

Sirona Dental A/S

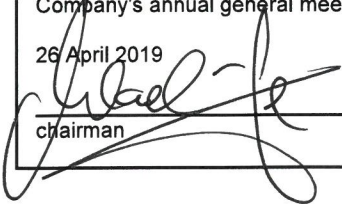
Rho 10, Søften
8382 Hinnerup
Denmark

CVR no. 21 26 46 87

Annual report 2018

The annual report was presented and approved at the
Company's annual general meeting on

26 April 2019



chairman

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Statement by the Board of Directors and the Executive Board

The Board of Directors and the Executive Board have today discussed and approved the annual report of Sirona Dental A/S for the financial year 1 January – 31 December 2018.

The annual report has been prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Company's assets, liabilities and financial position at 31 December 2018 and of the results of the Company's operations and cash flows for the financial year 1 January – 31 December 2018.

Further, in our opinion, the Management's review gives a fair review of the development in the Company's operations and financial matters, of the results for the year and of the Company's financial position.

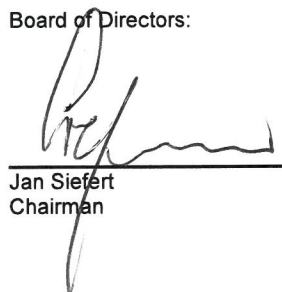
We recommend that the annual report be approved at the annual general meeting.

Aarhus, 26 April 2019
Executive Board:




Mads Møller

Board of Directors:



Jan Siefert
Chairman



Michael Geil

Markus Dr. Boehringer

Independent auditor's report

To the shareholders of Sirona Dental A/S

Opinion

We have audited the financial statements of Sirona Dental A/S for the financial year 1 January – 31 December 2018 comprising income statement, balance sheet, statement of changes in equity, cash flow statement and notes, including accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Company's assets, liabilities and financial position at 31 December 2018 and of the results of the Company's operations and cash flows for the financial year 1 January – 31 December 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 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 Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these rules and requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Management's responsibility for the financial statements

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

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

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance as to whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements in Denmark will always detect a material misstatement when it exists. Misstatements may 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 made 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 company 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

Independent auditor's report

are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- evaluate the overall presentation, structure and contents of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

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

Statement on the Management's review

Management is responsible for the Management's review.

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

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

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

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

Aarhus, 26 April 2019

KPMG

Statsautoriseret Revisionspartnerselskab

CVR no. 25 57 81 98

Michael Stenskrog
State Authorised
Public Accountant
mne26819

Sirona Dental A/S
Annual report 2018
CVR no. 21 26 46 87

Management's review

Company details

Sirona Dental A/S
Rho 10
Søften
8382 Hinnerup
Denmark

| | |
|------------|--|
| Telephone: | +45 87 43 90 60 |
| Fax: | +45 87 43 90 61 |
| Website: | www.dentsplysirona.com |
| E-mail: | contact.hygiene@sirona.com |

| | |
|--------------------|-------------------------|
| CVR no.: | 21 26 46 87 |
| Established: | 16 September 1998 |
| Registered office: | Aarhus |
| Financial year: | 1 January – 31 December |

Board of Directors

Jan Siefert, Chairman
Michael Geil
Markus Dr. Boehringer

Executive Board

Mads Møller

Auditor

KPMG
Statsautoriseret Revisionspartnerselskab
Bredskifte Allé 13
DK-8210 Aarhus V
Denmark

Management's review

Financial highlights

| DKK'000 | 2018 | 2017 | 2015/16 (15 mos) | 2014/15 | 2013/14 |
|---|--------|--------|---------------------|---------|---------|
| Key figures | | | | | |
| Gross profit | 41,577 | 43,288 | 60,439 | 48,314 | 35,671 |
| Operating profit | 26,238 | 29,373 | 42,805 | 34,682 | 20,449 |
| Profit/loss from financial income and expenses | -287 | 45 | -49 | -55 | 79 |
| Profit for the year | 20,220 | 22,927 | 33,283 | 26,452 | 15,474 |
| Total assets | | | | | |
| Equity | 73,879 | 51,938 | 59,755 | 61,157 | 48,693 |
| Investment in property, plant and equipment | 56,148 | 35,928 | 46,284 | 41,403 | 31,951 |
| | 3,165 | 1,347 | 4,372 | 4,203 | 3,243 |
| Ratios | | | | | |
| Return on equity | 43.9% | 55.8% | 75.9% | 72.1% | 63.9% |
| Solvency ratio | 76.0% | 69.2% | 77.5% | 67.7% | 65.6% |
| Other key figures | | | | | |
| Average number of full-time employees | 47 | 54 | 57 | 54 | 58 |

* The figures for 2015/16 cover 15 months and are therefore not comparable to other years.

Financial ratios are calculated in accordance with the Danish Society of Financial Analysts' guidelines on the calculation of financial ratios "Recommendations & Ratios". The financial ratios have been calculated as follows:

Return on equity
$$\frac{\text{Profit/loss from ordinary activities after tax} \times 100}{\text{Average equity}}$$

Solvency ratio
$$\frac{\text{Equity ex. non-controlling interests at year end} \times 100}{\text{Total equity and liabilities at year end}}$$

Management's review

Operating review

Principal activities

The Company is primarily engaged in the development, production, sale and service of combination autoclaves for dental clinics. A combination autoclave cleans, lubricates and sterilizes rotating dental instruments in one process. Sirona Dental A/S is the hygiene competence centre in the Dentsply Sirona Group.

Development in activities and financial position

Gross profit and EBIT are slightly down on last year's results. This is primarily due to a lower activity level.

Despite a lower activity level than anticipated, profit for the year was close to forecast, and accordingly the Board of Directors and Executive Board consider the financial performance satisfactory.

Capital resources

Currency risks

There are no major currency risks. The vast majority of cost and sales are settled in DKK or EUR.

Environmental matters

As environment is also a focus area for Sirona Dental A/S, we will take measures to become certified to ISO 14001:2015 during the next financial year.

Development activities

The development in the industry require continuous focus on safety and other quality-related aspects. Sirona Dental A/S works closely with end-users of Sirona products by monitoring and seeking feedback as well as providing training and guidance. Furthermore, the Company has, in line with prior years, prioritised product development to meet future expected legislative requirements.

Intellectual capital and organisation

Employees and their insights as well as knowledge are important resources to Sirona Dental A/S, and committed and qualified employees are vital to the Company's continuous development. Consequently, development, education and empowerment are given a high priority.

Quality

Sirona Dental A/S has maintained its quality certification to EN ISO 13485:2016.

Outlook

Sirona Dental A/S expects contribution margin and operating profit for 2019 to be in line with the results for 2018.

Events after the balance sheet date

No significant events have taken place which impact the assessment of the Company's financial position.

Financial statements 1 January – 31 December

Income statement

| DKK'000 | Note | 2018 | 2017 |
|----------------------------|------|---------|--------|
| Gross profit | | 41,577 | 43,288 |
| Distribution costs | 2, 6 | -5,247 | -5,717 |
| Administrative expenses | 2, 6 | -10,092 | -8,198 |
| Operating profit | | 26,238 | 29,373 |
| Financial income | | 0 | 145 |
| Financial expenses | | -287 | -100 |
| Profit before tax | | 25,951 | 29,418 |
| Tax on profit for the year | 3 | -5,731 | -6,491 |
| Profit for the year | 4 | 20,220 | 22,927 |

Financial statements 1 January – 31 December

Balance sheet

| DKK'000 | Note | 31/12 2018 | 31/12 2017 |
|--|------|----------------------|----------------------|
| ASSETS | | | |
| Fixed assets | | | |
| Intangible assets | 5 | | |
| Software | | <u>103</u> | <u>172</u> |
| Property, plant and equipment | 6 | | |
| Plant and machinery | | 3,992 | 3,396 |
| Fixtures and fittings, tools and equipment | | 8 | 100 |
| Leasehold improvements | | <u>1,866</u> | <u>2,190</u> |
| | | <u>5,866</u> | <u>5,686</u> |
| Investments | | | |
| Deposits | | <u>1,075</u> | <u>1,075</u> |
| Total fixed assets | | <u>7,044</u> | <u>6,933</u> |
| Current assets | | | |
| Inventories | | | |
| Raw materials and consumables | | 15,699 | 10,716 |
| Work in progress | | 2,879 | 1,971 |
| Finished goods and goods for resale | | <u>2,021</u> | <u>1,867</u> |
| | | <u>20,599</u> | <u>14,554</u> |
| Receivables | | | |
| Trade receivables | | 3,524 | 6,234 |
| Receivables from group entities | | 4,552 | 9,470 |
| Other receivables | | 1,240 | 451 |
| Deferred tax asset | 7 | 765 | 712 |
| Corporation tax | | 751 | 0 |
| Prepayments | | <u>514</u> | <u>606</u> |
| | | <u>11,346</u> | <u>17,473</u> |
| Cash at bank and in hand | | <u>34,890</u> | <u>12,978</u> |
| Total current assets | | <u>66,835</u> | <u>45,005</u> |
| TOTAL ASSETS | | <u><u>73,879</u></u> | <u><u>51,938</u></u> |

Financial statements 1 January – 31 December

Balance sheet

| DKK'000 | Note | 31/12 2018 | 31/12 2017 |
|--|------|----------------------|----------------------|
| EQUITY AND LIABILITIES | | | |
| Equity | | | |
| Contributed capital | | 13,001 | 13,001 |
| Retained earnings | | 21,147 | 22,927 |
| Proposed dividends for the financial year | | 22,000 | 0 |
| Total equity | | <u>56,148</u> | <u>35,928</u> |
| Provisions | | | |
| Other provisions | 8 | <u>557</u> | <u>767</u> |
| Total provisions | | <u>557</u> | <u>767</u> |
| Liabilities other than provisions | | | |
| Current liabilities other than provisions | | | |
| Trade payables | | 10,057 | 10,863 |
| Payables to group entities | | 2,751 | 0 |
| Corporation tax | | 0 | 179 |
| Other payables | | 4,366 | 4,201 |
| | | <u>17,174</u> | <u>15,243</u> |
| Total liabilities other than provisions | | <u>17,174</u> | <u>15,243</u> |
| TOTAL EQUITY AND LIABILITIES | | <u><u>73,879</u></u> | <u><u>51,938</u></u> |

Financial statements 1 January – 31 December

Statement of changes in equity

| DKK'000 | <u>Contributed capital</u> | <u>Retained earnings</u> | <u>Proposed dividends for the financial year</u> | <u>Total</u> |
|---|--------------------------------|------------------------------|--|----------------------|
| Equity at 1 January 2018 | 13,001 | 22,927 | 0 | 35,928 |
| Transferred over the profit appropriation | <u>0</u> | <u>-1,780</u> | <u>22,000</u> | <u>20,220</u> |
| Equity at 31 December 2018 | <u><u>13,001</u></u> | <u><u>21,147</u></u> | <u><u>22,000</u></u> | <u><u>56,148</u></u> |

Financial statements 1 January – 31 December

Cash flow statement

| DKK'000 | Note | 2018 | 2017 |
|--|------|---------------|----------------|
| Profit for the year | | 20,220 | 22,927 |
| Depreciation, amortisation and impairment losses | | 3,053 | 3,368 |
| Other adjustments | 11 | <u>5,808</u> | <u>6,844</u> |
| Cash flows from operations before changes in working capital | | 29,081 | 33,139 |
| Changes in working capital | 12 | <u>2,817</u> | <u>653</u> |
| Cash flows from ordinary activities | | 31,898 | 33,792 |
| Interest income | | 0 | 449 |
| Interest expense | | -287 | -498 |
| Corporation tax paid | | <u>-6,535</u> | <u>-6,608</u> |
| Cash flows from operating activities | | <u>25,076</u> | <u>27,135</u> |
| Acquisition of intangible assets | | 0 | -150 |
| Acquisition of property, plant and equipment | | <u>-3,164</u> | <u>-1,347</u> |
| Cash flows from investing activities | | <u>-3,164</u> | <u>-1,497</u> |
| Shareholders: | | | |
| Distributed dividend | | <u>0</u> | <u>-33,283</u> |
| Cash flows from financing activities | | <u>0</u> | <u>-33,283</u> |
| Cash flows for the year | | 21,912 | -7,645 |
| Cash and cash equivalents at the beginning of the year | | <u>12,978</u> | <u>20,623</u> |
| Cash and cash equivalents at year end | | <u>34,890</u> | <u>12,978</u> |

Financial statements 1 January – 31 December

Notes

1 Accounting policies

The annual report of Sirona Dental A/S for 2018 has been prepared in accordance with the provisions applying to reporting class C medium-sized entities under the Danish Financial Statements Act.

The accounting policies used in the preparation of the financial statements are consistent with those of last year.

Foreign currency translation

On initial recognition, transactions denominated in foreign currencies are translated at the exchange rates 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, payables and other monetary items denominated in foreign currencies are translated at the exchange rates 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 latest financial statements is recognised in the income statement as financial income or financial expenses.

Income statement

Revenue

Income from the sale of goods, comprising the sale of trade and finished goods, is recognised in revenue when delivery and transfer of risk to the buyer have taken place, and the income may be measured reliably and 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 granted are recognised in revenue.

Production costs

Production costs comprise costs, including depreciation, amortisation and salaries, incurred to generate revenue for the year. Such costs include direct and indirect costs for raw materials and consumables, wages and salaries, rent and leases and depreciation of production plant.

Production costs also comprise research and development costs that do not qualify for capitalisation and amortisation of capitalised development costs.

Gross Profit

Pursuant to Section 32 of the Danish Financial Statements Act, the Company has decided only to disclose gross profit.

Distribution costs

Distribution costs comprise costs incurred to distribute goods sold during the year and to conduct sales campaigns, etc., including costs relating to sales staff, advertising and exhibitions as well as depreciation.

Financial statements 1 January – 31 December

Notes

1 Accounting policies (continued)

Administrative expenses

Administrative expenses comprise expenses incurred during the year for management and administration of the Company, including expenses for administrative staff, management, office premises, office expenses and depreciation.

Financial income and expenses

Financial income and expenses comprise interest income and expense, payables and transactions denominated in foreign currencies, as well as surcharges and refunds under the on-account tax scheme, etc.

Tax on profit/loss for the year

Tax for the year comprises current corporation tax for the year and changes in deferred tax, including changes in tax rates. The tax expense relating to the profit for the year is recognised in the income statement, and the tax expense relating to amounts directly recognised in equity is recognised directly in equity.

Sirona Dental A/S is comprised by the Danish rules on compulsory joint taxation of the Dentsply Sirona Group's Danish subsidiaries. The subsidiaries are included in the joint taxation from the date on which they are included in the consolidated financial statements and up to the date on which they are excluded from the consolidation.

Sirona Dental A/S is the administrative company for the joint taxation and the accordingly settles all payments of corporation tax to the tax authorities.

On payment of joint taxation contributions, current Danish corporation tax is allocated between the jointly taxed entities in proportion to their taxable income. Entities with tax losses receive joint taxation contributions from entities that have used the losses to reduce their own taxable profit.

Balance sheet

Intangible assets

Software is measured at cost price deducted accumulated amortisation. Software is amortised over its useful life at a maximum of three years.

Financial statements 1 January – 31 December

Notes

1 Accounting policies (continued)

Property, plant and equipment

Leasehold improvements, plant and machinery and fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation and impairment losses.

The basis of depreciation is cost less any projected residual value after the end of the useful life. Depreciation is provided on a straight-line basis over the estimated useful life. The estimated useful lives are as follows:

| | |
|--|-----------|
| Plant and machinery | 3-5 years |
| Fixtures and fittings, tools and equipment | 3 years |
| Leasehold improvements | 6 years |

Fixed assets under construction are recognised and measured at cost at the balance sheet date. Upon entry into service, the cost is transferred to the relevant group of property, plant and equipment.

Depreciation is recognised in the income statement as production costs, distribution costs and administrative expenses, respectively.

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

Impairment of fixed assets

The carrying amount of intangible assets and property, plant and equipment is subject to an annual test for indications of impairment other than the decrease in value reflected by depreciation or amortisation.

Impairment tests are conducted of individual assets or groups of assets when there is an indication that they may be impaired. Write-down is made to the recoverable amount if this is lower than the carrying amount.

Leases

All leases are operating leases. Payments relating to operating leases and other leases are recognised in the income statement over the term of the lease. The Company's total obligation relating to operating leases and other leases is disclosed as contractual obligations and contingencies, etc.

Investments

Financial assets comprise deposits which are measured at cost.

Financial statements 1 January – 31 December

Notes

1 Accounting policies (continued)

Inventories

Inventories are measured at cost in accordance with the FIFO method. Where the net realisable value is lower than cost, inventories are written down to this lower value.

Goods for resale and raw materials and consumables are measured at cost, comprising purchase price plus delivery costs.

Finished goods and work in progress are measured at cost, comprising the cost of raw materials, consumables, direct wages and salaries and indirect production overheads.

Receivables

Receivables are measured at amortised cost. Write-down is made for bad debt losses upon an assessment of the individual receivables.

Prepayments

Prepayments comprise prepayment of costs incurred relating to subsequent financial years.

Corporation tax and deferred tax

Current tax payable and receivable is recognised in the balance sheet as tax computed on the taxable income for the year, adjusted for tax on the taxable income of prior years and for tax paid on account.

Deferred tax is measured using the balance sheet liability method on all temporary differences between the carrying amount and the tax value of assets and liabilities based on the planned use of the asset or settlement of the liability.

Deferred tax assets, including the tax value of tax loss carryforwards, are recognised at the expected value of their utilisation within the foreseeable future; 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. Any deferred net assets are measured at net realisable value.

Deferred tax is measured in accordance with 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. Changes in deferred tax as a result of changes in tax rates are recognised in the income statement.

Equity

Dividends

Proposed dividends are recognised as a liability at the date on which they are adopted at the annual general meeting (declaration date). The expected dividend payment for the year is disclosed as a separate item under equity.

Financial statements 1 January – 31 December

Notes

1 Accounting policies (continued)

Provisions

Provisions for ordinary warranty and service obligations on products sold are measured at net realisable value and recognised on the basis of the Company's past record with warranties.

Liabilities other than provisions

Liabilities are measured at net realisable value.

Cash flow statement

The cash flow statement shows the Company's cash flows from operating, investing and financing activities for the year, the year's changes in cash and cash equivalents as well as the Company's cash and cash equivalents at the beginning and end of the year.

The cash flow effect of acquisitions and divestment of entities is shown separately in cash flows from investing activities. Cash flows relating to acquired entities are recognised in the cash flow statement from the date of acquisition, and cash flows relating to divested entities are recognised up to the date of divestment.

Cash flows from operating activities

Cash flows from operating activities are calculated as the Company's share of profit/loss for the year adjusted for non-cash operating items, changes in working capital and corporation tax paid.

Cash flows from investing activities

Cash flows from investing activities comprise payments in connection with acquisitions and disposals of entities and activities, intangible assets, property, plant and equipment and investments.

Cash flows from financing activities

Cash flows from financing activities comprise changes in size or composition of the Company's share capital and costs in this respect as well as raising of loans, instalments on interest-bearing debt and distribution of dividends to owners.

Financial statements 1 January – 31 December

Notes

| DKK'000 | 2018 | 2017 |
|--|---------------|-----------------|
| 2 Staff costs and incentive schemes | | |
| Staff costs | | |
| Wages and salaries | 24,035 | 25,423 |
| Other social security costs | 378 | 448 |
| Other staff costs | 1,941 | 1,248 |
| | <u>26,354</u> | <u>27,119</u> |
| | | |
| Average number of full-time employees | <u>47</u> | <u>54</u> |
| | | |
| Staff costs are recognised in the financial statements as: | | |
| Production | 17,210 | 17,006 |
| Distribution | 4,506 | 4,888 |
| Administration | 4,638 | 5,225 |
| | <u>26,354</u> | <u>27,119</u> |
| | | |
| Pursuant to section 98b(3) of the Danish Financial Statements Act, the Company has not disclosed executive remuneration. | | |
| 3 Tax on profit for the year | | |
| Current tax for the year | 5,784 | 6,607 |
| Adjustment for the year of deferred tax | -53 | -116 |
| | <u>5,731</u> | <u>6,491</u> |
| | | |
| 4 Proposed profit appropriation | | |
| Proposed dividends for the year | 22,000 | 0 |
| Retained earnings | -1,780 | 22,927 |
| | <u>20,220</u> | <u>22,927</u> |
| | | |
| 5 Intangible assets | | |
| DKK'000 | | <u>Software</u> |
| Cost at 1 January 2018 | | 1,700 |
| Cost at 31 December 2018 | | 1,700 |
| Amortisation and impairment losses at 1 January 2018 | | -1,528 |
| Amortisation for the year | | -69 |
| Amortisation and impairment losses at 31 December 2018 | | -1,597 |
| Carrying amount at 31 December 2018 | | <u>103</u> |

Financial statements 1 January – 31 December

Notes

6 Property, plant and equipment

| DKK'000 | Plant and machinery | Fixtures and fittings, tools and equipment | Leasehold improvements | Total |
|--|---------------------|--|------------------------|--------------|
| Cost at 1 January 2018 | 12,704 | 900 | 3,149 | 16,753 |
| Additions for the year | 2,907 | 0 | 258 | 3,165 |
| Cost at 31 December 2018 | 15,611 | 900 | 3,407 | 19,918 |
| Depreciation and impairment losses at 1 January 2018 | -9,308 | -799 | -960 | -11,067 |
| Depreciation for the year | -2,311 | -93 | -581 | -2,985 |
| Depreciation and impairment losses at 31 December 2018 | -11,619 | -892 | -1,541 | -14,052 |
| Carrying amount at 31 December 2018 | 3,992 | 8 | 1,866 | 5,866 |

| DKK'000 | 31/12 2018 | 31/12 2017 |
|--------------------------------------|--------------|--------------|
| Depreciation and amortisation | | |
| Production costs | 2,380 | 2,740 |
| Administrative expenses | 674 | 627 |
| | 3,054 | 3,367 |

7 Deferred tax

| | | |
|--|------------|------------|
| Deferred tax at opening | 712 | 596 |
| Deferred tax adjustment for the year in the income statement | 53 | 116 |
| Deferred tax at 31 December | 765 | 712 |

8 Warranty provisions

| | | |
|------------------------------------|------|-----|
| Warranty and commitments opening | 767 | 463 |
| Changes in provisions | -210 | 304 |
| Warranty provisions at 31 December | 557 | 767 |

9 Contractual obligations, contingencies, etc.

Sirona Dental A/S has entered into contracts with rent and lease obligations totalling an amount of DKK 4,534 thousand (2017: DKK 6,172 thousand), of which DKK 1,758 thousand is due for payment next year.

The Company is jointly taxed with other Danish group companies. As the administration company, together with the other companies included in the joint taxation, the Company has joint and several unlimited liability for Danish corporation taxes payable and withholding taxes on dividends, interest, etc. Any subsequent corrections to the taxable joint taxation income or withholding taxes may imply that the Company's liability will increase.

Financial statements 1 January – 31 December

Notes

10 Related party disclosures

Control

Sirona Dental Systems GmbH, Bensheim, Germany holds the majority of the contributed capital in the Company.

Sirona Dental A/S is part of the consolidated financial statements of Sirona Dental Systems GmbH, Fabrikstrasse 31, D-64625 Bensheim, which is the smallest group in which the Company is included as a subsidiary.

The consolidated financial statements of Sirona Dental Systems GmbH can be obtained by contacting the Company or at the following website: www.sirona.de

Sirona Dental A/S is part of the consolidated financial statements of Dentsply Sirona Inc., registered office Dentsply Sirona, Susquehanna Commerce Center, 221 W. Philadelphia Street, Suite 60Wm Yoek, PA 17401, which is the largest group in which the Company is included as a subsidiary.

The consolidated financial statements of Dentsply Sirona Inc. can be obtained by contacting the Company or at the following website: <http://invester.dentsplysirona.com>

Related party transactions

In accordance with section 98 c(7) of the Danish Financial Statements Act, the Company has not disclosed any related party transactions as they were conducted on an arm's length basis.

| DKK'000 | <u>2018</u> | <u>2017</u> |
|-------------------------------------|---------------|---------------|
| 11 Other adjustments | | |
| Other financial income | 0 | 449 |
| Finance costs | -287 | -498 |
| Tax on profit for the year | -5,731 | -6,491 |
| Provisions | 210 | -304 |
| | <u>-5,808</u> | <u>-6,844</u> |
| 12 Change in working capital | | |
| Changes in inventories | -6,045 | -414 |
| Changes in receivables | 6,931 | -1,169 |
| Change in trade and other payables | 1,931 | 2,236 |
| | <u>2,817</u> | <u>653</u> |