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eptools a/s
Industrivej Nord 9 B
7400 Herning
Business Registration No
28850220

Annual report 01.05.2017 - 30.04.2018

The Annual General Meeting adopted the annual report on 15.08.2018

Chairman of the General Meeting

Name: Henrik Larsen

Contents

Entity details

Entity
eptools a/s
Industrivej Nord 9 B
7400 Herning

Central Business Registration No (CVR): 28850220
Registered in: Herning
Financial year: 01.05.2017 - 30.04.2018

Board of Directors
Niels Kristensen, chairman of the board
Henrik Larsen
Niels Grening Langerhuus

Executive Board
Niels Grening Langerhuus

Auditors
Deloitte Statsautoriseret Revisionspartnerselskab
Dokken 8
Postbox 200
6701 Esbjerg

Statement by Management on the annual report

The Board of Directors and the Executive Board have today considered and approved the annual report of eptools a/s for the financial year 01.05.2017 - 30.04.2018.

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 30.04.2018 and of the results of its operations for the financial year 01.05.2017 - 30.04.2018.

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.

Herning, 15.08.2018

Executive Board

Niels Grening Langerhuus

Board of Directors

Niels Kristensen chairman of the board	Henrik Larsen	Niels Grening Langerhuus

Independent auditor's report

To the shareholders of eptools a/s

Opinion

We have audited the financial statements of eptools a/s for the financial year 01.05.2017 - 30.04.2018, 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 30.04.2018 and of the results of its operations for the financial year 01.05.2017 - 30.04.2018 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 exits. 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.

Independent auditor's report

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.

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.

Esbjerg, 15.08.2018

Deloitte
Statsautoriseret Revisionspartnerselskab
Central Business Registration No (CVR) 33963556

Henrik Harbo Andersen
State Authorised Public Accountant
Identification No (MNE) mne19699

Management commentary

Primary activities

The entity's activity is sale/service and rental of torque tools, generators and similar fields.

Development in activities and finances

In 2017/18 the entity realized a profit of 747 t.DKK against a profit of 2,190 t.DKK in 2016/17.

The equity of the entity amount to 12,354 t.DKK at the 30th of April 2018.

In 2018/19 the executive board expects the entity will achieve a positive result.

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 2017/18

	Notes	2017/18 DKK	2016/17 DKK
Gross profit		**11,964,947**	**14,927,991**
Staff costs	1	(8,442,813)	(7,965,036)
Depreciation, amortisation and impairment losses	2	(2,349,204)	(3,911,891)
Operating profit/loss		**1,172,930**	**3,051,064**
Other financial income	3	107,194	6,718
Other financial expenses	4	(309,009)	(272,567)
Profit/loss before tax		**971,115**	**2,785,215**
Tax on profit/loss for the year	5	(224,100)	(595,000)
Profit/loss for the year		**747,015**	**2,190,215**
Proposed distribution of profit/loss			
Ordinary dividend for the financial year		2,000,000	2,000,000
Retained earnings		(1,252,985)	190,215
		747,015	**2,190,215**

Balance sheet at 30.04.2018

	Notes	2017/18 DKK	2016/17 DKK
Acquired intangible assets		177,000	0
Intangible assets		**177,000**	**0**
Other fixtures and fittings, tools and equipment		5,256,732	6,900,667
Leasehold improvements		0	167,163
Property, plant and equipment	6	**5,256,732**	**7,067,830**
Investments in group enterprises		1	1
Deposits		591,038	591,038
Fixed asset investments	7	**591,039**	**591,039**
Fixed assets		**6,024,771**	**7,658,869**
Manufactured goods and goods for resale		7,044,383	9,731,046
Inventories		**7,044,383**	**9,731,046**
Trade receivables		5,269,701	5,279,403
Receivables from group enterprises		6,513,419	410,977
Deferred tax		280,000	298,000
Other receivables		0	108,211
Prepayments		45,600	58,200
Receivables		**12,108,720**	**6,154,791**
Cash		**32,975**	**3,249,963**
Current assets		**19,186,078**	**19,135,800**
Assets		**25,210,849**	**26,794,669**

Balance sheet at 30.04.2018

	Notes	2017/18 DKK	2016/17 DKK
Contributed capital		500,000	500,000
Retained earnings		9,853,808	11,106,793
Proposed dividend		2,000,000	2,000,000
Equity		**12,353,808**	**13,606,793**
Other provisions		1,025,000	0
Provisions		**1,025,000**	**0**
Bank loans		3,750,000	6,250,000
Non-current liabilities other than provisions	8	**3,750,000**	**6,250,000**
Current portion of long-term liabilities other than provisions	8	2,500,000	2,500,000
Bank loans		1,274,432	7,986
Trade payables		1,057,280	1,510,234
Payables to group enterprises		1,011,762	299,810
Joint taxation contribution payable		206,000	556,000
Other payables		2,032,567	2,063,846
Current liabilities other than provisions		**8,082,041**	**6,937,876**
Liabilities other than provisions		**11,832,041**	**13,187,876**
Equity and liabilities		**25,210,849**	**26,794,669**
Unrecognised rental and lease commitments	9		
Contingent liabilities	10		
Assets charged and collateral	11		

Statement of changes in equity for 2017/18

	Contributed capital DKK	Retained earnings DKK	Proposed dividend DKK	Total DKK
Equity beginning of year	500,000	11,106,793	2,000,000	13,606,793
Ordinary dividend paid	0	0	(2,000,000)	(2,000,000)
Profit/loss for the year	0	(1,252,985)	2,000,000	747,015
Equity end of year	**500,000**	**9,853,808**	**2,000,000**	**12,353,808**

Notes

	2017/18 DKK	2016/17 DKK
1. Staff costs		
Wages and salaries	7,605,725	6,932,502
Pension costs	514,924	788,108
Other social security costs	46,104	104,008
Other staff costs	276,060	140,418
	8,442,813	**7,965,036**
Average number of employees	**14**	**13**

	2017/18 DKK	2016/17 DKK
2. Depreciation, amortisation and impairment losses		
Depreciation of property, plant and equipment	2,443,652	4,182,487
Profit/loss from sale of intangible assets and property, plant and equipment	(94,448)	(270,596)
	2,349,204	**3,911,891**

	2017/18 DKK	2016/17 DKK
3. Other financial income		
Financial income arising from group enterprises	76,000	0
Other interest income	31,194	6,718
	107,194	**6,718**

	2017/18 DKK	2016/17 DKK
4. Other financial expenses		
Financial expenses from group enterprises	37,676	65,597
Other interest expenses	271,333	206,970
	309,009	**272,567**

Notes

	2017/18 DKK	2016/17 DKK
5. Tax on profit/loss for the year		
Current tax	206,000	556,000
Change in deferred tax	18,000	39,000
Adjustment concerning previous years	100	0
	224,100	**595,000**

	Other fixtures and fittings, tools and equipment DKK	Leasehold improve-ments DKK
6. Property, plant and equipment		
Cost beginning of year	16,979,355	476,868
Additions	808,374	0
Disposals	(605,411)	0
Cost end of year	**17,182,318**	**476,868**
Depreciation and impairment losses beginning of year	(10,078,688)	(309,705)
Depreciation for the year	(2,276,489)	(167,163)
Reversal regarding disposals	429,591	0
Depreciation and impairment losses end of year	**(11,925,586)**	**(476,868)**
Carrying amount end of year	**5,256,732**	**0**

	Invest-ments in group enterprises DKK	Deposits DKK
7. Fixed asset investments		
Cost beginning of year	226,426	591,038
Cost end of year	**226,426**	**591,038**
Impairment losses beginning of year	(226,425)	0
Impairment losses end of year	**(226,425)**	**0**
Carrying amount end of year	**1**	**591,038**

Notes

	Registered in	Corporate form	Equity interest %
Investments in group enterprises comprise:			
EP Tools GmbH	Hamburg	GmbH	100.0
eptools Ltd.	Essex	Limited	100.0

	Due within 12 months 2017/18 DKK	Due within 12 months 2016/17 DKK	Due after more than 12 months 2017/18 DKK
8. Liabilities other than provisions			
Bank loans	2,500,000	2,500,000	3,750,000
	2,500,000	**2,500,000**	**3,750,000**

	2017/18 DKK	2016/17 DKK
9. Unrecognised rental and lease commitments		
Liabilities under rental or lease agreements until maturity in total	**863,383**	**2,239,416**

10. Contingent liabilities

The Entity participates in a Danish joint taxation arrangement in which Grening Holding ApS serves as the administration company. According to the joint taxation provisions of the Danish Corporation Tax Act, the Entity is therefore liable for income taxes etc for the jointly taxed entities, and for obligations, if any, relating to the withholding of tax on interest, royalties and dividend for the jointly taxed 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.

11. Assets charged and collateral

Bank loans are secured by way of a mortgage of DKK 9,000,000 nominal (floating charge) registered to goodwill, other fixtures and fittings, tools and equipment, inventories, trade receivables etc.

The carrying amount of mortgaged assets amounts to DKK 19,018,342.

Collateral security provided for subsidiaries and other group enterprises

The Entity has guaranteed the subsidiaries' debt to the subsidiaries bank. The maximum limit of the guarantee is EUR 13,500. The subsidiaries' bank loans at 30th April 2018 amount to DKK 7,502.

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 report-ing class C.

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

Consolidated financial statements

Referring to section 110 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 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

Gross profit or loss

Gross profit or loss comprises revenue, changes in inventories of finished goods and work in progress, cost of raw materials and consumables and external expenses.

Accounting policies

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 from the sale of services is recognised in the income statement when delivery is made to the buyer. Rental is recognized in the income statement over the rental period. 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.

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.

Depreciation, amortisation and impairment losses

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

Other financial income

Other financial income comprises interest income, net capital gains on transactions in foreign currencies 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 transactions in foreign currencies 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 jointly taxed with all Danish subsidiaries. The current Danish income tax is allocated among the jointly taxed entities proportionally to their taxable income (full allocation with a refund concerning tax losses).

Accounting policies

Balance sheet

Intellectual property rights etc

Intellectual property rights etc comprise acquired intellectual property rights.

Intellectual property rights acquired are measured at cost less accumulated amortisation. Straight-line depreciation is made on the basis of the estimated usefull lives of the assets. The usefull lives are 3-7 years.

Intellectual property rights etc are written down to the lower of recoverable amount and carrying amount.

Property, plant and equipment

Other fixtures and fittings, tools and equipment including rental equipment are measured at cost less accumulated depreciation.

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:

Other fixtures and fittings, tools and equipment	2-7 years
Leasehold improvements	5 years

For rental equipment the depreciation are measured from the actual use of the asset, however the depreciation period represents minimum linear depreciation based on the above estimated lives oh the assets.

For leasehold improvements and assets subject to finance leases, the depreciation period cannot exceed the contract period.

Estimated useful lives and residual values are reassessed annually.

Items of 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 measured at cost and are written down to the lower of recoverable amount and carrying amount.

Inventories

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

Cost consists of purchase price plus delivery costs.

Accounting policies

The net realisable value of inventories is calculated as the estimated selling price less completion costs and costs incurred to execute sale.

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.

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

Other provisions are recognised and measured as the best estimate of the expenses required to settle the liabilities at the balance sheet date. Provisions that are estimated to mature more than one year after the balance sheet date are measured at their discounted value.

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

Once it is probable that the total costs will exceed total income from a contract in progress, provision is made for the total loss estimated to result from the relevant contract.

Accounting policies

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

Joint taxation contributions payable or receivable
Current joint taxation contributions receivable or joint taxation contributions payable are recognised in the balance sheet, calculated as tax computed on the taxable income of the year, which has been adjusted for prepaid tax.