

KS Gruppen A/S
Troensevej 20
9220 Aalborg Øst
Central Business Registration No
33861419

Annual report 2017

The Annual General Meeting adopted the annual report on 01.03.2018

Chairman of the General Meeting

Name: Nils Dorin Jacobsen

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Entity details

Entity

KS Gruppen A/S
Troensevej 20
9220 Aalborg Øst

Central Business Registration No: 33861419

Registered in: Aalborg

Financial year: 01.01.2017 - 31.12.2017

Board of Directors

Nils Dorin Jacobsen, Chairman
Joachim Kaufmann
Claus Svensk Jessen

Executive Board

Claus Svensk Jessen

Auditors

Deloitte Statsautoriseret Revisionspartnerselskab
Østre Havnepromenade 26, 4. sal
9000 Aalborg

Statement by Management on the annual report

The Board of Directors and the Executive Board have today considered and approved the annual report of KS Gruppen A/S for the financial year 01.01.2017 - 31.12.2017.

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

In our opinion, the financial statements give a true and fair view of the Entity's financial position at 31.12.2017 and of the results of its operations and cash flows for the financial year 01.01.2017 - 31.12.2017.

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

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

Aalborg, 01.03.2018

Executive Board

Claus Svensk Jessen

Board of Directors

Nils Dorin Jacobsen
Chairman

Joachim Kaufmann

Claus Svensk Jessen

Independent auditor's reports

To the shareholders of KS Gruppen A/S

Report on extended review of the financial statements

We have performed an extended review of the financial statements of KS Gruppen A/S for the financial year 01.01.2017 - 31.12.2017. The financial statements, which comprise the income statement, balance sheet, statement of changes in equity, cash flow statement, notes and accounting policies, are prepared in accordance with the Danish Financial Statements Act.

Management's responsibility 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.

Auditor's responsibility

Our responsibility is to express an opinion on the financial statements. We conducted our extended review in accordance with the assurance engagement standard for small enterprises as issued by the Danish Business Authority and the standard on extended review of financial statements prepared in accordance with the Danish Financial Statements Act as issued by FSR - Danish Auditors.

This requires that we comply with the Danish Public Accountants Act and FSR – Danish Auditors' Code of Conduct and plan and perform procedures to obtain limited assurance about our opinion on the financial statements and that we perform specifically required supplementary procedures for the purpose of obtaining additional assurance about our opinion.

An extended review consists of making inquiries, primarily of management and, if appropriate, of other entity personnel, performing analytical procedures and specifically required supplementary procedures as well as evaluating the evidence obtained.

The procedures performed in an extended review are less in scope than in an audit, and accordingly we do not express an audit opinion on the financial statements.

Conclusion

Based on our extended review, in our opinion, the financial statements give a true and fair view of the Entity's financial position at 31.12.2017 and of the results of its operations and cash flows for the financial year 01.01.2017 - 31.12.2017 in accordance with the Danish Financial Statements Act.

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.

Independent auditor's reports

In connection with our extended review 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 extended review 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.

Aalborg, 01.03.2018

Deloitte

Statsautoriseret Revisionspartnerselskab

Central Business Registration No: 33963556

Lars Birner Sørensen

State Authorised Public Accountant

Identification number (MNE) 11671

Management commentary

Primary activities

The Company's primary activities consist of trade in and production of industrial wheels and castors, internal transport materials as well as related activities.

Development in activities and finances

Profit for the year amounts to DKK 3,870k at 31 December 2017 after which equity amounts to DKK 16,607k. Profit for the year is considered satisfactory.

Events after the balance sheet date

No events have occurred after the balance sheet date to this date, which would influence the evaluation of this annual report.

Income statement for 2017

	<u>Notes</u>	<u>2017 DKK</u>	<u>2016 DKK</u>
Gross profit		10.737.312	10.230.363
Staff costs	1	(6.482.905)	(6.700.847)
Depreciation, amortisation and impairment losses		<u>(275.305)</u>	<u>(238.520)</u>
Operating profit/loss		3.979.102	3.290.996
Income from investments in group enterprises		665.295	316.299
Other financial income	2	165.474	112.984
Other financial expenses	3	<u>(25.164)</u>	<u>(137.648)</u>
Profit/loss before tax		4.784.707	3.582.631
Tax on profit/loss for the year	4	<u>(914.646)</u>	<u>(725.780)</u>
Profit/loss for the year		<u>3.870.061</u>	<u>2.856.851</u>
Proposed distribution of profit/loss			
Ordinary dividend for the financial year		500.000	200.000
Retained earnings		<u>3.370.061</u>	<u>2.656.851</u>
		<u>3.870.061</u>	<u>2.856.851</u>

Balance sheet at 31.12.2017

	<u>Notes</u>	<u>2017 DKK</u>	<u>2016 DKK</u>
Plant and machinery		0	0
Other fixtures and fittings, tools and equipment		592.500	794.165
Property, plant and equipment	5	<u>592.500</u>	<u>794.165</u>
Investments in group enterprises		7.350.147	7.584.852
Deposits		169.000	169.000
Fixed asset investments	6	<u>7.519.147</u>	<u>7.753.852</u>
Fixed assets		<u>8.111.647</u>	<u>8.548.017</u>
Manufactured goods and goods for resale		3.779.343	3.097.502
Inventories		<u>3.779.343</u>	<u>3.097.502</u>
Trade receivables		5.351.253	4.739.727
Receivables from group enterprises		2.322.496	2.326.816
Other receivables		66.016	76.181
Prepayments		171.462	167.161
Receivables		<u>7.911.227</u>	<u>7.309.885</u>
Cash		<u>3.056.778</u>	<u>1.381.752</u>
Current assets		<u>14.747.348</u>	<u>11.789.139</u>
Assets		<u>22.858.995</u>	<u>20.337.156</u>

Balance sheet at 31.12.2017

	<u>Notes</u>	<u>2017 DKK</u>	<u>2016 DKK</u>
Contributed capital		500.000	500.000
Retained earnings		15.606.571	12.236.510
Proposed dividend		<u>500.000</u>	<u>200.000</u>
Equity		<u>16.606.571</u>	<u>12.936.510</u>
Deferred tax		<u>106.000</u>	<u>151.000</u>
Provisions		<u>106.000</u>	<u>151.000</u>
Bank loans		0	57
Prepayments received from customers		144.511	53.048
Trade payables		1.449.335	1.053.391
Income tax payable		959.646	748.924
Other payables	7	<u>3.592.932</u>	<u>5.394.226</u>
Current liabilities other than provisions		<u>6.146.424</u>	<u>7.249.646</u>
Liabilities other than provisions		<u>6.146.424</u>	<u>7.249.646</u>
Equity and liabilities		<u>22.858.995</u>	<u>20.337.156</u>
Unrecognised rental and lease commitments	9		
Contingent liabilities	10		
Mortgages and securities	11		

Statement of changes in equity for 2017

	Contributed capital DKK	Retained earnings DKK	Proposed dividend DKK	Total DKK
Equity beginning of year	500.000	12.236.510	200.000	12.936.510
Ordinary dividend paid	0	0	(200.000)	(200.000)
Profit/loss for the year	0	3.370.061	500.000	3.870.061
Equity end of year	500.000	15.606.571	500.000	16.606.571

Cash flow statement 2017

	<u>Notes</u>	<u>2017 DKK</u>	<u>2016 DKK</u>
Operating profit/loss		3.979.102	3.290.996
Amortisation, depreciation and impairment losses		276.665	238.520
Working capital changes	8	<u>(2.597.070)</u>	<u>(3.431.943)</u>
Cash flow from ordinary operating activities		1.658.697	97.573
Financial income received		165.474	112.984
Financial income paid		(25.164)	(137.705)
Income taxes refunded/(paid)		<u>(748.924)</u>	<u>(405.309)</u>
Cash flows from operating activities		1.050.083	(332.457)
Acquisition etc of property, plant and equipment		(75.000)	(173.020)
Dividends received		<u>900.000</u>	<u>1.000.000</u>
Cash flows from investing activities		825.000	826.980
Dividend paid		<u>(200.000)</u>	<u>(200.000)</u>
Cash flows from financing activities		(200.000)	(200.000)
Increase/decrease in cash and cash equivalents		1.675.083	294.523
Cash and cash equivalents beginning of year		<u>1.381.695</u>	<u>1.087.172</u>
Cash and cash equivalents end of year		3.056.778	1.381.695
Cash and cash equivalents at year-end are composed of:			
Cash		3.056.778	1.381.752
Short-term debt to banks		<u>0</u>	<u>(57)</u>
Cash and cash equivalents end of year		3.056.778	1.381.695

Notes

	2017	2016
	DKK	DKK
1. Staff costs		
Wages and salaries	5.887.550	6.113.684
Pension costs	481.994	468.332
Other social security costs	113.361	118.831
	6.482.905	6.700.847
Average number of employees	12	12
	2017	2016
	DKK	DKK
2. Other financial income		
Financial income arising from group enterprises	58.550	18.375
Interest income	59.924	47.609
Other financial income	47.000	47.000
	165.474	112.984
	2017	2016
	DKK	DKK
3. Other financial expenses		
Financial expenses from group enterprises	0	15.431
Interest expenses	883	784
Other financial expenses	24.281	121.433
	25.164	137.648
	2017	2016
	DKK	DKK
4. Tax on profit/loss for the year		
Tax on current year taxable income	959.646	748.924
Change in deferred tax for the year	(45.000)	(23.144)
	914.646	725.780

Notes

	Plant and machinery DKK	Other fixtures and fittings, tools and equipment DKK
5. Property, plant and equipment		
Cost beginning of year	591.953	3.322.356
Additions	0	75.000
Disposals	0	(170.585)
Cost end of year	591.953	3.226.771
Depreciation and impairment losses beginning of the year	(591.953)	(2.528.191)
Depreciation for the year	0	(276.665)
Reversal regarding disposals	0	170.585
Depreciation and impairment losses end of the year	(591.953)	(2.634.271)
Carrying amount end of year	0	592.500
	Investments in group enterprises DKK	Deposits DKK
6. Fixed asset investments		
Cost beginning of year	10.562.095	169.000
Cost end of year	10.562.095	169.000
Impairment losses beginning of year	(2.977.243)	0
Amortisation of goodwill	(655.668)	0
Share of profit/loss for the year	1.320.963	0
Dividend	(900.000)	0
Impairment losses end of year	(3.211.948)	0
Carrying amount end of year	7.350.147	169.000

Notes

	<u>Registered in</u>	<u>Corpo- rate form</u>	<u>Equity inte- rest %</u>
Investments in group enterprises comprise:			
Rota-Dan A/S	Aalborg	A/S	100,0
		2017	2016
		DKK	DKK
7. Other payables			
VAT and duties		2.286.252	1.486.801
Wages and salaries, personal income taxes, social security costs, etc payable		227.480	523.573
Holiday pay obligation		1.059.779	876.203
Other costs payable		19.421	2.507.649
		3.592.932	5.394.226
		2017	2016
		DKK	DKK
8. Change in working capital			
Increase/decrease in inventories		(681.841)	363.315
Increase/decrease in receivables		(601.342)	(893.318)
Increase/decrease in trade payables etc		(1.313.887)	(2.901.940)
		(2.597.070)	(3.431.943)
		2017	2016
		DKK	DKK
9. Unrecognised rental and lease commitments			
Hereof liabilities under rental or lease agreements until maturity in total		902.386	292.247
Herof liabilities under rental agreements or leases with group enterprises until expiry		252.252	336.336

Notes

10. Contingent liabilities

The Entity participates in a Danish joint taxation arrangement in which Anders Svensk Jessen Holding I ApS serves as the administration company. According to the joint taxation provisions of the Danish Corporation Tax Act, the Entity is therefore liable from the financial year 2013 for income taxes etc for the jointly taxed entities, and from 1 July 2012 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. Mortgages and securities

The Company has no assets charged.

The Company has provided security for Troensevej 20 ApS's and Rota-Dan A/S's bank debt, however, there is no debt at 31 December 2017.

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.

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, 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, own work capitalised, other operating income, 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 is recognised net of VAT, duties and sales discounts and is measured at fair value of the consideration fixed.

Other operating income

Other operating income comprises income of a secondary nature as viewed in relation to the Entity's primary activities, including rental income and gains from the sale of intangible assets and property, plant and equipment.

Cost of sales

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

Costs of raw materials and consumables

Costs of raw materials and consumables comprise the consumption of raw materials and consumables for the financial year after adjustment for changes in inventories of these goods from the beginning to the end of the year. This item includes shrinkage, if any, and ordinary writedowns of the relevant inventories.

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

Income from investments in group enterprises

Income from investments in group enterprises comprises the pro rata share of the individual enterprises' profit/loss after full elimination of intra-group profits or losses.

Other financial income

Other financial income comprises dividends etc received on other investments, interest income, including interest income on receivables from group enterprises, net capital gains on securities, payables and transactions in foreign currencies, amortisation of financial assets as well as tax relief under the Danish Tax Prepayment Scheme etc.

Accounting policies

Other financial expenses

Other financial expenses comprise interest expenses, including interest expenses on payables to group enterprises, net capital losses on securities, payables and transactions in foreign currencies, amortisation of financial liabilities as well as tax surcharge under the Danish Tax Prepayment Scheme etc.

Tax on profit/loss for the year

Tax for the year, which consists of current tax for the year and changes in deferred tax, is recognised in the income statement by the portion attributable to the profit for the year and recognised directly in equity by the portion attributable to entries directly in equity.

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

Property, plant and equipment

Plant and machinery as well as other fixtures and fittings, tools and 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.

Indirect production costs in the form of indirectly attributable staff costs and amortisation of intangible assets and depreciation of property, plant and equipment used in the development process are recognised in cost based on time spent on each asset.

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:

Plant and machinery	5-10 years
Other fixtures and fittings, tools and equipment	3-5 years

Estimated useful lives and residual values are reassessed annually. Residual values amount to DKK 20k at 31 December 2017.

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 recognised and measured according to the equity method. This means that investments are measured at the pro rata share of the enterprises' equity value plus or minus unamortised goodwill and plus or minus unrealised intra-group profits or losses.

Accounting policies

Group enterprises with negative equity value are measured at DKK 0. Any receivables from these enterprises are written down to net realisable value based on a specific assessment. If the Parent has a legal or constructive obligation to cover the liabilities of the relevant enterprise, and it is probable that such obligation is imminent, a provision is recognised that is measured at present value of the costs deemed necessary to incur to settle the obligation.

Upon distribution of profit or loss, net revaluation of investments in group enterprises is transferred to Reserve for net revaluation according to the equity method under equity.

Goodwill is calculated as the difference between cost of the investments and fair value of the pro rata share of assets and liabilities acquired. Goodwill is amortised straight-line over its estimated useful life, which is fixed based on the experience gained by Management for each business area. Useful life is determined based on an assessment of whether the enterprises are strategically acquired enterprises with a strong market position and a long-term earnings profile and whether the amount of goodwill includes intangible resources of a temporary nature that cannot be separated and recognised as separate assets. If the useful life cannot be estimated reliably, it is fixed at 10 years. Useful lives are reassessed annually. The amortisation periods used are 10 years.

Investments in group enterprises 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. Cost of manufactured goods and work in progress consists of costs of raw materials, consumables, direct labour costs and indirect production costs.

Indirect production costs comprise indirect materials and labour costs, costs of maintenance of, depreciation of and impairment losses relating to machinery, factory buildings and equipment used in the manufacturing process as well as costs of factory administration and management. Finance costs are not included in cost.

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.

Prepayments

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

Cash

Cash comprises cash in hand and bank deposits.

Accounting policies

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.

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.

Other financial liabilities

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

Prepayments received from customers

Prepayments received from customers comprise amounts received from customers prior to delivery of the goods agreed or completion of the service agreed.

Income tax receivable or payable

Current tax payable or receivable is recognised in the balance sheet, stated as tax computed on this year's taxable income, adjusted for prepaid tax

Cash flow statement

The cash flow statement shows cash flows from operating, investing and financing activities as well as cash and cash equivalents at the beginning and the end of the financial year.

Cash flows from operating activities are presented using the indirect method and calculated as the operating profit/loss adjusted for non-cash operating items, working capital changes and income taxes paid.

Cash flows from investing activities comprise payments in connection with activities and fixed asset investments as well as purchase and sale, etc of property, plant and equipment.

Cash flows from financing activities comprise changes in the size or composition of the contributed capital and related costs as well as the raising of loans, inception of finance leases, repayments of interest-bearing debt, purchase of treasury shares and payment of dividend.

Cash and cash equivalents comprise cash and short-term securities with an insignificant price risk less short-term bank loans.