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ART. I GENERAL INFORMATION

1. GENERAL INFORMATION AND MAIN ACTIVITIES OF THE COMPANY

The accounting unit Stanley Black & Decker Slovakia s. r. o. (further referred to as „company“) is a limited liability company with its seat in Bratislava, Vysoká 2/B. The previous seat of the company was Tomášikova 50/B till 31.12.2012. It was established on on November 11, 2008 based on a foundation agreement in the form of a notarial record. The date of its creation is December 12, 2008. The identification number of the company is 44514905. The company is registered in the Commercial Register of the District Court Bratislava I, Section: Sro, file No. 55862/B.

The main activities of the company are:

- purchase of goods in order to resell it to final consumer (retail) or to other business license holders (wholesale),
- intermediary services in the area of service rendering,
- intermediary services in the area of the sale business,
- intermediary services in manufacturing area,
- advertising and marketing services,
- market and public opinion research ,
- activity of entrepreneurial, operating and business consultants,
- rendering of extra-school educational activities,
- cleaning services,
- rental of moveable items,
- warehousing,
- administrative services,
- accounting services,
- distribution of advertisement material,
- automatic data processing,
- handling with outputs of creative work with the approval of the author
- repair of listed electric equipment
- installation and maintenance of listed electric equipment

2. DATE OF APPROVAL OF THE FINANCIAL STATEMENTS FOR THE PREVIOUS ACCOUNTING PERIOD

The general meeting approved the Financial Statements for the previous accounting period on 21.10.2020.

3. LEGAL PURPOSE OF PREPARATION OF THE FINANCIAL STATEMENTS

The company prepares its Financial Statements according to Section 17 of Act No. 431/2002 Coll. on Accounting (Accounting Act) as amended as at 31 December of the accounting period. The Financial Statements were prepared under the going concern concept.

4. INFORMATION ABOUT THE CONSOLIDATED GROUP

A. TOP COMPANY IN CONSOLIDATION

The top company in consolidation, that prepares financial statements for all groups of accounting entities in a consolidated group for which the company is a consolidated accounting entity, is Stanley Black & Decker, Inc. 1000 Stanley Drive, New Britain CT 06053, USA.

B. PARENT COMPANY IN CONSOLIDATION

The parent company in consolidation, that prepares financial statements for the group of accounting entities in a consolidated group which comprises the company, is Stanley Black & Decker Holding S.à r.l., rue du Puits Romain 33, Bertrange L-8070, Luxembourg.

C. PLACE WHERE THE CONSOLIDATED FINANCIAL STATEMENTS ARE FILED

The consolidated Financial Statements, mentioned in A) and B), are filed at Stanley Black & Decker, Inc. 1000 Stanley Drive, New Britain CT 06053, USA.

D. EXEMPTION FROM THE DUTY TO PREPARE THE CONSOLIDATED FINANCIAL STATEMENTS AND THE CONSOLIDATED ANNUAL REPORT

The company is not a parent company.

Not applicable.

Structure of the group:

Partner, shareholder <i>a</i>	Share in registered capital		Voting rights %	Another share in equity other than registered capital in % <i>e</i>
	EUR <i>b</i>	% <i>c</i>		
Stanley Black & Decker holdings S.a r.l	4 250	85%	99,9%	
Black & Decker International Holdings B.V./ S.a r.l	750	15%	0,1%	
Total	5 000	100 %	100%	

5. NUMBER OF EMPLOYEES

The number of employees is stated in the table below:

	Current period	Previous period
Average number of employees	14	14
Number of employees as at the Balance Sheet Date, thereof:	14	14
number of managers	0	0

ART. II INFORMATION ON MEMBERS OF COMPANY BODIES

Not applicable.

ART. III INFORMATION ABOUT THE ADOPTED PROCEDURES

1. GENERAL ASSUMPTIONS FOR THE PREPARATION OF THE FINANCIAL STATEMENTS

The Financial Statements of the company consisting of the Balance Sheet, the Income Statement and the Notes to the Financial Statements as at 31 December 2019 were prepared under the going concern concept and according to the accounting legislation valid in the Slovak Republic. The data in the Financial Statements provides true and fair view on the company's assets and liabilities, equity (representing company's own resources for assets), financial situation of the company and its Profit and Loss Account.

2. INFORMATION ABOUT THE APPLICATION AND CHANGES IN ACCOUNTING METHODS AND PRINCIPLES

2.1. GENERAL ACCOUNTING PRINCIPLES

1. All costs and revenues that relate to the accounting period regardless of the settlement date provide the basis for recording assets and liabilities and measuring profit and loss of the accounting entity.
2. Recorded values of assets and liabilities in accounting records and in the company's Financial Statements are adjusted by items expressing risks, losses and impairment known as at the Balance Sheet Date (e.g. allowances, provisions).
3. Inventory is valued at the lower of cost or sale price reduced by the sale-related costs.
4. Business transactions are accounted for by the company in such accounting period to which their economic substance and timing relate. If it is not possible to comply with this rule, transactions may be accounted for when identified.
5. Assets and liabilities are disclosed at historical cost, unless stated otherwise in Art. III point 2.2.1 (Valuation methods of particular items).
6. As at the Balance Sheet Date, the company performed an itemised analysis of assets and liabilities in accordance with the Accounting Act.
7. Opening balances of the current Balance Sheet are identical with closing balances of the Balance Sheet of the previous accounting period.
8. Maturity is the basic criterion for distinguishing between current and non-current assets and liabilities. Accounts receivable and payable are presented in the Balance Sheet based on their agreed period to maturity, i.e. those up to 12 months to the maturity date are presented as current and those more than 12 months to the maturity date as non-current.

2.2. ACCOUNTING METHODS AND PRINCIPLES

2.2.1. VALUATION METHODS OF PARTICULAR ITEMS

a) Purchased tangible non-current assets

Tangible fixed assets are valued at their acquisition prices. The acquisition price consists of the purchase price of the asset and expenses related to the acquisition, for example transportation, postage, customs fees and commission.

Expenses for additions, modernisation and reconstruction that result in increased efficiency or capacity in the total amount over EUR 1,700 per fixed asset for an accounting period increase the acquisition price of the asset. Expenses for technical improvement in the total amount of EUR 1,700 or less per tangible asset for an accounting period and expenses spent on operation, maintenance or repairs are recorded in expense accounts in the current accounting period.

Low-value tangible non-current assets of the company with the acquisition price lower than EUR 1,700 are accounted for by debiting directly the appropriate expense accounts in the period of their acquisition. Except for the tools rented to the customers.

b) Non-current tangible assets produced internally

The company does not produce non-current tangible assets internally.

c) Non-current tangible assets acquired in another way

The company does not keep records of non-current tangible assets acquired in another way.

d) Non-current financial assets

Not applicable.

e) Purchased inventory

Not applicable.

f) Inventory produced internally

The company does not keep records of inventory produced internally.

g) Inventory acquired in another way

The company does not keep records of inventory acquired in another way.

h) Construction contracts and contractual construction of real estate for sale

The company does not account for construction contracts.

i) Accounts receivable

Accounts receivable are accounted for at their nominal value in the accounting books. Allowances for the accounts receivable were recognised for doubtful and questionable debts.

Allowances for non-current receivables are recognised to ensure their valuation at the time of their accounting and reporting (present value).

j) Current financial assets

Cash and postal stationery are accounted for at their nominal value.

k) Accrued accounts of assets

The company uses these accounts in compliance with the accruals concept. The company proceeds in accordance with this accounting principle – expenses and revenues are accounted for in the accounting period to which their economic substance and timing relate. These accounts are of temporary nature and include expected and transitive items of accruals.

l) Provisions

Provisions (Section 26 of Act No. 431/2002 Coll. on Accounting) are recognised for expected risks, losses and decreases in value related to liabilities with unclear amount or timing.

m) Accounts payable

Accounts payable (including credits) are accounted for at their nominal value. If an itemised analysis of accounts payable reveals that their balance is different from the one recorded in the books, they are valued at such different amount both in the accounting records and in the Financial Statements.

n) Temporary accounts of liabilities

The company uses these accounts in compliance with the accruals concept – expenses and revenues are accounted for in the accounting period to which their economic substance and timing relate. These accounts are of temporary nature and include expected and transitive items of accruals.

o) Derivatives, assets and liabilities secured with derivatives

The company did not account for derivatives during the accounting period and does not have assets or liabilities secured with derivatives.

p) Leases

Not applicable.

q) Income Tax

The current income tax is calculated from the income tax base and the tax rate determined in accordance with the Income Tax Act.

Deferred tax is calculated using the liability method. Deferred tax assets and liabilities are calculated from and recognised for all temporary differences between the carrying amount of assets and liabilities and their tax base and for the carry forward of unused tax losses and unused tax credits. Deferred tax is calculated using the tax rate valid in the forthcoming accounting periods.

r) Assets acquired by privatisation

Not applicable.

2.2.2. DEPRECIATION SCHEDULE OF NON-CURRENT INTANGIBLE AND TANGIBLE ASSETS

The depreciation schedule of the company provides a basis for calculation of accumulated depreciation of depreciated assets during their useful life. Accounting depreciation is calculated based on the price at which the property is valued in the books.

The company depreciates tangible fixed assets using the straight-line method during the period of the useful life of the depreciated asset.

For tax purposes the company depreciates its tangible fixed assets in accordance with Sections 22 – 29 of the Income Tax Act No. 595/2003 Coll.

2.2.3. PRINCIPLES FOR DETERMINATION OF ALLOWANCES

a) Principles for determination of allowances for receivables

The company determines adequate allowance for receivables according to its internal directives.

If the residual maturity of a receivable is more than 1 year, its value is adjusted to the value at the time of its accounting and reporting (present value).

2.2.4. CONVERSION OF DATA IN FOREIGN CURRENCIES INTO THE EURO CURRENCY

In the accounting books, the assets and liabilities denominated in foreign currencies are converted into the Euro currency by using the exchange rate published by the European Central Bank on the day preceding the date of the accounting transaction, or on another day, if determined by a special regulation.

As at the Balance Sheet Date, the accounting unit converts the assets and liabilities denominated in foreign currencies, except for the received and paid advance payments, to the Euro currency using the exchange rate published by the European Central Bank.

Exchange rate differences which originated during the year as well as those which originated at conversion of assets and liabilities as at the Balance Sheet Date influence the profit/loss of the current accounting period.

2.2.5. SUBSIDIES GRANTED FOR THE ACQUISITION OF ASSETS

Not applicable.

2.2.6. CHANGES IN VALUATION METHODS, DEPRECIATION, REPORTING, ACCOUNTING PROCEDURES

The company did not change the methods of valuation, depreciation approach and accounting procedures, structure of the financial statements items, contents of these items and procedures for preparation of the Financial Statements during the accounting period unless stated otherwise, except for the matters which directly resulted from the changes to the Slovak accounting legislation.

2.2.7. CORRECTIONS OF MATERIAL MISTAKES IN PREVIOUS ACCOUNTING PERIODS

Not applicable.

ART. IV
EXPLANATORY AND SUPPLEMENTARY INFORMATION TO BALANCE SHEET AND
INCOME STATEMENT ITEMS

1. GOODWILL

Not applicable.

2. DERIVATIVES

a) Description of significant items of derivatives and the impact of their revaluation

Not applicable.

b) Assets and liabilities secured with derivatives

Not applicable.

3. LIABILITIES

a) Liabilities due in over 5 years

Not applicable.

b) Liabilities with a lien or other form of security

Not applicable.

4. OWN SHARES

Not applicable.

5. CAPITAL FUNDS FROM CONTRIBUTIONS

Not applicable.

6. COSTS AND REVENUES OF EXTRAORDINARY EXTENT OR FREQUENCY

Not applicable.

ART. V
OTHER ASSETS AND OTHER LIABILITIES

1. OTHER ASSETS AND LIABILITIES

a) Contingent assets

Not applicable.

b) Contingent liabilities

Not applicable.

2. OTHER FINANCIAL OBLIGATIONS

During the accounting period the company did not record any significant items of other financial obligations not reported in the financial statements.

3. OFF BALANCE SHEET ACCOUNTS

Not applicable.

ART. VI SUBSEQUENT EVENTS

No other events occurred subsequent to the Balance Sheet date that would require significant adjustment to the Financial Statements for the accounting period 2019 or that would significantly affect the company's activities in future accounting periods.

At the end of 2019, news from China concerning COVID-19 (coronavirus) appeared for the first time. During the first months of 2020, the virus spread around the world and caused extensive economic damage. The Company's management did not recognize a significant decline in sales at the time of the presentation of these financial statements, despite the government regulations to close the retail stores. However, the situation is constantly changing and therefore it is not possible to predict future implications of this pandemic to the Company's operations. The Company's management will continue to monitor the potential impact and will take all steps to mitigate any negative effects on the Company and its employees.

The Company's management has considered the potential effects of COVID-19 on its activities and business and concluded that they do not have such a significant impact that would significantly affect the entity's going concern assumption. The financial statements as at 31 December 2019 have been prepared based on the assumption that the Company will continue in its operations.

ART. VII OTHER INFORMATION

Not applicable.