\text{Total assets}}$	The financial strength of the entity.



## Management commentary

### Primary activities

The primary activity of the Company is the wholesale trade of power tools, garden tools and accessories. The trading happens through distributors in Denmark. Moreover, the affiliated companies in Norway, Sweden and Finland provide support to the Company.

### Development in activities and finances

2017 was an excellent year for the Company on a market which increased by almost 10%. Net sales increased by roughly 14% compared to 2016, with an increase in both the professional channels and the consumer channels.

The Company continued investing in the development of the professional business and the consumer business and experienced the expected growth rate. The investment in both channels combined with a slight drop in the gross profit had an impact on the overall profit.

The profit for the year amounts to DKK 6.4 million, which is close to expectations.

### Uncertainty relating to recognition and measurement

According to note 12, warranty commitments have been recognised by DKK 23.2 million regarding expected demands based on the previous experience of the level of repairs and returns. Based on future expectations, these warranty commitments include a significant element of uncertainty.

### Outlook

Management expects a general market growth rate in 2018 of 3-5%, and it is expected that the Company will take its fair share of this growth during 2018.

The performance for 2018 is expected to be higher than the level for 2017.

### Particular risks

In addition to the ordinary sales risks, the Company is exposed to currency risks as significant exchange rate fluctuations may affect the Company given that it operates on a market using several different currencies.

### Environmental performance

The Company encourages initiatives to reduce the impact on the environment, particularly through the use of environmentally friendly technologies.

### Statutory report on corporate social responsibility

The Company has not drawn up any policies on corporate social responsibility.

### Statutory report on the underrepresented gender

TTI Nordic takes the issue of gender equality and representation seriously, although our industry is typically characterized by a gender imbalance.

## Management commentary

TTI Nordic does and will continue to take strong steps to ensure that the company fosters an environment which is equally open and attractive for all. This is consistent with the Commitment to Employees in the TTI Group's 'Code of Ethics'.

Accordingly, we will introduce the topic of gender equality into management discussions and meetings within the company.

Management is composed of two persons of the same gender (men). At future changes in Management, the representation of the underrepresented gender will be better secured. TTI Nordic aims at a balanced gender composition of Management and expects to reach this target by 2020.

### 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>
Revenue	1	889.512.750	785.587
Cost of sales		(653.950.173)	(550.907)
Other external expenses	2	<u>(186.581.811)</u>	<u>(181.674)</u>
<b>Gross profit/loss</b>		<b>48.980.766</b>	<b>53.006</b>
Staff costs	3	<u>(34.744.349)</u>	<u>(30.504)</u>
<b>Operating profit/loss</b>		<b>14.236.417</b>	<b>22.502</b>
Other financial income	4	694.902	530
Other financial expenses	5	<u>(4.977.489)</u>	<u>(3.288)</u>
<b>Profit/loss before tax</b>		<b>9.953.830</b>	<b>19.744</b>
Tax on profit/loss for the year	6	<u>(3.586.235)</u>	<u>(4.155)</u>
<b>Profit/loss for the year</b>	7	<u><b>6.367.595</b></u>	<u><b>15.589</b></u>

## Balance sheet at 31.12.2017

	<u>Notes</u>	<u>2017 DKK</u>	<u>2016 DKK'000</u>
Other receivables		912.445	881
Deferred tax	9	1.606.284	1.606
<b>Fixed asset investments</b>	8	<b>2.518.729</b>	<b>2.487</b>
<b>Fixed assets</b>		<b>2.518.729</b>	<b>2.487</b>
Trade receivables		131.092.171	100.367
Receivables from group enterprises		423.967	448
Other receivables		13.262.788	0
Prepayments	10	3.098.307	1.954
<b>Receivables</b>		<b>147.877.233</b>	<b>102.769</b>
<b>Cash</b>		<b>217.482.833</b>	<b>186.068</b>
<b>Current assets</b>		<b>365.360.066</b>	<b>288.837</b>
<b>Assets</b>		<b>367.878.795</b>	<b>291.324</b>

## Balance sheet at 31.12.2017

	<b>Notes</b>	<b>2017 DKK</b>	<b>2016 DKK'000</b>
Contributed capital	11	125.000	125
Retained earnings		28.497.336	22.130
<b>Equity</b>		<b>28.622.336</b>	<b>22.255</b>
Other provisions	12	23.166.817	22.297
<b>Provisions</b>		<b>23.166.817</b>	<b>22.297</b>
Payables to group enterprises		2.955.878	2.956
<b>Non-current liabilities other than provisions</b>	13	<b>2.955.878</b>	<b>2.956</b>
Current portion of long-term liabilities other than provisions	13	253.097	101
Trade payables		8.282.669	6.468
Payables to group enterprises		211.180.711	152.649
Income tax payable		905.541	1.058
Other payables	14	92.511.746	83.540
<b>Current liabilities other than provisions</b>		<b>313.133.764</b>	<b>243.816</b>
<b>Liabilities other than provisions</b>		<b>316.089.642</b>	<b>246.772</b>
<b>Equity and liabilities</b>		<b>367.878.795</b>	<b>291.324</b>
Unrecognised rental and lease commitments	15		
Mortgages and securities	16		
Related parties with controlling interest	17		
Transactions with related parties	18		
Group relations	19		

## Statement of changes in equity for 2017

	<b>Contributed capital DKK</b>	<b>Retained earnings DKK</b>	<b>Total DKK</b>
Equity beginning of year	125.000	22.129.741	22.254.741
Profit/loss for the year	0	6.367.595	6.367.595
<b>Equity end of year</b>	<b>125.000</b>	<b>28.497.336</b>	<b>28.622.336</b>

## Notes

### 1. Revenue

Disclosures of revenue broken down by activities and geographical areas are omitted for competitive reasons; see section 96(1) of the Danish Financial Statements Act.

	<b>2017</b>	<b>2016</b>
	<b>DKK</b>	<b>DKK'000</b>
<b>2. Fees to the auditor appointed by the Annual General Meeting</b>		
Statutory audit services	303.834	276
Other services	77.000	97
	<b>380.834</b>	<b>373</b>

	<b>2017</b>	<b>2016</b>
	<b>DKK</b>	<b>DKK'000</b>
<b>3. Staff costs</b>		
Wages and salaries	30.666.673	26.870
Pension costs	2.723.031	2.484
Other social security costs	659.643	534
Other staff costs	695.002	616
	<b>34.744.349</b>	<b>30.504</b>

Average number of employees	<b>50</b>	<b>45</b>
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	<b>Remunera- tion of manage- ment 2017 DKK</b>	<b>Remunera- tion of manage- ment 2016 DKK'000</b>
Executive Board	4.186.960	3.971
	<b>4.186.960</b>	<b>3.971</b>

	<b>2017</b>	<b>2016</b>
	<b>DKK</b>	<b>DKK'000</b>
<b>4. Other financial income</b>		
Interest income	694.902	530
	<b>694.902</b>	<b>530</b>

## Notes

	<b>2017</b>	<b>2016</b>
	<b>DKK</b>	<b>DKK'000</b>
<b>5. Other financial expenses</b>		
Financial expenses from group enterprises	305.450	304
Interest expenses	858.830	614
Exchange rate adjustments	3.813.209	2.370
	<b>4.977.489</b>	<b>3.288</b>
	<b>2017</b>	<b>2016</b>
	<b>DKK</b>	<b>DKK'000</b>
<b>6. Tax on profit/loss for the year</b>		
Tax on current year taxable income	3.236.272	4.155
Adjustment concerning previous years	349.963	0
	<b>3.586.235</b>	<b>4.155</b>
	<b>2017</b>	<b>2016</b>
	<b>DKK</b>	<b>DKK'000</b>
<b>7. Proposed distribution of profit/loss</b>		
Retained earnings	6.367.595	15.589
	<b>6.367.595</b>	<b>15.589</b>
	<b>Other</b>	<b>Deferred tax</b>
	<b>receivables</b>	<b>DKK</b>
	<b>DKK</b>	
<b>8. Fixed asset investments</b>		
Cost beginning of year	881.213	1.606.284
Additions	31.232	0
<b>Cost end of year</b>	<b>912.445</b>	<b>1.606.284</b>
<b>Carrying amount end of year</b>	<b>912.445</b>	<b>1.606.284</b>



## Notes

	<b>2017</b>	<b>2016</b>
	<b>DKK</b>	<b>DKK'000</b>
<b>9. Deferred tax</b>		
Property, plant and equipment	38.508	39
Provisions	1.567.776	1.567
	<b>1.606.284</b>	<b>1.606</b>

### Changes during the year

Beginning of year	1.606.284
<b>End of year</b>	<b>1.606.284</b>

### 10. Prepayments

Prepayments consist of prepaid expenses for rent, insurance premiums and subscriptions, etc.

	<b>Number</b>	<b>Par value</b>	<b>Nominal</b>
		<b>DKK</b>	<b>value</b>
			<b>DKK</b>
<b>11. Contributed capital</b>			
Ordinary shares	125	1000	125.000
	<b>125</b>		<b>125.000</b>

### 12. Other provisions

The Company provides a warranty up to three years on some products and in so doing is committed to repair or reimburse products, which are not satisfactory. Warranty commitments are recognised by DKK 23,167 thousand (2016: DKK 22,297 thousand) regarding expected repairs based on the previous volume of repairs and returns.

	<b>Instalments</b>	<b>Instalments</b>	<b>Instalments</b>
	<b>within 12</b>	<b>within 12</b>	<b>beyond 12</b>
	<b>months</b>	<b>months</b>	<b>months</b>
	<b>2017</b>	<b>2016</b>	<b>2017</b>
	<b>DKK</b>	<b>DKK'000</b>	<b>DKK</b>
<b>13. Liabilities other than provisions</b>			
Payables to group enterprises	253.097	101	2.955.878
	<b>253.097</b>	<b>101</b>	<b>2.955.878</b>

## Notes

	<b>2017</b>	<b>2016</b>
	<b>DKK</b>	<b>DKK'000</b>
<b>14. Other payables</b>		
VAT and duties	10.492.246	10.838
Wages and salaries, personal income taxes, social security costs, etc payable	5.323.090	3.920
Holiday pay obligation	3.789.016	3.194
Other costs payable	72.907.394	65.588
	<b>92.511.746</b>	<b>83.540</b>

	<b>2017</b>	<b>2016</b>
	<b>DKK</b>	<b>DKK'000</b>
<b>15. Unrecognised rental and lease commitments</b>		
Hereof liabilities under rental or lease agreements until maturity in total	<b>19.307.827</b>	<b>20.998</b>

### 16. Mortgages and securities

Bank debt and guarantees provided by the bank against third party are secured by way of a receivables charge of DKK 2,000 thousand (2016: DKK 2,000 thousand).

### 17. Related parties with controlling interest

A&M Industries S.à.r.l., 6C, Rue Gabriel Lippmann, L-5365 Munsbach, Luxembourg wholly owns the shares of the Entity, thus exercising control over the Entity.

### 18. Transactions with related parties

No transactions with related parties were made in the financial year 2017, which were not made on an arm's length basis.

### 19. Group relations

Name and registered office of the Parent preparing consolidated financial statements for the largest group:  
Techtronic Industries Co. Ltd., Hongkong

Name and registered office of the Parent preparing consolidated financial statements for the smallest group:  
Techtronic Industries Co. Ltd., Hongkong

The consolidated financial statements can be downloaded from the website of Techtronic Industries Co. Ltd.

## Accounting policies

### Reporting class

This annual report has been presented in accordance with the provisions of the Danish Financial Statements Act governing reporting class C enterprises (large).

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

### 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 rate 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. Property, plant and equipment, intangible assets, inventories and other non-monetary assets that have been purchased in foreign currencies are translated using historical rates.

### Income statement

#### Revenue

Revenue from the sale of manufactured goods and goods for resale is recognised in the income statement when delivery is made and risk has passed to the buyer. Revenue is recognised net of VAT, duties and sales discounts and is measured at fair value of the consideration fixed.

#### Cost of sales

Cost of sales comprises goods consumed in the financial year measured at cost, adjusted for ordinary inventory writedowns.

## Accounting policies

### Other external expenses

Other external expenses include expenses relating to the Entity's ordinary activities, including expenses for premises, stationery and office supplies, marketing costs, etc. This item also includes writedowns of receivables recognised in current assets.

### Staff costs

Staff costs comprise salaries and wages as well as social security contributions, pension contributions, etc for entity staff.

### 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.

### Balance sheet

#### Receivables

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

#### Deferred tax

Deferred tax is recognised on all temporary differences between the carrying amount and tax-based value of assets and liabilities, for which the tax-based value of assets is calculated based on the planned use of each asset.

Deferred tax assets, including the tax base of tax loss carryforwards, are recognised in the balance sheet at their estimated realisable value, either as a set-off against deferred tax liabilities or as net tax assets.

#### Prepayments

Prepayments comprise incurred costs relating to subsequent financial years. Prepayments are measured at cost.

#### Cash

Cash comprises cash in hand and bank deposits.

## Accounting policies

### Other provisions

Other provisions comprise anticipated costs of non-recourse guarantee commitments and returns.

Other provisions are recognised and measured as the best estimate of the expenses required to settle the liabilities at the balance sheet date.

Non-recourse guarantee commitments comprise commitments to remedy defects and deficiencies within the guarantee period.

### 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 computed on this year's taxable income, adjusted for prepaid tax

### Cash flow statement

Referring to section 86(4) of the Danish Financial Statements Act, the Company has not prepared any cash flow statement as such statement is prepared by the Ultimate Parent.