

TAEGUTEC SCANDINAVIA A/S

Hollandsvej 12
DK-2800 Kgs. Lyngby

CVR no. 25 00 49 49

Annual report 2021

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

21 June 2022

Jacob Harpaz
Chairman of the annual general meeting

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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 for TAEGUTEC SCANDINAVIA A/S for the financial year 1 January - 31 December 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 31 December 2021 and of the results of the Company's operations for the financial year 1 January - 31 December 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.

Kgs. Lyngby, 21 June 2022
Executive Board:

Tom Holmgreen
CEO

Board of Directors:

Jacob Harpaz
Chairman

Han, Hyun Jun

Tom Holmgreen



Independent auditor's report

To the shareholders of TAEGUTEC SCANDINAVIA A/S

Opinion

We have audited the financial statements of TAEGUTEC SCANDINAVIA A/S for the financial year 1 January - 31 December 2021, comprising income statement, balance sheet 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 31 December 2021 and of the results of the Company's operations for the financial year 1 January - 31 December 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' International Code of Ethics for Professional Accountants (IESBA Code) and the additional ethical requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

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 financial statement 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 Statement Act. We did not identify any material misstatement of the Management's review.

København Ø, 21 June 2022

KPMG
Statsautoriseret Revisionspartnerselskab
CVR no. 25 57 81 98

Jon Beck
State Authorised Public Accountant
mne32169

TÆGUTEC SCANDINAVIA A/S
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Management's review

Company details

TÆGUTEC SCANDINAVIA A/S
Hollandsvej 12
DK-2800 Kgs. Lyngby

Telephone:	70 22 01 03
E-mail:	tts@taegutec.dk
CVR no.:	25 00 49 49
Established:	3 November 1999
Registered office:	Lyngby-Taarbæk
Financial year:	1 January - 31 December

Board of Directors

Jacob Harpaz, Chairman
Han, Hyun Jun
Tom Holmgreen

Executive Board

Tom Holmgreen, CEO

Auditor

KPMG
Statsautoriseret Revisionspartnerselskab
Dampfærgevej 28
2100 Copenhagen Ø
CVR no. 25 57 81 98

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Management's review

Operating review

Principal activities

The principal activities of the Company are to sell carbide products within the area of cutting tools and wearingparts.

Events after the balance sheet date

No subsequent events have occurred after the end of the financial year which might materially affect the Company's financial position.

Development in activities and financial position

The Company's income statement for 2021 shows a profit of DKK 456,174 as against a profit of DKK 403,599 in 2020. Equity in the Company's balance sheet at 31 December 2021 stood at DKK 2,612,103 as against DKK 2,155,927 at 31 December 2020.

The Company's results and financial development were as expected.

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Income statement

DKK	Note	2021	2020
Gross profit		3,179,665	3,132,625
Staff costs	2	-2,500,432	-2,540,034
Depreciation on property, plant and equipment		-15,817	-17,534
Profit before financial income and expenses		663,416	575,057
Other financial expenses		-56,678	-34,714
Profit before tax		606,738	540,343
Tax on profit for the year	3	-150,564	-136,742
Profit for the year		<u>456,174</u>	<u>403,601</u>
Proposed profit appropriation			
Retained earnings		<u>456,174</u>	<u>403,601</u>

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Balance sheet

DKK	Note	31/12 2021	31/12 2020
ASSETS			
Fixed assets			
Property, plant and equipment	4		
Fixtures, fittings, tools and equipment		22,519	21,940
Total fixed assets		22,519	21,940
Current assets			
Inventories			
Finished goods and goods for resale		1,108,979	1,158,011
Receivables			
Trade receivables		5,195,068	5,050,551
Short-term deferred tax assets		4,233	4,233
Other receivables		111,773	147,412
		5,311,074	5,202,196
Cash at bank and in hand		1,220,240	2,574,535
Total current assets		7,640,293	8,934,742
TOTAL ASSETS		7,662,812	8,956,682

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Balance sheet

DKK	Note	31/12 2021	31/12 2020
EQUITY AND LIABILITIES			
Equity			
Contributed capital		1,000,000	1,000,000
Retained earnings		1,612,103	1,155,929
Total equity		<u>2,612,103</u>	<u>2,155,929</u>
Liabilities			
Current liabilities			
Trade payables		102,121	42,985
Payables to group entities		2,794,604	2,676,937
Tax payables		32,023	121,716
Other payables, including taxes payable		2,121,961	3,959,115
		<u>5,050,709</u>	<u>6,800,753</u>
Total liabilities		<u>5,050,709</u>	<u>6,800,753</u>
TOTAL EQUITY AND LIABILITIES		<u>7,662,812</u>	<u>8,956,682</u>

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Statement of changes in equity

DKK	Contributed capital	Retained earnings	Total
Equity at 1 January 2021	1,000,000	1,155,929	2,155,929
Transferred over the profit appropriation	0	456,174	456,174
Equity at 31 December 2021	1,000,000	1,612,103	2,612,103

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1 Accounting policies

The annual report of TAEGUTEC SCANDINAVIA A/S for 1 January - 31 December 2021 has been prepared in accordance with the provisions applying to reporting class B entities under the Danish Financial Statements Act with opt-in from higher reporting classes.

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.

Income statement

Revenue

Income from the sale of goods is recognised in revenue when delivery and transfer of risk to the buyer have taken place, and the income may be measured reliably and is expected to be received. The date of transfer of the most significant benefits and risks is determined using standard Incoterms ® 2020.

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 deducted from revenue.

Cost of sales

Cost of sales comprises costs incurred to generate revenue for the year. This item also comprises direct costs for goods for resale and changes to inventory of goods for resale.

Other external costs

Other external costs comprise costs for distribution and sales costs, costs for advertising, administrative expenses, costs of premises, bad debts, operating leases, etc.

Staff costs

Staff costs comprise wages and salaries, including holiday allowance, pension and other social security costs. Refunds from public authorities are deducted from staff costs.

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1 Accounting policies

Other operating income

Other operating income comprises items secondary to the activities of the Company, including gains on the disposal of intangible assets and property, plant and equipment.

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

Tax for the year comprises current 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 at the amount attributable to the profit/loss for the year and directly in equity at the amount attributable to entries directly in equity.

Balance sheet

Property, 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. Indirect production overheads and borrowing costs are not recognised in cost.

Where individual components of an item of property, 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 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 property, 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.

Inventories

Inventories are measured at cost in accordance with the FIFO method. Where the net realisable value is lower than cost, inventories are written down to this lower value.

Goods for resale and raw materials and consumables are measured at cost, comprising purchase price plus delivery costs.

Finished goods and work in progress are measured at cost, comprising the cost of raw materials, consumables, direct wages and salaries. Indirect production overheads and borrowing costs are not recognised in cost.

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1 Accounting policies

The net realisable value of inventories is calculated as the sales amount less costs of completion and costs necessary to make the sale and is determined taking into account marketability, obsolescence and development in expected selling price.

Receivables

Receivables are measured at amortised cost.

Write-down is made for bad debt losses where there is an objective indication that a receivable has been impaired. If there is an objective indication that an individual receivable has been impaired, write-down is made on an individual basis.

Write-downs are calculated as the difference between the carrying amount of receivables and the present value of forecast 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 at bank and in hand

Cash at bank and in hand comprise cash.

Equity

Dividends

The expected dividend 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 measured on the planned use of the asset or settlement of the liability, respectively. However, deferred tax is not recognised on temporary differences relating to office buildings non-deductible for tax purposes and other items where 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

Liabilities are measured at amortised cost, which usually corresponds to nominal value.

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2 Staff costs

DKK	2021	2020
Wages and salaries	2,242,456	2,278,823
Pensions	205,028	205,028
Other social security expenses	52,948	56,183
	<u>2,500,432</u>	<u>2,540,034</u>
Average number of full-time employees	<u>4</u>	<u>4</u>

3 Tax on profit for the year

DKK	2021	2020
Current tax for the year	150,564	137,284
Deferred tax adjustment for the year	0	-542
	<u>150,564</u>	<u>136,742</u>

4 Property, plant and equipment

DKK	Fixtures, fittings, tools and equipment
Cost at 1 January 2021	159,876
Additions	16,396
Cost at 31 December 2021	<u>176,272</u>
Depreciation and impairment at 1 January 2021	-137,937
Depreciation	-15,816
Depreciation and impairment at 31 December 2021	<u>-153,753</u>
Carrying amount at 31 December 2021	<u><u>22,519</u></u>

5 Contractual obligations, contingencies, etc.

Contingent liabilities

The company is a part of a Danish joint taxation. The company is therefore liable for income tax, etc. in accordance with the Companies Tax Act. for the jointly taxed companies etc. for the jointly taxed companies.

Operating lease obligations

Rent and lease obligations include a rent liability totalling DKK 41 thousand relating to a rental agreement with 3 months notice. Furthermore, the Company has liabilities under operating leases for cars totalling DKK 106 thousand per month with 3-14 months notice.

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6 Related parties

TAEGUTEC SCANDINAVIA A/S' related parties comprise the following:

Control

TAEGUTEC SCANDINAVIA A/S is part of the consolidated financial statements of IMC International Metalworking Compagnies B.V., Zwolleweg 6, 2803 PS Giuda, Holland, which is the smallest group in which the Company is included as a subsidiary.