

KS Tools Scandinavia A/S

address: Strandvejen 100, 3. 12, 2900 Hellerup

CVR-number 29 52 91 83

Annual Report 2022

Financial year: 01.01.2022 – 31.12.2022

Approved at the annual general meeting of shareholders on 10. May 2023

Orhan Altin
Chairman

Contents

| | |
|---|----|
| Company Information | 1 |
| Management's Review | 2 |
| Managements' Statement on the Annual Report | 3 |
| Independent Auditors' Report | 4 |
| Accounting Policies | 6 |
| Income Statement | 10 |
| Balance Sheet | 11 |
| Equity Statement | 13 |
| Notes to the annual report | 14 |

Company Information

| | |
|-----------------------------|---|
| The Company | KS Tools Scandinavia A/S Strandvejen 100, 3. 12 2900 Hellerup |
| Executive Board | Orhan Altin |
| Board of Supervisors | Orhan Altin Bettina Maria Gertrud Kühne Peter Kühne |
| Auditors | Aaen & Co. Statsautoriserede revisorer p/s |
| Bankers | Sydbank |
| Date of foundation | 1 May 2006 |
| Financial year | 1 January - 31 December |

Management's Review

The Company's business review

The Company's main activity is trade in tools, related products and equipment and related business areas.

Significant changes in the company's activities and financial affairs

There has been no significant changes in the activities and financial position during the financial year.

Management's Statement on the Annual Report

The Board of Supervisors and the Executive Board have today discussed and approved the Annual Report 2022 of KS Tools Scandinavia A/S.

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

In our opinion, the Annual Report gives a true and fair view of the Company's financial position at 31 December 2022 and the results of operations for the financial year 1 January - 31 December 2022 of the Company.

In our opinion, the Management's review includes a fair review of the matters discussed in the Management review.

We recommend that the Annual Report be approved at the annual general meeting.

Hellerup, 10. May 2023.

Executive Board

Orhan Altin

Board of Supervisors

Orhan Altin
Chairman

Bettina Maria Gertrud Kühne

Peter Kühne

Independent auditors' report

To the shareholders of KS Tools Scandinavia 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 2022, and of the results of the Company's operations for the financial year 1 January - 31 December 2022 in accordance with the Danish Financial Statements Act.

We have audited the Financial Statements of KS Tools Scandinavia A/S for the financial year 1 January - 31 December 2022, which comprise income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies ("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' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), together with the ethical requirements that are relevant to our audit of the financial statements in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. 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 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 judgment and maintain professional skepticism 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.

Independent auditors' report

- 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.
- 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.

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 Financial 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.

Elsinore, 10. May 2023

Aaen & Co. statsautoriserede revisorer p/s

Kongevejen 3, 3000 Helsingør - CVR nummer 33 24 17 63

Søren Appelrod
State Authorised Public Accountant
Mne23301

Accounting Policies

Basis of accounting

The Annual Report of KS Tools Scandinavia A/S for 2022 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to enterprises of reporting class B. Management has chosen to follow certain rules from reporting class C.

The accounting policies applied by the company are consistent with those of last year.

Reporting currency

The financial statements are presented in Danish kroner.

Recognition and measurement

Revenues are recognised in the income statement as earned, which includes recognition of value adjustments of financial assets and liabilities. Furthermore, all expenses incurred, including depreciation, amortisation and impairment losses, are 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.

Certain financial assets and liabilities are measured at amortised cost, which involves the recognition of a constant effective interest rate over the maturity period. Amortised cost is calculated as original cost less any deductions and with addition/deduction of the cumulative amortisation of any difference between cost and the nominal amount. In this way, capital losses and gains are allocated over the maturity period.

Recognition and measurement take into account predictable losses and risks occurring before the presentation of the Annual Report, which confirm or invalidate affairs and conditions existing at the balance sheet date.

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. If foreign exchange positions 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. The difference between the exchange rate at the balance sheet date and the rate at the time of origin of the receivable or debt is recognised in financial income and expenses in the income statement.

Fixed assets purchased in foreign currencies are measured at the rate of exchange at the date of transaction.

Accounting Policies

Income Statement

Revenue

Revenue from the sale of goods for resale and finished goods is recognised in the income statement provided that delivery and transfer of risk have been made to the purchaser by year end. Revenue is recognised exclusive of VAT and net of discounts relating to sales.

Other external expenses

Other external expenses include the year's expenses relating to the entity's core activities, including expenses relating to distribution, sale, advertising, administration, premises, bad debts, payments under operating leases, etc.

Employee expenses

Staff costs include wages and salaries, including compensated absence and pensions, as well as other social security contributions, etc. made to the entity's employees. The items is net of refunds made by public authorities.

Other operating income

Other operating income comprise items of a secondary nature compared to the core activities of the Company, such as profit from the sale of fixed assets and received contribution to expenses for exploration.

Financial income and expenses

Financial income and expenses are recognised in the income statement with the amounts relating to the financial year. Financial income and expenses comprise interest income and expenses, realised and unrealised exchange gains and losses concerning debt and transactions in foreign currencies as well as extra payments and repayment under the on-account taxation scheme.

Corporation tax

Tax for the year includes current tax on the year's expected taxable income and the year's deferred tax adjustments. The portion of the tax for the year that relates to the profit/loss for the year is recognised in the income statement, whereas the portion that relates to transactions taken to equity is recognised in equity.

Accounting Policies

Balance Sheet

Intangible assets

Acquired goodwill is measured at cost less accumulated depreciation, goodwill is amortised on a straight-line basis over the expected useful life maximized to 10 years.

Property, plant and equipment

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

Depreciation is based on cost reduced by any expected residual value after the period of use.

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

Depreciation is calculated on a straight-line basis over the expected useful lives of the assets, which are:

| | | |
|---|-----|-------|
| Other fixtures, fittings, tools and equipment | 3-5 | Years |
|---|-----|-------|

Expected useful lives and scrap value are reassessed annually.

Gains or losses on sale of property, plant and equipment are calculated as the difference between the sales price less sales expenses and the carrying amount at the time of the sale. Gains or losses are recognised in depreciation in the income statement.

Lease contracts

Payments made under operating leases are recognised in the income statement over the term of the contract. The Company's total obligation concerning operation leases is stated in contingent liabilities, etc.

Inventories

Inventories are measured at cost under the FIFO method. When the net realisable value is lower than the cost, impairment is made to this lower value.

The cost of goods for resale equals landed cost.

The net realisable value of inventories is stated as sales price less costs of finalisation and expenses paid to carry through the sale, and is fixed considering marketability, obsolescence and development in expected sales price.

Receivables

Receivables are measured at amortised cost, which usually corresponds to the nominal value. Provisions are made for bad debts because of objective evidence that a receivable or a group of receivables are impaired. Write-downs are made to the lower of the net realisable value and the carrying amount.

Cash and cash equivalents

Cash and cash equivalents comprise cash and short-term marketable securities, which are subject to an insignificant risk of changes in value.

Accounting Policies

Dividend

Dividend which is expected paid for the year is shown as a separate item under equity. Proposed dividend is recognised as a liability at the time of adoption at the Annual General Meeting.

Corporation tax and deferred tax

Current tax liabilities and current tax receivable are recognised in the balance sheet as calculated tax on the taxable income for the year adjusted for tax on previous years' taxable income as well as for taxes paid on account.

Deferred tax is measured under the balance sheet liability method in respect of all temporary differences between the carrying amount and the tax base of assets and liabilities. In cases, of concerning shares, where the computation of the tax base may be made according to alternative tax rules, deferred tax is measured based on the intended use of the asset or settlement of the liability, respectively.

Deferred tax assets, including the tax base of tax loss carry-forwards, are measured at the value at which the asset is expected to be either realised, by elimination in tax on future earnings or by set-off against deferred tax liabilities within the same legal tax entity and jurisdiction. Any deferred net tax assets are measured at net realisable value.

Deferred tax is measured based on 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 crystallised as current tax.

Debt

Other debt is measured at amortised cost corresponding to nominal value.

Balance sheet 31 december

Assets

| Note | 2022 | 2021 |
|--|------------------|------------------|
| 5 Goodwill | 275.675 | 413.495 |
| Intangible assets | 275.675 | 413.495 |
| 6 Other plant, fixtures and fittings and equipment | 0 | 0 |
| Fixed assets | 0 | 0 |
| Non-current assets | 275.675 | 413.495 |
| Inventories of finished goods | 17.683 | 61.643 |
| Inventories | 17.683 | 61.643 |
| Trade receivables | 2.792.065 | 2.743.427 |
| Other receivables | 10.000 | 23.794 |
| Deferred income assets | 24.690 | 43.468 |
| Receivables | 2.826.755 | 2.810.689 |
| Cash and cash equivalents | 5.686.692 | 3.160.192 |
| Current assets | 8.531.130 | 6.032.524 |
| Total assets | 8.806.805 | 6.446.019 |

Balance sheet 31 december

Liabilities

| <u>Note</u> | <u>2022</u> | <u>2021</u> |
|-------------------------------------|------------------|------------------|
| Share capital | 2.756.500 | 2.756.500 |
| Retained earnings | 0 | 0 |
| Proposed dividend | 1.341.280 | 156.390 |
| Total equity | 4.097.780 | 2.912.890 |
| Provisions for deferred tax | 45.061 | 73.533 |
| Provisions | 45.061 | 73.533 |
| 4 Tax payables | 377.516 | 7.341 |
| Trade payables | 1.036.131 | 312.837 |
| Other payables | 3.250.317 | 3.139.418 |
| Short-term debt | 4.663.964 | 3.459.596 |
| Total liabilities | 4.663.964 | 3.459.596 |
| Total equity and liabilities | 8.806.805 | 6.446.019 |
| 7 Collaterals | | |
| 8 Contingent liabilities | | |
| 9 Ownership | | |

Equity

| | Share capital | Retained earnings | Proposed dividend | Total Equity |
|--------------------------------|------------------|----------------------|----------------------|------------------|
| Equity 1 January 2021 | 2.756.500 | 0 | 225.216 | 2.981.716 |
| Dividend paid | 0 | 0 | -225.216 | -225.216 |
| Profit of the year | 0 | 0 | 156.390 | 156.390 |
| Equity 31 December 2021 | 2.756.500 | 0 | 156.390 | 2.912.890 |
| Equity 1 January 2022 | 2.756.500 | 0 | 156.390 | 2.912.890 |
| Dividend paid | 0 | 0 | -156.390 | -156.390 |
| Profit for the year | 0 | 0 | 1.341.280 | 1.341.280 |
| Equity 31 December 2022 | 2.756.500 | 0 | 1.341.280 | 4.097.780 |

Notes to the annual accounts

| | 2022 | 2021 |
|--|-----------------------------|-----------------------------|
| | <u> </u> | <u> </u> |
| 1 Employee expenses | | |
| Wages and salaries | 2.094.021 | 2.676.489 |
| | <u> </u> | <u> </u> |
| Personaleomkostninger i alt | 2.094.021 | 2.676.489 |
| | <u> </u> | <u> </u> |
| Average number of employees | 4 | 5 |
| | <u> </u> | <u> </u> |
| | | |
| 2 Interest expenses | | |
| Other interest expenses | 33.913 | 37.378 |
| | <u> </u> | <u> </u> |
| | 33.913 | 37.378 |
| | <u> </u> | <u> </u> |
| | | |
| 3 Depreciation | | |
| Depreciation for the year | 137.820 | 137.820 |
| | <u> </u> | <u> </u> |
| | 137.820 | 137.820 |
| | <u> </u> | <u> </u> |
| | | |
| 4 Corporation tax | | |
| Tax on the taxable income for the period | 407.514 | 41.340 |
| Increase in provision for deferred tax | -28.472 | 3.661 |
| | <u> </u> | <u> </u> |
| | 379.042 | 45.001 |
| | <u> </u> | <u> </u> |

Notes to the annual accounts

| | 2022 | 2021 |
|--|-----------------------------|-----------------------------|
| | <u> </u> | <u> </u> |
| 5 Goodwill | | |
| Cost at 1 January | 1.378.250 | 1.378.250 |
| Additions in the year | 0 | 0 |
| Disposals in the year | 0 | 0 |
| Cost at 31 December | <u>1.378.250</u> | <u>1.378.250</u> |
| Impairment losses and depreciation at 1 January | 964.755 | 826.935 |
| Amortization/depreciation in the year | 137.820 | 137.820 |
| Reversal of depreciation and impairment of disposals | 0 | 0 |
| Impairment losses and depreciation at 31 December | <u>1.102.575</u> | <u>964.755</u> |
| Carrying amount at 31 December | <u>275.675</u> | <u>413.495</u> |
| | | |
| 6 Other plant, fixtures, fitting & equipment | | |
| Cost at 1 January | 731.947 | 801.947 |
| Additions in the year | 0 | 0 |
| Disposals in the year | 0 | -70.000 |
| Cost at 31 December | <u>731.947</u> | <u>731.947</u> |
| Impairment losses and depreciation at 1 January | 731.947 | 782.503 |
| Amortization/depreciation in the year | 0 | 0 |
| Reversal of depreciation and impairment of disposals | 0 | -50.556 |
| Impairment losses and depreciation at 31 December | <u>731.947</u> | <u>731.947</u> |
| Carrying amount at 31 December | <u>0</u> | <u>0</u> |

Notes to the annual accounts

7 Collaterals

No assets were pledged as collaterals or otherwise charged at the balance sheet date.

8 Contingent liabilities

The company has no contingent liabilities.

9 Ownership

The Company's ultimate Parent Company which prepares consolidated financial statements into which the Company is incorporated as a subsidiary, is KS Tools Werkzeuge und Maschinen GmbH, Seligenstädter Grund 10-12, D-63150 Heusenstamm, Deutschland.

The following shareholders in the company's register of shareholders as holding at least 5% of the votes or at least 5% of the share capital:

KS Tools Werkzeuge und Maschinen GmbH, Deutschland.