Graphic West International ApS

Lyngsø Alle 3, DK-2970 Hørsholm

Annual Report for 1 January - 31 December 2019

CVR No 14 33 60 44

The Annual Report was presented and adopted at the Annual General Meeting of the Company on 4 /8 2020

Jesper Holm
Chairman of the General Meeting

pwc

Contents

Management's Statement

The Executive Board and Board of Directors have today considered and adopted the Annual Report of Graphic West International ApS for the financial year 1 January - 31 December 2019.

The Annual Report is prepared in accordance with the Danish Financial Statements Act.

In our opinion the Financial Statements and the Consolidated Financial Statements give a true and fair view of the financial position at 31 December 2019 of the Company and the Group and of the results of the Company and Group operations and of consolidated cash flows for 2019.

We recommend that the Annual Report be adopted at the Annual General Meeting.

Hørsholm, 4 August 2020

Executive Board

Jesper Holm

Board of Directors

Peter Arndrup Poulsen Chairman	Camilla Korsholm Holm	Gert Vinther Jørgensen
Jesper Holm	Benny Madsen	

Independent Auditor's Report

To the Shareholder of Graphic West International ApS

Opinion

In our opinion, the Consolidated Financial Statements and the Parent Company Financial Statements give a true and fair view of the financial position of the Group and the Parent Company at 31 December 2019 and of the results of the Group's and the Parent Company's operations and of consolidated cash flows for the financial year 1 January - 31 December 2019 in accordance with the Danish Financial Statements Act.

We have audited the Consolidated Financial Statements and the Parent Company Financial Statements of Graphic West International ApS for the financial year 1 January - 31 December 2019, which comprise income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies, for both the Group and the Parent Company, as well as consolidated statement of cash flows ("the Financial Statements").

Basis for opinion

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

Statement on Management's Review

Management is responsible for Management's Review.

Our opinion on the Financial Statements does not cover 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 Management's Review and, in doing so, consider whether 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 Management's Review provides the information required under the Danish Financials Statements Act.

Based on the work we have performed, in our view, Management's Review is in accordance with the Consolidated Financial Statements and the Parent Company Financial Statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement in Management's Review.

Independent Auditor's Report

Management's responsibilities for the Financial Statements
Management is responsible for the preparation of consolidated financial statements and parent company 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 Group's and 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 Group or 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 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:

- 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 Company's and the Group'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 Group's and 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 Group and the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and contents of the Financial Statements, including the disclosures, and whether the Financial Statements represent the underlying transactions and events in a manner that gives a true and fair view.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the Consolidated Financial Statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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.

Hellerup, 4 August 2020
PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
CVR No 33 77 12 31

Flemming Eghoff	Lone Vindbjerg Larsen
State Authorised Public Accountant	State Authorised Public Accountant
mne30221	mne34548

Company Information

The Company	Graphic West International ApS Lyngsø Alle 3 DK-2970 Hørsholm CVR No: 14 33 60 44 Financial period: 1 January - 31 December Municipality of reg. office: Hørsholm
Board of Directors	Peter Arndrup Poulsen, Chairman Camilla Korsholm Holm Gert Vinther Jørgensen Jesper Holm Benny Madsen
Executive Board	Jesper Holm
Auditors	PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab Strandvejen 44 DK-2900 Hellerup

Financial Highlights

Seen over a two-year period, the development of the Group is described by the following financial highlights:

	Group	
	2019	2018
	TDKK	TDKK
Key figures		
Profit/loss		
Revenue	183.658	128.998
Operating profit/loss	7.999	-2.463
Profit/loss before financial income and expenses	9.061	-2.033
Net financials	-939	475
Net profit/loss for the year	5.262	-1.807
Balance sheet		
Balance sheet total	88.082	77.913
Equity	34.314	31.144
Cash flows		
Cash flows from:		
- operating activities	4.575	-17.012
- investing activities	-8.686	-1.593
including investment in property, plant and equipment	-8.510	-9.336
- financing activities	5.178	19.417
Change in cash and cash equivalents for the year	1.067	812
Number of employees	213	69
Ratios		
Gross margin	26,7%	15,1%
Profit margin	4,9%	-1,6%
Return on assets	10,3%	-2,6%
Solvency ratio	39,0%	40,0%
Return on equity	16,1%	-11,6%

The ratios have been prepared in accordance with the recommendations and guidelines issued by the Danish Society of Financial Analysts. For definitions, see under accounting policies.

The Financial Highlights summary has been prepared for 2 years due to 2019 was the first year with the requirement for consolidated accounts.

Management's Review

Consolidated and Parent Company Financial Statements of Graphic West International ApS for 2019 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to medium-sized enterprises of reporting class C.

The Consolidated and Parent Company Financial Statements have been prepared under the same accounting policies as last year.

Key activities

The company's main activity is the production and sale of packaging products.

Development in the year

The income statement of the Group for 2019 shows a profit of TDKK 5,262, and at 31 December 2019 the balance sheet of the Group shows equity of TDKK 34,314.

The management considers this to be satisfactory.

The past year and follow-up on development expectations from last year

In 2020, the company expects continued growth due to increasing demand for the products.

Foreign exchange risks

Graphic West International ApS is exposed to currency fluctuations in the countries where it has its main activities. The risk relates primarily to the rise/fall in USD and EUR, as almost all sales and expenses are in USD and EUR.

Unusual events

The financial position at 31 December 2019 of the Group and the results of the activities and cash flows of the Group for the financial year for 2019 have not been affected by any unusual events.

Management's Review

Subsequent events

No events materially affecting the assessment of the Annual Report have occurred after the balance sheet date.

In 2019 a sale agreement has been signed on the property with transfer in 2020. The buyer will takeover the property medio 2020. The morgage loan will be repaid after the transfer.

The outbreak of the Corona virus during the beginning of 2020 is going to affect the world economy, and the related implications are going to create instability and uncertainty on the global markets throughout 2020. At the time of completing this annual report the impact and complete extent of the corona virus on the global healthcare and world's economy is undetermined, as the outbreak is still evolving and has yet not been contained or controlled in any country. Consequently, the Corona virus is also affecting the countries and markets in which the Group operates.

Management has evaluated the potential impact of the Corona virus on the Group's operations and expected financial performance for 2020. Management believes that the outbreak is going to have an adverse effect on the Group's revenue and results for 2020 to some extent. Though, it is Management's expectations that the industry in which the Group operates is not going to be significantly affected by the Corona virus outbreak, thus the Group's financial position is not expected to be significantly distorted.

Income Statement 1 January - 31 December

	Note	Group 2019	Group 2018	Parent company 2019	Parent company 2018
		TDKK	TDKK	TDKK	TDKK
Revenue		**183.658**	**128.998**	**166.279**	**124.302**
Other operating income		1.062	430	34	66
Expenses for raw materials and consumables		-102.040	-90.824	-128.354	-100.441
Other external expenses		-33.676	-19.096	-10.899	-7.838
Gross profit/loss		**49.004**	**19.508**	**27.060**	**16.089**
Staff expenses	2	-34.757	-18.209	-10.814	-8.933
Depreciation and amortisation of intangible assets and property, plant and equipment		-5.186	-3.332	-2.486	-1.961
Profit/loss before financial income and expenses		**9.061**	**-2.033**	**13.760**	**5.195**
Income from investments in subsidiaries		0	0	-5.730	-6.101
Income from investments in associates		0	142	0	142
Financial income	3	486	1.628	963	2.088
Financial expenses	4	-1.425	-1.295	-894	-1.755
Profit/loss before tax		**8.122**	**-1.558**	**8.099**	**-431**
Tax on profit/loss for the year	5	-2.860	-249	-2.837	-1.376
Net profit/loss for the year		**5.262**	**-1.807**	**5.262**	**-1.807**

Balance Sheet 31 December

Assets

		Group		Parent company	
	Note	2019	2018	2019	2018
		TDKK	TDKK	TDKK	TDKK
Licenses		433	0	144	0
Intangible assets	6	**433**	**0**	**144**	**0**
Land and buildings		16.000	19.000	16.000	19.000
Other fixtures and fittings, tools and equipment		23.404	19.506	2.410	8.771
Property, plant and equipment	7	**39.404**	**38.506**	**18.410**	**27.771**
Investments in subsidiaries	8	0	0	2.124	509
Investments in associates	9	0	1.157	0	1.157
Receivables from group enterprises		0	0	18.199	4.318
Deposits		298	128	298	128
Other receivables		0	0	5.583	7.890
Fixed asset investments		**298**	**1.285**	**26.204**	**14.002**
Fixed assets		**40.135**	**39.791**	**44.758**	**41.773**
Inventories	10	**13.587**	**14.068**	**12.887**	**13.215**
Trade receivables		26.913	18.417	22.017	16.856
Other receivables		243	498	1.270	470
Deferred tax asset		2.706	2.304	40	0
Corporation tax		449	109	34	84
Prepayments	12	400	144	400	144
Receivables		**30.711**	**21.472**	**23.761**	**17.554**
Cash at bank and in hand		**3.649**	**2.582**	**1.042**	**1.899**
Currents assets		**47.947**	**38.122**	**37.690**	**32.668**
Assets		**88.082**	**77.913**	**82.448**	**74.441**

Balance Sheet 31 December

Liabilities and equity

		Group		Parent company	
	Note	2019	2018	2019	2018
		TDKK	TDKK	TDKK	TDKK
Share capital		200	200	200	200
Revaluation reserve		4.261	6.175	4.261	6.175
Reserve for net revaluation under the equity method		0	642	0	642
Retained earnings		29.853	24.127	29.853	24.127
Equity	13	**34.314**	**31.144**	**34.314**	**31.144**
Provision for deferred tax		0	1.119	0	1.099
Provisions		**0**	**1.119**	**0**	**1.099**
Mortgage loans		2.951	3.914	2.951	3.914
Other payables		768	0	260	0
Long-term debt	15	**3.719**	**3.914**	**3.211**	**3.914**
Mortgage loans	15	1.083	1.090	1.083	1.090
Credit institutions		23.226	16.514	23.226	16.514
Trade payables		19.228	19.282	15.847	18.002
Payables to group enterprises		0	0	82	0
Payables to group enterprises relating to corporation tax		4.020	1.178	4.020	1.178
Other payables	15	2.492	3.672	665	1.500
Short-term debt		**50.049**	**41.736**	**44.923**	**38.284**
Debt		**53.768**	**45.650**	**48.134**	**42.198**
Liabilities and equity		**88.082**	**77.913**	**82.448**	**74.441**

Subsequent events	1
Distribution of profit	14
Contingent assets, liabilities and other financial obligations	18
Related parties	19
Accounting Policies	20

Statement of Changes in Equity

Group

	Share capital	Revaluation reserve	Reserve for net revaluation under the equity method	Retained earnings	Total
	TDKK	TDKK	TDKK	TDKK	TDKK
Equity at 1 January	200	6.175	642	24.127	31.144
Exchange adjustments	0	0	0	-178	-178
Dissolution of previous years' revaluation	0	0	-642	642	0
Depreciation, amortisation and impairment for the year	0	-1.914	0	0	-1.914
Net profit/loss for the year	0	0	0	5.262	5.262
Equity at 31 December	**200**	**4.261**	**0**	**29.853**	**34.314**

Parent company

	Share capital	Revaluation reserve	Reserve for net revaluation under the equity method	Retained earnings	Total
Equity at 1 January	200	6.175	642	24.127	31.144
Exchange adjustments	0	0	0	-178	-178
Dissolution of previous years' revaluation	0	0	-642	642	0
Depreciation, amortisation and impairment for the year	0	-1.914	0	0	-1.914
Net profit/loss for the year	0	0	0	5.262	5.262
Equity at 31 December	**200**	**4.261**	**0**	**29.853**	**34.314**

Cash Flow Statement 1 January - 31 December

	Note	Group 2019	Group 2018
		TDKK	TDKK
Net profit/loss for the year		5.262	-1.807
Adjustments	16	8.886	3.192
Change in working capital	17	-8.043	-18.359
Cash flows from operating activities before financial income and expenses		**6.105**	**-16.974**
Financial income		487	1.628
Financial expenses		-1.418	-1.295
Cash flows from ordinary activities		**5.174**	**-16.641**
Corporation tax paid		-599	-371
Cash flows from operating activities		**4.575**	**-17.012**
Purchase of intangible assets		-469	0
Purchase of property, plant and equipment		-8.510	-9.336
Sale of property, plant and equipment		0	7.743
Sale of fixed asset investments etc		293	0
Cash flows from investing activities		**-8.686**	**-1.593**
Raising of loans from credit institutions		5.178	19.417
Cash flows from financing activities		**5.178**	**19.417**
Change in cash and cash equivalents		**1.067**	**812**
Cash and cash equivalents at 1 January		2.582	1.770
Cash and cash equivalents at 31 December		**3.649**	**2.582**
Cash and cash equivalents are specified as follows:			
Cash at bank and in hand		3.649	2.582
Cash and cash equivalents at 31 December		**3.649**	**2.582**

Notes to the Financial Statements

1 Subsequent events

Covid-19

The implications of COVID-19 with many governments across the world deciding to ”close down their countries” will have great impact on the global economy. Management considers the implications of COVID-19 a subsequent event occurred after the balance sheet date (31 December 2019), and therefore will not have any effect on the Financial Statements for 2019 (a non-adjusting event).

Management has evaluated the potential impact of the Corona virus on the Group's operations andexpected financial performance for 2020. Management believes that the outbreak is going to have an adverse effect on the Group's revenue and results for 2020 to some extent.

Sale of property in Denmark

In 2019 a sale agreement has been signed on the property with transfer in 2020. The buyer will takeover the property medio 2020. The morgage loan will be repaid after the transfer.

2 Staff expenses

	Group		Parent company	
	2019	2018	2019	2018
	TDKK	TDKK	TDKK	TDKK
Wages and salaries	32.811	16.458	10.240	8.364
Pensions	217	119	217	119
Other social security expenses	949	1.219	162	229
Other staff expenses	780	413	195	221
	34.757	**18.209**	**10.814**	**8.933**
Including remuneration to the Executive Board and Board of Directors of:				
Executive Board	2.585	2.440	2.585	2.440
Board of Directors	150	0	150	0
	2.735	**2.440**	**2.735**	**2.440**
Average number of employees	**213**	**69**	**12**	**11**

Notes to the Financial Statements

	Group		Parent company	
	2019	2018	2019	2018
	TDKK	TDKK	TDKK	TDKK
3 Financial income				
Interest received from group enterprises	0	0	716	460
Other financial income	6	35	7	35
Exchange gains	480	1.593	240	1.593
	486	**1.628**	**963**	**2.088**
4 Financial expenses				
Interest paid to group enterprises	0	0	0	66
Other financial expenses	1.185	33	894	427
Exchange gain and loss	240	1.262	0	1.262
	1.425	**1.295**	**894**	**1.755**
5 Tax on profit/loss for the year				
Current tax for the year	3.616	966	3.497	282
Deferred tax for the year	-625	-717	-625	1.094
Adjustment of tax concerning previous years	-131	0	-35	0
	2.860	**249**	**2.837**	**1.376**

Notes to the Financial Statements

6 Intangible assets

Group

	Licenses
	TDKK
Cost at 1 January	0
Additions for the year	469
Cost at 31 December	469
Impairment losses and amortisation at 1 January	0
Amortisation for the year	36
Impairment losses and amortisation at 31 December	36
Carrying amount at 31 December	**433**

Parent company

	Licenses
	TDKK
Cost at 1 January	0
Additions for the year	144
Cost at 31 December	144
Carrying amount at 31 December	**144**

Notes to the Financial Statements

7 Property, plant and equipment

Group

	Land and buildings	Other fixtures and fittings, tools and equipment
	TDKK	TDKK
Cost at 1 January	18.788	27.933
Additions for the year	0	8.510
Disposals for the year	0	-374
Cost at 31 December	18.788	36.069
Revaluations at 1 January	6.440	0
Reversals for the year of revaluations in previous years	-2.455	0
Revaluations at 31 December	3.985	0
Impairment losses and depreciation at 1 January	6.228	8.429
Exchange adjustment	0	-307
Depreciation for the year	545	4.605
Reversal of impairment and depreciation of sold assets	0	-62
Impairment losses and depreciation at 31 December	6.773	12.665
Carrying amount at 31 December	**16.000**	**23.404**

Notes to the Financial Statements

7 Property, plant and equipment (continued)

Parent company

	Land and buildings	Other fixtures and fittings, tools and equipment
	TDKK	TDKK
Cost at 1 January	18.788	15.267
Additions for the year	0	1.510
Disposals for the year	0	-8.768
Cost at 31 December	18.788	8.009
Revaluations at 1 January	6.440	0
Reversals for the year of revaluations in previous years	-2.455	0
Revaluations at 31 December	3.985	0
Impairment losses and depreciation at 1 January	6.228	6.497
Depreciation for the year	545	1.941
Reversal of impairment and depreciation of sold assets	0	-2.839
Impairment losses and depreciation at 31 December	6.773	5.599
Carrying amount at 31 December	**16.000**	**2.410**

8 Investments in subsidiaries

	Parent company	
	2019	2018
	TDKK	TDKK
Cost at 1 January	137	137
Cost at 31 December	137	137
Value adjustments at 1 January	372	78
Net profit/loss for the year	1.615	294
Value adjustments at 31 December	1.987	372
Carrying amount at 31 December	**2.124**	**509**

Equity investments with negative net asset value amortised over intercompany receivables - TDKK 16 080.

Notes to the Financial Statements

8 Investments in subsidiaries (continued)

Investments in subsidiaries are specified as follows:

Name	Place of registered office	Votes and ownership	Equity	Net profit/loss for the year
Graphic West Poland sp. Z O. O.	Nowogard, Poland	100%	1.989	1.686
Graphic West Inc	Tyler, USA	100%	-16.080	-7.345
Graphic West ApS	Hørsholm, Denmark	100%	135	-71
			-13.956	-5.730

9 Investments in associates

	Group		Parent company	
	2019	2018	2019	2018
	TDKK	TDKK	TDKK	TDKK
Cost at 1 January	515	515	515	515
Disposals for the year	-515	0	-515	0
Cost at 31 December	0	515	0	515
Value adjustments at 1 January	642	0	642	0
Net profit/loss for the year	0	642	0	642
Reversals for the year of revaluations in previous years	-642	0	-642	0
Value adjustments at 31 December	0	642	0	642
Carrying amount at 31 December	**0**	**1.157**	**0**	**1.157**

Investments in associates are specified as follows:

Name	Place of registered office	Votes and ownership
Graphic West Packaging Machinery Ltd	New Woad Farm, UK	0%

Notes to the Financial Statements

	Group		Parent company	
	2019	2018	2019	2018
	TDKK	TDKK	TDKK	TDKK
10 Inventories				
Finished goods and goods for resale	13.587	14.068	12.887	13.215
	13.587	**14.068**	**12.887**	**13.215**

11 Deferred tax

The deferred tax assets amounts to TDKK 2,706 which primalily relates to tax losses carried-forward in Graphic West Inc.

The Group has assessed that the deferred tax assets will be recoverable using the estimated future taxable income based on the approved business plans and budgets for the subsidiary. The subsidiary is expected to generate positiv taxable income from 2020 and onwards.

A deferred tax asset of TDKK 1,271 has not been recongnised in the balance sheet per 31.12.2019.

12 Prepayments

Prepayments consist of prepaid expenses concerning rent, insurance premiums, subscriptions and interest as well.

13 Equity

There have been no changes in the share capital during the last 5 years.

	Parent company	
	2019	2018
	TDKK	TDKK
14 Distribution of profit		
Reserve for net revaluation under the equity method	0	142
Retained earnings	5.262	-1.949
	5.262	**-1.807**

Notes to the Financial Statements

15 Long-term debt

Payments due within 1 year are recognised in short-term debt. Other debt is recognised in long-term debt.

The debt falls due for payment as specified below:

	Group		Parent company	
	2019	2018	2019	2018
	TDKK	TDKK	TDKK	TDKK
Mortgage loans				
Between 1 and 5 years	2.951	3.914	2.951	3.914
Long-term part	2.951	3.914	2.951	3.914
Within 1 year	1.083	1.090	1.083	1.090
	4.034	**5.004**	**4.034**	**5.004**
Other payables				
Between 1 and 5 years	768	0	260	0
Long-term part	768	0	260	0
Other short-term payables	2.506	3.673	665	1.500
	3.274	**3.673**	**925**	**1.500**

16 Cash flow statement - adjustments

	Group	
	2019	2018
	TDKK	TDKK
Financial income	-486	-1.628
Financial expenses	1.425	1.295
Depreciation, amortisation and impairment losses, including losses and gains on sales	5.186	3.332
Income from investments in associates	0	-142
Tax on profit/loss for the year	2.860	249
Other adjustments	-99	86
	8.886	**3.192**

	Group 2019	Group 2018
	TDKK	TDKK
17 Cash flow statement - change in working capital		
Change in inventories	480	-3.897
Change in receivables	-8.668	-20.003
Change in other provisions	-1.093	-1.899
Change in trade payables, etc	1.238	7.440
	-8.043	**-18.359**

	Group		Parent company	
	2019	2018	2019	2018
	TDKK	TDKK	TDKK	TDKK
18 Contingent assets, liabilities and other financial obligations				

Charges and security

The following assets have been placed as security with mortgage credit institutes:

Land and buildings with an value of	16.000	19.000	16.000	19.000

The Company has provided pledges of DKK 15 million for Nordea Bank. The Pledged assets include domain name, fixed assets, account receivables, other receivables, inventory and other similar assets.

Lease obligations:

Cutting machines	2.211	2.738	0	0

Contingent liabilities

The Danish companies are jointly and severally liable for tax on the jointly taxed incomes etc of the Group. The total amount of corporation tax payable is disclosed in the Annual Report of Vallerød Holding ApS, which is the management company of the joint taxation purposes. Moreover, the group companies are jointly and severally liable for Danish withholding taxes by way of dividend tax, tax on royalty payments and tax on unearned income. Any subsequent adjustments of corporation taxes and withholding taxes may increase the Company’s liability.

Notes to the Financial Statements

19 Related parties

Transactions

The Company has chosen only to disclose transactions which have not been made on an arm's length basis in accordance with section 98(c)(7) of the Danish Financial Statements Act.

Ownership

The following shareholder is recorded in the Company's register of shareholders as holding at least 5% of the votes or at least 5% of the share capital:

GW Finance ApS
Vallerød Holding ApS

Consolidated Financial Statements

The company is included in the consolidated annual accounts for Vallerød Holding ApS.

Name	Place of registered office
Vallerød Holding ApS	Rungsted Kyst

Notes to the Financial Statements

20 Accounting Policies

The Annual Report of Graphic West International ApS for 2019 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to medium-sized enterprises of reporting class C.

The accounting policies applied remain unchanged from last year.

The Consolidated and Parent Company Financial Statements for 2019 are presented in TDKK.

Correction of material misstatements

In 2018, the company had incorrectly recognized costs related to 2019. The result after tax of the correction is DKK 1.8 million regarding inventory, accounts payable and intercompany. Further the result of investments in subsidiaries has been recognized why correction of DKK 6.3 million has been made. The errors have been corrected against the company's equity, cf. Section 52(2) of the Danish Financial Statements Act and the comparative figures for 2018 have been changed.

Recognition and measurement

Revenues are recognised in the income statement as earned. Furthermore, value adjustments of financial assets and liabilities measured at fair value or amortised cost are recognised. Moreover, all expenses incurred to achieve the earnings for the year are recognised in the income statement, including depreciation, amortisation, impairment losses and provisions as well as reversals due to changed accounting estimates of amounts that have previously been recognised in the income statement.

Assets are recognised in the balance sheet when it is probable that future economic benefits attributable to the asset will flow to the Company, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when it is probable that future economic benefits will flow out of the Company, and the value of the liability can be measured reliably.

Assets and liabilities are initially measured at cost. Subsequently, assets and liabilities are measured as described for each item below.

Basis of consolidation

The Consolidated Financial Statements comprise the Parent Company, Graphic West International ApS, and subsidiaries in which the Parent Company directly or indirectly holds more than 50% of the votes or in which the Parent Company, through share ownership or otherwise, exercises control. Enterprises in which the Group holds between 20% and 50% of the votes and exercises significant influence but not control are classified as associates.

On consolidation, items of a uniform nature are combined. Elimination is made of intercompany income and expenses, shareholdings, dividends and accounts as well as of realised and unrealised profits and

Notes to the Financial Statements

20 Accounting Policies (continued)

losses on transactions between the consolidated enterprises.

The Parent Company's investments in the consolidated subsidiaries are set off against the Parent Company's share of the net asset value of subsidiaries stated at the time of consolidation.

Translation policies

Transactions in foreign currencies are translated at the exchange rates at the dates of transaction. Exchange differences arising due to differences between the transaction date rates and the rates at the dates of payment are recognised in financial income and expenses in the income statement. Where foreign exchange transactions are considered hedging of future cash flows, the value adjustments are recognised directly in equity.

Receivables, payables and other monetary items in foreign currencies that have not been settled at the balance sheet date are translated at the exchange rates at the balance sheet date. Any differences between the exchange rates at the balance sheet date and the rates at the time when the receivable or the debt arose are recognised in financial income and expenses in the income statement.

Fixed assets acquired in foreign currencies are measured at the transaction date rates.

Income Statement

Revenue

Revenue from the sale of goods is recognised when the risks and rewards relating to the goods sold have been transferred to the purchaser, the revenue can be measured reliably and it is probable that the economic benefits relating to the sale will flow to the Group.

Revenue is measured at the consideration received and is recognised exclusive of VAT and net of discounts relating to sales.

Expenses for raw materials and consumables

Expenses for raw materials and consumables comprise the raw materials and consumables consumed to achieve revenue for the year.

Other external expenses

Other external expenses comprise indirect production costs and expenses for premises, sales and distribution as well as office expenses, etc.

Notes to the Financial Statements

20 Accounting Policies (continued)

Staff expenses

Staff expenses comprise wages and salaries as well as payroll expenses.

Amortisation, depreciation and impairment losses

Amortisation, depreciation and impairment losses comprise amortisation, depreciation and impairment of intangible assets and property, plant and equipment.

Other operating income and expenses

Other operating income and other operating expenses comprise items of a secondary nature to the main activities of the Group, including gains and losses on the sale of intangible assets and property, plant and equipment.

Income from investments in subsidiaries and associates

The items "Income from investments in subsidiaries" and "Income from investments in associates" in the income statement include the proportionate share of the profit for the year.

Financial income and expenses

Financial income and expenses are recognised in the income statement at the amounts relating to the financial year.

Tax on profit/loss for the year

Tax for the year consists of current tax for the year and changes in deferred tax for the year. The tax attributable to the profit for the year is recognised in the income statement, whereas the tax attributable to equity transactions is recognised directly in equity.

The Company is jointly taxed with wholly owned Danish subsidiaries. The tax effect of the joint taxation is allocated to enterprises in proportion to their taxable incomes.

Balance Sheet

Intangible assets

Licences are measured at the lower of cost less accumulated amortisation and recoverable amount. Licences are amortised over the remaining licencen period; however not exceeding 1-3 years.

Notes to the Financial Statements

20 Accounting Policies (continued)

Property, plant and equipment

On acquisition property, plant and equipment are measured at cost comprising the acquisition price and costs of acquisition. The cost of own constructed property, plant and equipment comprises the acquisition price and expenses directly related to the acquisition, including costs of acquisition and indirect expenses for labour, materials, components and supsuppliers up until the time when the asset is ready for use.

After the initial recognition property is measured at fair value.

Fair value is the amount for which property could be exchanged between knowledgeable, willing parties in an arm's length transaction on the balance sheet date. The determination of fair value involves material accounting estimates. In 2019 a sale agreement has been signed on the property with transfer in 2020. The buyer will takeover the property medio 2020. The value of the property has been recognize as sales price.

In Management's opinion the determination of fair value for the year was enabled through comparable market transactions and, consequently, valuation is based on the expected selling price.

The estimates applied are based on historical information and assumptions considered reasonable by Management but which are inherently uncertain and unpredictable. Actual events or circumstances will probably differ from the assumptions made in the calculations as often assumed events do not occur as expected. Such difference may be material. The assumptions applied are disclosed in the notes.

Other property, plant and equipment are measured at cost less accumulated depreciation and less any accumulated impairment losses.

Notes to the Financial Statements

20 Accounting Policies (continued)

Depreciation based on cost added revaluations and reduced by any residual value is calculated on a straight-line basis over the expected useful lives of the assets, which are:

Other buildings	30-50	years
Other fixtures and fittings, tools and equipment	3-10	years

Depreciation period and residual value are reassessed annually.

Impairment of fixed assets

The carrying amounts of intangible assets and property, plant and equipment are reviewed on an annual basis to determine whether there is any indication of impairment other than that expressed by amortisation and depreciation.

If so, the asset is written down to its lower recoverable amount.

Investments in subsidiaries and associates

Investment in subsidiaries and associates are first time recognition at cost and subsequently measured under the equity method. Investments in subsidiaries are recognized following the consolidation method.

The items“Investments in subsidiaries” and “Investments in associates” in the balance sheet include the proportionate ownership share of the net asset value of the enterprises calculated on the basis of the fair values of identifiable net assets at the time of acquisition.

The total net revaluation of investments in subsidiaries and associates is transferred upon distribution of profit to “Reserve for net revaluation under the equity method“ under equity. The reserve is reduced by dividend distributed to the Parent Company and adjusted for other equity movements in the subsidiaries and the associates.

Subsidiaries and associates with a negative net asset value are recognised at DKK 0. Any legal or constructive obligation of the Parent Company to cover the negative balance of the enterprise is recognised in provisions.

Other fixed asset investments

Other fixed asset investments consist of deposits.

Notes to the Financial Statements

20 Accounting Policies (continued)

Inventories

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

The net realisable value of inventories is calculated at the amount expected to be generated by sale of the inventories in the process of normal operations with deduction of selling expenses. The net realisable value is determined allowing for marketability, obsolescence and development in expected selling price.

The cost of goods for resale, raw materials and consumables equals landed cost.

Receivables

Receivables are measured in the balance sheet at the lower of amortised cost and net realisable value, which corresponds to nominal value less provisions for bad debts.

Prepayments

Prepayments comprise prepaid expenses concerning rent, insurance premiums, subscriptions and interest.

Deferred tax assets and liabilities

Deferred income tax is measured using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes on the basis of the intended use of the asset and settlement of the liability, respectively.

Deferred tax assets are measured at the value at which the asset is expected to be realised, either by elimination in tax on future earnings or by set-off against deferred tax liabilities within the same legal tax entity.

Deferred tax is measured on the basis of the tax rules and tax rates that will be effective under the legislation at the balance sheet date when the deferred tax is expected to crystallise as current tax. Any changes in deferred tax due to changes to tax rates are recognised in the income statement or in equity if the deferred tax relates to items recognised in equity.

Current tax receivables and liabilities

Current tax liabilities and receivables are recognised in the balance sheet as the expected taxable income for the year adjusted for tax on taxable incomes for prior years and tax paid on account. Extra payments and repayment under the on-account taxation scheme are recognised in the income statement in financial income and expenses.

Notes to the Financial Statements

20 Accounting Policies (continued)

Financial debts

Loans, such as mortgage loans and loans from credit institutions, are recognised initially at the proceeds received net of transaction expenses incurred. Subsequently, the loans are measured at amortised cost; the difference between the proceeds and the nominal value is recognised as an interest expense in the income statement over the loan period.

Mortgage loans are measured at amortised cost, which for cash loans corresponds to the remaining loan. Amortised cost of debenture loans corresponds to the remaining loan calculated as the underlying cash value of the loan at the date of raising the loan adjusted for depreciation of the price adjustment of the loan made over the term of the loan at the date of raising the loan.

Other debts are measured at amortised cost, substantially corresponding to nominal value.

Cash Flow Statement

The cash flow statement shows the Group´s cash flows for the year broken down by operating, investing and financing activities, changes for the year in cash and cash equivalents as well as the Group´s cash and cash equivalents at the beginning and end of the year.

Cash flows from operating activities

Cash flows from operating activities are calculated as the net profit/loss for the year adjusted for changes in working capital and non-cash operating items such as depreciation, amortisation and impairment losses, and provisions. Working capital comprises current assets less short-term debt excluding items included in cash and cash equivalents.

Cash flows from investing activities

Cash flows from investing activities comprise cash flows from acquisitions and disposals of intangible assets, property, plant and equipment as well as fixed asset investments.

Cash flows from financing activities

Cash flows from financing activities comprise cash flows from the raising and repayment of long-term debt as well as payments to and from shareholders.

Cash and cash equivalents

Cash and cash equivalents comprise ”Cash at bank and in hand”.

The cash flow statement cannot be immediately derived from the published financial records.

Notes to the Financial Statements

20 Accounting Policies (continued)

Financial Highlights

Explanation of financial ratios

Gross margin	$\frac{\text{Gross profit x 100}}{\text{Revenue}}$
Profit margin	$\frac{\text{Profit before financials x 100}}{\text{Revenue}}$
Return on assets	$\frac{\text{Profit before financials x 100}}{\text{Total assets}}$
Solvency ratio	$\frac{\text{Equity at year end x 100}}{\text{Total assets at year end}}$
Return on equity	$\frac{\text{Net profit for the year x 100}}{\text{Average equity}}$