

# Paper Bottle Company A/S

Fabriksvangen 5 A  
3550 Slangstrup  
Denmark

CVR no. 28 99 38 54

## Annual report 2019

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

6 April 2020

Birgitta Maria Schiöld  
chairman

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**Paper Bottle Company A/S**  
Annual report 2019  
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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 Paper Bottle Company A/S for the financial year 1 January – 31 December 2019.

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 2019 and of the results of the Company's operations for the financial year 1 January – 31 December 2019.

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.

Slangerup, 6 April 2020  
Executive Board:

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Birgitta Maria Schiöld  
Director

Board of Directors:

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Carl Anders Persson  
Chairman

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Christoph Patrick Hoffmann

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Ivar Andreas Vatne

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Christian Zmólnig



## Independent auditor's report

### To the shareholders of Paper Bottle Company A/S

#### Opinion

We have audited the financial statements of Paper Bottle Company A/S for the financial year 1 January – 31 December 2019 comprising income statement, balance sheet, statement of changes in equity and notes, including accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Company's assets, liabilities and financial position at 31 December 2019 and of the results of the Company's operations for the financial year 1 January – 31 December 2019 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

## Independent auditor's report

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 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.

Copenhagen, 6 April 2020

**KPMG**

Statsautoriseret Revisionspartnerselskab

CVR no. 25 57 81 98

Morten Høgh-Petersen  
State Authorised  
Public Accountant  
mne34283

**Paper Bottle Company A/S**  
Annual report 2019  
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## Management's review

### Company details

Paper Bottle Company A/S  
Fabriksvangen 5 A  
3550 Slangerup  
Denmark

Website: <https://www.paboco.com/>

CVR no.: 28 99 38 54  
Established: 16 September 2005  
Registered office: Slangerup  
Financial year: 1 January – 31 December

### Board of Directors

Carl Anders Persson, Chairman  
Christoph Patrick Hoffmann  
Ivar Andreas Vatne  
Christian Zmölnig

### Executive Board

Birgitta Maria Schiöld, Director

### Auditor

KPMG  
Statsautoriseret Revisionspartnerselskab  
Dampfaergevej 28  
DK-2100 Copenhagen  
Denmark

## **Management's review**

### **Operating review**

#### **Principal activities**

The company's principal activities are to sell, develop and manufacture paper bottles, and activities related hereto in the board of directors' opinion.

#### **Uncertainty regarding recognition and measurement**

The company has capitalised a tax asset as Management expects that the loss relating to the development project will be paid by the tax authorities as a tax credit.

#### **Development in activities and financial position**

The Company's income statement for 2019 shows a loss of DKK 4,322,504 as against a loss of DKK 7,822,290 in 2018. Equity in the Company's balance sheet at 31 December 2019 stood at DKK 68,393,569 as against DKK 22,657,660 at 31 December 2018.

Paboco A/S holds and owns subsidiaries, intellectual property rights, patents, knowhow, etc. which enable the company to develop and manufacturing of paper bottles.

The main activities during 2019 was linked to research and development in order to establish a robust production process and new machine concept for scaling the technology and prepare for future production and sales.

In that context a capital injection of DKK 10.000.000 in April and additional DKK 40.000.000 in Dec 2019 has been completed.

The development costs are in 2019 capitalized in the balancesheet.

#### **Outlook**

The focus in 2020 is to continue the development of a robust production process and begin the scaling towards higher volumes and commercialization, and adapt the organization for production.

## Financial statements 1 January – 31 December

### Income statement

DKK	Note	2019	2018
<b>Gross loss</b>		-2,459,712	-2,845,661
Staff costs	2	-707,588	-3,829,031
Depreciation, amortisation and impairment losses		-81,915	-79,275
<b>Operating loss</b>		-3,249,215	-6,753,967
Income from equity investments in group entities		-1,802,743	-3,080,184
Financial income	3	0	97,338
Financial expenses		-56,575	-12,281
<b>Loss before tax</b>		-5,108,533	-9,749,094
Tax on loss for the year	4	786,029	1,926,804
<b>Loss for the year</b>		-4,322,504	-7,822,290
<b>Proposed distribution of loss</b>			
Retained earnings		-4,322,504	-7,822,290
		-4,322,504	-7,822,290



## Financial statements 1 January – 31 December

### Balance sheet

DKK	Note	31/12 2019	31/12 2018
<b>ASSETS</b>			
<b>Fixed assets</b>			
<b>Intangible assets</b>	5		
Acquired patents		786,433	538,904
Development projects in progress		<u>41,257,959</u>	<u>26,267,970</u>
		<u>42,044,392</u>	<u>26,806,874</u>
<b>Property, plant and equipment</b>	6		
Fixtures and fittings, tools and equipment		288,060	349,164
Leasehold improvements		<u>267,772</u>	<u>130,234</u>
		<u>555,832</u>	<u>479,398</u>
<b>Investments</b>	7		
Equity investments in group entities		614,523	1,351,724
Deposits		<u>800</u>	<u>0</u>
		<u>615,323</u>	<u>1,351,724</u>
<b>Total fixed assets</b>		<u>43,215,547</u>	<u>28,637,996</u>
<b>Current assets</b>			
<b>Receivables</b>			
Trade receivables		138,853	745,834
Receivables from group entities		2,229,093	2,685,431
Other receivables		26,784	2,055,706
Deferred tax asset		0	2,022,177
Corporation tax		2,719,504	0
Prepayments		<u>144,808</u>	<u>201,584</u>
		<u>5,259,042</u>	<u>7,710,732</u>
<b>Cash at bank and in hand</b>		<u>44,400,211</u>	<u>1,336,150</u>
<b>Total current assets</b>		<u>49,659,253</u>	<u>9,046,882</u>
<b>TOTAL ASSETS</b>		<u>92,874,800</u>	<u>37,684,878</u>

## Financial statements 1 January – 31 December

### Balance sheet

DKK	Note	31/12 2019	31/12 2018
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Contributed capital		1,389,532	654,588
Reserve for development costs		32,181,208	13,928,899
Retained earnings		<u>34,822,829</u>	<u>8,074,173</u>
<b>Total equity</b>		<u>68,393,569</u>	<u>22,657,660</u>
<b>Provisions</b>			
Provisions for deferred tax		1,231,162	0
Provisions for equity investments in subsidiaries		<u>1,295,269</u>	<u>229,727</u>
<b>Total provisions</b>		<u>2,526,431</u>	<u>229,727</u>
<b>Liabilities other than provisions</b>			
<b>Non-current liabilities other than provisions</b>			
Deferred income	8	<u>13,055,024</u>	<u>11,340,270</u>
<b>Current liabilities other than provisions</b>			
Banks, current liabilities		20,288	14,319
Prepayments received from customers		596,800	560,285
Trade payables		5,454,095	1,798,775
Payables to group entities		879,899	0
Other payables		<u>1,948,694</u>	<u>1,083,842</u>
		<u>8,899,776</u>	<u>3,457,221</u>
<b>Total liabilities other than provisions</b>		<u>21,954,800</u>	<u>14,797,491</u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u>92,874,800</u>	<u>37,684,878</u>
<b>Contractual obligations, contingencies, etc.</b>			
<b>Collateral</b>	9 10		

## Financial statements 1 January – 31 December

### Statement of changes in equity

DKK	Contributed capital	Reserve for development costs	Retained earnings	Total
Equity at 1 January 2019	654,588	13,928,899	8,074,173	22,657,660
Cash capital increase	734,944	0	49,323,469	50,058,413
Transfers, reserves	0	-18,252,309	18,252,309	0
Transferred over the distribution of loss	0	0	-4,322,504	-4,322,504
<b>Equity at 31 December 2019</b>	<b>1,389,532</b>	<b>-4,323,410</b>	<b>71,327,447</b>	<b>68,393,569</b>

## Financial statements 1 January – 31 December

### Notes

#### 1 Accounting policies

The annual report of Paper Bottle Company A/S for 2019 has been prepared in accordance with the provisions applying to reporting class B entities under the Danish Financial Statements Act with opt-in from higher reporting classes.

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

#### Omission of consolidated financial statements

Pursuant to section 110(1) of the Danish Financial Statements Act, no consolidated financial statements have been prepared.

### Income statement

#### Gross profit

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

#### Revenue

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

#### Cost of sales

Cost of sales comprises costs incurred to generate revenue for the year. This item also comprises direct costs for goods for resale and changes to inventory of goods for resale.

#### Other external costs

Other external costs comprise distribution costs and costs related to sales, sales campaigns, administration, office premises, operating leases, etc.

#### Staff costs

Staff costs comprise wages and salaries, including holiday allowance, pension and other social security costs, etc., to the Company's employees, excluding reimbursements from public authorities.

#### Income from equity investments in group entities and associates

The proportionate share of the individual subsidiaries' profit/loss after tax is recognised in the Parent Company's income statement after full elimination of intra-group gains/losses and amortisation of goodwill.

## Financial statements 1 January – 31 December

### Notes

#### 1 Accounting policies (continued)

##### Financial income and expenses

Financial income and expenses comprise interest income and expense, financial costs regarding finance leases, gains and losses on securities, payables and transactions denominated in foreign currencies, amortisation of financial assets and liabilities as well as surcharges and refunds under the on-account tax scheme, etc.

Dividends from equity investments in group entities measured at cost are recognised as income in the Parent Company's income statement in the financial year when the dividends are declared.

##### Tax on profit/loss for the year

The Parent Company is subject to the Danish rules on compulsory joint taxation of the Group's Danish subsidiaries. The subsidiaries are included in the joint taxation from the date when they are included in the consolidated financial statements and up to the date when they are excluded from the consolidation.

The Parent Company is the administrative company for the joint taxation and 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.

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/loss 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.

### Balance sheet

#### Intangible assets

##### *Patents, licences and trademarks*

Patents and licences are measured at cost less accumulated amortisation and impairment losses. Patents are amortised on a straight-line basis over the remaining life of the patent, and licences are amortised over the contract period, however, not exceeding 10 years.

##### *Development projects*

Development costs comprise costs, wages, salaries and amortisation directly and indirectly attributable to development activities.

#### Property, plant and equipment

Fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation and impairment losses.

Cost comprises the purchase price and any costs directly attributable to the acquisition until the date on

## Financial statements 1 January – 31 December

### Notes

#### 1 Accounting policies (continued)

which the asset is available for use. Indirect production overheads and borrowing costs are not recognised in cost.

Where individual components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items, which are depreciated separately.

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:

Fixtures and fittings, tools and equipment	5 years
Leasehold improvements	10 years

The useful life and residual value are reassessed annually. Changes are treated as accounting estimates, and the effect on depreciation is recognised prospectively.

Land is not depreciated.

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.

#### Equity investments in group entities

Equity investments in group entities are measured at the proportionate share of the entities' net asset value calculated in accordance with the Group's accounting policies plus or minus unrealised intra-group gains or losses and plus or minus the residual value of positive and negative goodwill calculated in accordance with the acquisition method.

Net revaluation of equity investments in group entities is tied as a net revaluation reserve under equity according to the equity method to the extent that the carrying amount exceeds cost. Dividends from group entities expected to be adopted in the group entities prior to the approval of the Company's annual report, are not tied up in the revaluation reserve.

#### Impairment of fixed assets

The carrying amount of intangible assets and property, plant and equipment as well as equity investments in group entities and associates 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.

The recoverable amount is the higher of an asset's net selling price and its value in use. The value in use is determined as the present value of the forecast net cash flows from the use of the asset or the group of assets, including forecast net cash flows from the disposal of the asset or the group of assets after the end

## Financial statements 1 January – 31 December

### Notes

#### 1 Accounting policies (continued)

of the useful life.

#### Receivables

Receivables are measured at amortised cost.

Write-down is made for bad debt losses where there is an objective indication that a receivable or a portfolio of receivables has been impaired. If there is an objective indication that an individual receivable has been impaired, write-down is made on an individual basis.

Receivables with no objective indication of individual impairment are assessed for objective indication of impairment on a portfolio basis. The portfolios are primarily based on the debtors' registered offices and credit rating in accordance with the Company's credit risk management policy. The objective indicators used in relation to portfolios are determined on the basis of historical loss experience.

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

#### Prepayments

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

#### Cash at bank and in hand

Cash and cash equivalents comprise cash.

#### Prepayments and deferred income

Deferred income comprises advance invoicing regarding income in subsequent 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. However, deferred tax is not recognised on temporary differences relating to goodwill non-deductible for tax purposes and on office premises and other items where the temporary differences arise at the date of acquisition without affecting either profit/loss or taxable income.

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 or equity, respectively.

## Financial statements 1 January – 31 December

### Notes

#### 1 Accounting policies (continued)

##### Liabilities other than provisions

Other liabilities are measured at net realisable value.

##### Income from equity investments in group entities

The proportionate share of the individual subsidiaries' profit/loss after tax is recognised in the Company's income statement after full elimination of intra-group gains/losses and amortisation of goodwill.

#### 2 Staff costs

DKK	2019	2018
Wages and salaries	3,867,618	3,172,053
Pensions	264,584	310,583
Other social security costs	75,410	100,783
Other staff costs	129,070	245,612
	<u>4,336,682</u>	<u>3,829,031</u>
Average number of full-time employees	<u>9</u>	<u>11</u>

Hereof 3,6 mDKK have been capitalized as development costs.

#### 3 Financial income

DKK	2019	2018
Other financial income	0	97,338
	<u>0</u>	<u>97,338</u>

#### 4 Tax on profit/loss for the year

DKK	2019	2018
Current tax for the year	-2,719,504	0
Deferred tax for the year	3,253,162	-1,926,804
Adjustment of tax concerning previous years	252,371	0
	<u>-786,029</u>	<u>-1,926,804</u>



## Financial statements 1 January – 31 December

### Notes

#### 5 Intangible assets

DKK	Acquired patents	Development projects in progress	Total
Cost at 1 January 2019	538,904	26,267,970	26,806,874
Additions for the year	247,529	15,209,588	15,457,117
Disposals for the year	0	-219,599	-219,599
Cost at 31 December 2019	786,433	41,257,959	42,044,392
<b>Carrying amount at 31 December 2019</b>	<b>786,433</b>	<b>41,257,959</b>	<b>42,044,392</b>

#### Development projects in progress

The company's development costs relate to development of different products. The development and enhancement progress as planned. The projects are expected to generate revenues based on the next financial years. Based on budgets and demands, it is managements view that the projects are expected to generate significant positive cash-flows, which is why the commercial value of the intangible fixed assets exceeds the book value.

#### 6 Property, plant and equipment

DKK	Fixtures and fittings, tools and equipment	Leasehold improvements	Total
Cost at 1 January 2019	778,270	181,721	959,991
Additions for the year	0	158,350	158,350
Cost at 31 December 2019	778,270	340,071	1,118,341
Depreciation and impairment losses at 1 January 2019	-429,106	-51,487	-480,593
Depreciation for the year	-61,104	-20,811	-81,915
Depreciation and impairment losses at 31 December 2019	-490,210	-72,298	-562,508
<b>Carrying amount at 31 December 2019</b>	<b>288,060</b>	<b>267,773</b>	<b>555,833</b>

#### 7 Investments

DKK	Equity investments in group entities
Cost at 1 January 2019	1,351,724
Additions for the year	0
Cost at 31 December 2019	1,351,724
Other equity movements, net	-737,201
Revaluations 31 December 2019	-737,201
<b>Carrying amount at 31 December 2019</b>	<b>614,523</b>

## Financial statements 1 January – 31 December

### Notes

#### 8 Non-current liabilities other than provisions

DKK	31/12 2019	31/12 2018	Outstanding debt after five years
Accruals and deferred income	13,055,024	11,340,270	0
	<u>13,055,024</u>	<u>11,340,270</u>	<u>0</u>

#### 9 Contractual obligations, contingencies, etc.

##### Contingent liabilities

The Group's Danish companies are jointly and severally liable for tax on the Group's joint taxable income and for certain possible withholding taxes such as dividend tax, etc.

##### Operating lease obligations

The company's tenancy and lease liabilities are stated at DKK ('000) 1,128 at 31 December 2019.

#### 10 Collateral

The company has issued a limited guarantee of payment of DKK ('000) 1,000 as security for debt in the subsidiary Borgen Ingeniør og Smedefirma A/S.