Otto International Scan-Thor ApS

Poppelvej 1
7400 Herning

CVR no. 39 24 68 99

Annual report for the period 12 January 2018 – 28 February 2019

The annual report was presented and approved at the Company's annual general meeting on

10 July 2019

Christian Gottorp Thor Larsen
chairman

Contents

Statement by the Board of Directors and the Executive Board

The Board of Directors and the Executive Board have today discussed and approved the annual report of Otto International Scan-Thor ApS for the financial period 12 January 2018 – 28 February 2019.

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

In our opinion, the financial statements give a true and fair view of the Company's assets, liabilities and financial position at 28 February 2019 and of the results of the Company's operations for the financial period 12 January 2018 – 28 February 2019.

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.

Herning, 10 July 2019
Executive Board:

Frederik Gottorp Thor CEO	Christian Gottorp Thor Larsen CEO

Board of Directors:

Frederik Gottorp Thor Chairman	Robert Wagner Vice-chairman	Michael Dumke
Christian Gottorp Thor Larsen		

Statement by the Board of Directors and the Executive Board

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

In our opinion, the financial statements give a true and fair view of the Company's assets, liabilities and financial position at 28 February 2019 and of the results of the Company's operations for the financial period 12 January 2018 – 28 February 2019.

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.

Herning, 10 July 2019
Executive Board:

Frederik Gottorp Thor CEO	Christian Gottorp Thor Larsen CEO

Board of Directors:

Frederik Gottorp Thor Chairman	Robert Wagner Vice-chairman	Michael Dumke
Christian Gottorp Thor Larsen		

Independent auditor's report

To the shareholders of Otto International Scan-Thor ApS

Opinion

We have audited the financial statements of Otto International Scan-Thor ApS for the financial period 12 January 2018 – 28 February 2019 comprising 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 Company's assets, liabilities and financial position at 28 February 2019 and of the results of the Company's operations for the financial period 12 January 2018 – 28 February 2019 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 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. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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 that 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 in Denmark will always detect a material misstatement when it exists. Misstatements may 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 made on the basis of these financial statements.

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgement and maintain professional scepticism throughout the audit. We also

— identify and assess the risks of material misstatement of the company financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.

— obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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 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 Statements Act. We did not identify any material misstatement of the Management's review.

Aarhus, 10 July 2019 10 July 2019
KPMG
Statsautoriseret Revisionspartnerselskab
CVR no. 25 57 81 98

Michael Stenskog	Michael E. K. Rasmussen
State Authorised	State Authorised
Public Accountant	Public Accountant
mne26819	mne41364

Management's review

Company details

Otto International Scan-Thor ApS
Poppelvej 1
7400 Herning

Telephone:	+45 96 26 50 60
Website:	www.scan-thor.com
CVR no.:	39 24 68 99
Financial period:	12 January 2018 – 28 February 2019

Board of Directors

Frederik Gottorp Thor, Chairman
Robert Wagner, Vice-chairman
Michael Dumke
Christian Gottorp Thor Larsen

Executive Board

Frederik Gottorp Thor, CEO
Christian Gottorp Thor Larsen, CEO

Auditor

KPMG
Statsautoriseret Revisionspartnerselskab
Bredskifte Allé 13
DK-8210 Aarhus V

Management's review

Operating review

Principal activities

The Company's main activity is to own investments in susidiaries for the Group and act as the holding and management company for these entities.

Development in activities and financial position

The financial year 2018/19 is the Company's first financial year and hence there are no comparative figures.

The Company's income statement shows a loss of DKK 5,905 thousand, and equity at 28 February 2019 was DKK 91,844 thousand.

Management finds the results for the first financial year unsatisfactory and strives to improve the results as of next financial year.

Events after the balance sheet date

No events have occured after the balance sheet date that may materially affect the financial position of the Company.

Financial statements 12 January – 28 February

Income statement

DKK	Note	12/1 2018-28/2 2019
Gross loss		-2,270,163
Staff costs	2	-6,825,490
Operating loss		-9,095,653
Income from equity investments in group entities		1,268,727
Financial income and expenses		-61,907
Loss before tax		-7,888,833
Tax on loss for the year		1,983,638
Loss for the year		-5,905,195

Proposed profit appropriation/distribution of loss

Loss brought forward	-5,905,195

Financial statements 12 January – 28 February

Balance sheet

DKK	Note	28/2 2019
ASSETS		
Fixed assets		
Investments	3	
Equity investments in group entities		87,891,955
Total fixed assets		87,891,955
Current assets		
Receivables		
Receivables from group entities		290,836
Other receivables		67,858
Deferred tax asset		1,983,638
		2,342,332
Cash at bank and in hand		3,828,963
Total current assets		6,171,295
TOTAL ASSETS		94,063,250
EQUITY AND LIABILITIES		
Equity		
Contributed capital		104,300
Retained earnings		91,739,296
Total equity		91,843,596
Liabilities		
Current liabilities		
Trade payables		42,535
Payables to group entities		692,063
Other payables		1,485,056
		2,219,654
Total liabilities		2,219,654
TOTAL EQUITY AND LIABILITIES		94,063,250
Contractual obligations, contingencies, etc.	4	
Related party disclosures	5	

Financial statements 12 January – 28 February

Statement of changes in equity

DKK	Contributed capital	Share premium	Retained earnings	Total
Equity at 12 January 2018	50,000	0	0	50,000
Cash capital increase	54,300	0	0	54,300
Transfers, reserves	0	-97,644,491	97,644,491	0
Transferred over the distribution of loss	0	0	-5,905,195	-5,905,195
Equity at 28 February 2019	104,300	-97,644,491	91,739,296	-5,800,895

Financial statements 12 January – 28 February

Notes

1 Accounting policies

The annual report of Otto International Scan-Thor ApS for 2018/19 has been prepared in accordance with the provisions applying to reporting class B entites under the Danish Financial Statements Act.

As this is the first financial year, there are no comparative figures.

Omission of consolidated financial statements

Pursuant to section 110 (1) of the Danish Financial Statements Act, no consolidated financial statements have been prepared. The financial statements of Otto International Scan-Thor ApS and group entities are included in the consolidated financial statements of Otto (GmbH & Co KG), Germany.

Foreign currency translation

On initial recognition, transactions denominated in foreign currencies are translated at the exchange rates 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, payables and other monetary items denominated in foreign currencies are translated at the exchange rates 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 latest financial statements is recognised in the income statement as financial income or financial expenses.

Upon recognition of foreign subsidiaries and associates that are independent entities, the income statements are translated into Danish kroner at average exchange rates for the month, and balance sheet items are translated at the exchange rates at the balance sheet date. Foreign exchange differences arising upon translation of foreign subsidiaries' opening equity and results at the exchange rates at the balance sheet date are recognised directly in equity.

Foreign exchange adjustments of balances with independent foreign subsidiaries considered part of the total investment in the subsidiary are recognised directly in equity. Similarly, foreign exchange gains and losses on loans and derivative financial instruments taken out for the purpose of hedging investments in foreign subsidiaries are recognised directly in equity.

Upon recognition of foreign subsidiaries that are integrated entities, monetary items are translated at the exchange rates at the balance sheet date. Non-monetary items are translated at the exchange rates at the date of acquisition or the date of subsequent revaluations of the asset. Income statement items are translated at the exchange rates at the transaction date, whereas items derived from non-monetary items are translated at historical exchange rates for the non-monetary item.

Income statement

Gross profit

Pursuant to Section 32 of the Danish Financial Statements Act, the Company has decided only to disclose gross profit.

Financial statements 12 January – 28 February

Notes

1 Accounting policies (continued)

Revenue

Income from sourcing, comprising commission from group companies and 3rd parties for quality control performed, is recognised in revenue when the Company has performed the work relating to sourcing based on the individual contracts and the income may be measured reliably and is expected to be received.

Revenue from the sale of goods where installation is a condition for significant risks being considered to have been transferred to the buyer is recognised as revenue when installation has been completed.

Revenue from the sale of goods where delivery has been postponed at the buyer's request is recognised as revenue when ownership of the goods has been transferred to the buyer.

A contract is broken down by individual transactions when the fair value of the individual sales transactions may be reliably measured, and the individual sales transactions are of separate value to the buyer. Sales transactions are deemed to be of a separate value to the buyer when the transaction is individually identifiable and usually sold individually. The contract price is broken down by the individual sales transactions in accordance with the fair value method. The separate sales transactions are recognised as revenue when complying with the criteria applying to the sale of goods and services.

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

For products with a high degree of customisation, revenue is recognised as production takes place, and accordingly, revenue corresponds to the selling price of the work performed for the year (the percentage of completion method). When total income and costs attributable to the contract or the stage of completion at the balance sheet date cannot be estimated reliably, revenue is recognised only at costs incurred and only to the extent that the recovery thereof is likely.

Revenue from the sale of services, comprising #, is recognised on a straight-line basis in the income statement as the services are provided.

Services based on time spent are recognised in revenue as the work is performed.

Other operating income

Other operating income comprises items secondary to the activities of the entity, including gains on the disposal of intangible assets and property, plant and equipment.

Other external costs

Other external costs comprise distribution costs and costs related to sales, sales campaigns, administration, office premises, operating leases, etc.

Staff costs

Staff costs comprise wages and salaries, including holiday allowance, pension and other social security costs, etc., to the Company's employees, excluding reimbursements from public authorities.

Financial statements 12 January – 28 February

Notes

1 Accounting policies (continued)

Financial income and expenses

Financial income and expenses comprise interest income and expense, financial costs regarding finance leases, gains and losses on securities, payables and transactions denominated in foreign currencies, amortisation of financial assets and liabilities as well as surcharges and refunds under the on-account tax scheme, etc.

Dividends from equity investments measured at cost are recognised as income in the Parent Company's income statement in the financial year when the dividends are declared.

Tax on profit/loss for the year

The Parent Company is subject to the Danish rules on compulsory joint taxation of the Group's Danish subsidiaries. The subsidiaries are included in the joint taxation from the date when they are included in the consolidated financial statements and up to the date when they are excluded from the consolidation.

The Parent Company is the administrative company for the joint taxation and accordingly settles all payments of corporation tax to the tax authorities.

On payment of joint taxation contributions, current Danish corporation tax is allocated between the jointly taxed entities in proportion to their taxable income. Entities with tax losses receive joint taxation contributions from entities that have used the losses to reduce their own taxable profit.

Tax for the year comprises current corporation tax for the year and changes in deferred tax, including changes in tax rates. The tax expense relating to the profit/loss for the year is recognised in the income statement, and the tax expense relating to amounts directly recognised in equity is recognised directly in equity.

Balance sheet

Equity investments in group entities

Equity investments in group entities are measured at cost price plus or minus unrealised intra-group gains or losses and plus or minus the residual value of positive and negative goodwill calculated in accordance with the acquisition method. If cost exceeds the net realisable value, write-down is made to this lower value.

Receivables

Receivables are measured at amortised cost.

Write-down is made for bad debt losses where there is an objective indication that a receivable or a portfolio of receivables has been impaired. If there is an objective indication that an individual receivable has been impaired, write-down is made on an individual basis.

Corporation tax and deferred tax

Current tax payable and receivable is recognised in the balance sheet as tax computed on the taxable income for the year, adjusted for tax on the taxable income of prior years and for tax paid on account.

Financial statements 12 January – 28 February

Notes

1 Accounting policies (continued)

Deferred tax is measured using the balance sheet liability method on all temporary differences between the carrying amount and the tax value of assets and liabilities based on the planned use of the asset or settlement of the liability. However, deferred tax is not recognised on temporary differences relating to goodwill non-deductible for tax purposes and on office premises and other items where the temporary differences arise at the date of acquisition without affecting either profit/loss or taxable income.

Deferred tax assets, including the tax value of tax loss carryforwards, are recognised at the expected value of their utilisation within the foreseeable future; either as a set-off against tax on future income or as a set-off against deferred tax liabilities in the same legal tax entity. Any deferred net assets are measured at net realisable value.

Deferred tax is measured in accordance with the tax rules and at the tax rates applicable at the balance sheet date when the deferred tax is expected to crystallise as current tax. Changes in deferred tax as a result of changes in tax rates are recognised in the income statement or equity, respectively.

Equity

Dividends

The expected dividends payment for the year is disclosed as a separate item under equity.

Liabilities

Financial liabilities are recognised at cost at the date of borrowing, corresponding to the proceeds received less transaction costs paid. In subsequent periods, the financial liabilities are measured at amortised cost using the effective interest method. Accordingly, the difference between cost and the nominal value is recognised in the income statement over the term of the loan together with interest expenses.

Other liabilities are measured at net realisable value.

Financial statements 12 January – 28 February

Notes

DKK	12/1 2018-28/2 2019
2 Staff costs	
Wages and salaries	6,800,527
Other social security costs	14,580
Other staff costs	10,383
	6,825,490
Average number of full-time employees	7

3 Investments in group entities	
Cost at 12 January	0
Additions for the year	87,891,955
Cost at 28 February	87,891,955
Carrying amount at 28 February	87,891,955

4 Contractual obligations, contingencies, etc.

Contingent liabilities

The Group's Danish entities are jointly and severally liable for tax on the Group's jointly taxed income and for certain withholding taxes, such as dividend tax and royalty tax.

Any subsequent corrections of the taxable income subject to joint taxation or withholding taxes on dividends, etc. may entail an increase in the entities' liability. The Group as a whole is not liable to any other parties.

Operating lease obligations

Remaining operating lease obligations at the balance sheet date in the amount of DKK 624 thousand fall due within 5 years.

5 Related party disclosures

Control

Otto International GmbH, Werner-Otto-Strasse 1-7, 179 Hamburg.

SCAN-THOR GROUP A/S holds 50% of the contributed capital in the Company.

Otto International GmbH holds 50% of the contributed capital in the Company and holds the controlling vote.

Otto International Scan-Thor ApS is part of the consolidated financial statements of Otto (GmbH & Co KG), Germany, which is the smallest and largest group, respectively, in which the Company is included as a subsidiary.

The consolidated financial statements of Otto (GmbH & Co KG) can be obtained by contacting the company at the address above.