

# Stanley Nordic ApS

Smedeland 15, 2600 Glostrup

CVR no. 63 32 07 14

## Annual report

for the year 1 January - 31 December 2016

Approved at the annual general meeting of shareholders on

15.6.2017

Chairman:



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### Statement by the Executive Board

Today, the Executive Board has discussed and approved the annual report of Stanley Nordic ApS for the financial year 1 January - 31 December 2016.

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

In my opinion, the financial statements give a true and fair view of the financial position of the Company at 31 December 2016 and of the results of the Company's operations for the financial year 1 January - 31 December 2016.

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

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

Copenhagen, 15 June 2017  
Executive Board:



Michael Keldsen  
Executive Board

## Independent auditor's report

To the shareholder of Stanley Nordic ApS

### Opinion

We have audited the financial statements of Stanley Nordic ApS for the financial year 1 January - 31 December 2016, which comprise an 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 2016 and of the results of the Company's operations for the financial year 1 January - 31 December 2016 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 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 about 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 skepticism throughout the audit. We also:

- ▶ 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.
- ▶ 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.

## Independent auditor's report

- ▶ 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 conclusion is 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 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.

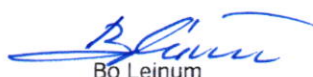
Based on our procedures, we conclude that the Management's review is in accordance with the financial statements and has been prepared in accordance with the requirements of the Danish Financial Statement Act. We did not identify any material misstatement of the Management's review.

### 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 Executive Board may be held liable.

Copenhagen, 15 June 2017  
Ernst & Young  
Godkendt Revisionspartnerselskab  
CVR no. 30 70 02 28



Bo Leinum  
State Authorised Public Accountant

## Management's review

### Company details

Name	Stanley Nordic ApS
Address, Postal code, City	Smedeland 15, 2600 Glostrup
CVR no.	63 32 07 14
Established	20 June 1975
Registered office	Glostrup
Financial year	1 January - 31 December
Executive Board	Michael Keldsen, Executive Board
Auditors	Ernst & Young Godkendt Revisionspartnerselskab Osvald Helmuths Vej 4, P.O. Box 250, 2000 Frederiksberg, Denmark
Bankers	SEB Citibank

## Management's review

### Management commentary

#### Business review

In 2014, the Company divested the investment in the wholly-owned subsidiary, Scan Modul Byrum ApS. The Company does not hold any investments and is considered a dormant company.

Claims following the divestment completed in October 2014 have been raised against the Company.

Stanley Black and Decker's legal department in Europe, including the external legal advisors, has not found any valid ground for the claims, and consequently, no provisions have been made in the financial statements for the claims. See note 8 to the financial statements regarding contractual obligations and contingencies for further information.

The preliminary court rulings substantiate this opinion as the court did not conclude any valid ground for the claims, however, the final court rulings have been postponed to Q3, 2017.

#### Unusual matters having affected the financial statements

##### *Going concern*

Besides acting as management company for the cash-pool arrangements, the Company has no operating activity. The Stanley Black & Decker Group has announced its intention to contribute funds sufficient for the Company to remain going concern in 2017.

On this basis, Management has applied the going concern assumption when preparing the financial statements.

#### Financial review

The income statement for 2016 shows a loss of DKK 1,347,271 against DKK -423,555 last year, and the balance sheet at 31 December 2016 shows equity of DKK 1,781,922.

#### Events after the balance sheet date

No significant events have occurred subsequent to the financial year.

#### Outlook

There is no plans for operating activities in 2017.

It is the intention to close down the Company within a foreseeable future.

The liquidation will not be initiated before any legal disputes have been resolved.

## Financial statements for the period 1 January - 31 December

### Income statement

Note	DKK	2016	2015
	Other external expenses	-655,616	-140,646
	Gross margin	-655,616	-140,646
2	Financial income	42,297	100,024
3	Financial expenses	-1,362,532	-382,933
	Profit/loss before tax	-1,975,851	-423,555
4	Tax for the year	628,580	0
	Profit/loss for the year	-1,347,271	-423,555
	Recommended appropriation of profit/loss	-1,347,271	-423,555
	Retained earnings/accumulated loss	-1,347,271	-423,555



## Financial statements for the period 1 January - 31 December

### Balance sheet

Note	DKK	2016	2015
	ASSETS		
	Non-fixed assets		
	Receivables		
	Receivables from group entities	231,945,269	230,259,209
	Joint taxation contribution receivable	481,873	0
	Other receivables	237,757	322,467
		<u>232,664,899</u>	<u>230,581,676</u>
	Total non-fixed assets	<u>232,664,899</u>	<u>230,581,676</u>
	<b>TOTAL ASSETS</b>	<u><b>232,664,899</b></u>	<u><b>230,581,676</b></u>
	EQUITY AND LIABILITIES		
	Equity		
5	Share capital	3,250,000	3,250,000
	Retained earnings	-1,468,078	-120,807
	Total equity	<u>1,781,922</u>	<u>3,129,193</u>
	Liabilities		
	Current liabilities		
	Trade payables	0	369,072
	Payables to group entities	230,759,480	226,741,710
	Corporation tax payable	0	146,707
	Other payables	123,497	194,994
		<u>230,882,977</u>	<u>227,452,483</u>
	Total liabilities other than provisions	<u>230,882,977</u>	<u>227,452,483</u>
	<b>TOTAL EQUITY AND LIABILITIES</b>	<u><b>232,664,899</b></u>	<u><b>230,581,676</b></u>

- 1 Accounting policies
- 6 Contractual obligations and contingencies, etc.
- 7 Collateral
- 8 Related parties

## Financial statements for the period 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 2016	3,250,000	-120,807	3,129,193
Transfer through appropriation of loss	0	-1,347,271	-1,347,271
Equity at 31 December 2016	<u>3,250,000</u>	<u>-1,468,078</u>	<u>1,781,922</u>

The Company has lost more than 50% of its share capital at 31 December 2016. It is the intention to close down the Company within a foreseeable future.

## Financial statements for the period 1 January - 31 December

### Notes to the financial statements

#### 1 Accounting policies

The annual report of Stanley Nordic ApS for 2016 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.

#### Changes to presentation and disclosures only

Effective 1 January 2016, the Company has implemented act no. 738 of 1 June 2015 with amendments to the Danish Financial Statements Act. As the implementation of the amendment act has no impact in terms of value on the income statement or the balance sheet in the financial year, nor on the comparative figures, the financial statements have been prepared based on the same accounting policies as last year.

The amendment act has solely implied new or changed presentation and disclosure requirements, which have been incorporated in the financial statements.

#### 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.

#### Income statement

##### Other external expenses

Other external expenses include the year's expenses relating to the administration.

##### Financial income and expenses

Financial income and expenses are recognised in the income statement at the amounts that relate to the reporting period. Net financials include interest income and expenses, realised and unrealised capital and exchange gains and losses on foreign currency transactions and surcharges and allowances under the advance payment of tax scheme, etc.

## Financial statements for the period 1 January - 31 December

### Notes to the financial statements

#### 1 Accounting policies (continued)

##### 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 and its Danish group entities are taxed on a joint basis. The Danish income tax charge is allocated between profit-making and loss-making Danish entities in proportion to their taxable income (full allocation method).

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

##### Receivables

Receivables are measured at amortised cost, which usually corresponds to the nominal value. The value is reduced by write-downs for bad debts.

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 balances which are subject to an insignificant risk 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".

##### Income taxes

Current tax payables and receivables are recognised in the balance sheet as the estimated income tax charge for the year, adjusted for prior-year taxes and tax paid on account.

Deferred tax is measured according to the liability method on all temporary differences between the carrying amount and the tax base of assets and liabilities. However, deferred tax is not recognised on temporary differences relating to goodwill which is not deductible for tax purposes and on office premises and other items where temporary differences, apart from business combinations, arise at the date of acquisition without affecting either profit/loss for the year or taxable income. Where alternative tax rules can be applied to determine the tax base, deferred tax is measured based on Management's intended use of the asset or settlement of the liability, respectively.

Deferred tax is measured according to 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. Deferred tax assets are recognised at the expected value of their utilisation; 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. Changes in deferred tax due to changes in the tax rate are recognised in the income statement.

## Financial statements for the period 1 January - 31 December

### Notes to the financial statements

#### 1 Accounting policies (continued)

##### Other payables

Other payables are measured at net realisable value.

DKK	2016	2015
2 Financial income		
Other financial income	42,297	100,024
	<u>42,297</u>	<u>100,024</u>
3 Financial expenses		
Interest expenses, group entities	1,179,946	0
Other interest expenses	149,895	238,553
Exchange losses	0	78,137
Other financial expenses	32,691	66,243
	<u>1,362,532</u>	<u>382,933</u>
4 Tax for the year		
Estimated tax charge for the year	-382,338	0
Tax adjustments, prior years	-246,242	0
	<u>-628,580</u>	<u>0</u>

Estimated tax charge and tax adjustments, prior years, include tax refunds for tax losses utilised between jointly taxed entities.

#### 5 Share capital

The share capital of the Company is DKK 3,250,000 divided into 3,250 shares of DKK 1,000 each.

Analysis of changes in the share capital over the past 5 years:

DKK	2016	2015	2014	2013	2012
Opening balance	3,250,000	3,250,000	3,250,000	3,125,000	3,125,000
Capital increase	0	0	0	125,000	0
	<u>3,250,000</u>	<u>3,250,000</u>	<u>3,250,000</u>	<u>3,250,000</u>	<u>3,125,000</u>

## Financial statements for the period 1 January - 31 December

### Notes to the financial statements

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

##### Other contingent liabilities

During 2015, two legal claims following the divestment of Scan Modul ApS completed in October 2014 were raised against the Company.

The buyer has made claims, under Dutch law, against the Company and against the chairman of the Executive Board for an amount of approx. DKK 42.5 million.

The buyer claims reimbursement from the Company on a contractual basis, because the Company is a party to the Share Purchase Agreement (SPA), which, according to the buyer, has been breached.

Stanley Black and Decker's legal department in Europe, including the external legal advisors, has not found any valid ground for the claims, and consequently, no provisions have been made in the financial statements regarding the claims. See note 8 regarding contractual obligations and contingencies for further information.

The preliminary court rulings substantiate this opinion as the court did not conclude any valid ground for the claims, however, the final court rulings have been postponed to Q3, 2017.

##### Joint taxation

The Company is jointly taxed with its Stanley Black & Decker sister companies in Denmark. Stanley Security Denmark ApS acts as management company. The Company is jointly and severally 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.

#### 7 Collateral

The Company has not provided any security or other collateral in assets at 31 December 2016.

#### 8 Related parties

Stanley Nordic ApS' related parties comprise the following:

##### Parties exercising control

Related party	Domicile	Basis for control
Stanley European Holdings B.V.	The Netherlands	Participating interest

##### Information about consolidated financial statements

Parent	Domicile	Requisitioning of the parent company's consolidated financial statements
Stanley Black & Decker Inc.	1000 Stanley Drive, New Britain, Connecticut 05053, USA	<a href="http://phx.corporate-ir.net/External.File?item=UGFyZW50SUQ9MzY5NjI3fENoaWxkSUQ9LTF8VHlwZT0z&amp;t=1&amp;cb=636245030762524805">http://phx.corporate-ir.net/External.File?item=UGFyZW50SUQ9MzY5NjI3fENoaWxkSUQ9LTF8VHlwZT0z&amp;t=1&amp;cb=636245030762524805</a>

## Financial statements for the period 1 January - 31 December

### Notes to the financial statements

#### Ownership

The following shareholders are registered in the Company's register of shareholders as holding minimum 5% of the share capital:

<u>Name</u>	<u>Domicile</u>
Stanley European Holdings BV	Martinus Nijhofflaan, 2 2624 ES Delft The Netherlands