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HYTOR Tools Solutions A/S

Guldborgsundvej 1
6705 Esbjerg Ø
Business Registration No
28850220

Annual report 01.05.2018 - 31.12.2018

The Annual General Meeting adopted the annual report on 17.04.2019

Chairman of the General Meeting

____

Name: Henrik Larsen

Contents

Entity details

Entity
HYTOR Tools Solutions A/S
Guldborgsundvej 1
6705 Esbjerg Ø

Central Business Registration No (CVR): 28850220
Registered in: Esbjerg
Financial year: 01.05.2018 - 31.12.2018

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

Executive Board
Niels Grening Langerhuus, chief executive officer

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 HYTOR Tools Solutions A/S for the financial year 01.05.2018 - 31.12.2018.

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 31.12.2018 and of the results of its operations for the financial year 01.05.2018 - 31.12.2018.

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.

Esbjerg, 17.04.2019

Executive Board

Niels Grening Langerhuus
chief executive officer

Board of Directors

Niels Kristensen chairman of the board	Niels Grening Langerhuus	Henrik Larsen

Independent auditor's report

To the shareholders of HYTOR Tools Solutions A/S

Opinion

We have audited the financial statements of HYTOR Tools Solutions A/S for the financial year 01.05.2018 - 31.12.2018, 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 31.12.2018 and of the results of its operations for the financial year 01.05.2018 - 31.12.2018 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 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.

Esbjerg, 17.04.2019

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 primary activity of the entity is sale/service and rental of torque tools, generators and similar fields.

Development in activities and finances
In 2018 the entity realized a profit of 1,134 t.DKK against a profit of 747 t.DKK in 2017/18.

The profit of the financial period is affected by change of the financial year. This financial year represents the period 1st of May to 31st of December.

The equity of the entity amounts to 11,488 t.DKK at the 31st of December 2018.

The executive board expects the entity will achieve a positive result in 2019.

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 2018

	Notes	2018 DKK'000	2017/18 DKK'000
Gross profit		**6,656**	**11,967**
Staff costs	1	(4,570)	(8,444)
Depreciation, amortisation and impairment losses	2	(580)	(2,350)
Operating profit/loss		**1,506**	**1,173**
Other financial income	3	107	107
Other financial expenses	4	(157)	(309)
Profit/loss before tax		**1,456**	**971**
Tax on profit/loss for the year	5	(322)	(224)
Profit/loss for the year		**1,134**	**747**
Proposed distribution of profit/loss			
Ordinary dividend for the financial year		0	2,000
Retained earnings		1,134	(1,253)
		1,134	**747**

Balance sheet at 31.12.2018

	Notes	2018 DKK'000	2017/18 DKK'000
Acquired intangible assets		160	177
Intangible assets	6	**160**	**177**
Other fixtures and fittings, tools and equipment		4,546	5,256
Leasehold improvements		0	0
Property, plant and equipment	7	**4,546**	**5,256**
Investments in group enterprises		0	0
Deposits		591	591
Fixed asset investments	8	**591**	**591**
Fixed assets		**5,297**	**6,024**
Manufactured goods and goods for resale		6,844	7,045
Inventories		**6,844**	**7,045**
Trade receivables		12,447	5,270
Receivables from group enterprises		958	6,513
Deferred tax		410	280
Prepayments		37	46
Receivables		**13,852**	**12,109**
Cash		**1,800**	**33**
Current assets		**22,496**	**19,187**
Assets		**27,793**	**25,211**

Balance sheet at 31.12.2018

	Notes	2018 DKK'000	2017/18 DKK'000
Contributed capital		500	500
Retained earnings		10,988	9,854
Proposed dividend		0	2,000
Equity		**11,488**	**12,354**
Other provisions		1,025	1,025
Provisions		**1,025**	**1,025**
Bank loans		0	3,751
Joint taxation contribution payable		452	0
Non-current liabilities other than provisions		**452**	**3,751**
Current portion of long-term liabilities other than provisions		0	2,500
Bank loans		9,023	1,274
Trade payables		3,618	1,057
Payables to group enterprises		693	1,012
Joint taxation contribution payable		0	206
Other payables		1,494	2,032
Current liabilities other than provisions		**14,828**	**8,081**
Liabilities other than provisions		**15,280**	**11,832**
Equity and liabilities		**27,793**	**25,211**
Unrecognised rental and lease commitments	9		
Contingent liabilities	10		
Assets charged and collateral	11		
Group relations	12		

Statement of changes in equity for 2018

	Contributed capital DKK'000	Retained earnings DKK'000	Proposed dividend DKK'000	Total DKK'000
Equity beginning of year	500	9,854	2,000	12,354
Ordinary dividend paid	0	0	(2,000)	(2,000)
Profit/loss for the year	0	1,134	0	1,134
Equity end of year	**500**	**10,988**	**0**	**11,488**

Notes

	2018 DKK'000	2017/18 DKK'000
1. Staff costs		
Wages and salaries	3,933	7,607
Pension costs	329	515
Other social security costs	20	46
Other staff costs	288	276
	4,570	**8,444**
Average number of employees	**13**	**14**

	2018 DKK'000	2017/18 DKK'000
2. Depreciation, amortisation and impairment losses		
Amortisation of intangible assets	17	0
Depreciation of property, plant and equipment	631	2,444
Profit/loss from sale of intangible assets and property, plant and equipment	(68)	(94)
	580	**2,350**

	2018 DKK'000	2017/18 DKK'000
3. Other financial income		
Financial income arising from group enterprises	107	76
Other interest income	0	31
	107	**107**

	2018 DKK'000	2017/18 DKK'000
4. Other financial expenses		
Financial expenses from group enterprises	52	38
Other interest expenses	105	271
	157	**309**

Notes

	2018 DKK'000	2017/18 DKK'000
5. Tax on profit/loss for the year		
Current tax	452	206
Change in deferred tax	(130)	18
	322	**224**

	Acquired intangible assets DKK'000
6. Intangible assets	
Cost beginning of year	177
Cost end of year	**177**
Amortisation for the year	(17)
Amortisation and impairment losses end of year	**(17)**
Carrying amount end of year	**160**

	Other fixtures and fittings, tools and equipment DKK'000	Leasehold improve-ments DKK'000
7. Property, plant and equipment		
Cost beginning of year	17,182	477
Disposals	(501)	0
Cost end of year	**16,681**	**477**
Depreciation and impairment losses beginning of year	(11,926)	(477)
Depreciation for the year	(631)	0
Reversal regarding disposals	422	0
Depreciation and impairment losses end of year	**(12,135)**	**(477)**
Carrying amount end of year	**4,546**	**0**

Notes

	Investments in group enterprises DKK'000	Deposits DKK'000
8. Fixed asset investments		
Cost beginning of year	226	591
Cost end of year	**226**	**591**
Impairment losses beginning of year	(226)	0
Impairment losses end of year	**(226)**	**0**
Carrying amount end of year	**0**	**591**

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

	2018 DKK'000	2017/18 DKK'000
9. Unrecognised rental and lease commitments		
Liabilities under rental or lease agreements until maturity in total	**763**	**863**

10. Contingent liabilities

The Entity participates in a Danish joint taxation arrangement where Grening Holding ApS, Varde serves as the administration company. According to the joint taxation provi-sions 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 jointly taxed entities' total known net liability under the joint taxation arrangement is disclosed in 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.

Notes

The carrying amount of mortgaged assets amounts to tDKK 24,588.

Collateral provided for group enterprises

The Entity has guaranteed the subsidiaries' debt to the subsidiaries bank. The subsidiaries' bank loans at 31st December 2018 amounts to tDKK 14,274

12. Group relations

Name and registered office of the Parent preparing consolidated financial statements for the smallest group:

- Grening Holding ApS, Varde

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 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.

Non-comparability

The entity has changed financial year from 1st of May to 30th of April to 1st of January to 31st of December, as a result this financial year represents the period 1st og May 2018 to 31st of December 2018. The comparative figures have not been modified for which reason the comparative figures are non-comparabel.

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.

Accounting policies

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.

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, amortisation and impairment losses relating to property, plant and equipment comprise depreciation, amortisation and impairment losses for the financial year, 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, amortisation of financial liabilities as well as tax surcharge under the Danish Tax Prepayment Scheme etc.

Accounting policies

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).

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 useful lives of the assets. The useful 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 and impairment losses.

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

Accounting policies

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.

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 the tax-based value of assets and liabilities, for which the tax-based value 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.

Accounting policies

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

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.