

# Schmidt Dentalkeramik ApS

Søndergade 11, 8700 Horsens

CVR no. 11 12 12 92

## Annual report 2017

Approved at the Company's annual general meeting on 24 May 2018

Chairman:



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### Statement by the Executive Board

Today, the Executive Board has discussed and approved the annual report of Schmidt Dentalkeramik ApS for the financial year 1 January - 31 December 2017.

The annual report, which has not been audited, has been prepared in accordance with the provisions of the Danish Financial Statements Act. the Executive Board has the criteria for omission of audit to be met.

In our opinion, the financial statements give a true and fair view of the financial position of the Company at 31 December 2017 and of the results of the Company's operations for the financial year 1 January - 31 December 2017.

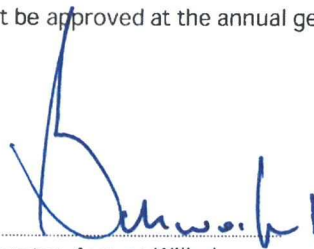
Further, in our opinion, the Management's review gives a fair review of the matters discussed in the Management's review.

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

Horsens, 24 May 2018  
Executive Board:



Sisse Wellejus Hansen



Torsten August Wilhelm

## Independent auditor's report

To the shareholder of Schmidt Dentalkeramik ApS

### Opinion

We have audited the financial statements of Schmidt Dentalkeramik ApS for the financial year 1 January - 31 December 2017, which comprise income statement, balance sheet, statement of changes in equity and notes, including accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the financial position of the Company at 31 December 2017 and of the results of the Company's operations for the financial year 1 January - 31 December 2017 in accordance with the Danish Financial Statements Act.

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the financial statements" section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Independence

We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these rules and requirements.

### Management's responsibilities for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the Danish Financial Statements Act and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, Management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting in preparing the financial statements unless Management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

### Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance as to whether the financial statements as a whole are free from material misstatement, whether due to fraud or error and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- ▶ Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.

## Independent auditor's report

- ▶ Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- ▶ Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- ▶ Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- ▶ Evaluate the overall presentation, structure and contents of the financial statements, including the note disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

### Statement on the Management's review

Management is responsible for the Management's review.

Our opinion on the financial statements does not cover the Management's review, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the Management's review and, in doing so, consider whether the Management's review is materially inconsistent with the financial statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether the Management's review provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we conclude that the Management's review is in accordance with the financial statements and has been prepared in accordance with the requirements of the Danish Financial Statement Act. We did not identify any material misstatement of the Management's review.

Kolding, 24 May 2018  
ERNST & YOUNG  
Godkendt Revisionspartnerselskab  
CVR no. 30 70 02 28



Claus E. Andreasen  
State Authorised Public Accountant  
MNE no.: mne16652



## Management's review

### Company details

Name	Schmidt Dentalkeramik ApS
Address, Postal code, City	Søndergade 11, 8700 Horsens
CVR no.	11 12 12 92
Established	1 July 1987
Registered office	Horsens
Financial year	1 January - 31 December
Executive Board	Sisse Wellejus Hansen Torsten August Wilhelm
Auditors	Ernst & Young Godkendt Revisionspartnerselskab Kolding Åpark 1, 3. sal, 6000 Kolding, Denmark
Bankers	Danske Bank Jessensgade 1, 8700 Horsens



## **Management's review**

### **Business review**

The Company operates dental ceramic business.

### **Financial review**

The income statement for 2017 shows a profit of DKK 780,209 against a profit of DKK 1,010,328 last year, and the balance sheet at 31 December 2017 shows equity of DKK 2,386,969.

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

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

No events materially affecting the Company's financial position have occurred subsequent to the financial year-end.

### **Outlook**

For 2018 a positive result is expected.

## Financial statements 1 January - 31 December

### Income statement

Note	DKK	2017	2016
	<b>Gross margin</b>	4,405,015	4,596,690
2	Staff costs	-3,185,086	-2,996,343
	Amortisation/depreciation and impairment of intangible assets and property, plant and equipment	-220,860	-250,833
	<b>Profit before net financials</b>	999,069	1,349,514
	Financial income	349	0
	Financial expenses	-451	-54,141
	<b>Profit before tax</b>	998,967	1,295,373
3	Tax for the year	-218,758	-285,045
	<b>Profit for the year</b>	<u>780,209</u>	<u>1,010,328</u>
	<b>Recommended appropriation of profit</b>		
	Proposed dividend recognised under equity	780,000	0
	Retained earnings	209	1,010,328
		<u>780,209</u>	<u>1,010,328</u>



## Financial statements 1 January - 31 December

### Balance sheet

Note	DKK	<u>2017</u>	<u>2016</u>
	<b>ASSETS</b>		
	<b>Fixed assets</b>		
4	<b>Property, plant and equipment</b>		
	Plant and machinery	254,068	365,611
	Leasehold improvements	<u>114,961</u>	<u>202,509</u>
		<u>369,029</u>	<u>568,120</u>
	<b>Investments</b>		
	Deposits, investments	<u>210,600</u>	<u>0</u>
		<u>210,600</u>	<u>0</u>
	<b>Total fixed assets</b>	<u>579,629</u>	<u>568,120</u>
	<b>Non-fixed assets</b>		
	<b>Inventories</b>		
	Raw materials and consumables	<u>173,163</u>	<u>122,066</u>
		<u>173,163</u>	<u>122,066</u>
	<b>Receivables</b>		
	Trade receivables	455,847	546,769
	Receivables from group entities	0	72,985
	Deferred income	<u>127,155</u>	<u>98,472</u>
		<u>583,002</u>	<u>718,226</u>
	<b>Cash</b>	<u>2,399,591</u>	<u>1,373,855</u>
	<b>Total non-fixed assets</b>	<u>3,155,756</u>	<u>2,214,147</u>
	<b>TOTAL ASSETS</b>	<u><u>3,735,385</u></u>	<u><u>2,782,267</u></u>

## Financial statements 1 January - 31 December

### Balance sheet

Note	DKK	<u>2017</u>	<u>2016</u>
	<b>EQUITY AND LIABILITIES</b>		
	<b>Equity</b>		
	Share capital	200,000	200,000
	Retained earnings	1,406,969	1,406,760
	Dividend proposed for the year	780,000	0
	<b>Total equity</b>	<u>2,386,969</u>	<u>1,606,760</u>
	<b>Provisions</b>		
	Deferred tax	2,891	11,195
	<b>Total provisions</b>	<u>2,891</u>	<u>11,195</u>
	<b>Liabilities other than provisions</b>		
	<b>Current liabilities other than provisions</b>		
	Trade payables	385,025	116,090
	Income taxes payable	227,062	298,334
	Other payables	628,438	574,888
	Deferred income	105,000	175,000
		<u>1,345,525</u>	<u>1,164,312</u>
	<b>Total liabilities other than provisions</b>	<u>1,345,525</u>	<u>1,164,312</u>
	<b>TOTAL EQUITY AND LIABILITIES</b>	<u><u>3,735,385</u></u>	<u><u>2,782,267</u></u>

- 1 Accounting policies
- 5 Contractual obligations and contingencies, etc.
- 6 Collateral

## Financial statements 1 January - 31 December

### Statement of changes in equity

DKK	Share capital	Retained earnings	Dividend proposed for the year	Total
Equity at 1 January 2017	200,000	1,406,760	0	1,606,760
Transfer through appropriation of profit	0	209	780,000	780,209
<b>Equity at 31 December 2017</b>	<b>200,000</b>	<b>1,406,969</b>	<b>780,000</b>	<b>2,386,969</b>

## Financial statements 1 January - 31 December

### Notes to the financial statements

#### 1 Accounting policies

The annual report of Schmidt Dentalkeramik ApS for 2017 has been prepared in accordance with the provisions in the Danish Financial Statements Act applying to reporting class B entities and elective choice of certain provisions applying to reporting class C entities.

The accounting policies 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 rate at the transaction date. Foreign exchange differences arising between the exchange rates at the transaction date and the date of payment are recognised in the income statement as financial income or financial expenses.

Receivables and payables and other monetary items denominated in foreign currencies are translated at the exchange rate at the balance sheet date. The difference between the exchange rates at the balance sheet date and the date at which the receivable or payable arose or was recognised in the most recent financial statements is recognised in the income statement as financial income or financial expenses.

### Income statement

#### Revenue

The net revenue from sale of merchandise and finished goods is recognised in the income statement if supply and risk transfer to purchaser has taken place before the end of the year. Net revenue is recognised exclusive of VAT, duties and less discounts related to the sale.

Revenue is measured at the fair value of the agreed consideration excluding VAT and taxes charged on behalf of third parties. All discounts and rebates granted are recognised in revenue.

#### Gross margin

The items revenue, cost of sales and external expenses have been aggregated into one item in the income statement called gross margin in accordance with section 32 of the Danish Financial Statements Act.

#### Other external expenses

Other external expenses include the year's expenses relating to the Company's core activities, including expenses relating to distribution, sale, advertising, administration, premises, bad debts, payments under operating leases, etc.

#### Staff costs

Staff costs include wages and salaries, including compensated absence and pension to the Company's employees, as well as other social security contributions, etc. The item is net of refunds from public authorities.

## Financial statements 1 January - 31 December

### Notes to the financial statements

#### 1 Accounting policies (continued)

##### Amortisation/depreciation and impairment

The item comprises amortisation/depreciation and impairment of intangible assets and property, plant and equipment.

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.

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

The residual value is determined at the time of acquisition and are reassessed every year. Where the residual value exceeds the carrying amount of the asset, no further depreciation charges are recognised. In case of changes in the residual value, the effect on the depreciation charges is recognised prospectively as a change in accounting estimates.

##### Financial income and expenses

Financial income and expenses are recognised in the income statements at the amounts that concern the financial year. Net financials include interest income and expenses as well as allowances and surcharges under the advance-payment-of-tax scheme, etc.

##### Tax

Tax for the year includes current tax on the year's expected taxable income and the year's deferred tax adjustments. The portion of the tax for the year that relates to the profit/loss for the year is recognised in the income statement, whereas the portion that relates to transactions taken to equity is recognised in equity.

The entity is jointly taxed with other subsidiaries. The total Danish income tax charge is allocated between profit/loss-making Danish entities in proportion to their taxable income (full absorption).

Jointly taxed entities entitled to a tax refund are reimbursed by the management company based on the rates applicable to interest allowances, and jointly taxed entities which have paid too little tax pay a surcharge according to the rates applicable to interest surcharges to the management company.

##### Balance sheet

###### Property, plant and equipment

Items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses. Cost includes the acquisition price and costs directly related to the acquisition until the time at which the asset is ready for use.

The cost of self constructed assets includes the cost of direct materials and labour, etc. directly used in the production process and a portion of the relating production overheads.

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

## Financial statements 1 January - 31 December

### Notes to the financial statements

#### 1 Accounting policies (continued)

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

The cost of raw materials and consumables comprises the cost of acquisition plus delivery costs.

The cost of finished goods and work in progress includes the cost of raw materials, consumables, direct labour and indirect production overheads.

Indirect production overheads include the indirect cost of material and labour as well as maintenance and depreciation of production machinery, buildings and equipment and expenses relating to plant administration and management. Borrowing costs are not recognised in the sales price.

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

##### Receivables

Receivables are measured at amortised cost.

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

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

Impairment losses are calculated as the difference between the carrying amount of the receivables and the present value of the expected cash flows, including the realisable value of any collateral received. The effective interest rate for the individual receivable or portfolio is used as discount rate.

##### Prepayments

Prepayments recognised under "Assets" comprise prepaid expenses regarding subsequent financial reporting years.

##### Equity

###### *Proposed dividends*

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

##### Income taxes

Current tax payables and receivables are recognised in the balance sheet as the estimated income tax charge for the year, adjusted for prior-year taxes and tax paid on account.

## Financial statements 1 January - 31 December

### Notes to the financial statements

#### 1 Accounting policies (continued)

Deferred tax is measured according to the liability method on all temporary differences between the carrying amount and the tax base of assets and liabilities. However, deferred tax is not recognised on temporary differences relating to goodwill which is not deductible for tax purposes and on office premises and other items where temporary differences, apart from business combinations, arise at the date of acquisition without affecting either profit/loss for the year or taxable income. Where alternative tax rules can be applied to determine the tax base, deferred tax is measured based on Management's intended use of the asset or settlement of the liability, respectively.

Deferred tax is measured according to the tax rules and at the tax rates applicable at the balance sheet date when the deferred tax is expected to crystallise as current tax. Deferred tax assets are recognised at the expected value of their utilisation; either as a set-off against tax on future income or as a set-off against deferred tax liabilities in the same legal tax entity. Changes in deferred tax due to changes in the tax rate are recognised in the income statement.

#### Liabilities

Financial liabilities are recognised at the date of borrowing at the net proceeds received less transaction costs paid. On subsequent recognition, financial liabilities are measured at amortised cost, corresponding to the capitalised value, using the effective interest rate. Accordingly, the difference between the proceeds and the nominal value is recognised in the income statement over the term of the loan. Financial liabilities also include the capitalised residual lease liability in respect of finance leases.

Other liabilities are measured at net realisable value.

#### Deferred income

Deferred income recognised as a liability comprises payments received concerning income in subsequent financial reporting years.

## Financial statements 1 January - 31 December

### Notes to the financial statements

DKK	2017	2016	
<b>2 Staff costs</b>			
Wages/salaries	2,847,368	2,663,460	
Pensions	230,656	259,433	
Other social security costs	50,883	65,107	
Other staff costs	56,179	8,343	
	<u>3,185,086</u>	<u>2,996,343</u>	
 Average number of full-time employees	 <u>8</u>	 <u>8</u>	
 <b>3 Tax for the year</b>			
Estimated tax charge for the year	227,062	298,334	
Deferred tax adjustments in the year	-8,304	-13,289	
	<u>218,758</u>	<u>285,045</u>	
 <b>4 Property, plant and equipment</b>			
DKK	Plant and machinery	Leasehold improvements	Total
Cost at 1 January 2017	3,259,531	814,378	4,073,909
Additions in the year	91,769	0	91,769
Cost at 31 December 2017	<u>3,351,300</u>	<u>814,378</u>	<u>4,165,678</u>
Impairment losses and depreciation at 1 January 2017	2,893,920	611,869	3,505,789
Amortisation/depreciation in the year	203,312	87,548	290,860
Impairment losses and depreciation at 31 December 2017	<u>3,097,232</u>	<u>699,417</u>	<u>3,796,649</u>
Carrying amount at 31 December 2017	<u>254,068</u>	<u>114,961</u>	<u>369,029</u>
 Depreciated over	 <u>5 years</u>	 <u>5 years</u>	



## Financial statements 1 January - 31 December

### Notes to the financial statements

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

##### Other contingent liabilities

The Company is jointly taxed with its parent, Elysee Dental ApS, which acts as management company, and is jointly and severally liable with other jointly taxed group entities for payment of income taxes for the income year 2017 onwards as well as withholding taxes on interest, royalties and dividends falling due for payment.

##### Other financial obligations

Other rent and lease liabilities:

DKK	<u>2017</u>	<u>2016</u>
Rent and lease liabilities	<u>160,854</u>	<u>483,502</u>

Rent and lease liabilities include a rent obligation of DKK 160,854 in interminable rent agreements with remaining contract terms of 6 months.

#### 6 Collateral

The Company has not provided any security or other collateral in assets at 31 December 2017.