

**DBI Plastics A/S**  
Stationsvej 5  
4295 Stenlille  
Central Business Registration No  
12514379

## **Annual report 2018**

The Annual General Meeting adopted the annual report on 12.04.2019

### **Chairman of the General Meeting**

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Name: Ole Lund Madsen

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## Entity details

### Entity

DBI Plastics A/S  
Stationsvej 5  
4295 Stenlille

Central Business Registration No: 12514379  
Registered in: Sorø  
Financial year: 01.01.2018 - 31.12.2018

Phone: +4557894800  
Fax: +4557894848  
Website: [www.dbiplastics.com](http://www.dbiplastics.com)

### Board of Directors

Hans Christian Petersen, Chairman  
Michael Laursen  
Claus Henningsen  
Per Toft Valstorp

### Executive Board

Hans Hellstrøm Henningsen, Chief Executive Officer

### Bank

Handelsbanken  
Rådhuspladsen 2  
4200 Slagelse

### Auditors

Deloitte Statsautoriseret Revisionspartnerselskab  
Weidekampsgade 6  
Postboks 1600  
0900 København C

## Statement by Management on the annual report

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

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

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

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

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

Stenlille, den 12.04.2019

### Executive Board

Hans Hellstrøm Henningsen  
Chief Executive Officer

### Board of Directors

Hans Christian Petersen  
Chairman

Michael Laursen

Claus Henningsen

Per Toft Valstorp

# Independent auditor's report

## To the shareholder of DBI Plastics A/S

### Opinion

We have audited the financial statements of DBI Plastics A/S for the financial year 01.01.2018 - 31.12.2018, which comprise the income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies. The financial statements are prepared in accordance with the Danish Financial statements Act.

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

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the Auditor's responsibilities for the audit of the financial statements section of this auditor's report. We are independent of the Entity in accordance with the International Ethics Standards Board of Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Management's responsibilities for the financial statements

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

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

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

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

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:

## Independent auditor's report

- 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.

### **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 report

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, 12.04.2019

### **Deloitte**

Statsautoriseret Revisionspartnerselskab  
Central Business Registration No: 33963556

René Carøe Andersen  
State Authorised Public Accountant  
Identification number (MNE) mne34499

Ane Sachs Aasand  
State Authorised Public Accountant  
Identification number (MNE) mne42783

## Management commentary

	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>
	<b>DKK'000</b>	<b>DKK'000</b>	<b>DKK'000</b>	<b>DKK'000</b>	<b>DKK'000</b>
<b>Financial highlights</b>					
<b>Key figures</b>					
Revenue	152,792	133,363	131,929	111,827	109,583
Gross profit/loss	72,307	70,116	69,892	66,958	60,190
Operating profit/loss	8,117	9,221	9,515	14,797	13,711
Net financials	(789)	(634)	(1,121)	(379)	(423)
Profit/loss for the year	6,151	6,711	6,577	11,124	10,211
Total assets	131,155	125,102	112,608	108,306	98,112
Investments in property, plant and equipment	9,078	10,019	15,210	18,788	24,222
Equity	71,350	65,198	58,487	51,912	40,783
Average invested capital incl goodwill	34,726	46,995	54,468	48,682	41,310
Interest bearing debt, net	(36,623)	(19,130)	(4,019)	(3,230)	1,448
Employees in average	104	103	97	90	88
<b>Ratios</b>					
Gross margin (%)	47.3	52.6	53.0	59.9	54.9
Net margin (%)	4.0	5.0	5.0	9.9	9.3
Return on equity (%)	9.0	10.9	11.9	24.0	28.2
Revenue per employee	1,469.1	1,294.8	1,360.1	1,242.5	1,245.3
Equity ratio (%)	52.1	49.3	47.9	41.6	43.7
Return on assets (%)	7.6	8.4	14.3	16.1	7.1

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



## Management commentary

Ratios	Calculation formula	Ratios
Gross margin (%)	$\frac{\text{Gross profit/loss} \times 100}{\text{Revenue}}$	The entity's operating gearing.
Net margin (%)	$\frac{\text{Profit/loss for the year} \times 100}{\text{Revenue}}$	The entity's operating profitability.
Return on equity (%)	$\frac{\text{Profit/loss for the year} \times 100}{\text{Average equity}}$	The entity's return on capital invested in the entity by the owners.
Revenue per employee	$\frac{\text{Revenue}}{\text{Revenue per employee}}$	The entity's productivity
Equity ratio (%)	$\frac{\text{Equity} \times 100}{\text{Total assets}}$	The financial strength of the entity.
Return on assets (%)	$\frac{\text{Operating profit/loss for the year} \times 100}{\text{Average assets (except cash)}}$	The entity's return on total assets.

## Management commentary

### Primary activities

The primary activities of the Company comprise the development, manufacturing and sale of protective solutions, which are sold mainly on the European market.

### Development in activities and finances

The Company's revenue for the year was DKK 152,792 thousand, and profit for the year ended at DKK 6,151 thousand compared to DKK 6,711 thousand in 2017.

### Uncertainty relating to recognition and measurement

The valuation of assets and liabilities is made in accordance with current accounting policies, and Management of DBI Plastics A/S is of the opinion that no uncertainty is related to recognition and measurement.

### Unusual circumstances affecting recognition and measurement

There have been no unusual circumstances affecting recognition and measurement in the financial year 2018.

### Outlook

A result at the level of 2018 is expected for 2019.

### Particular risks

The Company's activities do not involve any particular risks; neither operating nor financial risks. As the main part of transactions is carried out in euro, the Company's activities are not considered to involve any special foreign exchange risks.

### Intellectual capital resources

The Company employs the needed number of employees with relevant qualifications who possess considerable know-how of the Company's products and production. Further and supplementary training is provided to the extent necessary.

### Environmental performance

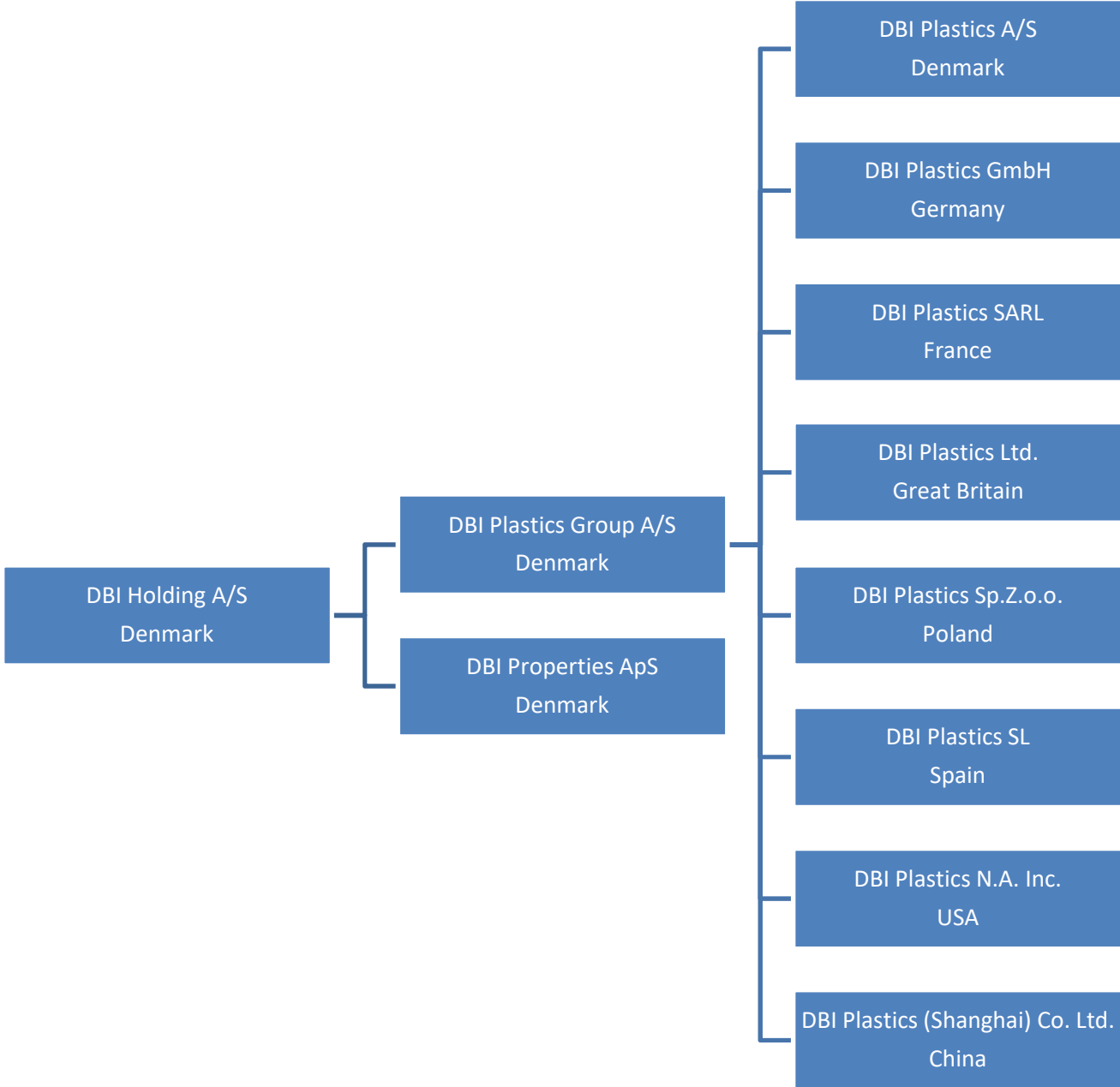
The manufacturing company is environmentally certified under ISO 14001 and, moreover, also under ISO 9001, ISO 50001 and IATF 16949. The Company's activities do not have any material environmental impact.

### Events after the balance sheet date

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

# Management commentary

## Group chart



## Income statement for 2018

	<u>Notes</u>	<u>2018 DKK</u>	<u>2017 DKK'000</u>
Revenue		152,791,537	133,363
Costs of raw materials and consumables		(55,413,248)	(35,362)
Other external expenses		<u>(25,071,250)</u>	<u>(27,885)</u>
<b>Gross profit/loss</b>		<b>72,307,039</b>	<b>70,116</b>
Staff costs	1	(51,381,815)	(47,530)
Depreciation, amortisation and impairment losses	2	<u>(12,808,302)</u>	<u>(13,365)</u>
<b>Operating profit/loss</b>		<b>8,116,922</b>	<b>9,221</b>
Other financial income	3	449,033	943
Impairment of financial assets		(22,231)	0
Other financial expenses	4	<u>(1,216,210)</u>	<u>(1,577)</u>
<b>Profit/loss before tax</b>		<b>7,327,514</b>	<b>8,587</b>
Tax on profit/loss for the year	5	<u>(1,176,244)</u>	<u>(1,876)</u>
<b>Profit/loss for the year</b>	6	<u><b>6,151,270</b></u>	<u><b>6,711</b></u>

## Balance sheet at 31.12.2018

	<u>Notes</u>	<u>2018 DKK</u>	<u>2017 DKK'000</u>
Plant and machinery		23,494,020	26,210
Other fixtures and fittings, tools and equipment		153,369	277
Leasehold improvements		1,374,494	2,351
Property, plant and equipment in progress		<u>1,040,419</u>	<u>1,728</u>
<b>Property, plant and equipment</b>	7	<b><u>26,062,302</u></b>	<b><u>30,566</u></b>
Other investments		0	0
Deposits		1,365,556	2,307
Deferred tax	9	<u>1,513,000</u>	<u>810</u>
<b>Fixed asset investments</b>	8	<b><u>2,878,556</u></b>	<b><u>3,117</u></b>
<b>Fixed assets</b>		<b><u>28,940,858</u></b>	<b><u>33,683</u></b>
Raw materials and consumables		3,420,236	3,734
Manufactured goods and goods for resale		<u>11,589,397</u>	<u>17,248</u>
<b>Inventories</b>		<b><u>15,009,633</u></b>	<b><u>20,982</u></b>
Trade receivables		2,870,269	2,619
Receivables from group enterprises		69,691,837	55,865
Other receivables		2,251,685	1,856
Prepayments	10	<u>23,436</u>	<u>127</u>
<b>Receivables</b>		<b><u>74,837,227</u></b>	<b><u>60,467</u></b>
<b>Cash</b>		<b><u>12,367,430</u></b>	<b><u>9,970</u></b>
<b>Current assets</b>		<b><u>102,214,290</u></b>	<b><u>91,419</u></b>
<b>Assets</b>		<b><u>131,155,148</u></b>	<b><u>125,102</u></b>

## Balance sheet at 31.12.2018

	<u>Notes</u>	<u>2018 DKK</u>	<u>2017 DKK'000</u>
Contributed capital	11	1,500,000	1,500
Retained earnings		46,849,547	63,698
Proposed dividend		<u>23,000,000</u>	<u>0</u>
<b>Equity</b>		<b><u>71,349,547</u></b>	<b><u>65,198</u></b>
Debt to other credit institutions		<u>1,500,000</u>	<u>2,500</u>
<b>Non-current liabilities other than provisions</b>	12	<b><u>1,500,000</u></b>	<b><u>2,500</u></b>
Current portion of long-term liabilities other than provisions	12	1,000,000	2,080
Trade payables		6,089,246	5,778
Payables to group enterprises		40,619,843	39,275
Joint taxation contribution payable		2,316,273	2,589
Other payables		<u>8,280,239</u>	<u>7,682</u>
<b>Current liabilities other than provisions</b>		<b><u>58,305,601</u></b>	<b><u>57,404</u></b>
<b>Liabilities other than provisions</b>		<b><u>59,805,601</u></b>	<b><u>59,904</u></b>
<b>Equity and liabilities</b>		<b><u>131,155,148</u></b>	<b><u>125,102</u></b>
Unrecognised rental and lease commitments	13		
Contingent liabilities	14		
Related parties with controlling interest	15		
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Group relations	17		

## Statement of changes in equity for 2018

	<b>Contributed capital DKK</b>	<b>Retained earnings DKK</b>	<b>Proposed dividend DKK</b>	<b>Total DKK</b>
	<hr/>	<hr/>	<hr/>	<hr/>
Equity beginning of year	1,500,000	63,698,277	0	65,198,277
Profit/loss for the year	0	(16,848,730)	23,000,000	6,151,270
<b>Equity end of year</b>	<b>1,500,000</b>	<b>46,849,547</b>	<b>23,000,000</b>	<b>71,349,547</b>
	<hr/>	<hr/>	<hr/>	<hr/>

## Notes

	<b>2018</b>	<b>2017</b>
	<b>DKK</b>	<b>DKK'000</b>
<b>1. Staff costs</b>		
Wages and salaries	48,715,354	44,993
Pension costs	1,818,838	1,800
Other social security costs	411,497	252
Other staff costs	436,126	485
	<b>51,381,815</b>	<b>47,530</b>
Average number of employees	<b>104</b>	<b>103</b>
	<b>Remunera- tion of manage- ment 2018 DKK</b>	<b>Remunera- tion of manage- ment 2017 DKK'000</b>
Total amount for management categories	2,805,851	4,805
	<b>2,805,851</b>	<b>4,805</b>
	<b>2018</b>	<b>2017</b>
	<b>DKK</b>	<b>DKK'000</b>
<b>2. Depreciation, amortisation and impairment losses</b>		
Depreciation of property, plant and equipment	12,808,302	13,390
Profit/loss from sale of intangible assets and property, plant and equipment	0	(25)
	<b>12,808,302</b>	<b>13,365</b>
	<b>2018</b>	<b>2017</b>
	<b>DKK</b>	<b>DKK'000</b>
<b>3. Other financial income</b>		
Financial income arising from group enterprises	370,833	915
Interest income	78,200	28
	<b>449,033</b>	<b>943</b>



## Notes

	<b>2018</b>	<b>2017</b>
	<b>DKK</b>	<b>DKK'000</b>
<b>4. Other financial expenses</b>		
Financial expenses from group enterprises	1,106,904	1,146
Interest expenses	109,306	147
Exchange rate adjustments	0	284
	<b>1,216,210</b>	<b>1,577</b>
	<b>2018</b>	<b>2017</b>
	<b>DKK</b>	<b>DKK'000</b>
<b>5. Tax on profit/loss for the year</b>		
Tax on current year taxable income	2,316,273	2,589
Change in deferred tax for the year	(703,000)	(719)
Adjustment concerning previous years	(437,029)	6
	<b>1,176,244</b>	<b>1,876</b>
	<b>2018</b>	<b>2017</b>
	<b>DKK</b>	<b>DKK'000</b>
<b>6. Proposed distribution of profit/loss</b>		
Ordinary dividend for the financial year	23,000,000	0
Retained earnings	(16,848,730)	6,711
	<b>6,151,270</b>	<b>6,711</b>

## Notes

	<b>Plant and machinery DKK</b>	<b>Other fixtures and fittings, tools and equipment DKK</b>	<b>Leasehold improve- ments DKK</b>	<b>Property, plant and equipment in progress DKK</b>
<b>7. Property, plant and equipment</b>				
Cost beginning of year	150,952,024	3,871,301	11,062,257	1,727,401
Additions	8,962,046	0	29,343	86,738
Disposals	0	0	0	(773,720)
<b>Cost end of year</b>	<b>159,914,070</b>	<b>3,871,301</b>	<b>11,091,600</b>	<b>1,040,419</b>
Depreciation and impairment losses beginning of the year	(124,741,837)	(3,594,410)	(8,710,539)	0
Depreciation for the year	(11,678,213)	(123,522)	(1,006,567)	0
<b>Depreciation and impairment losses end of the year</b>	<b>(136,420,050)</b>	<b>(3,717,932)</b>	<b>(9,717,106)</b>	<b>0</b>
<b>Carrying amount end of year</b>	<b>23,494,020</b>	<b>153,369</b>	<b>1,374,494</b>	<b>1,040,419</b>
		<b>Other investments DKK</b>	<b>Deposits DKK</b>	<b>Deferred tax DKK</b>
<b>8. Fixed asset investments</b>				
Cost beginning of year		0	2,306,650	810,000
Additions		22,231	379	703,000
Disposals		0	(941,473)	0
<b>Cost end of year</b>		<b>22,231</b>	<b>1,365,556</b>	<b>1,513,000</b>
Impairment losses for the year		(22,231)	0	0
<b>Impairment losses end of year</b>		<b>(22,231)</b>	<b>0</b>	<b>0</b>
<b>Carrying amount end of year</b>		<b>0</b>	<b>1,365,556</b>	<b>1,513,000</b>

## Notes

	<b>2018</b>	<b>2017</b>
	<b>DKK</b>	<b>DKK'000</b>
<b>9. Deferred tax</b>		
Property, plant and equipment	1,765,000	1,111
Inventories	(256,000)	(305)
Receivables	4,000	4
	<b>1,513,000</b>	<b>810</b>
<b>Changes during the year</b>		
Beginning of year	810,000	
Recognised in the income statement	703,000	
<b>End of year</b>	<b>1,513,000</b>	

### 10. Prepayments

Prepayments comprise incurred costs relating to subsequent financial years.

	<b>Number</b>	<b>Par value</b>	<b>Nominal</b>
		<b>DKK</b>	<b>value</b>
			<b>DKK</b>
<b>11. Contributed capital</b>			
Shares	15	100,000	1,500,000
	<b>15</b>		<b>1,500,000</b>
	<b>Instalments</b>	<b>Instalments</b>	<b>Instalments</b>
	<b>within 12</b>	<b>within 12</b>	<b>beyond 12</b>
	<b>months</b>	<b>months</b>	<b>months</b>
	<b>2018</b>	<b>2017</b>	<b>2018</b>
	<b>DKK</b>	<b>DKK'000</b>	<b>DKK</b>
<b>12. Liabilities other than provisions</b>			
Debt to other credit institutions	1,000,000	2,080	1,500,000
	<b>1,000,000</b>	<b>2,080</b>	<b>1,500,000</b>

DKK 0 falls due after five years.

## Notes

	<b>2018</b>	<b>2017</b>
	<b>DKK</b>	<b>DKK'000</b>
<b>13. Unrecognised rental and lease commitments</b>		
Hereof liabilities under rental or lease agreements until maturity in total	<u>4,279,145</u>	<u>4,611</u>
Herof liabilities under rental agreements or leases with group enterprises until expiry	<u>3,600,000</u>	<u>3,114</u>

### 14. Contingent liabilities

The Company has promised to provide the financial support required to group companies in order to continue their operations.

The Company has issued a cross guarantee for the bank debt of the Danish group enterprises. The total bank debt of the Danish group enterprises amounts to DKK 19,320 thousand at 31.12.2018.

The Company participates in a Danish joint taxation arrangement in which DBI Holding II A/S serves as the administration company. According to the joint taxation provisions of the Danish Corporation Tax Act, the Company is therefore liable for income taxes etc for the jointly taxed companies and for obligations, if any, relating to the withholding of tax on interest, royalties and dividends for the jointly taxed companies. The jointly taxed companies' total known net liability in the joint taxation arrangement is stated in the financial statements of the administration company.

### 15. Related parties with controlling interest

The Company has registered the following shareholder to hold more than 5% of the voting share capital, or of the nominal value of the share capital:

DBI Plastics Group A/S, Stationsvej 5, 4295 Stenlille, Central Business Registration No. 27171737

### 16. Transactions with related parties

Related party transactions that have not been made on an arm's length basis should be disclosed in the annual report. However, such transactions have not taken place during the financial year.

### 17. Group relations

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

DBI Holding A/S, Stationsvej 5, 4295 Stenlille, Central Business Registration No. 29821739

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

DBI Holding A/S, Stationsvej 5, 4295 Stenlille, Central Business Registration No. 29821739

## 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).

The accounting policies applied to these financial statements are consistent with those applied last year except for minor adjustments made with no effect on profit/loss or equity as they are reclassifications.

### 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 at 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.

### Income statement

#### Revenue

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

#### 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.

## Accounting policies

### Other external expenses

Other external expenses include expenses relating to the Entity's ordinary activities, including expenses for premises, stationery and office supplies, etc.

### Staff costs

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

### Depreciation, amortisation and impairment losses

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.

### Other financial income

Other financial income comprises dividends etc received on other investments, interest income, including interest income on receivables from group enterprises, net capital gains on securities, payables and transactions in foreign currencies, amortisation of financial assets as well as tax relief under the Danish Tax Prepayment Scheme etc.

### Impairment of financial assets

Impairment of financial assets comprises impairment of financial assets which are not measured at fair value on a current basis.

### Other financial expenses

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

### Tax on profit/loss for the year

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

The Entity is jointly taxed with the Parent and 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

#### Property, plant and equipment

Plant and machinery, other fixtures and fittings, tools and equipment as well as leasehold improvements are measured at cost less accumulated depreciation and impairment losses.

## Accounting policies

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, subsuppliers and labour costs. For assets held under finance leases, cost is the lower of the asset's fair value and present value of future lease payments.

Indirect production costs in the form of indirectly attributable staff costs and amortisation of intangible assets and depreciation on property, plant and equipment used in the development process are recognised in cost based on time spent on each asset.

Interest expenses on loans for the financing of the manufacture of property, plant and equipment are included in cost if they relate to the manufacturing period. All other finance costs are recognised in the income statement.

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

Plant and machinery	3-7 years
Other fixtures and fittings, tools and equipment	3-5 years
Leasehold improvements	3-5 years

For leasehold improvements and assets subject to finance leases, the depreciation period cannot exceed the contract period.

Estimated useful lives and residual values are reassessed annually.

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

### Other investments

Other investments comprise unlisted securities which are cost price at the balance sheet date.

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

### Inventories

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

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

## Accounting policies

Indirect production costs comprise indirect materials and labour costs, costs of maintenance of, depreciation on and impairment losses relating to 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.

### Prepayments

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

### Cash

Cash comprises cash in hand and bank deposits.

### Dividend

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

### Operating leases

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

### Other financial liabilities

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

### Income tax receivable or payable

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

### Cash flow statement

According to section 86(4) of the Danish Financial Statements Act, the Company has decided not to prepare any cash flow statement, as such statement is included in higher-level consolidated financial statements.