AGC Automotive Glass Danmark A/S

CVR-no. 32 55 76 51

Roholmsvej 12 F
2620 Albertslund

Annual Report 2018

(Financial year 1 January 2018 - 31 December 2018)

The Annual Report is presented and adopted at the Annual General Meeting of shareholders on the 6 June 2019

Cristiano Rossi
Chairman of the meeting

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Management's Statement

The Board of Directors and the Executive Board have today considered and approved the Annual Report of 1 January 2018 - 31 December 2018 for AGC Automotive Glass Danmark A/S.

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 and liabilities, financial position and results of operations for the financial year ended 31 December 2018.

In our opinion the Management's Review gives a true and fair statement regarding the content in the Management's Review.

We recommend the Annual Report approved at the Annual General Meeting.

Albertslund, 28 May 2019

Executive Board:

Michael Rewers Østergaard

Board of Directors:

Michel Spina	Richard Charles Hussey	Michael Rewers Østergaard

The independent practitioner's report

To the shareholders of AGC Automotive Glass Danmark A/S

Opinion
We have performed an extended review of the financial statements of AGC Automotive Glass Danmark A/S for the financial year 1 January 2018 - 31 December 2018, which comprise income statement, balance sheet and notes, including a summary of significant accounting policies. The financial statements are prepared under the Danish Financial Statements Act.

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 December 2018 and of the results of the Company's operations for the financial year 1 January 2018 - 31 December 2018 in accordance with the Danish Financial Statements Act.

Basis for Opinion
We 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. Our responsibilities under those standards and requirements are further described in the "Practitioner's responsibilities for the extended review 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 evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

Material uncertainty concerning going concern
We draw the attention to note 12 in the Financial Statement. In this note management has provided information regarding uncertainties relating to going concern due to negative equity, future operations, and subordinated loan letter from group companies. Our conclusion is not modified regarding this matter.

Emphasis of matter regarding the financial statements
We draw the attention to note 11 in the Financial Statement. In this note management has provided information regarding uncertainty connected with recognition or measurement of the goodwill due to indications of impairment. Management has described that the company will obtain future profits to justify the valuation of the goodwill. Our conclusion is not modified regarding this matter.

The independent practitioner’s report (-continued)

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

In preparing the financial statements, Management is responsible for assessing the 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.

Practitioner's responsibilities for the extended review of the financial statements
Our responsibility is to express a conclusion on the financial statements. This requires that we plan and perform procedures in order to obtain limited assurance for our conclusion on the financial statements and in addition perform specifically required supplementary 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 the specifically required supplementary procedures as well as evaluation of the evidence obtained.

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

The independent practitioner’s report (-continued)

Statement on 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 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 Financials 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 in the Management's review.

Allerød, 28 May 2019
Piaster Revisorerne,
statsautoriseret revisionsaktieselskab
CVR. no.: 25 16 00 37

Niels Kristian Tordrup Nielsen
State Authorized Public Accountant
mne35462

Company details

Company details	AGC Automotive Glass Danmark A/S Roholmsvej 12 F 2620 Albertslund	
	CVR no.:	32 55 76 51
	Founded:	28 October 2009
	Registered office:	Albertslund
	Financial year:	1 January - 31 December
Executive Board	Michael Rewers Østergaard	
Board of Directors	Michel Spina Richard Charles Hussey Michael Rewers Østergaard	
Auditor	Piaster Revisorerne, Statsautoriseret Revisionsaktieselskab Engholm Parkvej 8 3450 Allerød	

Management's Review

Primary activities of the Company
The company's activity is supplying windscreens for cars, train and shipping industri and suppliers to these industries.

Uncertainty connected with recognition or measurement
The operations has in 2018 resulted in substantial loss, which is an indication of impairment.

Management are estimating profits for 2019 onwards, based on the new group agreement and distribution of profit to the Danish entity. Based on the expected profits the impairment test of goodwill has shown that no impairment of goodwill is needed, but there are uncertainty because this is based on future forecast of profits and that both Denmark and group are to deliver the expected profits.

Development in activities and financial affairs
Going concern
The company's continued operation is dependent on the company obtaining sufficient financing to maintain operations until 31 December 2019. Management has stated that they have received a letter of subordination of debt to Group Company's regarding the t.DKK 35.727. Management is expecting that the company will be profitable going forward, but that the company is reliant on the Group loans that are subordinated and that group will cover the invoices for services performed. Bases on this, management has prepared under the assumption of continued operations.

The company's financial performance is dissatisfying.

Material reclassification prior year
Management has identified, that there are a significant error regarding lease cars that where not activated in 2017, the error is changed in the comparative figures and they are effected as follows:

- Balance sheet is increased with 258 tDKK
- Reclassifikation between depreciation and gross profit of 89 tDKK

Income statement 1 January - 31 December

DKK	Notes	2018	2017
Gross profit		**11.450.283**	**4.977.837**
Staff costs	1	-11.611.826	-8.363.105
Depreciation, amortisation expense and impairment losses of property, plant and equipment and intangible assets recognised in profit or loss	2	-2.205.989	-1.022.175
Other operating expenses		-2.006.586	-286.822
Operating profit		**-4.374.118**	**-4.694.265**
Income from investments in group enterprises		0	7.366.466
Impairment of financial assets		0	-9.070.570
Financial income		12.127	25.046
Financial expenses		-201.625	-143.486
Profit before tax		**-4.563.616**	**-6.516.809**
Tax on profit for the year	3	969.869	1.037.886
Profit for the year		**-3.593.747**	**-5.478.923**
Proposed distribution of results			
Retained earnings		-3.593.747	-5.478.923
Proposed dividend recognised in equity		0	0
Total distribution		**-3.593.747**	**-5.478.923**

Balance sheet at 31 December

DKK

Assets

	Notes	2018	2017
Goodwill	4	7.250.662	8.496.869
Intangible assets		**7.250.662**	**8.496.869**
Fixtures, fittings, tools and equipment	5	1.390.770	1.956.785
Property, plant and equipment		**1.390.770**	**1.956.785**
Long-term investments in group enterprises	6	0	600.000
Other receivables	7	1.260.162	1.366.509
Financial fixed assets		**1.260.162**	**1.966.509**
Fixed assets		**9.901.594**	**12.420.163**
Manufactured goods and goods for resale		0	13.270.464
Inventories		**0**	**13.270.464**
Trade receivables		597.556	4.163.474
Receivables from group enterprises		14.622.440	9.349.692
Other receivables		539.984	162.496
Short-term tax receivables from group enterprises		1.966.801	1.304.886
Deferred tax assets		310.000	310.000
Prepayments		193.770	105.072
Receivables		**18.230.551**	**15.395.620**
Cash and cash equivalents		**1.569.273**	**88.097**
Current assets		**19.799.824**	**28.754.181**
Assets		**29.701.418**	**41.174.344**

Balance sheet at 31 December

DKK

Equity and liabilities

	Notes	2018	2017
Share capital		500.000	500.000
Retained earnings		-11.589.747	-7.996.000
Proposed dividend recognised in equity		0	0
Equity	8	**-11.089.747**	**-7.496.000**
Payables to group enterprises		17.770.570	15.970.570
Lease commitments		446.195	659.577
Long-term liabilities other than provisions	9	**18.216.765**	**16.630.147**
Short-term part of long-term liabilities other than provisions	9	20.599.604	27.160.933
Trade payables		749.310	2.826.401
Other payables		1.225.486	2.052.863
Short-term liabilities other than provisions		**22.574.400**	**32.040.197**
Liabilities other than provisions		**40.791.165**	**48.670.344**
Equity and liabilities		**29.701.418**	**41.174.344**
Uncertainty connected with recognition or measurement	10		
Uncertainties relating to going concern	11		
Contingent liabilities	12		
Mortgages and collaterals	13		
Consolidated accounts	14		

Notes

DKK

		2018	2017
1	**Staff costs**		
	Wages and salaries	10.783.838	7.690.605
	Post-employment benefit expense	712.461	537.669
	Social security contributions	115.527	134.831
		11.611.826	**8.363.105**
	Average number of full time employees	28	23
2	**Depreciation, amortisation expense and impairment losses of property, plant and equipment and intangible assets recognised in profit or loss**		
	Amortisation, goodwill	1.246.207	217.868
	Depreciation, fixtures, fittings, tools and equipment	959.782	804.307
		2.205.989	**1.022.175**
3	**Tax on profit for the year**		
	Tax expense on ordinary activities	-950.098	1.304.886
	Adjustment of deferred tax	0	-2.342.772
	Tax prior years	-19.771	0
		-969.869	**-1.037.886**
4	**Goodwill**		
	Cost at 1 January	8.714.737	0
	Additions	0	8.714.737
	Cost at 31 December	8.714.737	8.714.737
	Amortisations at 1 January	217.868	0
	Amortisation for the year	1.246.207	217.868
	Amortisations at 31 December	1.464.075	217.868
	Carrying amount at 31 December	**7.250.662**	**8.496.869**

Notes
DKK

		2018	2017
5	**Fixtures, fittings, tools and equipment**		
	Cost at 1 January	4.674.904	4.102.485
	Additions	393.767	2.174.494
	Disposals	0	-1.602.075
	Cost at 31 December	5.068.671	4.674.904
	Depreciations at 1 January	2.718.119	3.499.552
	Depreciation for the year	959.782	804.307
	Depreciation on disposals for the year	0	-1.585.740
	Depreciations at 31 December	3.677.901	2.718.119
	Carrying amount at 31 December	**1.390.770**	**1.956.785**
	Financial leased assets included in fixtures, fittings, tools and equipment	994.392	1.257.624
6	**Long-term investments in group enterprises**		
	Cost at 1 January	9.670.570	9.670.570
	Disposals	-9.670.570	0
	Cost at 31 December	0	9.670.570
	Revaluations at 1 January	-9.070.570	0
	Impairment loss	0	-9.070.570
	Impairment loss on disposal, reversed	9.070.570	0
	Revaluations at 31 December	0	-9.070.570
	Carrying amount at 31 December	**0**	**600.000**

Notes

DKK

		2018	2017
7	**Other receivables**		
	Cost at 1 January	1.366.509	984.823
	Additions	-106.347	381.686
	Cost at 31 December	1.260.162	1.366.509
	Revaluations at 1 January	0	0
	Revaluations at 31 December	0	0
	Carrying amount at 31 December	**1.260.162**	**1.366.509**

8	**Equity**		
	Share capital at 1 January	500.000	500.000
	Share capital at 31 December	500.000	500.000
	Retained earnings at 1 January	-7.996.000	-2.517.077
	Proposed distribution of results this year	-3.593.747	-5.478.923
	Retained earnings at 31 December	-11.589.747	-7.996.000
	Proposed dividend recognised in equity at 1 January	0	0
	Dividend paid	0	0
	Proposed distribution of results	0	0
	Proposed dividend recognised in equity at 31 December	0	0
	Equity 31 December	**-11.089.747**	**-7.496.000**

Notes
DKK

9 Long-term liabilities other than provisions

	Total debt 31 December	Repayment next year	Long-term part	Unpaid debt after 5 years
Payables to group enterprises	37.924.926	20.154.356	17.770.570	0
Lease commitments	891.443	445.248	446.195	0
	38.816.369	**20.599.604**	**18.216.765**	**0**

10 Uncertainty connected with recognition or measurement

The operations has in 2018 resulted in substantial loss, which is an indication of impairment.

Management are estimating profits for 2019 onwards, based on the new group agreement and distribution of profit to the Danish entity. Based on the expected profits the impairment test of goodwill has shown that no impairment of goodwill is needed, but there are uncertainty because this is based on future forecast of profits and that both Denmark and

11 Uncertainties relating to going concern

The company's continued operation is dependent on the company obtaining sufficient financing to maintain operations until 31 December 2019. Management has stated that they have received a letter of subordination of debt to Group Company's regarding the t.DKK 35.727. Management is expecting that the company will be profitable going forward, but that the company is reliant on the Group loans that are subordinated and that group will cover the invoices for services performed. Bases on this, management has prepared under the assumption of continued operations.

12 Contingent liabilities

The company is a subsidiary in joint taxation with AGC Viborg A/S and CMC Biologics A/S. The companies in the joint taxation are jointly liable on corporation taxes and taxes on dividends, interest and royalties.

13 Mortgages and collaterals

None.

Notes
DKK

14 Consolidated accounts

The consolidated financial statements can be obtained from, which comprise the smallest and largest group:

Largest group:
Asahi Glass Co., Ltd.
1-5-1, Marunouchi,
Chiyoda-ku, Tokyo 100-8405, Japan

Smallest group:
Nordglass Sp. z o.o
75-211 Koszalin ul.Bohaterów W-wy 11, Poland

Accounting policies

The Annual Report has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to enterprises of reporting class B with election from reporting class C.

Material reclassification prior year
Management has identified, that there are a significant error regarding lease cars that where not activated in 2017, the error is changed in the comparative figures and they are effected as follows:

- Balance sheet is increase with 258 tDKK
- Reclassification between depreciation and gross profit of 89 tDKK

The accounting policies are consistent with those of last year.

General

Reporting currency
The Annual Report is presented in Danish kroner (DKK).

In general regarding accounting and measuring
Income is recognized in the income statement when they are earned. Furthermore are all costs, depreciations and write downs recognized in the income statement when incurred.

Assets are recognized in the balance sheet when it is probable that future economical benefits will accrue to the company and the assets value can be measured reliably.

Liabilities are recognized in the balance sheet when it is probable that future economical benefits will be deducted from the company and the value can be measured reliably.

On inital recognition assets and liabilities are measured to cost price. Thereafter assets and liabilities are measured as described for each entry.

Anticipated risks and losses that arise before the time of presentation of the annual report and that confirm or invalidate affairs and conditions existing at the balance sheet date are considered at recognition and measurement.

Accounting policies

Income statement

Gross profit
With reference to section 32 of the Danish Financial Statement Act, the items “Revenue” to and including “Other external expenses” are consolidated into one item designated “Gross profit”.

Revenue
Revenue includes invoiced sales of goods and rendering of services, recognition is done, when

- delivery and transfer of risk to the buyer has taken place before year end
- a commiting sales agreement exists
- sales price is determined, and
- payment is received, or there are reasonable security that it will be received

Revenue is recognized excluding value added tax and after deduction of provisions rebates and trade discounts relating to the sale.

Other external expenses
Other external expenses include expenses related to distribution, sale, advertising, administration, bad debt, premises, operating lease agreements etc.

Staff costs
Staff costs comprise costs such as wages and salaries, pension costs and other social security benefits ect. to the company's employees.

Dividends from group enterprises
Received dividends in the financial year from group enterprises are recognized in the income statement.

Accounting policies

Impairment of financial assets
A financial asset or group of financial assets is impaired and impairment losses are incurred if:

- there is objective evidence of impairment as a result of a loss event that occurred after the initial recognition of the asset and up to the balance sheet date
- the loss event had an impact on the estimated future cash flows of the financial asset or the group of financial assets, and
- a reliable estimate of the loss amount can be made

Financial items
Financial income and expenses are recognized in the income statement with the amounts related to the year. Financial income and expenses comprise interest receivable and payable, realised and unrealised capital gains on securities and currency translation adjustments.

Tax expense
Tax on income for the year, consisting of the year’s current tax and deferred tax, is recognized in the income statement to the extent that it relates to the income or loss for the year and on equity to the extent that it relates there to.

Accounting policies

Balance sheet

Intangible assets
Acquired goodwill is measured at historic cost less accumulated amortisation and impairment losses. Goodwill is depreciated over the estimated useful economic life. The useful life is set at 10 years due to the fact the no reliable estimate of the useful life can made. The amortization period is based on a evaluation of the Company's market position and earnings profile.

Gains and losses on disposals are determined as the difference between selling price less sales cost and carrying amount at time of disposal and are recognized in the income statement. Gain or loss is recognized under other operating income or other operating expenses.

Impairment of intangible assets
The carrying amount of intangible assets is every year reviewed in order to determine if there are indications of impairment exceeding the amount expressed by amortisations. If this is the case a impairment test is carried out in order to determine if the recoverable amount is lower than the carrying amount. The assets are written down to this lower value.

Recoverable amount for the asset is determined as the highest value of net sales price and the capital value. If it is not possible to determine the recoverable amount for the individual asset, assets are assessed together with the smallest group of assets where it is possible to determine a reliable evaluation of the recoverable amount.

Assets where it is not possible to determine an individual capital value because the asset does not generate future cash flows is assessed together with the group of assets which they can be attributed to.

Accounting policies

Property, plant and equipment
Property, plant, fixtures, fittings, tools and equipment are measured at historic cost less accumulated depreciation and impairment losses.

Historic cost comprise the purchase price and any costs directly attributable to the acquisition until the date when the asset is available for use.

Assets are depreciated on a straight-line basis over the expected useful economic lives of the assets:

	Useful life	Expected scrap value
Fixtures, fittings, tools and equipment	2-5 years	0-20%

Asset acquisitions below the taxable limit is fully written off in the year of acquisition.

Gains and losses on disposals are determined as the difference between selling price less sales cost and carrying amount at time of disposal and are recognized in the income statement. Gain or loss is recognized under other operating income or expenses.

Impairment of property, plant and equipment
The carrying amount of property, plant and equipment is every year reviewed in order to determine if there are indications of impairment exceeding the amount expressed by depreciations and amortisations. If this is the case an impairment test is carried out in order to determine if the recoverable amount is lower than the carrying amount. The assets are written down to this lower value.

Recoverable amount for the asset is determined as the highest value of net sales price and the capital value. If it is not possible to determine the recoverable amount for the individual asset, assets are assessed together with the smallest group of assets where it is possible to determine a reliable evaluation of the recoverable amount.

Assets where it is not possible to determine an individual capital value because the asset does not generate future cash flows is assessed together with the group of assets which they can be attributed to.

Accounting policies

Financial fixed assets
Investments in group enterprises
Investments in group enterprises are recognized at historic cost less accumulated impairment losses. If the historic cost exceeds the recoverable amount the investment is written down to this lower value.

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

Goods for resale, raw materials and consumables comprises purchase price plus delivery costs.

The cost of finished goods and work in progress comprises the cost of raw materials, direct labor and direct production costs.

The net realisable value of inventories is determined taking into account marketability, obsolescence and development in expected sales price less completion costs and costs incurred to effectuate the sale.

Receivables
Receivables are measured at amortized cost which corresponds in all material respects to nominal value. The value is reduced with provisions for expected bad debts.

Cash and bank balances
Cash comprises cash balances and bank balances.

Dividends
Dividends expected to be paid in respect of the year are stated as a separate line item under equity.

Accounting policies

Current tax and current deferred tax
Current tax liabilities and current tax assets are recognized in the balance sheet as estimated tax on the taxable income for the year, adjusted for change in tax on prior years' taxable income and for tax paid under the on-account tax scheme.

Deferred tax is measured according to the balance sheet liability method on all timing differences between the tax and accounting value of assets and liabilities.

Deffered 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 measuered at net realisable value.

Deferred income tax is measured using tax rules and tax rates that apply by the balance sheet date when the deferred tax asset is realised or the deferred income tax liability is settled. The change in deferred tax as a result of changes in tax rates is recognized in the income statement.

Liabilities
Other liabilities are measured at amortized cost, corresponding to the nominal value.