

Pilkington Danmark A/S

Ejby Industrivej 124, 2600 Glostrup

CVR no. 15 79 04 07

Annual report 2017/18

Approved at the Company's annual general meeting on 6 September 2018

Chairman:

A handwritten signature in blue ink, appearing to be 'Hans Peterson', written over a horizontal dotted line.

Hans Peterson

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Statement by the Board of Directors and the Executive Board

Today, the Board of Directors and the Executive Board have discussed and approved the annual report of Pilkington Danmark A/S for the financial year 1 April 2017 - 31 March 2018.

The annual report is 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 March 2018 and of the results of the Company's operations for the financial year 1 April 2017 - 31 March 2018.

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

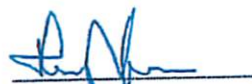
We recommend that the annual report be approved at the annual general meeting.

Glostrup, 6 September 2018
Executive Board:



Carsten Røndrup

Board of Directors:



Hans Peterson
Chairman



Katja Ahl



Jetro Yrkkä Petteri Oura

Independent auditor's reports

To the shareholders of Pilkington Danmark A/S

Report on extended review of the financial statements

We have performed an extended review of the financial statements of Pilkington Danmark A/S for the financial year 1 April 2017 - 31 March 2018. The financial statements, comprising income statement, balance sheet, statement of changes in equity and notes, including accounting policies, have been prepared in accordance with the Danish Financial Statements Act.

Management's responsibility for the financial statements

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

Auditor's responsibility

Our responsibility is to express a conclusion on the financial statements. We have conducted our extended review in accordance with the Danish Business Authority's Assurance Standard for Small Enterprises and FSR - Danish Auditors' standard on extended review of financial statements prepared in accordance with the Danish Financial Statements Act.

This requires us to comply with the ethical requirements of the Danish Auditors Act and FSR - Danish Auditors and plan and perform procedures to obtain limited assurance for our conclusion on the financial statements and in addition perform specifically required additional procedures to obtain further assurance for our conclusion.

An extended review comprises procedures that primarily consist of making inquiries of Management and others within the Company, as appropriate, analytical procedures and specifically required additional procedures as well as evaluation of the evidence obtained.

The procedures performed in an extended review are substantially less than those performed in an audit, and we accordingly do not express an audit opinion on the financial statements.

Opinion

Based on the work performed, in our opinion, the financial statements give a true and fair view of the Company's financial position at 31 March 2018 and of the results of its operations for the financial year 1 April 2017 - 31 March 2018 in accordance with the Danish Financial Statements Act.

Statement on the Management's review

Management is responsible for the Management's review.

Our conclusion 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 extended review 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 extended review, 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.

Independent auditor's reports

Based on the work we have performed, we conclude that 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 Management's review.

Copenhagen, 6 September 2018
ERNST & YOUNG
Godkendt Revisionspartnerselskab
CVR no. 30 70 02 28



Kim Thomsen
State Authorised Public Accountant
MNE no.: mne26736

Management's review

Company details

Name	Pilkington Danmark A/S
Address, Postal code, City	Ejby Industrivej 124, 2600 Glostrup
CVR no.	15 79 04 07
Established	17 February 1986
Financial year	1 April 2017 - 31 March 2018
Website	www.pilkington.dk
E-mail	info@pilkington.dk
Telefax	+45 43 96 70 96
Board of Directors	Hans Peterson, Chairman Katja Ahti Jetro Yrkka Petteri Oura
Executive Board	Carsten Randrup
Auditors	Ernst & Young Godkendt Revisionspartnerselskab Osvald Helmuths Vej 4, P.O. Box 250, 2000 Frederiksberg, Denmark
Bankers	Nordea Bank HSBC Bank

Management's review

Business review

The Company's main activity is to sell automotive glass and accessories hereto.

The Company stores automotive glass and accessories in Glostrup and Kolding.

All sales go to the Danish market.

Financial review

The income statement for 2017/18 shows a profit of DKK 1,337,766 against a profit of DKK 97,244 last year, and the balance sheet at 31 March 2018 shows equity of DKK 6,464,682. In the beginning of 2017, the Company managed to enter into a trade agreement with the largest car dealer at the Danish market and at the same time keeping the existing customers. This has resulted in an explosive growth in revenue and in the number of sold articles during the financial year. The Company also succeeded in improving earnings compared to last year. However, earnings have not increased as rapidly as revenue as the above-mentioned trade agreement has resulted in extraordinary expenses in the start-up phase.

The result of the period is as expected.

A capital increase of DKK 6.0 million has been made during the year by debt conversion of loan provided by the parent company Pilkington Group Ltd.

Events after the balance sheet date

No events have occurred after the financial year end which could significantly affect the Company's financial position.

Outlook

The Company and its management expects a further improved financial performance in 2018/19 relative to 2017/18.

Financial statements 1 April 2017 - 31 March 2018

Income statement

Note	DKK	2017/18	2016/17
	Gross margin	8,722,396	6,776,668
2	Staff costs	-7,677,279	-6,134,457
	Depreciation of property, plant and equipment	-89,319	-89,319
	Profit before net financials	955,798	552,892
	Financial income	96,449	74,651
3	Financial expenses	-314,481	-530,299
	Profit before tax	737,766	97,244
4	Tax for the year	600,000	0
	Profit for the year	1,337,766	97,244
	 Recommended appropriation of profit		
	Retained earnings	1,337,766	97,244
		<u>1,337,766</u>	<u>97,244</u>

Financial statements 1 April 2017 - 31 March 2018

Balance sheet

Note	DKK	<u>2017/18</u>	<u>2016/17</u>
	ASSETS		
	Fixed assets		
5	Property, plant and equipment		
	Plant and machinery	260,515	349,834
		<u>260,515</u>	<u>349,834</u>
6	Investments		
	Deposits	825,125	812,500
		<u>825,125</u>	<u>812,500</u>
	Total fixed assets	<u>1,085,640</u>	<u>1,162,334</u>
	Non-fixed assets		
	Inventories		
	Finished goods and goods for resale	8,284,487	7,528,766
		<u>8,284,487</u>	<u>7,528,766</u>
	Receivables		
	Trade receivables	6,112,864	5,807,860
	Receivables from group entities	301,843	1,940,790
	Deferred tax assets	600,000	0
	Other receivables	13,590	0
	Prepayments	91,716	464,914
		<u>7,120,013</u>	<u>8,213,564</u>
	Cash	2,169,417	1,280,070
	Total non-fixed assets	<u>17,573,917</u>	<u>17,022,400</u>
	TOTAL ASSETS	<u>18,659,557</u>	<u>18,184,734</u>
	EQUITY AND LIABILITIES		
	Equity		
	Share capital	1,000,000	1,000,000
	Retained earnings	5,464,682	-1,873,084
	Total equity	<u>6,464,682</u>	<u>-873,084</u>
	Liabilities other than provisions		
7	Non-current liabilities other than provisions		
	Payables to group entities	4,668,839	3,570,560
		<u>4,668,839</u>	<u>3,570,560</u>
	Current liabilities other than provisions		
	Trade payables	491,875	1,677,753
	Payables to group entities	3,202,218	9,721,116
	Other payables	3,831,943	4,088,389
		<u>7,526,036</u>	<u>15,487,258</u>
	Total liabilities other than provisions	<u>12,194,875</u>	<u>19,057,818</u>
	TOTAL EQUITY AND LIABILITIES	<u>18,659,557</u>	<u>18,184,734</u>

- 1 Accounting policies
- 8 Contractual obligations and contingencies, etc.
- 9 Contingent assets
- 10 Collateral
- 11 Related parties

Financial statements 1 April 2017 - 31 March 2018

Statement of changes in equity

DKK	<u>Share capital</u>	<u>Retained earnings</u>	<u>Total</u>
Equity at 1 April 2016	1,000,000	-1,970,328	-970,328
Transfer through appropriation of profit	0	97,244	97,244
Equity at 1 April 2017	1,000,000	-1,873,084	-873,084
Capital increase	1,000,000	5,000,000	6,000,000
Capital reduction	-1,000,000	1,000,000	0
Transfer through appropriation of profit	0	1,337,766	1,337,766
Equity at 31 March 2018	<u>1,000,000</u>	<u>5,464,682</u>	<u>6,464,682</u>

Financial statements 1 April 2017 - 31 March 2018

Notes to the financial statements

1 Accounting policies

The annual report of Pilkington Danmark A/S for 2017/18 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.

Reporting currency

The financial statements are presented in Danish kroner (DKK).

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

Income from the sale of goods, including sale of automotive glass and accessories hereto, is recognised in revenue when the most significant rewards and risks have been transferred to the buyer and provided the income can be measured reliably and payment is expected to be received.

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, change in inventories of finished goods and work in progress, work performed for own account and capitalised, other operating income 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.

Cost of sales

Cost of sales includes the cost of goods used in generating the year's revenue.

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 April 2017 - 31 March 2018

Notes to the financial statements

1 Accounting policies (continued)

Depreciation

The item comprises depreciation of property, plant and equipment.

The basis of depreciation, which is calculated as cost less any residual value, is depreciated on a straight line basis over the expected useful life. The expected useful lives of the assets are as follows:

Plant and machinery	5-10 years
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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.

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.

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.

Impairment of fixed assets

The carrying amount of property, plant and equipment is assessed for impairment on an annual basis.

Impairment tests are conducted on assets or groups of assets when there is evidence of impairment. The carrying amount of impaired assets is reduced to the higher of the net selling price and the value in use (recoverable amount).

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.

Receivables

Receivables are measured at amortised cost.

Financial statements 1 April 2017 - 31 March 2018

Notes to the financial statements

1 Accounting policies (continued)

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

Prepayments

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

Cash

Cash and cash equivalents comprise cash, which is subject to an insignificant risk of changes in value.

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.

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.

DKK	<u>2017/18</u>	<u>2016/17</u>
2 Staff costs		
Wages/salaries	6,833,511	5,528,754
Pensions	622,599	476,075
Other social security costs	80,378	34,058
Other staff costs	<u>140,791</u>	<u>95,570</u>
	<u>7,677,279</u>	<u>6,134,457</u>
Average number of full-time employees	<u>18</u>	<u>17</u>

Financial statements 1 April 2017 - 31 March 2018

Notes to the financial statements

	DKK	<u>2017/18</u>	<u>2016/17</u>
3	Financial expenses		
	Interest expenses, group entities	267,220	452,651
	Other financial expenses	<u>47,261</u>	<u>77,648</u>
		<u>314,481</u>	<u>530,299</u>
4	Tax for the year		
	Deferred tax adjustments in the year	<u>-600,000</u>	<u>0</u>
		<u>-600,000</u>	<u>0</u>
5	Property, plant and equipment		
	DKK		<u>Plant and machinery</u>
	Cost at 1 April 2017		<u>1,360,814</u>
	Cost at 31 March 2018		<u>1,360,814</u>
	Impairment losses and depreciation at 1 April 2017		1,010,980
	Depreciation in the year		<u>89,319</u>
	Impairment losses and depreciation at 31 March 2018		<u>1,100,299</u>
	Carrying amount at 31 March 2018		<u>260,515</u>
	Depreciated over		<u>5-10 years</u>
6	Investments		
	DKK		<u>Deposits</u>
	Cost at 1 April 2017		812,500
	Additions in the year		<u>12,625</u>
	Cost at 31 March 2018		<u>825,125</u>
	Carrying amount at 31 March 2018		<u>825,125</u>
7	Non-current liabilities other than provisions		
	Of the long-term liabilities, DKK 0 falls due for payment after more than 5 years after the balance sheet date.		
8	Contractual obligations and contingencies, etc.		
	Other financial obligations		
	Other rent and lease liabilities:		
	DKK	<u>2017/18</u>	<u>2016/17</u>
	Rent and lease liabilities	<u>2,093,956</u>	<u>1,908,164</u>

Financial statements 1 April 2017 - 31 March 2018

Notes to the financial statements

Rent and lease liabilities include a rent obligation totalling DKK 1,913 thousand in non-terminable rent agreements with remaining contract terms of 0-1 years. Furthermore, the Company has liabilities totalling DKK 181 thousand under operating leases with remaining contract terms of 1-5 years.

9 Contingent assets

The Company has an unrecognised tax assets of DKK 38.6 million, which mainly relates to tax losses.

10 Collateral

No security for loans had been placed at 31 March 2018.

11 Related parties

Information about consolidated financial statements

<u>Parent</u>	<u>Domicile</u>	<u>Requisitioning of the parent company's consolidated financial statements</u>
Nippon Sheet Glass Co (highest ranking)	Japan	www.nsg.com
Pilkington Group Limited (lowest ranking)	UK	www.pilkington.com