

Tanaco Danmark A/S

Glentevej 11
6705 Esbjerg Ø
Business Registration No
71361411

Annual report 2018

The Annual General Meeting adopted the annual report on 31.05.2019

Chairman of the General Meeting

Name: Claire Elizabeth Larcombe

Contents

	<u>Page</u>
Entity details	1
Statement by Management on the annual report	2
Independent auditor's report	3
Management commentary	6
Income statement for 2018	7
Balance sheet at 31.12.2018	8
Statement of changes in equity for 2018	10
Notes	11
Accounting policies	13

Entity details

Entity

Tanaco Danmark A/S
Glentevej 11
6705 Esbjerg Ø

Central Business Registration No (CVR): 71361411

Registered in: Esbjerg

Financial year: 01.01.2018 - 31.12.2018

Board of Directors

Peter Anthony Mangion
Claire Elizabeth Larcombe
Paul John Devlin

Executive Board

Claire Elizabeth Larcombe

Auditors

Deloitte Statsautoriseret Revisionspartnerselskab
Dokken 8
Postbox 200
6701 Esbjerg

Statement by Management on the annual report

The Board of Directors and the Executive Board have today considered and approved the annual report of Tanaco Danmark A/S for the financial year 01.01.2018 - 31.12.2018.

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

In our opinion, the financial statements give a true and fair view of the Entity's financial position at 31.12.2018 and of the results of its operations for the financial year 01.01.2018 - 31.12.2018.

We believe that the management commentary contains a fair review of the affairs and conditions referred to therein.

We recommend the annual report for adoption at the Annual General Meeting.

Esbjerg, 31.05.2019

Executive Board

Claire Elizabeth Larcombe

Board of Directors

Peter Anthony Mangion

Claire Elizabeth Larcombe

Paul John Devlin

Independent auditor's report

To the shareholders of Tanaco Danmark A/S

Opinion

We have audited the financial statements of Tanaco Danmark A/S for the financial year 01.01.2018 - 31.12.2018, which comprise the income statement, balance sheet, statement of changes in equity and notes, including a summary of significant 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 Entity's financial position at 31.12.2018 and of the results of its operations for the financial year 01.01.2018 - 31.12.2018 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and 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 this auditor's report. We are independent of the Entity in accordance with the International Ethics Standards Board of 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 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 Entity's ability to continue as a going concern, for disclosing, as applicable, matters related to going concern, and for using the going concern basis of accounting in preparing the financial statements unless Management either intends to liquidate the Entity 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 these financial statements.

Independent auditor's report

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 Entity'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 Entity'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 Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures in the notes, 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.

Independent auditor's report

Statement on the management commentary

Management is responsible for the management commentary.

Our opinion on the financial statements does not cover the management commentary, 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 commentary and, in doing so, consider whether the management commentary is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether the management commentary provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we conclude that the management commentary 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 commentary.

Esbjerg, 31.05.2019

Deloitte

Statsautoriseret Revisionspartnerselskab

Central Business Registration No (CVR) 33963556

Jørn Jepsen

State Authorised Public Accountant

Identification No (MNE) mne24824

Management commentary

Primary activities

The principal activity of the Company is the supply and distribution of pest control products into the global professional pest control and retail markets.

Development in activities and finances

Sales have decreased in the current period over 2017, however lower operating expenses have resulted in a gross margin which was DKK 346,498 higher in 2018 compared to 2017.

The company's wages and salary expenses increased considerably in the current period. The increase was driven by additional costs for temporary workers.

As a result, Tanaco Danmark A/S has recorded a net profit for the year of DKK 627,926, which is DKK 618,575 lower than that recorded in the year ended 31 December 2017.

Outlook

During FY19 Tanaco Danmark expects to grow sales by investing in additional sales resources, expanding the product offering and attracting new customers in the wider Scandinavian region. This growth is expected to be reflected in an increase in gross profit which will offset likely increases in operating costs.

Events after the balance sheet date

No events have occurred after the balance sheet date to this date, which would influence the evaluation of this annual report.

Income statement for 2018

	<u>Notes</u>	<u>2018 DKK</u>	<u>2017 DKK</u>
Gross profit		7,652,066	7,305,568
Staff costs	1	(6,321,523)	(5,662,835)
Depreciation, amortisation and impairment losses		<u>(509,287)</u>	<u>(495,662)</u>
Operating profit/loss		821,256	1,147,071
Income from investments in group enterprises		269,520	720,073
Other financial income		10,230	8,060
Financial expenses from group enterprises		(301,756)	(430,231)
Other financial expenses		<u>(53,926)</u>	<u>(19,472)</u>
Profit/loss before tax		745,324	1,425,501
Tax on profit/loss for the year	2	<u>(117,398)</u>	<u>(179,000)</u>
Profit/loss for the year		<u>627,926</u>	<u>1,246,501</u>
Proposed distribution of profit/loss			
Ordinary dividend for the financial year		0	3,000,000
Transferred to reserve for net revaluation according to the equity method		269,520	720,073
Retained earnings		<u>358,406</u>	<u>(2,473,572)</u>
		<u>627,926</u>	<u>1,246,501</u>

Balance sheet at 31.12.2018

	<u>Notes</u>	<u>2018 DKK</u>	<u>2017 DKK</u>
Acquired licences		706,121	886,413
Intangible assets		706,121	886,413
Other fixtures and fittings, tools and equipment		137,110	399,515
Leasehold improvements		13,261	21,626
Property, plant and equipment		150,371	421,141
Investments in group enterprises		2,153,806	1,884,286
Deposits		30,000	30,000
Fixed asset investments	3	2,183,806	1,914,286
Fixed assets		3,040,298	3,221,840
Manufactured goods and goods for resale		8,284,322	9,062,809
Inventories		8,284,322	9,062,809
Trade receivables		2,596,520	3,079,377
Other receivables		0	684
Prepayments		133,910	89,798
Receivables		2,730,430	3,169,859
Other investments		14,000	0
Other investments		14,000	0
Cash		394,058	2,532,627
Current assets		11,422,810	14,765,295
Assets		14,463,108	17,987,135

Balance sheet at 31.12.2018

	<u>Notes</u>	<u>2018</u> <u>DKK</u>	<u>2017</u> <u>DKK</u>
Contributed capital		500,000	500,000
Reserve for net revaluation according to the equity method		2,073,806	1,804,286
Retained earnings		5,299,364	4,940,958
Proposed dividend		<u>0</u>	<u>3,000,000</u>
Equity		<u>7,873,170</u>	<u>10,245,244</u>
Deferred tax		<u>105,000</u>	<u>153,000</u>
Provisions		<u>105,000</u>	<u>153,000</u>
Trade payables		1,092,163	1,548,864
Payables to group enterprises		3,814,270	3,692,540
Income tax payable		42,000	184,000
Other payables		<u>1,536,505</u>	<u>2,163,487</u>
Current liabilities other than provisions		<u>6,484,938</u>	<u>7,588,891</u>
Liabilities other than provisions		<u>6,484,938</u>	<u>7,588,891</u>
Equity and liabilities		<u>14,463,108</u>	<u>17,987,135</u>
Contingent liabilities	4		
Assets charged and collateral	5		
Group relations	6		

Statement of changes in equity for 2018

	Contributed capital DKK	Reserve for net revaluation according to the equity method DKK	Retained earnings DKK
Equity beginning of year	500,000	1,804,286	4,940,958
Ordinary dividend paid	0	0	0
Profit/loss for the year	0	269,520	358,406
Equity end of year	500,000	2,073,806	5,299,364

	Proposed dividend DKK	Total DKK
Equity beginning of year	3,000,000	10,245,244
Ordinary dividend paid	(3,000,000)	(3,000,000)
Profit/loss for the year	0	627,926
Equity end of year	0	7,873,170

Notes

	2018	2017
	DKK	DKK
1. Staff costs		
Wages and salaries	5,864,342	5,186,044
Pension costs	370,438	364,386
Other social security costs	86,743	112,405
	6,321,523	5,662,835
Average number of employees	14	14

	2018	2017
	DKK	DKK
2. Tax on profit/loss for the year		
Current tax	160,000	184,000
Change in deferred tax	(48,000)	(12,000)
Adjustment concerning previous years	5,398	7,000
	117,398	179,000

	Invest- ments in group enterprises DKK	Deposits DKK
3. Fixed asset investments		
Cost beginning of year	80,000	30,000
Cost end of year	80,000	30,000
Revaluations beginning of year	1,804,286	0
Share of profit/loss for the year	269,520	0
Revaluations end of year	2,073,806	0
Carrying amount end of year	2,153,806	30,000

	Registered in	Corpo- rate form	Equity inte- rest %
Investments in group enterprises comprise:			
Tanaco Production ApS	Esbjerg, Denmark	ApS	100.0

Notes

4. Contingent liabilities

The Entity serves as the administration company in a Danish joint taxation arrangement. According to the joint taxation provisions of the Danish Corporation Tax Act, the Entity is therefore liable from the financial year 2016 for income taxes etc for the jointly taxed entities, and for obligations, if any, relating to the withholding of tax on interest, royalties and dividend for these entities.

Liabilities under rental or lease agreements yearly comprise of DKK 718k.

5. Assets charged and collateral

Bank loans are secured by way of a deposited mortgage deed registered to the mortgagor on other fixtures and fitting, tools and equipment of DKK 500k nominal.

The carrying amount of mortgaged other fixtures and fittings, tools and equipment is DKK 137k.

6. Group relations

Name and registered office of the Parent preparing consolidated financial statements for the smallest group:

Hamsard 3468 Limited

Sterling House, Grimbald Crag Close, Knaresborough, North Yorkshire, HG5 8PJ

Accounting policies

Reporting class

This annual report has been presented in accordance with the provisions of the Danish Financial Statements Act governing reporting class B enterprises with addition of certain provisions for reporting class C.

The accounting policies applied to these financial statements are consistent with those applied last year.

Consolidated financial statements

Referring to section 110 of the Danish Financial Statements Act, no consolidated financial statements have been prepared.

Income statement

Gross profit or loss

Gross profit or loss comprises revenue, changes in inventories of finished goods, cost of raw materials and consumables and external expenses.

Revenue

Revenue from the sale of manufactured goods and goods for resale is recognised in the income statement when delivery is made and risk has passed to the buyer. Revenue is recognised net of VAT, duties and sales discounts and is measured at fair value of the consideration fixed.

Other operating income

Other operating income comprises income of a secondary nature as viewed in relation to the Entity's primary activities.

Cost of sales

Cost of sales comprises goods consumed in the financial year measured at cost, adjusted for ordinary inventory writedowns.

Other external expenses

Other external expenses include expenses relating to the Entity's ordinary activities.

Staff costs

Staff costs comprise salaries and wages as well as social security contributions, pension contributions, etc for entity staff.

Depreciation, amortisation and impairment losses

Depreciation, amortisation and impairment losses relating to intangible assets and equipment comprise, depreciation, amortisation and impairment losses for the financial year, as well as gains and losses from the sale of intangible assets as well as equipment.

Income from investments in group enterprises

Income from investments in group enterprises comprises the pro rata share of the individual enterprises' profit/loss after full elimination of intra-group profits or losses.

Accounting policies

Other financial income

Other financial income comprises, net capital or exchange gains on securities, payables and transactions in foreign currencies etc.

Financial expenses from group enterprises

Financial expenses from group enterprises comprise interest expenses etc from payables to group enterprises.

Other financial expenses

Other financial expenses comprise interest expenses, net capital or exchange losses on securities, payables and transactions in foreign currencies, amortisation of financial liabilities as well as tax surcharge under the Danish Tax Prepayment Scheme etc.

Tax on profit/loss for the year

Tax for the year, which consists of current tax for the year and changes in deferred tax, is recognised in the income statement by the portion attributable to the profit for the year and recognised directly in equity by the portion attributable to entries directly in equity.

Balance sheet

Intellectual property rights etc

Intellectual property rights etc comprise acquired licenses.

Intellectual property rights acquired are measured at cost less accumulated amortisation. Patents are amortised over the term of the agreement, but over no more than 20 years.

Intellectual property rights etc are written down to the lower of recoverable amount and carrying amount.

Property, plant and equipment

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

Cost comprises the acquisition price, costs directly attributable to the acquisition and preparation costs of the asset until the time when it is ready to be put into operation.

The basis of depreciation is cost less estimated residual value after the end of useful life. Straight-line depreciation is made on the basis of the following estimated useful lives of the assets:

Other fixtures and fittings, tools and equipment	3-5 years
Leasehold improvements	5 years

Estimated useful lives and residual values are reassessed annually.

Items of property, plant and equipment are written down to the lower of recoverable amount and carrying amount.

Accounting policies

Investments in group enterprises

Investments in group enterprises are recognised and measured according to the equity method. This means that investments are measured at the pro rata share of the enterprises' equity value plus or minus unrealised intra-group profits or losses.

Group enterprises with negative equity value are measured at DKK 0. Any receivables from these enterprises are written down to net realisable value based on a specific assessment. If the Parent has a legal or constructive obligation to cover the liabilities of the relevant enterprise, and it is probable that such obligation will involve a loss, a provision is recognised that is measured at present value of the costs necessary to settle the obligations at the balance sheet date.

Upon distribution of profit or loss, net revaluation of investments in group enterprises is transferred to Reserve for net revaluation according to the equity method under equity.

Investments in group enterprises are written down to the lower of recoverable amount and carrying amount.

Inventories

Inventories are measured at the lower of cost using the FIFO method and net realisable value.

Cost consists of purchase price plus delivery costs. Cost of manufactured goods and work in progress consists of costs of raw materials, consumables, direct labour costs and indirect production costs.

The net realisable value of inventories is calculated as the estimated selling price less completion costs and costs incurred to execute sale.

Receivables

Receivables are measured at amortised cost, usually equalling nominal value less writedowns for bad and doubtful debts.

Prepayments

Prepayments comprise incurred costs relating to subsequent financial years. Prepayments are measured at cost.

Other investments

Other current asset investments comprise listed securities measured at fair value (market price) at the balance sheet date.

Cash

Cash comprises cash in hand and bank deposits.

Dividend

Dividend is recognised as a liability at the time of adoption at the general meeting. Proposed dividend for the financial year is disclosed as a separate item in equity. Extraordinary dividend adopted in the financial year

Accounting policies

is recognised directly in equity when distributed and disclosed as a separate item in Management's proposal for distribution of profit/loss.

Deferred tax

Deferred tax is recognised on all temporary differences between the carrying amount and the tax-based value of assets and liabilities, for which the tax-based value is calculated based on the planned use of each asset.

Deferred tax assets, including the tax base of tax loss carryforwards, are recognised in the balance sheet at their estimated realisable value, either as a set-off against deferred tax liabilities or as net tax assets.

Operating leases

Lease payments on operating leases are recognised on a straight-line basis in the income statement over the term of the lease.

Other financial liabilities

Other financial liabilities are measured at amortised cost, which usually corresponds to nominal value.

Income tax receivable or payable

Current tax receivable or payable is recognised in the balance sheet, stated as tax computed on this year's taxable income, adjusted for prepaid tax.