

# **Einhell Danmark ApS**

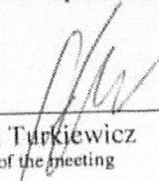
Hostrupsgade 41, 8600 Silkeborg

Company reg. no. 31 62 28 75

## **Annual report**

**1 January - 31 December 2017**

The annual report have been submitted and approved by the general meeting on the 12 April 2018.

  
Ryszard Turkiewicz  
Chairman of the meeting

Notes:

- To ensure the greatest possible applicability of this document, British English terminology has been used.
- Please note that decimal points have not been used in the usual English way. This means that for instance DKK 146.940 means the amount of DKK 146,940, and that 23,5 % means 23.5 %.

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## Management's report

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The managing director has today presented the annual report of Einhell Danmark ApS for the financial year 1 January to 31 December 2017.

The annual report has been presented in accordance with the Danish Financial Statements Act.

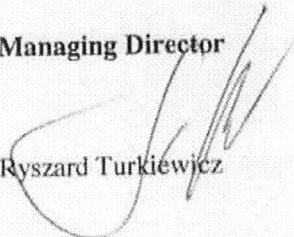
I consider the accounting policies used appropriate, and in my opinion the annual accounts provide a true and fair view of the company's assets and liabilities and its financial position as on 31 December 2017 and of the company's results of its activities in the financial year 1 January to 31 December 2017.

I am of the opinion that the management's review includes a fair description of the issues dealt with.

The annual report is recommended for approval by the general meeting.

Silkeborg, 12 April 2018

**Managing Director**

  
Ryszard Turkiewicz

## **Independent auditor's report**

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### **To the shareholders of Einhell Danmark ApS**

#### **Opinion**

We have audited the annual accounts of Einhell Danmark ApS for the financial year 1 January to 31 December 2017, which comprise accounting policies used, profit and loss account, balance sheet and notes. The annual accounts are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the annual accounts give a true and fair view of the company's assets, liabilities and financial position at 31 December 2017 and of the results of the company's operations for the financial year 1 January to 31 December 2017 in accordance with the Danish Financial Statements Act.

#### **Basis for opinion**

We conducted our audit in accordance with international standards on auditing and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the below section "Auditor's responsibilities for the audit of the annual accounts". We are independent of the company in accordance with international ethics standards for accountants (IESBA's Code of Ethics) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these standards and requirements. We believe that the audit evidence obtained is sufficient and appropriate to provide a basis for our opinion.

#### **Material uncertainties concerning the enterprise's ability to continue as a going concern**

The company's equity is negative, therefore there is a significant uncertainty about the company's continued operation. The company's continued operation is under the condition that credit is an option from the shareholders under the current terms, and there are added new capital if necessary. Einhell EAG has agreed to provide the necessary capital for the next year's operations. The annual report is therefore presented according to the going concern principle.

#### **The management's responsibilities for the annual accounts**

The management is responsible for the preparation of annual accounts that give a true and fair view in accordance with the Danish Financial Statements Act. The management is also responsible for such internal control as the management determines is necessary to enable the preparation of annual accounts that are free from material misstatement, whether due to fraud or error.

In preparing the annual accounts, the management is responsible for evaluating the company's ability to continue as a going concern, and, when relevant, disclosing matters related to going concern and using the going concern basis of accounting when preparing the annual accounts, unless the management either intends to liquidate the company or to cease operations, or if it has no realistic alternative but to do so.

## Independent auditor's report

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### **Auditor's responsibilities for the audit of the annual accounts**

Our objectives are to obtain reasonable assurance about whether the annual accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report including an opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with international standards on auditing and the additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements may arise due to fraud or error and may be considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions made by users on the basis of the annual accounts.

As part of an audit conducted in accordance with international standards on auditing and the additional requirements applicable in Denmark, we exercise professional evaluations and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement in the annual accounts, whether due to fraud or error, design and perform audit procedures in response 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 the risk of not detecting a misstatement resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of the 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 by the management and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of the management's preparation of the annual accounts being based on the going concern principle and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may raise significant doubt about 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 annual accounts 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 annual accounts, including the disclosures in the notes, and whether the annual accounts reflect 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 the internal control that we identify during our audit.

## Independent auditor's report

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### Statement on the management's review

The management is responsible for the management's review.

Our opinion on the annual accounts does not cover the management's review, and we do not express any kind of assurance opinion on the management's review.

In connection with our audit of the annual accounts, our responsibility is to read the management's review and in that connection consider whether the management's review is materially inconsistent with the annual accounts or our knowledge obtained during the audit, or whether it otherwise appears to contain material misstatement.

Furthermore, it is our responsibility to consider whether the management's review provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we believe that the management's review is in accordance with the annual accounts and that it has been prepared in accordance with the requirements of the Danish Financial Statement Acts. We did not find any material misstatement in the management's review.

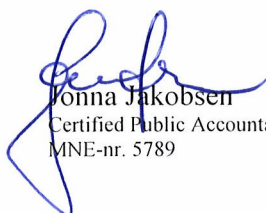
Silkeborg, 12 April 2018

### Revisionshuset Tal & Tanker

Statsautoriseret revisionspartnerselskab  
Company reg. no. 37 31 56 64



Martin Brinch Therkelsen  
State Authorised Public Accountant  
MNE-nr. 35449



Jonna Jakobsen  
Certified Public Accountant  
MNE-nr. 5789

## Company data

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### **The company**

Einhell Danmark ApS  
Hostrupgade 41  
8600 Silkeborg

Phone 87 20 12 00

E mail [anna.jeziorska@einhell.pl](mailto:anna.jeziorska@einhell.pl)

Company reg. no. 31 62 28 75

Established: 26 June 2008

Domicile:

Financial year: 1 January - 31 December

### **Managing Director**

Ryszard Turkiewicz

### **Auditors**

Revisionshuset Tal & Tanker, Statsautoriseret revisionspartnerselskab  
Hostrupgade 41  
8600 Silkeborg

### **Bankers**

Danske Bank, Vestergade 3, 8600 Silkeborg

## **Management's review**

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### **The principal activities of the company**

Like previous years, the main activities are wholesale trade of Einhell products.

### **Development in activities and financial matters**

The company's income statement for the financial year 1. January 2017 - 31. December 2017 shows a loss of t.kr. 467 DKK. The years resultat is not considered to be satisfactory.

### **The expected development**

The company's equity is negative, therefore there is a significant uncertainty about the company's continued operation. The company's continued operation is under the condition that credit is an option from the shareholders under the current terms, and there are added new capital if necessary. Einhell EAG has agreed to provide the necessary capital for the next year's operations. The annual report is therefore presented according to the going concern principle. In this financial year Einhell EAG has given the company a grant by converting the debt to capital. This has caused that the equity has been improved. In the new financial year the company has established a cooperation with another danish company. The cooperation is expected to be a profit-making operation, which can reinstate the capital.

### **Events subsequent to the financial year**

There has been no events after the end of the financial year, that could significantly affect the company's financial position at the balance sheet date.



## **Accounting policies used**

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The annual report for Einhell Danmark ApS is presented in accordance with those regulations of the Danish Financial Statements Act concerning companies identified as class B enterprises. Furthermore, the company has chosen to comply with some of the rules applying for class C enterprises.

The accounting policies used are unchanged compared to last year, and the annual accounts are presented in Danish kroner (DKK).

### **Recognition and measurement in general**

Income is recognised in the profit and loss account concurrently with its realisation, including the recognition of value adjustments of financial assets and liabilities. Likewise, all costs, these including depreciation, amortisation, writedown, provisions, and reversals which are due to changes in estimated amounts previously recognised in the profit and loss account are recognised in the profit and loss account.

Assets are recognised in the balance sheet when the company is liable to achieve future, financial benefits and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when the company is liable to lose future, financial benefits and the value of the liability can be measured reliably.

At the first recognition, assets and liabilities are measured at cost. Later, assets and liabilities are measured as described below for each individual accounting item.

Certain fixed asset investments and liabilities are measured at amortised cost, by which method a fixed, effective interest is recognised during the useful life of the asset or the liability. Amortised cost is recognised as the original cost with deduction of any payments and additions/deductions of the accrued amortisation of the difference between cost and nominal amount. In this way capital losses and capital profits are spread over the useful life.

At recognition and measurement, such predictable losses and risks are taken into consideration, which may appear before the annual report is presented, and which concerns matters existing on the balance sheet date.

## **The profit and loss account**

### **Gross loss**

The gross loss comprises the net turnover, changes in inventories of finished goods and work in progress, work performed for own purposes and capitalised, other operating income, and external costs.

The net turnover is recognised in the profit and loss account if delivery and risk transfer to the buyer have taken place before the end of the year, and if the income can be determined reliably and is expected to be received. The net turnover is recognised exclusive of VAT and taxes and with the deduction of any discounts granted in connection with the sale.

## **Accounting policies used**

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Costs of sales includes costs for the purchase of raw materials and consumables less discounts and changes in inventories.

Other operating income comprise accounting items of secondary nature in proportion to the principal activities of the enterprise, including gains on disposal of intangible and tangible fixed assets.

Other external costs comprise costs for distribution, sales, advertisement, administration, premises, loss on debtors, and operational leasing costs.

### **Staff costs**

Staff costs include salaries and wages including holiday allowances, pensions and other costs for social security etc. for staff members. Staff costs are less public reimbursements.

### **Depreciation, amortisation and writedown**

Depreciation, amortisation and writedown comprise depreciation on, amortisation of and writedown relating to intangible and tangible fixed assets respectively.

### **Net financials**

Net financials comprise interest, realised and unrealised capital gains and losses concerning financial assets and liabilities, amortisation of financial assets and liabilities, additions and reimbursements under the Danish tax prepayment scheme, etc. Financial income and expenses are recognised in the profit and loss account with the amounts that concerns the financial year.

Interest and other costs concerning loans for financing the production of intangible and tangible fixed assets and concerning the production period are not recognised in the cost of the fixed asset.

## **The balance sheet**

### **Tangible fixed assets**

Other tangible fixed assets are measured at cost with deduction of accrued depreciation and writedown.

The basis of depreciation is cost with deduction of any expected residual value after the end of the useful life of the asset. The amortisation period and the residual value are determined at the acquisition date and reassessed annually. If the residual value exceeds the book value, the amortisation discontinues.

If the amortisation period or the residual value is changed, the effect on amortisation will in the future be recognised as a change in the accounting estimates.

The cost comprises the acquisition cost and costs directly attached to the acquisition until the time when the asset is ready for use.

Depreciation takes place on a straight line basis and based on an evaluation of the expected useful life and the residual value of the individual assets:

## Accounting policies used

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	<i>Useful life</i>	<i>Residual value</i>
<i>Other plants, operating assets, fixtures and furniture</i>	<i>5 years</i>	<i>0-20 %</i>

Minor assets with an expected useful life of less than 1 year are recognised as costs in the profit and loss account in the year of acquisition.

Profit or loss deriving from the sales of tangible fixed assets is measured as the difference between the sales price reduced by the selling costs and the book value at the time of the sale. Profit or losses are recognised in the profit and loss account as other operating income or other operating expenses.

As regards assets of own production, the cost comprises direct costs for materials, components, deliveries from subsuppliers, payroll costs, and borrowing costs form specific and general borrowing concerning the construction of each individual asset.

### **Leasing contracts**

At the first recognition in the balance sheet, leasing contracts concerning tangible fixed assets by which the company holds all essential risks and advantages attached to the proprietary right (financial leasing) are measured either at fair value or at the present value of the future leasing services, whichever value is lower. When calculating the present value, the internal interest rate of the leasing contract or alternatively the borrowing rate of the enterprise is used as discount rate. Afterwards, financially leased assets are treated in the same way as other similar tangible assets.

The capitalised residual leasing liability is recognised in the balance sheet as a liability, and the interest part of the leasing contract is recognised in the profit and loss account over the term of the contract.

All other leasing contracts are considered operational leasing. Payments in connection with operational leasing and other rental agreements are recognised in the profit and loss account over the term of the contract. The company's total liabilities concerning operational leasing and rental agreements are recognised under contingencies etc.

### **Inventories**

Inventories are measured at cost on basis of the FIFO method. In case the net realisable value of the inventories is lower than the cost, writedown takes place to this lower value.

The cost for trade goods, raw materials, and consumables comprises the acquisition cost with the addition of the delivery costs.

The net realisable value for inventories is recognised as the market price with deduction of completion costs and selling costs. The net realisable value is determined taking into consideration the negotiability, obsolescence, and development of the expected market price.

## **Accounting policies used**

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### **Debtors**

Debtors are measured at amortised cost which usually corresponds to face value. In order to meet expected losses, writedown takes place at the net realisable value.

### **Accrued income and deferred expenses**

Accrued income and deferred expenses recognised under assets comprise incurred costs concerning the next financial year.

### **Available funds**

Available funds comprise cash at bank and in hand.

### **Other provisions**

Provisions comprise expected costs for guarantee liabilities, loss on work in progress, restructuring, etc. Provisions are recognised when the company has a legal or actual liability which is due to a previous event and when it is likely that the settlement of the liability will result in expenditure of the financial resources of the company.

If the settlement of the liability is expected to take place in some remote future, provisions are measured at the net realisable value or at fair value.

### **Liabilities**

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

## Profit and loss account 1 January - 31 December

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All amounts in DKK.

<u>Note</u>	<u>2017</u>	<u>2016</u>
<b>Gross loss</b>	<b>-127.836</b>	<b>-499.723</b>
2 Staff costs	-230	-195.750
Depreciation and writedown relating to tangible fixed assets	<u>-35.123</u>	<u>-96.199</u>
<b>Operating profit</b>	<b>-163.189</b>	<b>-791.672</b>
Other financial income	14.869	1.738
3 Other financial costs	<u>-319.142</u>	<u>-347.327</u>
<b>Results before tax</b>	<b>-467.462</b>	<b>-1.137.261</b>
<b>Results from ordinary activities after tax</b>	<b>-467.462</b>	<b>-1.137.261</b>
<b>Results for the year</b>	<b><u>-467.462</u></b>	<b><u>-1.137.261</u></b>
<b>Proposed distribution of the results:</b>		
Allocated from results brought forward	<u>-467.462</u>	<u>-1.137.261</u>
<b>Distribution in total</b>	<b><u>-467.462</u></b>	<b><u>-1.137.261</u></b>

## Balance sheet 31 December

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All amounts in DKK.

<u>Note</u>	<u>2017</u>	<u>2016</u>
<b>Assets</b>		
<b>Fixed assets</b>		
Other plants, operating assets, and fixtures and furniture	27.539	62.662
Tangible fixed assets in total	<u>27.539</u>	<u>62.662</u>
<b>Fixed assets in total</b>	<b><u>27.539</u></b>	<b><u>62.662</u></b>
<b>Current assets</b>		
Manufactured goods and trade goods	0	48.471
Inventories in total	<u>0</u>	<u>48.471</u>
Trade debtors	356.615	124.796
Other debtors	13.138	13.138
Accrued income and deferred expenses	7.933	11.731
Debtors in total	<u>377.686</u>	<u>149.665</u>
Available funds	<u>83.366</u>	<u>56.054</u>
<b>Current assets in total</b>	<b><u>461.052</u></b>	<b><u>254.190</u></b>
<b>Assets in total</b>	<b><u>488.591</u></b>	<b><u>316.852</u></b>

## Balance sheet 31 December

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All amounts in DKK.

<b>Equity and liabilities</b>			
Note		<u>2017</u>	<u>2016</u>
<b>Equity</b>			
4	Contributed capital	1.000.000	1.000.000
5	Results brought forward	-1.287.970	-12.030.468
	<b>Equity in total</b>	<u><b>-287.970</b></u>	<u><b>-11.030.468</b></u>
 <b>Provisions</b>			
	Other provisions	14.751	2.122
	<b>Provisions in total</b>	<u><b>14.751</b></u>	<u><b>2.122</b></u>
 <b>Liabilities</b>			
	Trade creditors	78.259	47.818
	Debt to group enterprises	500.018	11.278.592
	Other debts	183.533	18.788
	Short-term liabilities in total	<u>761.810</u>	<u>11.345.198</u>
	<b>Liabilities in total</b>	<u><b>761.810</b></u>	<u><b>11.345.198</b></u>
	<b>Equity and liabilities in total</b>	<u><b>488.591</b></u>	<u><b>316.852</b></u>

1 Uncertainties concerning the enterprise's ability to continue as a going concern

6 Contingencies

## Notes

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All amounts in DKK.

	<u>2017</u>	<u>2016</u>
<b>1. Uncertainties concerning the enterprise's ability to continue as a going concern</b>		
The company's equity is negative, therefore there is a significant uncertainty about the company's continued operation. The company's continued operation is under the condition that credit is an option from the shareholders under the current terms, and there are added new capital if necessary. Einhell EAG has agreed to provide the necessary capital for the next year's operations. The annual report is therefore presented according to the going concern principle. In this financial year Einhell EAG has given the company a grant by converting the debt to capital. This has caused that the equity has been improved.		
In the new financial year the company has established a cooperation with another Danish company. The cooperation is expected to be a profit-making operation, which can reinstate the capital.		
<b>2. Staff costs</b>		
Salaries and wages	0	193.393
Other costs for social security	230	2.357
	<u>230</u>	<u>195.750</u>
Average number of employees	<u>0</u>	<u>1</u>
<b>3. Other financial costs</b>		
Financial costs, group enterprises	300.074	299.810
Other financial costs	19.068	47.517
	<u>319.142</u>	<u>347.327</u>
<b>4. Contributed capital</b>		
Contributed capital 1 January 2017	<u>1.000.000</u>	<u>1.000.000</u>
	<b>1.000.000</b>	<b>1.000.000</b>
<b>5. Results brought forward</b>		
Results brought forward 1 January 2017	-12.030.468	-10.893.207
Profit or loss for the year brought forward	-467.462	-1.137.261
Operating grant from Einhell EAG	11.209.960	0
	<u>-1.287.970</u>	<u>-12.030.468</u>



## Notes

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All amounts in DKK.

### 6. Contingencies

#### Contingent assets

The company has a deferred tax asset on t.kr. 3.693 DKK concerning a tax loss. But uncertainty about their exploitation within 3-5 years, cause it not to be activated.