

# YKK Danmark A/S

Neptunvej 5 A, 7430 Ikast

CVR no. 69 58 64 14

## Annual report 2017/18

Approved at the Company's annual general meeting on 9 May 2018

Chairman:



Kim Birch-Nielsen





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## 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 YKK Danmark A/S for the financial year 1 April 2017 - 31 March 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 March 2018 and of the results of the Company's operations for the financial year 1 April 2017 - 31 March 2018.

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

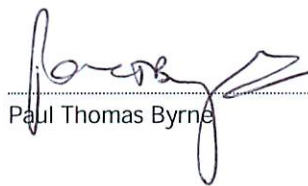
We recommend that the annual report be approved at the annual general meeting.

Ikast, 8 May 2018  
Executive Board:



Kim Birch-Nielsen

Board of Directors:



Paul Thomas Byrne



Kim Birch-Nielsen



Toru Yamamoto

## Independent auditor's report

To the shareholders of YKK Danmark A/S

### Opinion

We have audited the financial statements of YKK Danmark A/S for the financial year 1 April 2017 - 31 March 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 March 2018 and of the results of the Company's operations for the financial year 1 April 2017 - 31 March 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

- ▶ 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 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.

Herning, 8 May 2018  
ERNST & YOUNG  
Godkendt Revisionspartnerselskab  
CVR no. 30 70 02 28



Niels J. Jørgensen  
State Authorised Public Accountant  
MNE no.: mne8217



## Management's review

### Company details

Name	YKK Danmark A/S
Address, Postal code, City	Neptunvej 5 A, 7430 Ikast
CVR no.	69 58 64 14
Established	12 October 1982
Registered office	Ikast-Brande
Financial year	1 April 2017 - 31 March 2018
Website	<a href="http://www.ykk.dk">www.ykk.dk</a>
Board of Directors	Paul Thomas Byrne Kim Birch-Nielsen Toru Yamamoto
Executive Board	Kim Birch-Nielsen
Auditors	Ernst & Young Godkendt Revisionspartnerselskab Industrivej Nord 9, 7400 Herning, Denmark



## Management's review

### Business review

The company's activity comprises sale of YKK zippers and other accessories in Denmark.

### Financial review

The income statement for 2017/18 shows a profit of DKK 4,129,603 against a profit of DKK 3,662,604 last year, and the balance sheet at 31 March 2018 shows equity of DKK 10,480,208.

Management considers the Company's financial performance in the year satisfactory.

### Events after the balance sheet date

No events have occurred after the financial year-end, which could significantly affect the company's financial position.



## Financial statements 1 April 2017 - 31 March 2018

### Income statement

Note	DKK	2017/18	2016/17
	Gross margin	14,574,870	13,341,038
2	Staff costs	-8,913,049	-8,331,317
	Amortisation/depreciation and impairment of intangible assets and property, plant and equipment	-297,047	-296,023
	Profit before net financials	5,364,774	4,713,698
	Financial expenses	-55,148	-10,412
	Profit before tax	5,309,626	4,703,286
3	Tax for the year	-1,180,023	-1,040,682
	Profit for the year	<u>4,129,603</u>	<u>3,662,604</u>
	Recommended appropriation of profit		
	Proposed dividend recognised under equity	4,500,000	4,500,000
	Retained earnings/accumulated loss	-370,397	-837,396
		<u>4,129,603</u>	<u>3,662,604</u>





## Financial statements 1 April 2017 - 31 March 2018

### Balance sheet

Note	DKK	2017/18	2016/17
	ASSETS		
	Non-current assets		
4	Intangible assets		
	Acquired intangible assets	20,922	56,528
		<u>20,922</u>	<u>56,528</u>
5	Property, plant and equipment		
	Land and buildings	1,061,567	1,076,566
	Plant and machinery	723,460	448,472
	Other fixtures and fittings, tools and equipment	496,255	225,204
		<u>2,281,282</u>	<u>1,750,242</u>
	Total non-current assets	<u>2,302,204</u>	<u>1,806,770</u>
	Current assets		
	Inventories		
	Finished goods and goods for resale	2,043,566	1,916,835
		<u>2,043,566</u>	<u>1,916,835</u>
	Receivables		
	Trade receivables	6,556,816	5,836,223
	Receivables from group entities	1,070,304	1,289,736
	Income taxes receivable	591,846	307,282
	Other receivables	67,120	22,855
	Prepayments	91,866	97,096
		<u>8,377,952</u>	<u>7,553,192</u>
	Cash	5,809,650	5,650,934
	Total current assets	<u>16,231,168</u>	<u>15,120,961</u>
	TOTAL ASSETS	<u>18,533,372</u>	<u>16,927,731</u>



## Financial statements 1 April 2017 - 31 March 2018

### Balance sheet

Note	DKK	2017/18	2016/17
		<u>                    </u>	<u>                    </u>
	EQUITY AND LIABILITIES		
	Equity		
6	Share capital	4,000,000	4,000,000
	Retained earnings	1,980,208	2,350,605
	Dividend proposed for the year	4,500,000	4,500,000
	Total equity	<u>10,480,208</u>	<u>10,850,605</u>
	Non-current liabilities		
	Deferred tax	169,078	140,475
	Total non-current liabilities	<u>169,078</u>	<u>140,475</u>
	Current liabilities		
	Prepayments received from customers	1,608	1,765
	Trade payables	936,128	482,677
	Payables to group entities	4,280,697	2,443,592
	Other payables	2,665,653	3,008,617
	Total current liabilities	<u>7,884,086</u>	<u>5,936,651</u>
	Total liabilities	<u>8,053,164</u>	<u>6,077,126</u>
	TOTAL EQUITY AND LIABILITIES	<u>18,533,372</u>	<u>16,927,731</u>

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



## Financial statements 1 April 2017 - 31 March 2018

### Statement of changes in equity

DKK	Share capital	Retained earnings	Dividend proposed for the year	Total
Equity at 1 April 2017	4,000,000	2,350,605	4,500,000	10,850,605
Transfer through appropriation of profit	0	-370,397	4,500,000	4,129,603
Dividend distributed	0	0	-4,500,000	-4,500,000
Equity at 31 March 2018	4,000,000	1,980,208	4,500,000	10,480,208

## Financial statements 1 April 2017 - 31 March 2018

### Notes to the financial statements

#### 1 Accounting policies

The annual report of YKK Danmark A/S for 2017/18 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 applied by the Company 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

##### Revenue

Income from the sale of goods for resale and finished goods, comprising sale of zippers etc. is recognised in revenue when transfer of the most significant rewards and risks to the buyer has taken place and provided that the income can be reliably measured and payment is expected to be received. The date of the transfer of the most significant rewards and risks is based on standardised terms of delivery based on Incoterms® 2010.

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 margin

With reference to section 32 of the Danish Financial Statements Act, the items 'Revenue', 'Cost of sale', 'Other external expenses' and 'Other operating income' are consolidated into one item designated 'Gross profit'.

##### Other operating income

Other operating income comprise items of a secondary nature relative to the Company's core activities, including gains or losses on the sale of non-current assets.

##### Cost of sales

Cost of sales includes the cost of goods used in generating the year's revenue.

##### 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 April 2017 - 31 March 2018

## 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.

## Amortisation/depreciation

The item comprises amortisation/depreciation of intangible assets and 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:

Buildings	30 years
Plant and machinery	5-8 years
Other fixtures and fittings, tools and equipment	3-5 years

Land is not depreciated.

## Financial expenses

Financial expenses are recognised in the income statement at the amounts that relate to the financial reporting period. The items comprise interest expenses, realised and unrealised capital gains and losses relating to exchange gains and losses.

## 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.

## Balance sheet

## Intangible assets

Other intangible assets including software licences.

Other intangible assets are measured at cost less accumulated amortisation and impairment losses.

## 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.

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

## Financial statements 1 April 2017 - 31 March 2018

## Notes to the financial statements

## 1 Accounting policies (continued)

## Impairment of non-current assets

Intangible assets and property, plant and equipment are subject to an annual test for indications of impairment other than the decrease in value reflected by depreciation or amortisation. Impairment tests are conducted in respect of individual assets or groups of assets generating separate cash flows when there is indications of impairment. The assets are written down to the higher of the value in use and net realisable value (recoverable amount) of the asset or group of assets if this is lower than the carrying amount. As for group of assets, impairment losses are first recognised in respect of goodwill and thereafter proportionately in respect of the other assets.

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.

## Inventories

Inventories are measured at cost in accordance with the weighted average price. Where the net realisable value is lower than cost, inventories are written down to this lower value. The net realisable value of inventories is calculated as the sales amount less costs of completion and costs necessary to effect the sale and is determined taking into account marketability, obsolescence and development in the expected selling price.

Goods for resale are measured at cost, which comprises the cost of acquisition plus delivery costs as well as other expenses directly attributable to the acquisition.

## Receivables

Receivables are measured at amortised cost.

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

Receivables in respect of which there is no objective evidence of individual impairment are tested for objective evidence of impairment on a portfolio basis. The portfolios are primarily based on the debtors' domicile and credit ratings in line with the Company's risk management policy. The objective evidence applied to portfolios is determined based on historical loss experience.

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 comprise cash deposits.

## Financial statements 1 April 2017 - 31 March 2018

## Notes to the financial statements

## 1 Accounting policies (continued)

## Equity

*Proposed dividends*

Dividend proposed for the year is recognised as a liability once adopted at the annual general meeting (declaration date). Dividends expected to be distributed for the financial year are presented as a separate item under "Equity".

## 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.

## Liabilities

Current liabilities on not interest-bearing debt is measured at amortised cost corresponding to the nominal unpaid debt.



Financial statements 1 April 2017 - 31 March 2018

Notes to the financial statements

	2017/18	2016/17
DKK		
2 Staff costs		
Wages/salaries	8,098,401	7,517,133
Pensions	641,115	602,861
Other social security costs	173,533	211,323
	<u>8,913,049</u>	<u>8,331,317</u>
Average number of full-time employees	<u>19</u>	<u>18</u>
3 Tax for the year		
Estimated tax charge for the year	1,144,154	1,037,718
Deferred tax adjustments in the year	28,603	835
Tax adjustments, prior years	7,266	2,129
	<u>1,180,023</u>	<u>1,040,682</u>
4 Intangible assets		Acquired intangible assets
DKK		
Cost at 1 April 2017		<u>103,817</u>
Cost at 31 March 2018		<u>103,817</u>
Impairment losses and amortisation at 1 April 2017		47,289
Amortisation/depreciation in the year		<u>35,606</u>
Impairment losses and amortisation at 31 March 2018		<u>82,895</u>
Carrying amount at 31 March 2018		<u>20,922</u>
Amortised over		<u>3 years</u>



## Financial statements 1 April 2017 - 31 March 2018

### Notes to the financial statements

#### 5 Property, plant and equipment

DKK	Land and buildings	Plant and machinery	Other fixtures and fittings, tools and equipment	Total
Cost at 1 April 2017	5,039,094	1,818,163	2,382,352	9,239,609
Additions in the year	22,831	365,948	403,703	792,482
Disposals in the year	0	-257,374	-19,009	-276,383
Cost at 31 March 2018	5,061,925	1,926,737	2,767,046	9,755,708
Impairment losses and depreciation at 1 April 2017	3,962,528	1,369,691	2,157,148	7,489,367
Amortisation/depreciation in the year	37,830	90,960	132,652	261,442
Reversal of amortisation/depreciation and impairment of disposals	0	-257,374	-19,009	-276,383
Impairment losses and depreciation at 31 March 2018	4,000,358	1,203,277	2,270,791	7,474,426
Carrying amount at 31 March 2018	1,061,567	723,460	496,255	2,281,282
Depreciated over	30 years	5-8 years	3-5 years	

DKK	2017/18	2016/17
6 Share capital		
Analysis of the share capital:		
4,000 shares of DKK 1,000.00 nominal value each	4,000,000	4,000,000
	4,000,000	4,000,000

The Company's share capital has remained DKK 4,000,000 over the past 5 years.

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

Other financial obligations

Other rent and lease liabilities:

DKK	2017/18	2016/17
Rent and lease liabilities	16,062	95,927

Of the total liabilities, DKK 16,062 is due within 1 year.

#### 8 Collateral

The Company has not placed any assets or other as security for loans at 31 March 2018.