

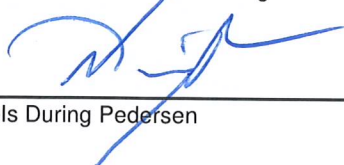
**Gerresheimer Vaerloese A/S  
Walgerholm 2-8  
3500 Vaerloese**

**Central Business Reg. No. 10417430**

**Annual report 2021/22**

The Annual General Meeting will adopt the annual report on 21.04.2023

Chairman of General Meeting



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Niels During Pedersen

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## **Gerresheimer Vaerloese A/S**

### **Entity details**

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#### **Entity**

Gerresheimer Vaerloese A/S  
Walgerholm 2-8  
DK-3500 Vaerloese

Central Business Registration No.: 10417430  
Registered in: Furesø  
Financial year: 01.12.2021 - 30.11.2022

Phone: 44777888  
Internet: [www.gerresheimer.com](http://www.gerresheimer.com)  
e-mail: [info.plasticpackaging@gerresheimer.com](mailto:info.plasticpackaging@gerresheimer.com)

#### **Board of directors**

Mr. Dietmar Siemssen, Chairman  
Dr. Tobias Walter Bage  
Mr. Nils Lampret  
Mrs. Rikke Lindhardt

#### **Executive Board**

Mr. Niels Düring Pedersen

#### **Auditors**

Deloitte Statsautoriseret Revisionspartnerselskab  
Weidekampsgade 6  
2300 Copenhagen S

## **Statement by Management on the annual report**

The Board of Directors and the Executive Board have today considered and approved the annual report of Gerresheimer Vaerloese A/S for the financial year 01.12.2021 - 30.11.2022.

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

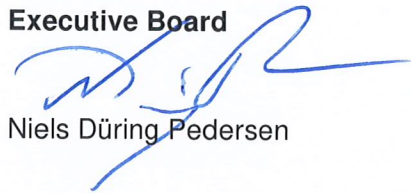
In our opinion, the financial statements give a true and fair view of the Entity's financial position at 30.11.2022 and of the results of its operations for the financial year 01.12.2021 - 30.11.2022.

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.

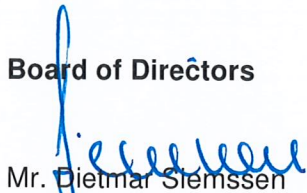
Vaerloese, 6. February 2023

### **Executive Board**

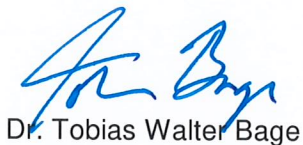


Niels Düring Pedersen

### **Board of Directors**



Mr. Dietmar Siemssen  
Chairman



Dr. Tobias Walter Bage



Mr. Nils Lampret



Mrs. Rikke Lindhardt



## **Independent auditor's reports**

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 reports**

### **To the shareholders of Gerresheimer Vaerloese A/S**

#### **Opinion**

We have audited the financial statements of Gerresheimer Vaerloese A/S for the financial year 01.12.2021 - 30.11.2022, 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 30.11.2022 and of the results of its operations and cash flows for the financial year 01.12.2021 - 30.11.2022 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 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 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.

## **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.


## **Independent auditor's reports**

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.

Copenhagen, 6. February 2023

### **Deloitte**

Statsautoriseret Revisionspartnerselskab  
Business Registration No 33 96 35 56



Tim Kjær-Hansen  
State Authorised Public Accountant  
Identification number (MNE) mne23295

**Management Commentary**

	2021/22 DKK'000	2020/21 DKK'000	2019/20 DKK'000	2018/19 DKK'000	2017/18 DKK'000
<b>Financial highlights</b>					
<b>Key figures</b>					
Gross profit	161.262	149.560	145.637	123.717	128.506
Operating profit / loss	69.806	66.587	62.440	45.071	47.879
Net financials	1.382	1.060	447	272	3.532
Profit / loss for the year	56.082	53.011	49.228	35.495	40.532
Total assets	251.412	265.914	262.174	231.301	196.816
Investments in property, plant and equipment	34.109	13.357	15.987	6.886	9.493
Equity	169.582	202.900	194.589	182.611	147.116
<b>Ratios</b>					
Return on equity (%)	30,1	26,7	26,1	21,5	25,7
Solvency ratio (%)	67,5	76,3	74,2	78,9	74,7

## **Management commentary**

### **Primary activities**

Gerresheimer Vaerloese A/S produces and sells packaging to the pharmaceutical industry and other consumers with high demands for hygiene and product quality. The production takes place on the production sites in Vaerloese and Haarby.

### **Development in activities and finances**

Gerresheimer Vaerloese A/S' equity ratio was 67,6% (2021: 76,3%), equivalent to shareholders' equity at 30 November 2022 of DKK 169,6 million (2021: DKK 202,9 million).

The company's operating income (EBIT) is higher than in 2021 due to increased sales and strong cost control. The management finds that the EBIT for the year of DKK 69,8 million (2021: DKK 66,6 million) very satisfactory.

Profit for the year before tax was DKK 71,2 million (2021: DKK 67,6 million). Adjusted for tax, the profit for the year was DKK 56,1 million (2021: DKK 53,0 million).

Covid-19 and the war in Ukraine have not had any material negative effect on the operations of the company. Sales has in 2022 been strongly impacted by both increased activity levels and increased sales prices due to the inflation, which has also resulted in increased cost levels.

### **Particular risks**

#### **Business risks**

Gerresheimer Vaerloese A/S is to some extent exposed to fluctuations in the price of plastic granulate, which is the company's primary raw material. An attempt is made to meet the exposure by incorporating price clauses into the sales contracts.

#### **Financial exposure**

The company's foreign exchange and interest rate risks are managed centrally in the Gerresheimer Group.

#### **Foreign exchange risks**

Gerresheimer Vaerloese A/S' international activities imply that much of the sales goes to other countries than Denmark. Substantial amounts in foreign exchange are invoiced and the company is hereby primarily exposed in EUR and less significantly in GBP.

#### **Credit risks**

The company's credit risks are primarily linked to financial assets, which are mainly trade receivables. The company's policy for assuming credit risks implies the regular assessment of all major customers' creditworthiness. The company has assumed no significant risks in connection with a single customer.

## **Management commentary**

### **Intellectual capital resources**

Gerresheimer Vaerloese A/S aims at using the most efficient and automated production processes and, in that way, secure a high and stable product quality that constantly meets the customers' specific requirements for our packaging.

### **Environmental performance**

For production of the company's products, plastic granulates of the polyethylene (HDPE) and polypropylene (PP) type are primarily used. These granulates are not pollutant in themselves. Packaging produced of PE or a similar granulate is converted into CO<sub>2</sub> and water in connection with complete incineration and, therefore, do not have an impact on the environment during such process of destruction.

The company is a major supplier to the pharmaceutical industry, which places great demands on the standard of hygiene in production. Continuous steps are taken to improve the standard of hygiene and ensure that it meets specific customer requirements at all times, which is regularly verified by auditors.

Gerresheimer Vaerloese A/S is certified according to ISO 9001:2008 no. 100123, ISO 14001:2004 no. 100125 and ISO 15378:2012 no. 104035. ISO 45001:2020

### **Events after the balance sheet date**

No events have occurred after the balance sheet date, which would influence the evaluation of the annual report. However, the current Ukraine crisis cause increased uncertainty in market, including the supply chain conditions. The market and consumer situation will be monitored closely, and if any negative impact will be experienced, management will react accordingly.

### **Outlook**

For the year to come, the Board of Directors and the Executive Board expect a positive development in activities and but a reduced Net result between DKKt 48.000 and DKKt 52.000, which can be negatively impacted by the situation in Europe due to the war in Ukraine and the impact of the inflation.



## Income statement for 2021/2022

	<u>Notes</u>	<u>2021/22</u> <u>DKK '000</u>	<u>2020/21</u> <u>DKK '000</u>
<b>Gross profit</b>		<b>161.262</b>	<b>149.560</b>
Staff costs	1	-80.230	-70.958
Amortisation, depreciation and impairment losses	2	<u>-11.226</u>	<u>-12.015</u>
<b>Operating profit / loss</b>		<b>69.806</b>	<b>66.587</b>
Income from investments in group enterprises		2.094	1.602
Other financial income	3	5.116	3.190
Other financial expenses	4	<u>-5.827</u>	<u>-3.732</u>
<b>Profit/loss from ordinary activities before tax</b>		<b>71.188</b>	<b>67.647</b>
Tax on profit/loss from ordinary activities	5	<u>-15.106</u>	<u>-14.635</u>
<b>Profit/loss for the year</b>		<b><u>56.082</u></b>	<b><u>53.011</u></b>
<b>Proposed distribution of profit/loss</b>			
Dividend for the financial year recognised in equity		59.600	89.400
Reserve for net revaluation according to the equity method		2.094	1.601
Retained earnings		<u>-5.612</u>	<u>-37.990</u>
		<b><u>56.082</u></b>	<b><u>53.011</u></b>

## Balance sheet at 30.11.2022

	<u>Notes</u>	<u>2021/22</u> <u>DKK '000</u>	<u>2020/21</u> <u>DKK '000</u>
Acquired intangible assets		302	540
<b>Intangible assets</b>	<b>6</b>	<b>302</b>	<b>540</b>
Land and buildings		51.811	54.207
Plant and machinery		44.522	43.172
Other fixtures and fittings, tools and equipment		5.348	2.939
Property, plant and equipment in progress		28.848	9.006
<b>Property, plant and equipment</b>	<b>7</b>	<b>130.529</b>	<b>109.324</b>
Investments in group enterprises		10.583	8.489
<b>Fixed asset investments</b>	<b>8</b>	<b>10.583</b>	<b>8.489</b>
<b>Fixed assets</b>		<b>141.414</b>	<b>118.353</b>
Raw materials and consumables		9.473	8.685
Work in progress		443	422
Manufactured goods and goods for resale		18.584	13.087
Prepayments for other costs	9	4.976	2.883
<b>Inventories</b>		<b>33.476</b>	<b>25.077</b>
Trade receivables		19.577	26.183
Receivables from group enterprises		12.302	72.145
Other receivables		6.180	3.049
<b>Receivables</b>		<b>38.059</b>	<b>101.377</b>
<b>Cash</b>		<b>38.462</b>	<b>21.106</b>
<b>Current assets</b>		<b>109.998</b>	<b>147.561</b>
<b>Assets</b>		<b>251.412</b>	<b>265.914</b>



## Balance sheet at 30.11.2022

	<u>Notes</u>	<u>2021/22</u> <u>DKK '000</u>	<u>2020/21</u> <u>DKK '000</u>
Contributed capital		500	500
Reserve for net revaluation according to the equity method		9.553	7.459
Retained earnings		99.929	105.541
Proposed dividend for the financial year		<u>59.600</u>	<u>89.400</u>
<b>Equity</b>		<b><u>169.582</u></b>	<b><u>202.900</u></b>
Deferred tax	10	10.799	9.519
<b>Provisions</b>		<b><u>10.799</u></b>	<b><u>9.519</u></b>
Trade payables		31.831	20.597
Payables to group enterprises		5.286	3.867
Prepayments from customers		3.451	4.378
Other payables	11	30.463	24.652
<b>Current liabilities other than provisions</b>		<b><u>71.031</u></b>	<b><u>53.495</u></b>
<b>Liabilities</b>		<b><u>81.830</u></b>	<b><u>63.014</u></b>
<b>Equity and liabilities</b>		<b><u><u>251.412</u></u></b>	<b><u><u>265.914</u></u></b>
<b>Contingent liabilities</b>	12		
<b>Related parties with control</b>	13		
<b>Transactions with related parties</b>	14		

## Statement of changes in equity for 2021/22

	Contributed capital DKK '000	Reserve for net revaluation according to the equity method DKK '000	Retained earnings DKK '000	Proposed dividend for the financial year DKK '000	Total DKK '000
Equity beginning of year	500	7.459	105.541	89.400	202.900
Ordinary dividend paid	0	0	0	-89.400	-89.400
Profit/loss for the year	<u>0</u>	<u>2.094</u>	<u>-5.612</u>	<u>59.600</u>	<u>56.082</u>
<b>Equity end of year</b>	<b><u>500</u></b>	<b><u>9.553</u></b>	<b><u>99.929</u></b>	<b><u>59.600</u></b>	<b><u>169.582</u></b>

## Notes

	<b>2021/22</b>	<b>2020/21</b>
<b>1. Staff costs</b>	<b>DKK '000</b>	<b>DKK '000</b>
Wages and salaries	74.507	64.895
Pension costs	5.264	5.011
Other social security costs	459	1.052
	<b>80.230</b>	<b>70.958</b>
Average number of full-time employees	<b>114</b>	<b>109</b>

Salary for the Executive Board and Board of Directors is excluded with reference to section 98b(3) of the Danish Financial Statements Act, as salary is only paid to the Executive Board.

	<b>2021/22</b>	<b>2020/21</b>
<b>2. Amortisation, depreciation and impairment losses</b>	<b>DKK '000</b>	<b>DKK '000</b>
Amortisation of intangible assets	238	345
Depreciation on property, plant and equipment	10.988	11.670
Impairment losses, on property, plant and equipment	0	0
	<b>11.226</b>	<b>12.015</b>

	<b>2021/22</b>	<b>2020/21</b>
<b>3. Other financial income</b>	<b>DKK '000</b>	<b>DKK '000</b>
Financial income from group enterprises	37	0
Currency translation adjustments	5.079	3.190
	<b>5.116</b>	<b>3.190</b>

## Notes

	<b>2021/22</b>	<b>2020/21</b>
	<b>DKK '000</b>	<b>DKK '000</b>
<b>4. Other financial expenses</b>		
Financial expenses from group enterprises	344	234
Currency translation adjustments	5.269	3.287
Other financial expenses	214	211
	<b>5.827</b>	<b>3.732</b>
	<b>2021/22</b>	<b>2020/21</b>
	<b>DKK '000</b>	<b>DKK '000</b>
<b>5. Tax on profit/loss from ordinary activities</b>		
Current tax	13.826	14.037
Change in deferred tax	1.280	607
Adjustment relating to previous years	0	-9
	<b>15.106</b>	<b>14.635</b>
		<b>Acquired</b>
		<b>intangible</b>
		<b>assets</b>
<b>6. Intangible assets</b>		<b>DKK '000</b>
Cost beginning of year		6.804
<b>Cost end of the year</b>		<b>6.804</b>
Amortisation and impairment losses beginning of year		-6.264
Amortisation for the year		-238
<b>Amortisation and impairment losses end of year</b>		<b>-6.502</b>
<b>Carrying amount end of the year</b>		<b>302</b>

## Notes

## 7. Property, plant and equipment

	Land and buildings DKK '000	Plant and machinery DKK '000	Other fixtures and fittings, tools and equipment DKK '000	Property, plant and equipment in progress DKK '000
Cost beginning of the year	122.047	279.139	14.433	9.006
Transfers	74	3.493	731	-4.299
Additions	833	6.767	2.222	24.287
Disposals	0	-3.789	-103	-146
<b>Cost end of year</b>	<b>122.954</b>	<b>285.610</b>	<b>17.283</b>	<b>28.848</b>
Depreciation and impairment losses beginning of year	-67.840	-235.967	-11.494	0
Depreciation for the year	-3.303	-7.141	-544	0
Reversal regarding disposals	0	2.020	103	0
<b>Depreciation and impairment losses end of year</b>	<b>-71.143</b>	<b>-241.088</b>	<b>-11.935</b>	<b>0</b>
<b>Carrying amount end of year</b>	<b>51.811</b>	<b>44.522</b>	<b>5.348</b>	<b>28.848</b>

**Notes**

**8. Fixed asset investments**

**Investments  
in group  
enterprises  
DKK '000**

Cost beginning of year	1.029
Additions	
<b>Cost end of the year</b>	<b>1.029</b>
Revaluations beginning of year	7.460
Share of profit /loss for the year	2.094
Investments with negative equity transferred to provisions	0
<b>Revaluations end of year</b>	<b>9.554</b>
<b>Carrying amount end of the year</b>	<b>10.583</b>

	<b>Registered in</b>	<b>Corporate form</b>	<b>Equity interest</b>	<b>Equity DKK '000</b>	<b>Profit/loss DKK '000</b>
Subsidiaries:					
Gerresheimer Plastic Packaging SAS	France	SAS	95,0%	9.383	1.929
Gerresheimer Singapore Pte Ltd	Singapore	Pte Ltd	100,0%	1.199	164

**Notes**

	<u>2021/22</u> <u>DKK '000</u>	<u>2020/21</u> <u>DKK '000</u>
<b>9. Prepayments for other costs</b>		
In-house production of customers tools	4.964	2.883
Other prepaid costs	12	0
	<u>4.976</u>	<u>2.883</u>

Perpayments for other costs relates to production of customer owned molds under development

**10. Deferred tax**

Intangibles assets	66	119
Property, plant and equipment	10.059	8.772
Inventory	841	795
Provisions	-167	-167
Other taxable temporary differences	0	0
	<u>10.799</u>	<u>9.519</u>

**Changes during the year**

Beginning of year	9.519	8.912
Correction at the beginning of year	0	0
Recognised in the income statement	1.280	607
<b>End of year</b>	<u>10.799</u>	<u>9.519</u>

**11. Other payables**

	<u>2021/22</u> <u>DKK '000</u>	<u>2020/21</u> <u>DKK '000</u>
Wages and salaries, personal income taxes, social security costs, Holiday pay obligations	20.330	16.810
Other accrued expenses	4.019	3.170
	6.114	4.672
	<u>30.463</u>	<u>24.652</u>

**12. Contingent liabilities**

The company is part of a Danish joint taxation arrangement with Gerresheimer Denmark A/S serving as the administration company. According to the joint taxation provisions of the Danish Corporation Tax Act, the company is, therefore, liable from the financial year 2013 for income taxes etc. for the jointly taxed companies and from 1 July 2012 for any obligation to withhold tax on interest, royalties and dividends for those companies.

Operating lease contracts on vehicles and IT have been concluded for the years 2022 to 2028. Total lease payments amounts DKK 1.455 thousand (2020/21: DKK 1.436 thousand).

**13. Related parties with control**

Gerresheimer Denmark A/S - Vaerloese - Parent Company

Gerresheimer AG - Ultimate Parent Company - DE253405200  
Klaus-Bungert-Str. 4, D-40468 Düsseldorf, Germany

Gerresheimer Vaerloese A/S is included in the consolidated financial statement of Gerresheimer AG, Düsseldorf.

**14. Transactions with related parties**

	<b>2021/22</b>
	<b>DKK '000</b>
<b>Other related parties</b>	
Revenue from other group enterprises	77.797
Goods and current assets from other group enterprises	19.895
Services fees from other group enterprises	3.872
Sales of Assets to other group enterprises	2.764

In addition receivables and payables to other group enterprises are presented in the balance sheet and the related interest is presented in note 3 and 4.



## **Accounting policies**

### **Reporting class**

This annual report has been presented in accordance with the provisions of the Danish Financial statements Act governing reporting class C enterprises medium.

Referring to section 112(1) of the Danish Financial Statements Act, Gerresheimer Vaerloese A/S has not prepared any consolidated financial statements.

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

### **Recognition and measurement**

Assets are recognised in the balance sheet when it is probable as a result of a prior event that future economic benefits will flow to the Entity, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when the Entity has a legal or constructive obligation as a result of a prior event, and it is probable that future economic benefits will flow out of the Entity, and the value of the liability can be measured reliably.

On initial recognition, assets and liabilities are measured at cost. Measurement subsequent to initial recognition is effected as described below for each financial statement item.

Anticipated risks and losses that arise before the time of presentation of the annual report and that confirm or invalidate affairs and conditions existing at the balance sheet date are considered at recognition and measurement.

Income is recognised in the income statement when earned, whereas costs are recognised by the amounts attributable to this financial year.

### **Foreign currency translation**

On initial recognition, foreign currency transactions are translated applying the exchange rate at the transaction date. Receivables, payables and other monetary items denominated in foreign currencies that have not been settled at the balance sheet date are translated using the exchange rate at the balance sheet date. Exchange differences that arise between the rate of the transaction date and the one in effect at the payment date, or the rate at the balance sheet date are recognised in the income statement as financial income or financial expenses. Property, plant and equipment, intangible assets, inventories and other non-monetary assets that have been purchased in foreign currencies are translated using historical rates.

When recognising foreign subsidiaries and associates that are independent entities, the income statements are translated at average exchange rates for the months that do not significantly deviate from the rates at the transaction date. Balance sheet items are translated using the exchange rates at the balance sheet date. Goodwill is considered as belonging to the independent foreign entity and is translated using the exchange rate at the balance sheet date.

Exchange differences arising out of the translation of foreign subsidiaries' equity at the beginning of the year at the balance sheet date exchange rates as well as out of the translation of income statements from average rates to the exchange rates at the balance sheet date are classified as equity.

## **Accounting policies**

Exchange adjustments of outstanding accounts with independent foreign subsidiaries which are considered part of the total investment in the subsidiary in question are classified directly as equity.

### **Income statement**

#### **Gross profit or loss**

Gross profit or loss comprises revenue, changes in inventories of finished goods and work in progress, own work capitalised, other consumables, external expenses and other income.

#### **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 costs of sales for the financial year measured at cost, adjusted for ordinary inventory write-downs.

#### **Costs of raw materials and consumables**

Costs of raw materials and consumables comprise the consumption of raw materials and consumables for the financial year after adjustment for changes in inventories of these goods from the beginning to the end of the year. This item includes shrinkage, if any, and ordinary write-downs of the relevant inventories.

#### **Other external expenses**

Other external expenses include expenses relating to the entity's ordinary activities, including expenses for premises, stationery and office supplies, marketing costs etc. This item also includes write-downs of receivables recognised in current assets.

#### **Staff costs**

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

#### **Amortisation, depreciation and impairment losses**

Amortisation, depreciation and impairment losses relating to intangible assets and property, plant and equipment comprise amortisation, depreciation and impairment losses for the financial year, calculated on the basis of the residual values and useful lives of the individual assets and impairment testing as well as gains and losses from the sale of intangible assets as well as property, plant and 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 internal profits or losses.

## Accounting policies

### 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 internal profits or losses.

### Other financial income

Other financial income comprises dividends etc. received on other investments, interest income, including interest income on receivables from group enterprises, payables and foreign currency transactions as well as tax relief under the Danish Tax Prepayment Scheme etc.

### Other financial expenses

Other financial expenses comprise interest expenses, including interest expenses on payables to group enterprises, payables and foreign currency transactions, amortisation of financial liabilities as well as tax surcharge under the Danish Tax Prepayment Scheme etc.

### Income taxes

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.

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

Deferred tax is recognised on all temporary differences between the carrying amount and tax-based value of assets and liabilities.

Deferred tax assets, including the tax base of tax loss carry-forwards, 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.

The entity is jointly taxed with all Danish subsidiaries. The current Danish income tax is allocated among the jointly taxed entities proportionally to their taxable income (full allocation with a refund concerning tax losses).

### Balance sheet

#### Intellectual property rights etc.

Intellectual property rights etc. comprise acquired intangible assets primarily including investments in software concerning the company's ERP system.

Software is measured at cost less accumulated amortisation. Cost comprises costs, including salaries and amortisation, which directly or indirectly are attributable to the acquisition and the development of this software.

The amortisation period is five years, corresponding to the probable useful life.

## Accounting policies

### Property, plant and equipment

Land and buildings, plant and machinery as well as other fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation and impairment losses. Land is not depreciated.

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. For self-constructed assets, cost comprises direct and indirect costs of materials, components, sub-suppliers and labour costs.

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 life of the assets:

Buildings	20-40 years
Plant and machinery	5-10 years
Other fixtures and fittings, tools and equipment	3-10 years

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

Profits and losses from the sale of property, plant and equipment are calculated as the difference between selling price minus selling costs and carrying amount at the time of sale. Profits or losses are recognised in the income statement as adjustment to depreciation and impairment losses, or under other operating income if the selling price exceeds original cost.

### 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 unamortised positive, or negative, goodwill and minus or plus unrealised intragroup profits or losses.

The company's share of the enterprises' profits or losses after elimination of unrealised intra-group profits and losses and minus or plus amortisation of positive, or negative, goodwill is recognised in the income statement.

Group enterprises with negative equity value are measured at DKK 0, and any receivables from these enterprises are written down by the Parent's share of such negative equity value if it is deemed irrecoverable. If the negative equity value exceeds the amount receivable, the remaining amount is recognised under provisions if the Parent has a legal or constructive obligation to cover the liabilities of the relevant enterprise.

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.

## **Accounting policies**

Goodwill is calculated as the difference between cost of the investments and fair value of the assets and liabilities acquired. Goodwill is amortised over its estimated useful life which is normally five years, however, in certain cases it may be up to 20 years for strategically acquired enterprises with a strong market position and a long-term earnings profile if the longer amortisation period is considered to give a better reflection of the benefit from the relevant resources.

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 Average price method and net realisable value.

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

Indirect production costs comprise indirect materials and labour costs, costs of maintenance, depreciation and impairment losses for machinery, factory buildings and equipment applied for the manufacturing process as well as costs of factory administration and management. Finance costs are not included in cost.

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 write-downs for bad and doubtful debts.

### **Cash**

Cash comprises cash in hand and bank deposits.

### **Deferred tax**

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

Deferred tax assets, including the tax base of tax loss carry-forwards, 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 measure at amortised cost, which usually corresponds to nominal value.

**Accounting policies**

**Deferred income**

Deferred income comprises received income for recognition in subsequent financial years. Deferred income is measured at cost.

**Cash flow statement**

Referring to section 86, part 4 of the Danish Financial Statements Act, Gerresheimer Vaerloese A/S has not prepared any cash flow statement.

**Financial highlights**

Financial highlights are defined and calculated in accordance with the applicable version of the "Recommendations & Ratios" issued by the Danish Society of Financial Analysts.

**Ratios**

**Calculation formula**

Return on equity (%)

$$\frac{\text{Profit for the year} \times 100}{\text{Average equity}}$$

Solvency ratio (%)

$$\frac{\text{Equity} \times 100}{\text{Total assets}}$$

**Ratios reflect**

**Return on equity**

The entity's return on capital invested in the entity by the owners.

**Solvency ratio**

The financial strength of the entity.