Otto International Scan-Thor Scandinavia ApS

Poppelvej 1
DK-7400 Herning

CVR no. 39 33 03 26

Annual report 2020/21

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

15 July 2021

Frederik Gottorp Thor
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 Scandinavia ApS for the financial year 1 March 2020 – 28 February 2021.

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 2021 and of the results of the Company's operations for the financial year 1 March 2020 – 28 February 2021.

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, 15 July 2021
Executive Board:

Frederik Gottorp Thor CEO	Leif Hinge CFO

Board of Directors:

Frederik Gottorp Thor Chairman	Christian Gottorp Thor Larsen Vice-chairman

Independent auditor's report

To the shareholders of Otto International Scan-Thor Scandinavia ApS

Opinion

We have audited the financial statements of Otto International Scan-Thor Scandinavia ApS for the financial year 1 March 2020 – 28 February 2021 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 2021 and of the results of the Company's operations for the financial year 1 March 2020 – 28 February 2021 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.

Independent auditor's report

— obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

— evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.

— conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

— evaluate the overall presentation, structure and contents of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Statement on 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, 15 July 2021
KPMG
Statsautoriseret Revisionspartnerselskab
CVR no. 25 57 81 98

Michael E. K. Rasmussen
State Authorised
Public Accountant
mne41364

Management's review

Company details

Otto International Scan-Thor Scandinavia ApS
Poppelvej 1
7400 Herning

Telephone:	+45 96 26 50 60
Website:	www.scan-thor.com

CVR no.:	39 33 03 26
Established:	9 February 2018
Registered office:	Herning
Financial year:	1 March – 28 February

Board of Directors

Frederik Gottorp Thor, Chairman
Christian Gottorp Thor Larsen, Vice-chairman

Executive Board

Frederik Gottorp Thor, CEO
Leif Hinge, CFO

Auditor

KPMG
Statsautoriseret Revisionspartnerselskab
Bredskifte Allé 13
DK-8210 Aarhus V
CVR no. 25 57 81 98

Management's review

Operating review

Principal activities

The principal activity of the Company is to operate with sourcing and related activities as assessed by Management.

Development in activities and financial position

The Company's income statement for 2020/21 shows a profit of DKK 1,610,364 as against a profit of DKK 766,856 in 2019/20. Equity in the Company's balance sheet at 28 February 2021 stood at DKK 15,592,603 as against DKK 16,039,900 at 29 February 2020.

Management finds the results for the financial year satisfactory.

Financial statements 1 March – 28 February

Income statement

DKK	Note	2020/21	2019/20
Gross profit		9,707,726	8,106,201
Staff costs	2	-6,003,559	-5,456,776
Depreciation, amortisation and impairment losses		-1,598,503	-1,591,016
Profit before financial income and expenses		2,105,664	1,058,409
Other financial expenses		-40,486	-19,519
Profit before tax		2,065,178	1,038,890
Tax on profit for the year		-454,814	-272,034
Profit for the year		1,610,364	766,856

Proposed profit appropriation

Proposed dividends for the year	4,901,000	2,057,661
Retained earnings	-3,290,636	-1,290,805
	1,610,364	766,856

Financial statements 1 March – 28 February

Balance sheet

DKK	Note	28/2 2021	29/2 2020
ASSETS			
Fixed assets			
Intangible assets			
Goodwill		10,500,000	12,000,000
Plant and equipment			
Fixtures and fittings, tools and equipment		42,406	140,909
Total fixed assets		10,542,406	12,140,909
Current assets			
Receivables			
Trade receivables		400,872	321,989
Receivables from group entities		3,458,923	4,646,408
Other receivables		72,000	72,000
Deferred tax asset		62,140	0
		3,993,935	5,040,397
Cash at bank and in hand		4,317,345	923,889
Total current assets		8,311,280	5,964,286
TOTAL ASSETS		18,853,686	18,105,195

Financial statements 1 March – 28 February

Balance sheet

DKK	Note	28/2 2021	29/2 2020
EQUITY AND LIABILITIES			
Equity			
Contributed capital		50,000	50,000
Retained earnings		10,641,603	13,932,239
Proposed dividends for the financial year		4,901,000	2,057,661
Total equity		15,592,603	16,039,900
Provisions			
Provisions for deferred tax		0	262,322
Total provisions		0	262,322
Liabilities other than provisions			
Current liabilities other than provisions			
Trade payables		139,441	205,792
Payables to group entities		61,846	413,034
Corporation tax		779,276	133,451
Other payables		2,280,520	1,050,696
		3,261,083	1,802,973
Total liabilities other than provisions		3,261,083	1,802,973
TOTAL EQUITY AND LIABILITIES		18,853,686	18,105,195
Contractual obligations, contingencies, etc.	3		
Related party disclosures	4		

Financial statements 1 March – 28 February

Statement of changes in equity

DKK	Contributed capital	Retained earnings	Proposed dividends for the financial year	Total
Equity at 1 March 2020	50,000	13,932,239	2,057,661	16,039,900
Ordinary dividends paid	0	0	-2,057,661	-2,057,661
Transferred over the profit appropriation	0	-3,290,636	4,901,000	1,610,364
Equity at 28 February 2021	50,000	10,641,603	4,901,000	15,592,603

Financial statements 1 March – 28 February

Notes

1 Accounting policies

The annual report of Otto International Scan-Thor Scandinavia ApS for 2020/21 has been prepared in accordance with the provisions applying to reporting class B entities under the Danish Financial Statements Act with opt-in of specific provisions for reporting class C.

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

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 1 March – 28 February

Notes

1 Accounting policies (continued)

Revenue

Income from sourcing, comprising commission from group entities and third 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 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.

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 income and expenses

Financial income and expenses comprise interest income and expense, payables and transactions denominated in foreign currencies as well as surcharges and refunds under the on-account tax scheme, etc.

Tax on profit/loss for the year

The 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.

Financial statements 1 March – 28 February

Notes

1 **Accounting policies (continued)**

Balance sheet

Intangible assets

Goodwill

Goodwill is amortised on a straight-line basis over the estimated useful life determined on the basis of Management's experience within the individual business areas. The amortisation period is 10 years for strategically acquired entities with a strong market position and long-term earnings profile.

Gains and losses on the disposal of intangible assets are determined as the difference between the selling price less selling costs and the carrying amount at the date of disposal. Gains and losses are recognised in the income statement as other operating income or other operating costs, respectively.

Plant and equipment

Fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation and impairment losses.

Cost comprises the purchase price and any costs directly attributable to the acquisition until the date on which the asset is available for use.

Where individual components of an item of plant and equipment have different useful lives, they are accounted for as separate items, which are depreciated separately.

The basis of depreciation is cost less any projected residual value after the end of the useful life. Depreciation is provided on a straight-line basis over the estimated useful life. The estimated useful lives are as follows:

Fixtures and fittings, tools and equipment	3-5 years

The useful life and residual value are reassessed annually. Changes are treated as accounting estimates, and the effect on depreciation is recognised prospectively.

Gains and losses on the disposal of plant and equipment are stated as the difference between the selling price less selling costs and the carrying amount at the date of disposal. Gains and losses are recognised in the income statement as other operating income or other operating costs, respectively.

Impairment of fixed assets

The carrying amount of intangible assets and plant and equipment is subject to an annual test for indications of impairment other than the decrease in value reflected by depreciation or amortisation.

Impairment tests are conducted of individual assets or groups of assets when there is an indication that they may be impaired. Write-down is made to the recoverable amount if this is lower than the carrying amount.

Financial statements 1 March – 28 February

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1 Accounting policies (continued)

The recoverable amount is the higher of an asset's net selling price and its value in use. The value in use is determined as the present value of the forecast net cash flows from the use of the asset or the group of assets, including forecast net cash flows from the disposal of the asset or the group of assets after the end of the useful life.

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.

Equity

Dividends

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

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.

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.

Liabilities other than provisions

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 1 March – 28 February

Notes

2 Staff costs

DKK	2020/21	2019/20
Wages and salaries	5,837,756	5,249,324
Other social security costs	67,863	101,309
Other staff costs	97,940	106,143
	6,003,559	5,456,776
Average number of full-time employees	12	13

3 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.

As a result of an asset purchase, the Company is exposed to a risk of a liability related to the purchase price of DKK 2,946 thousand.

Operating lease obligations

Remaining operating lease obligations at the balance sheet date in the amount of DKK 688 thousand fall due within 5 years.

4 Related party disclosures

Control

Otto International Scan-Thor ApS, Poppelvej 1, Herning, Denmark.

Otto International Scan-Thor ApS holds the majority of the contributed capital in the Company.

Otto International Scan-Thor Scandinavia ApS is part of the consolidated financial statements of Otto (GmbH & Co KG), Germany, which is the smallest group, 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.