

# Stanley Nordic ApS

Smedeland 15, 2600 Glostrup

CVR no. 63 32 07 14

## Annual report

for the year 1 January - 31 December 2018

Approved at the Company's annual general meeting on 24 June 2019

Chairman:

  
..... Michael Keldsen .....

Advokat

**Gorrissen Federspiel**

Axeltorv 2

1609 København V

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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 2018.

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 2018 and of the results of the Company's operations for the financial year 1 January - 31 December 2018.

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, 24 June 2019  
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 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:

- ↳ 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.

## 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 online 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.

#### *Violation of the provisions of the Danish Companies Act regarding capital loss*

The Company has lost more than half of its share capital. Management has not taken steps to convene and hold a general meeting within the deadlines stipulated by the Danish Companies Act, has not given the shareholders an account of the Company's financial position and has not proposed any measures to be taken in that regard. Management may incur liability in this respect.

Copenhagen, 24 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 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  
Osvold Helmuths Vej 4, P.O. Box 250, 2000 Frederiksberg,  
Denmark

Bankers SEB  
Bernstorffsgade 50, 1577 København  
Citibank

## Management's review

### 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.

In May 2019, the Court of Appeals concluded the matter in favour of the claimant and the Company was sentenced to a compensation amounting to EUR 2,131,548 [DKK 15,916,908]. The Court's decision will not be appealed before Supreme Court.

### 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 start preparing for the solvent liquidation of the Company. As part of the process, the equity of the Company will be reestablished.

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

### Financial review

The income statement for 2018 shows a loss of DKK 18,235,702 against a loss of DKK 1,476,978 last year, and the balance sheet at 31 December 2018 shows a negative equity of DKK 17,930,758.

The group company Stanley Europe BVBA has undertaken to provide continuing financial support to the Company during 2019. With reference to the intercompany balances between Stanley Nordic ApS and Stanley Black & Decker group controlled entities, Stanley Europe BVBA has confirmed that the company will not demand repayment of any loan principals (DKK 280,024 thousand) and payables within this period if the Company does not have available funds to make the payment.

Pursuant to the capital loss provisions of section 119 of the Danish Companies Act, the Executive Board is required to convene a general meeting within six months after the loss has been identified. At the general meeting, the Executive Board is required to give an account of the Company's financial position and, if required, to propose any appropriate measures to be taken. Management are considering to prepare for the liquidation of the Company and to reestablish its equity as part of this process.

### Events after the balance sheet date

As mentioned above, by decision of the Amsterdam Court of Appeal dated May 7, 2019, the Company was sentenced to pay a compensation amounting to EUR 2,131,548 [DKK 15,916,908].

### Outlook

There is no plans for operating activities in 2019.

As all pending litigation has been closed, the solvent liquidation of the Company can be initiated.

## Financial statements 1 January - 31 December

### Income statement

Note	DKK	<u>2018</u>	<u>2017</u>
	Other external expenses	-16,493,324	-240,566
	Gross profit	-16,493,324	-240,566
3	Financial income	7,361	72
4	Financial expenses	-2,403,758	-1,720,182
	Profit/loss before tax	-18,889,721	-1,960,676
5	Tax for the year	654,019	483,698
	Profit/loss for the year	<u>-18,235,702</u>	<u>-1,476,978</u>
	Recommended appropriation of profit/loss		
	Retained earnings/accumulated loss	<u>-18,235,702</u>	<u>-1,476,978</u>



## Financial statements 1 January - 31 December

### Balance sheet

Note	DKK	<u>2018</u>	<u>2017</u>
	<b>ASSETS</b>		
	Non-fixed assets		
	Receivables		
	Receivables from group entities	276,703,633	218,263,577
	Joint taxation contribution receivable	1,619,590	965,571
	Other receivables	0	237,757
		<u>278,323,223</u>	<u>219,466,905</u>
	Total non-fixed assets	<u>278,323,223</u>	<u>219,466,905</u>
	<b>TOTAL ASSETS</b>	<u>278,323,223</u>	<u>219,466,905</u>
	<b>EQUITY AND LIABILITIES</b>		
	Equity		
	Share capital	3,250,000	3,250,000
	Retained earnings	-21,180,758	-2,945,056
	Total equity	<u>-17,930,758</u>	<u>304,944</u>
	Liabilities other than provisions		
	Current liabilities other than provisions		
	Trade payables	184,900	40,349
	Payables to group entities	280,024,348	218,996,612
7	Other payables	16,044,733	125,000
		<u>296,253,981</u>	<u>219,161,961</u>
	Total liabilities other than provisions	<u>296,253,981</u>	<u>219,161,961</u>
	<b>TOTAL EQUITY AND LIABILITIES</b>	<u>278,323,223</u>	<u>219,466,905</u>

- 1 Accounting policies
- 2 Events after the balance sheet date
- 8 Contractual obligations and contingencies, etc.
- 9 Collateral
- 10 Related parties

## Financial statements 1 January - 31 December

### Statement of changes in equity

DKK	Share capital	Retained earnings	Total
Equity at 1 January 2018	3,250,000	-2,945,056	304,944
Transfer through appropriation of loss	0	-18,235,702	-18,235,702
Equity at 31 December 2018	3,250,000	-21,180,758	-17,930,758

## Financial statements 1 January - 31 December

### Notes to the financial statements

#### 1 Accounting policies

The annual report of Stanley Nordic ApS 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.

#### Income statement

##### Other external expenses

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

##### 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.

#### 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.

## Financial statements 1 January - 31 December

### Notes to the financial statements

#### 1 Accounting policies (continued)

##### 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.

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 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. 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.

##### Other payables

Other payables are measured at net realisable value.

## Financial statements 1 January - 31 December

### Notes to the financial statements

#### 2 Events after the balance sheet date

By decision of the Amsterdam Court of Appeal dated May 7, 2019, the Company was sentenced to pay a compensation amounting to EUR 2,131,548 [DKK 15,916,908].

DKK	2018	2017
3 Financial income		
Other financial income	7,361	72
	<u>7,361</u>	<u>72</u>
4 Financial expenses		
Interest expenses, group entities	2,246,264	1,579,288
Other interest expenses	145,582	140,483
Other financial expenses	11,912	411
	<u>2,403,758</u>	<u>1,720,182</u>
5 Tax for the year		
Estimated tax charge for the year	-654,019	-431,349
Tax adjustments, prior years	0	-52,349
	<u>-654,019</u>	<u>-483,698</u>

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

#### 6 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.

7 Other payables		
Other accrued expenses	127,825	125,000
Provisions to Amsterdam Court	15,916,908	0
	<u>16,044,733</u>	<u>125,000</u>

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

##### Other contingent liabilities

##### 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.

## Financial statements 1 January - 31 December

### Notes to the financial statements

#### 9 Collateral

The Company has not provided any security or other collateral in assets at 31 December 2018.

#### 10 Related parties

Stanley Nordic ApS' related parties comprise the following:

##### Parties exercising control

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

##### Information about consolidated financial statements

<u>Parent</u>	<u>Domicile</u>	<u>Requisitioning of the parent company's consolidated financial statements</u>
Stanley Black & Decker Inc.	1000 Stanley Drive, New Britain, Connecticut 05053, USA	<a href="http://www.annualreports.com/Click/24177">http://www.annualreports.com/Click/24177</a>

##### 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