

# Emhart Harttung A/S

Roskildevej 22, 2620 Albertslund

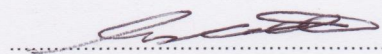
CVR no. 38 95 72 28

## Annual report

for the year 1 January - 31 December 2018

Approved at the Company's annual general meeting on 27 June 2019

Chairman:



.....

## Contents

Statement by the Board of Directors and the Executive Board	2
Independent auditor's report	3
Management's review	5
Financial statements 1 January - 31 December	7
Income statement	7
Balance sheet	8
Statement of changes in equity	9
Notes to the financial statements	10

## Statement by the Board of Directors and the Executive Board

Today, the Board of Directors and the Executive Board have discussed and approved the annual report of Emhart Harttung A/S for the financial year 1 January - 31 December 2018.

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

In our opinion, the financial statements give a true and fair view of the financial position of the Company at 31 December 2018 and of the results of the Company's operations for the financial year 1 January - 31 December 2018.

Further, in our opinion, the Management's review gives a fair review of the matters discussed in the Management's review.

We recommend that the annual report be approved at the annual general meeting.

Copenhagen, 27 June 2019  
Executive Board:

.....  
Amit Kumar Sood

Board of Directors:

.....  
Antony Prueitt  
Chairman

.....  
Amit Kumar Sood

  
.....  
Donald James Riccitelli

## Statement by the Board of Directors and the Executive Board

Today, the Board of Directors and the Executive Board have discussed and approved the annual report of Emhart Harttung A/S for the financial year 1 January - 31 December 2018.

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

In our opinion, the financial statements give a true and fair view of the financial position of the Company at 31 December 2018 and of the results of the Company's operations for the financial year 1 January - 31 December 2018.

Further, in our opinion, the Management's review gives a fair review of the matters discussed in the Management's review.

We recommend that the annual report be approved at the annual general meeting.

Copenhagen, 27 June 2019  
Executive Board:

.....  
Amit Kumar Sood

Board of Directors:

  
.....  
Antony Prueitt  
Chairman

.....  
Amit Kumar Sood

.....  
Donald James Riccitelli

## Independent auditor's report

To the shareholders of Emhart Harttung A/S

### Opinion

We have audited the financial statements of Emhart Harttung A/S for the financial year 1 January - 31 December 2018, which comprise income statement, balance sheet, statement of changes in equity and notes, including 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 financial position of the Company at 31 December 2018 and of the results of the Company's operations for the financial year 1 January - 31 December 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 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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### *Independence*

We are independent of the Company in accordance with the International Ethics Standards Board for 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 rules and requirements.

### 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 as to 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 the 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:

- u 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.
- u 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.

## Independent auditor's report

- ▶ 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 note 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 the Management's review

Management is responsible for the Management's review.

Our opinion on the financial statements does not cover the 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 the Management's review and, in doing so, consider whether the 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 the Management's review provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we conclude that the Management's review is in accordance with the financial statements and has been prepared in accordance with the requirements of the Danish Financial Statement Act. We did not identify any material misstatement of the Management's review.

### Report on other legal and regulatory requirements

#### *Compliance with the Danish Bookkeeping Act*

The Company's servers are located abroad. There is no on-line access from Denmark to the data, etc. preserved at the servers, which is contrary to the Danish Bookkeeping Act. As a result, the members of the Board of Directors may be held liable.

Copenhagen, 27 June 2019  
ERNST & YOUNG  
Godkendt Revisionspartnerselskab  
CVR no. 30 70 02 28



Alex Petersen  
State Authorised Public Accountant  
mne28604

## Management's review

### Company details

Name	Emhart Harttung A/S
Address, Postal code, City	Roskildevej 22, 2620 Albertslund
CVR no.	38 95 72 28
Established	31 May 1972
Registered office	Albertslund
Financial year	1 January - 31 December
Website	<a href="http://www.emhart.eu/eu-dk">http://www.emhart.eu/eu-dk</a>
Telephone	+45 44 84 11 00
Telefax	+45 44 84 62 12
Board of Directors	Antony Prueitt, Chairman Amit Kumar Sood Donald James Riccitelli
Executive Board	Amit Kumar Sood
Auditors	Ernst & Young Godkendt Revisionspartnerselskab Osvold Helmuths Vej 4, P.O. Box 250, 2000 Frederiksberg, Denmark
Bankers	SEB - Skandinaviska Enskilda Banken Bernstorffsgade 50, 1577 København V

## Management's review

### Business review

The Company's operational business area is trade with fasteners, which are sold in the Danish construction and industrial markets.

The Company receives a commission based on the Danish sales completed from the Netherlands. As part of the agreement, a minimum commission has been agreed in case the commission income is not sufficient to cover the operating costs.

Effective November 2018, the commission agreement with the Netherlands was terminated and a similar agreement was entered into with Avdel UK Limited. Based on this agreement the Company is entitled to a cost reimbursement on the Danish sales completed from the UK.

### Financial review

The income statement for 2018 shows a loss of DKK 6,055,166 against a profit of DKK 12,564,490 last year, and the balance sheet at 31 December 2018 shows equity of DKK 3,820,583. The loss for the year is impacted by the development in the USD exchange rate to DKK since a portion of the company's liabilities are nominated in USD.

Management has prepared a plan for reestablishment of the share capital which includes considerations regarding a share capital reduction in order to eliminate the negative retained earnings.

### Events after the balance sheet date

No events materially affecting the Company's financial position have occurred subsequent to the financial year-end.

### Outlook

The Company expects a positive result in 2019.



## Financial statements 1 January - 31 December

### Income statement

Note	DKK	2018	2017
	Gross profit	3,804,501	2,777,771
2	Staff costs	-3,540,906	-2,571,937
3	Depreciation of property, plant and equipment	-199,254	-206,172
	Profit/loss before net financials	64,341	-338
4	Financial income	0	11,890,877
5	Financial expenses	-6,804,432	-1,299,909
	Profit/loss before tax	-6,740,091	10,590,630
6	Tax for the year	684,925	1,973,860
	Profit/loss for the year	<u>-6,055,166</u>	<u>12,564,490</u>
	Recommended appropriation of profit/loss	<u>-6,055,166</u>	<u>12,564,490</u>
	Retained earnings/accumulated loss	<u>-6,055,166</u>	<u>12,564,490</u>

## Financial statements 1 January - 31 December

### Balance sheet

Note	DKK	2018	2017
	ASSETS		
	Non-current assets		
7	Property, plant and equipment		
	Other fixtures and fittings, tools and equipment	276,811	417,145
		<u>276,811</u>	<u>417,145</u>
	Total non-current assets	<u>276,811</u>	<u>417,145</u>
	Current assets		
	Receivables		
	Receivables from group entities	136,399,879	135,904,156
	Joint taxation contribution receivable	1,338,067	653,142
	Other receivables	109,750	341,391
	Prepayments	6,589	30,399
		<u>137,854,285</u>	<u>136,929,088</u>
	Total current assets	<u>137,854,285</u>	<u>136,929,088</u>
	<b>TOTAL ASSETS</b>	<u><u>138,131,096</u></u>	<u><u>137,346,233</u></u>
	EQUITY AND LIABILITIES		
	Equity		
8	Share capital	29,797,000	29,797,000
	Retained earnings	-25,976,417	-19,921,251
	Total equity	<u>3,820,583</u>	<u>9,875,749</u>
	Non-current liabilities		
	Payables to group entities	94,433,739	88,144,410
	Total non-current liabilities	<u>94,433,739</u>	<u>88,144,410</u>
	Current liabilities		
	Trade payables	29,436	118,996
	Payables to group entities	39,341,935	38,665,224
	Other payables	505,403	541,854
	Total current liabilities	<u>39,876,774</u>	<u>39,326,074</u>
	Total liabilities	<u>134,310,513</u>	<u>127,470,484</u>
	<b>TOTAL EQUITY AND LIABILITIES</b>	<u><u>138,131,096</u></u>	<u><u>137,346,233</u></u>

- 1 Accounting policies
- 10 Contractual obligations and contingencies, etc.
- 11 Related parties

## Financial statements 1 January - 31 December

### Statement of changes in equity

DKK	<u>Share capital</u>	<u>Retained earnings</u>	<u>Total</u>
Equity at 1 January 2018	29,797,000	-19,921,251	9,875,749
Transfer through appropriation of loss	0	-6,055,166	-6,055,166
Equity at 31 December 2018	<u>29,797,000</u>	<u>-25,976,417</u>	<u>3,820,583</u>

Management has prepared a plan for reestablishment of the share capital which includes considerations regarding a share capital reduction in order to eliminate the negative retained earnings.

## Financial statements 1 January - 31 December

### Notes to the financial statements

#### 1 Accounting policies

The annual report of Emhart Harttung A/S for 2018 has been prepared in accordance with the provisions in the Danish Financial Statements Act applying to reporting class B entities and elective choice of certain provisions applying to reporting class C entities.

The accounting policies used in the preparation of the financial statements are consistent with those of last year.

#### Reporting currency

The financial statements are presented in Danish kroner (DKK).

#### Foreign currency translation

On initial recognition, transactions denominated in foreign currencies are translated at the exchange rate at the transaction date. Foreign exchange differences arising between the exchange rates at the transaction date and the date of payment are recognised in the income statement as financial income or financial expenses.

Receivables and payables and other monetary items denominated in foreign currencies are translated at the exchange rate at the balance sheet date. The difference between the exchange rates at the balance sheet date and the date at which the receivable or payable arose or was recognised in the most recent financial statements is recognised in the income statement as financial income or financial expenses.

#### Leases

The Company has chosen IAS 17 as interpretation for classification and recognition of leases.

Leases that do not transfer substantially all the risks and rewards incident to the ownership to the Company are classified as operating leases. Payments relating to operating leases and any other rent agreements are recognised in the income statement over the term of the lease. The Company's aggregate liabilities relating to operating leases and other rent agreements are disclosed under "Contingent liabilities".

#### Income statement

##### Revenue

The Company has chosen IAS 18 as interpretation for revenue recognition.

Commission income is recognised over the term of the agreement in accordance with the content of the commission agreement.

Revenue is measured at the fair value of the agreed consideration excluding VAT and taxes charged on behalf of third parties. All discounts and rebates granted are recognised in revenue.

##### Gross profit

The items revenue, change in inventories of finished goods and work in progress, work performed for own account and capitalised, other operating income and external expenses have been aggregated into one item in the income statement called gross margin in accordance with section 32 of the Danish Financial Statements Act.

##### Other external expenses

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

## Financial statements 1 January - 31 December

### Notes to the financial statements

#### 1 Accounting policies (continued)

##### Staff costs

Staff costs include wages and salaries, including compensated absence and pension to the Company's employees, as well as other social security contributions, etc. The item is net of refunds from public authorities.

##### Depreciation

The item comprises depreciation of property, plant and equipment.

The basis of depreciation, which is calculated as cost less any residual value, is depreciated on a straight line basis over the expected useful life. The expected useful lives of the assets are as follows:

Other fixtures and fittings, tools and equipment	3-5 years
--	-----------

The residual value is determined at the time of acquisition and is reassessed every year. Where the residual value exceeds the carrying amount of the asset, no further depreciation charges are recognised. In case of changes in the residual value, the effect on the depreciation charges is recognised prospectively as a change in accounting estimates.

##### Financial income and expenses

Financial income and expenses are recognised in the income statements at the amounts that concern the financial year. Net financials include interest income and expenses as well as allowances and surcharges under the advance-payment-of-tax scheme, etc.

##### 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.

The entity is jointly taxed with other group entities. The total Danish income tax charge is allocated between profit/loss-making Danish entities in proportion to their taxable income (full absorption).

Jointly taxed entities entitled to a tax refund are reimbursed by the management company based on the rates applicable to interest allowances, and jointly taxed entities which have paid too little tax pay a surcharge according to the rates applicable to interest surcharges to the management company.

##### Balance sheet

##### Property, plant and equipment

Items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses. Cost includes the acquisition price and costs directly related to the acquisition until the time at which the asset is ready for use.

Depreciation principles used are based on straight-line depreciation of assets during their expected useful lives. The following years have in general been used for depreciation:

Depreciation is recognised in the income statement.

## Financial statements 1 January - 31 December

### Notes to the financial statements

#### 1 Accounting policies (continued)

##### Impairment of non-current assets

Every year, other fixtures and fittings, tools and equipment as well as investments in subsidiaries and associates are reviewed for impairment. Where there is indication of impairment, an impairment test is made for each individual asset or group of assets, respectively, generating independent cash flows. The assets are written down to the higher of the value in use and the net selling price of the asset or group of assets (recoverable amount) if it is lower than the carrying amount. Where an impairment loss is recognised on a group of assets, a loss must first be allocated to goodwill and then to the other assets on a pro rata basis.

Impairment tests are conducted on assets or groups of assets when there is evidence of impairment. The carrying amount of impaired assets is reduced to the higher of the net selling price and the value in use (recoverable amount).

The recoverable amount is the higher of the net selling price of an asset and its value in use. The value in use is calculated as the present value of the expected net cash flows from the use of the asset or the group of assets and the expected net cash flows from the disposal of the asset or the group of assets after the end of the useful life.

Previously recognised impairment losses are reversed when the reason for recognition no longer exists. Impairment losses on goodwill are not reversed.

##### Receivables

Receivables are measured at amortised cost.

The Company has chosen IAS 39 as interpretation for impairment of financial receivables.

An impairment loss is recognised if there is objective evidence that a receivable or a group of receivables is impaired. If there is objective evidence that an individual receivable has been impaired, an impairment loss is recognised on an individual basis.

Impairment losses are calculated as the difference between the carrying amount of the receivables and the present value of the expected cash flows, including the realisable value of any collateral received. The effective interest rate for the individual receivable or portfolio is used as discount rate.

##### Cash

Cash comprises bank accounts which are subject to minor risks of changes in value.

Given the nature of the Group's cash pool arrangement, cash pool balances are not considered cash, but are recognised under "Receivables from group entities".

##### Other payables

Other payables are measured at net realisable value.

## Financial statements 1 January - 31 December

### Notes to the financial statements

DKK	2018	2017
2 Staff costs		
Wages/salaries	3,278,620	2,233,016
Pensions	245,812	219,696
Other social security costs	16,474	119,225
	<u>3,540,906</u>	<u>2,571,937</u>
Average number of full-time employees	<u>5</u>	<u>4</u>
3 Depreciation of property, plant and equipment		
Depreciation of property, plant and equipment	199,254	206,172
	<u>199,254</u>	<u>206,172</u>
4 Financial income		
Exchange gain	0	11,890,877
	<u>0</u>	<u>11,890,877</u>
5 Financial expenses		
Interest expenses, group entities	2,307,873	1,299,896
Exchange losses	4,484,075	0
Other financial expenses	12,484	13
	<u>6,804,432</u>	<u>1,299,909</u>
6 Tax for the year		
Estimated tax charge for the year	-418,325	0
Tax adjustments, prior years	-266,600	-1,973,860
	<u>-684,925</u>	<u>-1,973,860</u>

Tax adjustments, prior years, include tax refunds received from the joint taxation with other Stanley Black & Decker entities.

## Financial statements 1 January - 31 December

### Notes to the financial statements

#### 7 Property, plant and equipment

DKK	Other fixtures and fittings, tools and equipment
Cost at 1 January 2018	957,792
Additions in the year	448,498
Disposals in the year	-389,578
Cost at 31 December 2018	<u>1,016,712</u>
Impairment losses and depreciation at 1 January 2018	540,647
Amortisation/depreciation in the year	199,254
Impairment losses and depreciation at 31 December 2018	<u>739,901</u>
Carrying amount at 31 December 2018	<u><u>276,811</u></u>

#### 8 Share capital

The Company's share capital comprises 29,797 thousand shares of DKK 1.00.

The Company's share capital has remained DKK 29,797 thousand over the past 5 years.

#### 9 Deferred tax

The Company has tax loss carry-forwards. As it is uncertain if these tax losses can be utilised within a foreseeable future, their carrying amount has not been recognised in the financial statements.

#### 10 Contractual obligations and contingencies, etc.

##### Other contingent liabilities

The Company is jointly taxed with other Danish group entities and is jointly and severally liable with other jointly taxed group entities liable for payment of income taxes for the income year 2013 onwards as well as withholding taxes on interest, royalties and dividends falling due for payment on or after 1 July 2012.

#### 11 Related parties

Emhart Harttung A/S' related parties comprise the following:

##### Parties exercising control

<u>Related party</u>	<u>Domicile</u>	<u>Basis for control</u>
Black & Decker Holdings GmbH	Black & Decker Strasse 40, 65510 Idstein, Germany	Participating interest