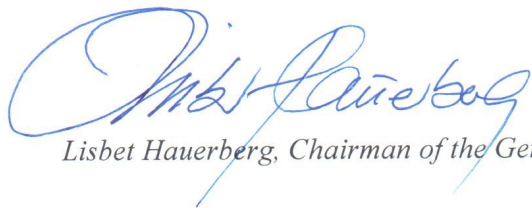


**Dansac A/S**  
**Lille Kongevej 304**  
**3480 Fredensborg**  
**Central Business Registration No 34 09 48 10**

**Annual report 2019**

*Adopted at the Annual General Meeting on May 15<sup>th</sup>, 2020*



*Lisbet Hauerberg, Chairman of the General meeting*

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## ***Company details***

### ***Company***

*Dansac A/S*

*Central Business Registration No: 34 09 48 10*

*Registered in: Fredensborg*

*Telephone: +45 48 46 50 00*

*Fax: +45 48 46 50 10*

*Internet: [www.dansac.com](http://www.dansac.com)*

*E-mail: [Dansac@dansac.com](mailto:Dansac@dansac.com)*

### ***Supervisory Board***

*James Dominick Adducci, Chairman*

*Pia Prag Hansen*

*Brendan James Sugrue*

*Patrick Conor Noble*

### ***Executive Board***

*Pia Prag Hansen*

### ***Company auditors***

*Deloitte Statsautoriseret Revisionspartnerselskab*

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## Statement by Management on the annual report

The Executive and Supervisory Boards have today discussed and adopted the annual report of Dansac A/S for 2019.

The annual report has been presented in accordance with the Danish Financial Statements Act. We consider the applied accounting policies appropriate for the annual report to provide a true and fair view of the Group's and the Parent's assets, equity and liabilities, financial position and results and the consolidated cash flows. We believe that the management review contains a fair review of the affairs and conditions referred to therein.

We recommend the annual report for adoption at the Annual General Meeting.

Fredensborg, May 15<sup>th</sup>, 2020

### Executive Board

*Pia Prag Hansen*

Pia Prag Hansen  
*Chief Executive Officer*

### Supervisory Board

*James Dominick Adducci*

James Dominick Adducci  
*Chairman*

*Patrick C Noble*

Patrick Conor Noble

*Pia Prag Hansen*

Pia Prag Hansen

*Brendan Sugrue*

Brendan James Sugrue

## **Independent auditor's report To the shareholders of Dansac A/S**

### **Opinion**

We have audited the consolidated financial statements and the parent financial statements of Dansac A/S for the financial year 01.01.2019 - 31.12.2019, which comprise the income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies, for the Group as well as the Parent, and the consolidated cash flow statement. The consolidated financial statements and the parent financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the consolidated financial statements and the parent financial statements give a true and fair view of the Group's and the Parent's financial position at 31.12.2019, and of the results of their operations and the consolidated cash flows for the financial year 01.01.2019 - 31.12.2019 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 consolidated financial statements and the parent financial statements section of this auditor's report. We are independent of the Group in accordance with the International Ethics Standards Board of Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Management's responsibilities for the consolidated financial statements and the parent financial statements**

Management is responsible for the preparation of consolidated financial statements and parent 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 consolidated financial statements and parent financial statements that are free from material misstatement, whether due to fraud or error.

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

## **Independent auditor's report**

## To the shareholders of Dansac A/S

### **Auditor's responsibilities for the audit of the consolidated financial statements and the parent financial statements**

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements and the parent financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements and these parent 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 consolidated financial statements and the parent financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Parent'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 consolidated financial statements and the parent financial statements, and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Parent'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 consolidated financial statements and the parent financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements and the parent financial statements, including the disclosures in the notes, and whether the consolidated financial statements and the parent financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

## **Independent auditor's report To the shareholders of Dansac A/S**

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

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

#### **Statement on the management commentary**

Management is responsible for the management commentary.

Our opinion on the consolidated financial statements and the parent financial statements does not cover the management commentary, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements and the parent financial statements, our responsibility is to read the management commentary and, in doing so, consider whether the management commentary is *materially inconsistent* with the consolidated financial statements and the parent financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.


Moreover, it is our responsibility to consider whether the management commentary provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we conclude that the management commentary is in accordance with the consolidated financial statements and the parent 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 commentary.

Copenhagen, May 15<sup>th</sup>, 2020

#### **Deloitte**

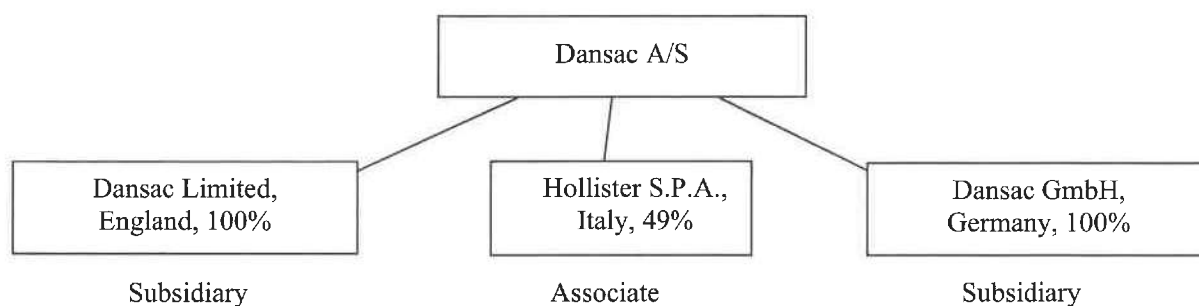
Statsautoriseret Revisionspartnerselskab  
Business Registration No 33 96 35 56



Flemming Larsen  
State-Authorised  
Public Accountant  
MNE no 27790

## Management's review

### Group chart



	<b>2015</b> <b>DKK'000</b>	<b>2016</b> <b>DKK'000</b>	<b>2017</b> <b>DKK'000</b>	<b>2018</b> <b>DKK'000</b>	<b>2019</b> <b>DKK'000</b>
<b>Financial highlights of the Group</b>					
<b>Key figures</b>					
Revenue	1.189.069	1.076.628	1.076.106	1.093.501	1.173.014
Operating profit	197.487	150.913	171.490	189.814	211.987
Net financials	7.936	(526)	(9.208)	1.788	8.162
Net profit for the year	156.877	117.247	126.334	149.047	172.604
Equity	232.102	221.644	207.996	258.597	284.325
Balance sheet total	403.828	349.334	334.170	385.840	415.897
Investments in property, plant and	17.549	12.408	9.876	5.401	7.517
Average number of employees	351	305	262	249	256
<b>Ratios</b>					
Profit margin (%)	17	14	16	17	18
Return on assets (%)	72	63	79	80	88
Return on equity (%)	73	52	59	64	70
Equity ratio (%)	57	63	62	67	68

For the information given the “company” includes both the parent and the consolidated entities.



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## Management's review

### Primary activities

The Group's activity comprises development, production and sale of ostomy products. Development and production takes place in Fredensborg. Sales activities are handled by the company's subsidiaries and affiliates. Consequently, the extent of transactions with related parties are significant.

The products are primarily sold in the European market.

### Development in activities and finances

Profit for the year for the group amounts to DKK 172.604 thousand which is an increase of DKK 23.557 thousand compared to 2018, and in line with previous announced expectations.

### Comments to the operations

Operating profit for the group has increased from DKK 189.814 thousand to DKK 211.987 thousand. The increase in operating profit is mainly due to an increase in sales for all of the group, lower production costs and lower costs in general.

### Cash flow

Cash flows from operating activities for the year amount to DKK 176.602 thousand against DKK 160.575 thousand in 2018. The net change (DKK 16.027 thousand) is primarily attributable to an increase in operating profit (DKK 22.173 thousand), change in working capital (DKK 4.959), and change in income taxes paid (DKK (8.295)).

Cash flows from investing activities amount to DKK (9.016) thousand in 2019 against DKK (7.022) thousand in 2018. The net change (DKK 1.994 thousand) is primarily attributable to change in acquisition of tangible assets.

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## Management's review

### Particular risks

#### Financial exposure

The Group is exposed to exchange rate adjustments. Attempts are made to minimise this exposure by a central control of financial exposure in the Parent as well as a coordinated cash management, including generation of capital and placement of additional cash flow. The ultimate Parent acts upon a finance policy with a low risk profile such that risks only arise on the basis of commercial issues. The Dansac Group does not make use of financial instruments.

#### Currency exposure

Dansac A/S is affected by exchange rate adjustments as revenue is invoiced in foreign currencies whereas expenses, including wages, are held in Danish kroner. 100 % of the Group's revenue originates from other countries than Denmark, mainly European countries. Revenue is primarily invoiced in EUR and USD. In addition, the Group is affected by exchange rate adjustments as the Foreign affiliates' year-end profit and equity are converted into DKK based on average rates and the rate of the balance sheet date, respectively.

The Group's English and German companies are not affected by exchange rate fluctuations as both income and expenses are paid in local currencies.

#### Credit risks

Credit risks attached to financial assets correspond to the values recognized in the balance sheet. The Group does not undertake any major risks on clients or co-operators. All major clients and other co-operators are credit rated on a current basis under the Group's policy for undertaking credit risks.

In addition, 58 % of the revenue is sale to group enterprises.

#### Cash flow

The Group's business procedures on cash management, including generation of capital and placement of additional cash flow are managed centrally by the ultimate Parent in the USA.

#### Research and development activities

The Group's research and development costs are almost the same as last year. The costs arise from development activities and from ensuring a continuous improvement of existing products.

Furthermore, an amount has been capitalised on projects identified that are estimated to result in future products with expected earnings growth.

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## Management's review

### Events after the balance sheet date

We don't expect, that the outbreak of the Coronavirus/COVID-19, which escalated in the beginning of 2020, will impact our financials, suppliers or customers on the short run. We have made some necessary changes to our production and business processes, so that we are able to deliver high quality products to our customers as usual.

After the balance sheet date, no other events of significance to the annual report have occurred.

### Outlook

Subject to stability in the primary invoicing currencies of the Group, it is the expectation of management that revenue and profit in 2020 will be slightly higher compared to 2019. Further efficiency improvements in the production and the administration are expected.

The company expects positive cash flows in 2020.

## Statutory statement of Corporate social responsibility cf. § 99a in the Danish Financial Statements Act

The company's underlying business concept is to develop, manufacture and market consumables for people living with a stoma. The mission is to help healthcare professionals deliver better products and services, and to make life more rewarding and dignified for users of ostomy products.

The products are typified by their uniform quality, which makes them highly reliable for the users.

Overall, the company wishes to deliver products preferred by the customers at the time agreed and to ensure that the employees are qualified and satisfied, and that procedures supporting a flexible, efficient organization are established.

The manufacturing process is certified to the quality standard ISO 13485.

From our parent company, Hollister, we have been given four immutable principles, which we strive to live every day.

- Dignity of the person: Our employees, indeed all people, have dignity and intrinsic value independent of the work they do. We treat our associates, and we treat each other, with respect. We vigilantly strive to meet the needs of those who use our products and services. In the process, we make life more rewarding for them and we ourselves become better human beings.
- Service: We serve those who use our product and services, our other customers, each other, and our communities, all with humility, compassion, and perseverance.
- Integrity: Integrity is at the heart of how we do business. We believe the ethical way is the only way. We are open and truthful, treat others justly, and do the right thing even when it is difficult.

## Management's review

- **Stewardship:** We have been entrusted with an independent and employee-owned company. As stewards of that trust, we are guided by the policies and principles of our founder, John Dickinson Schneider (Hollister), to ensure that we continues in perpetuity as independent and employee owned and that as the company grows and prospers, it remains financially strong. We make decisions based on the long-term best interests of the company.

### **Social and employee matters**

Our employees are one of the company's most important resources, and management realizes that attracting, retaining and developing qualified people are crucial for the ability to realize the corporate objectives and be competitive and successful in the future.

Management wants to shoulder its social responsibility by providing a diverse and tolerant work-place where the staff composition reflects the society in which we live and run our business.

We believe that diversity in the workforce and treating everybody with dignity and respect is important in order to constantly develop and be a competitive player in the global marketplace. At Dansac we strive to have a workforce representative for the markets and customers we serve. This affects the way we think, act, innovate and drive our business.

Although we do not have a specific policy around social and employee matters, we are committed to ensure the best possible workplace for our employees through our immutable principles, bringing integrity and dignity of the person in focus.

Our goal is to have the highest possible job satisfaction and best possible work environment, regulated through our employee handbook and the 'collective agreement for salaried employees in the industry'.

We believe that our employee handbook and the collective agreements is sufficient, why we do not have a policy around social and employee matters.

### **Human Rights**

We are committed to respecting the human rights of our customers, end users, business associates and employees and to reduce the risk of any violations. We do not have a separate policy on human rights as we find the laws and regulations sufficient, but our position is clear from our immutable principles, human resources approach and supporting documentation.

### **Environment and climate**

At Dansac we take responsibility for our environmental impacts and works continuously to reduce any negative environmental impact in our day-to-day operations and in our development activities.

## **Management's review**

The corporate strategy is to reduce the total volume of waste generated by the manufacturing process, to reduce errors and waste, and to reduce the total amount of energy consumed, by investing amongst others in LEAN activities.

We recognize that profitability and our effect on the environment and climate goes hand in hand, why we continuously try to lower our energy consumption and find better and more efficient ways to produce our products, and reduce our consumption of materials and waste.

We have no policy regarding environment and climate, as the impact on both local and global environment from our production and products are minimal, but we strive to do everything better and more efficient, putting our immutable principles in front of everything that we do, to ensure a healthy environment and climate.

#### **Anti-corruption and bribery**

We hold integrity and ethics in front and follow local laws and regulations. We do not have a policy around anti-corruption and bribery but expect all our employees and business associates to follow the laws and regulations. We find the laws and regulations sufficient for our purpose, why we do not have a policy. We believe that through a high ethical standard and complying with local rules and regulations we can ensure that we conduct our business in the best possible and ethical way.

Currently we do not have a specific policy for supplier management in relation to social responsibility, but it is part of the evaluation in the selection and qualification of new suppliers. Thus "Social Responsibility" is incorporated in the material, the supplier must demonstrate.

#### **Gender composition, Management position cf. § 99b in the Danish Financial Statements Act**

The Company has established a gender equality barometer, which is updated annually with the current distribution of men and women at a number of management levels in the Company:

Levels /%	2019		2018		2017	
	Male	Female	Male	Female	Male	Female
Supervisory Board	75	25	100	0	100	100
Management positions	55	45	55	45	55	45

The company has decided the following objectives for the under-represented gender in the Supervisory Board and in Management positions:

#### **Targets for the under-represented gender in the Supervisory Board**

The Supervisory Board consists of 4 members. Regarding the under-represented gender it is the objective to increase the number of members of the under-represented gender and to achieve a share of 50% by 2022.

#### **Management's review**

#### **Targets for the under-represented gender in Management positions**

When recruiting new candidates to management positions the best qualified person for the job is selected, irrespective of gender, cultural background and age. Therefore the Company makes sure that the wording of job descriptions and job advertisements appeal to people with the right experiences and competences despite gender, age and ethnicity.

We find that the target for the under-represented gender in management is achieved with an equal distribution of men and woman.

### **Ownership**

Dansac A/S is fully owned by Hollister Incorporated, Illinois, USA.

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## Accounting policies

This annual report for the Dansac Group for 2019 has been prepared in accordance with the provisions applying to class C enterprises (large) under the Danish Financial Statements Act.

The accounting policies applied as described below remain the same as last year.

### Recognition and measurement

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

Liabilities are recognised in the balance sheet when the Group as a result of an event prior to the balance date has a legal or constructive obligation, and it is probable that future economic benefits will flow out of the Group, and the value of the liabilities can be measured reliably.

On initial recognition, assets and liabilities are measured at cost. Measurement subsequent to initial recognition is effected as described below for each financial statement item.

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.

Income is recognised in the income statement when earned, whereas costs are recognised by the amounts attributable to this financial year, defrayed to obtain the profit for the year.

The Annual report is presented in Danish kroner (DKK) thousand unless otherwise stated.

### Consolidated financial statements

The consolidated financial statements comprise Dansac A/S (the parent company) and Group enterprises where the parent company directly or indirectly is in control, cf the Group Chart page 6.

The consolidated financial statements are prepared by combining uniform items. On consolidation intra-group income and expenses, intra-group balances and dividend as well as intra-group profits between the consolidated enterprises are eliminated. The financial statements used for consolidation have been prepared applying the Group's accounting policies.

Investments in subsidiaries are offset against the pro rata share of the fair value of the affiliates' net assets and liabilities at the time of the establishment of the Group relations.

## Accounting policies

### Foreign currency translation

On initial recognition, foreign currency transactions are translated applying the exchange rate at the transaction date. Income and losses - that arises between the rate at the transaction date and the one in effect at the payment date - are recognised in the income statement as financial income or financial expenses.

Receivables, payables and other monetary items denominated in foreign currencies are translated using the exchange rate at the balance sheet date. Differences between the exchange rate at the balance sheet date and the exchange rate at the transaction date are recognised in the income statement as financial income or financial expenses.

When recognising foreign subsidiaries, that constitute separate entities, the income statements are translated at average exchange rates and balance sheet items are translated using the exchange rates at the balance sheet date. Exchange rate adjustments arising out of the translation of foreign subsidiaries' equity at the beginning of the year at the balance sheet date exchange rates as well as out of the translation of income statements from average rates to the exchange rates at the balance sheet date are recognised directly on equity.

Exchange adjustments of outstanding accounts with foreign subsidiaries which are considered part of the total investment are classified directly as equity.

### Income statement

#### Revenue

Revenue from sale of articles of commerce and finished goods are recognised in the income statement when delivery is made and risk has passed to the buyer. Revenue is recognised exclusive of Vat, duties and rebates in connection with the sale and is measured at the fair value of the agreed compensation.

#### Staff costs

Staff costs comprise expenses for payroll and wages including social expenses, pensions etc. for personnel.

#### Other operating costs

Other operating costs comprise expenses for distribution, sales, advertising, administration, rentals, loss on bad debt etc.

Other operating costs further more include research- and development costs that do not comply with recognition for capitalisation.



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## Accounting policies

### Financial income and expenses

Financial income and expenses comprise interest income and expenses, realised and unrealised income and loss from transactions in foreign exchange, bank charges together with charges and compensations for the tax on account scheme.

### Tax on profit for the year

Tax on profit for the year which consists of current tax for the year and changes in deferred tax is recognised in the income statement by the portion attributable to the profit for the year, and classified directly as equity by the portion attributable to entries directly on equity.

The Company is jointly taxed with Dansac and Hollister Danmark (branch of Dansac and Hollister Inc. USA) and Kirstine Hardam A/S. The current Danish income tax is allocated proportionally to the taxable income (full allocation with a refund concerning tax losses).

### Balance sheet

#### Intangible assets

Intangible assets comprise development projects in progress and completed development projects including licences and prepayments for intangible assets.

Development projects on clearly defined and identifiable products and processes for which the technical rate of utilisation, adequate resources and a potential future market or development opportunity in the enterprise can be established, and where the intention is to manufacture, market or apply the project in question, are recognised as intangible assets if the cost can be measured reliably and if sufficient security exists for the future income to cover production-, sales- and administration costs and the development costs. Other development costs are recognised in the income statement as incurred.

Capitalised development costs are measured at cost less accumulated amortisations or to the lower of recoverable amount. Completed development projects are amortised over five years.

Development costs comprise costs, salaries and amortisation that are directly and indirectly attributable to the Group's development projects.

#### Property, plant and equipment

Land and buildings, plant and machinery as well as other fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation or to the lower of its recoverable value. Land is not depreciated.

## Accounting policies

Cost comprises the acquisition price and costs directly attributable to the acquisition until it is ready to be put into operation. For self-manufactured assets, cost comprises direct and indirect costs of materials, sub suppliers and labour costs.

Interest expenses are not included under cost.

The basis for depreciation is costs less expected scrap value at the end of the expected useful life. Straight-line depreciation is made on the basis of the following assessment of the expected useful lives:

Buildings	30 years
Plant and machinery	5-10 years
Other fixtures and fitting, tools and equipment	3-10 years

Profits and losses from the disposals of property, plant and equipment are calculated as the difference between selling price less selling costs and carrying amount at the time of sale. Profits or losses are recognised as depreciation in the income statement.

### Impairment of intangible and tangible assets

The carrying amount of intangible and tangible assets are annually assessed whether there is any indication that the assets are impaired.

If any such indications exist, an impairment test is calculated to determine whether the recoverable amount is lower than the carrying amount.

### Investments in subsidiaries, associates and other Investments

Investments in subsidiaries, associates and other investments are measured in the Parent's Annual report at cost. In case of indication for impairment an impairment test is prepared. Cost is reduced with received dividend, if the dividend exceeds the accumulated profit recognised since the time of the takeover.

In the Parent's income statement dividend from subsidiaries, associates and other investments are recognised upon declaration.

Investments in associates are measured in the Group's annual report using the equity method.

The income statement reflects the Group's share of results of associates.

### Inventories

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

## Accounting policies

Cost of goods for resale as well as raw materials and consumables consists of purchase price plus landing costs.

Cost of manufactured goods and work in progress consists of costs of raw materials, consumables, direct labour costs as well as indirect production costs.

Indirect production costs comprise indirect material and labour costs as well as costs of maintenance of and depreciation on machinery, factory buildings and equipment applied for the manufacturing process as well as costs of quality management and factory administration.

The net realisable value of inventories is calculated as the estimated selling price reduced for completion- and sales costs.

The net realisable value is fixed in consideration of marketability and obsolescence.

### Receivables

Receivables are measured at amortised cost, which in general are nominal value reduced with provision for anticipated losses.

### Prepayments

Prepayments classified as assets comprise prepaid costs incurred relating to rent, insurance premiums etc. that relates to subsequent accounting periods. Prepayments are measured at cost.

### Proposed dividends

Dividends are measured as a liability at the time of the resolution made on the Annual General Meeting. The proposed dividend for the accounting period is classified as a separate item under equity.

### Income taxes and deferred tax

The 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 applying the liability method providing for all temporary differences between the carrying amount and tax-based value of assets and liabilities. Deferred tax assets, including the tax base of tax loss carry forward, are recognised in the balance sheet if the assets are likely to be utilised either by a set-off against tax of future income or as a set-off against deferred tax liabilities.

Deferred tax is measured based on the tax regulations and tax rates of the relevant countries that will be in effect, using the laws at the balance sheet date, when the deferred tax is estimated to be triggered as current tax. Changes in deferred tax resulting from changed tax rates are recognised in the income statement.

## Accounting policies

### Deferred income

Deferred income comprises received payments for income that relates to subsequent accounting periods.

Deferred income is measured at cost.

### Cash flow statement

The cash flow statement of the Group shows cash flows for the year from operating-, investing- and financing activities for the year, change of cash for the year as well as the Group's cash and cash equivalents at the beginning and the end of the financial year.

Cash flows from operating activities are calculated as the Group's share of profit/loss adjusted for non-cash operating items, working capital changes and income taxes paid.

Cash flows from investing activities comprise payment in connection with purchase and sale of intangible assets, property, plant and equipment as well as fixed asset investments.

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

A cash flow statement for the Parent' has not been prepared separately as this is included in the Group cash flow statement.

### Segment information

Disclosures are provided on business segments (primary segment). The segment information is in accordance with the Group risk and internal financial management. The segment information complies with Group accounting policies.

### Ratios

The ratios have been compiled in accordance with "Anbefalinger & Nøgletal" (Recommendations & Ratios), issued by the Danish Society of Financial Analysts, and generally accepted calculation formulas.

Profit margin	=	$\frac{\text{Operating profit/loss} \times 100}{\text{Revenue}}$
Return on assets	=	$\frac{\text{Operating profit/loss} \times 100}{\text{Average operating assets}}$
Return on equity	=	$\frac{\text{Net profit/loss for the year} \times 100}{\text{Average equity}}$
Equity ratio	=	$\frac{\text{Equity} \times 100}{\text{Balance sheet total}}$

## Income statement

Parent			Group		
2018 DKK'000	2019 DKK'000		Notes	2019 DKK'000	2018 DKK'000
500.396	522.728	Revenue	1	1.173.014	1.093.501
7.314	(5.526)	Change of inventories, finish goods and work in progress		(6.204)	8.181
(134.058)	(133.995)	External costs		(599.764)	(553.935)
<b>373.652</b>	<b>383.207</b>	<b>Gross profit</b>		<b>567.046</b>	<b>547.747</b>
(129.811)	(126.296)	Staff costs	2	(162.246)	(166.661)
(14.556)	(13.472)	Depreciation and amortisation, fixed assets	3	(13.579)	(14.660)
(66.775)	(63.397)	Other operating costs		(179.234)	(176.612)
<b>162.510</b>	<b>180.042</b>	<b>Operating profit</b>		<b>211.987</b>	<b>189.814</b>
0	0	Share of results of associates		7.581	(681)
297	55.441	Other financial income, affiliates		0	297
2.801	1.479	Other financial income	4	1.767	2.962
(538)	(869)	Other financial expenses	5	(1.186)	(790)
<b>165.070</b>	<b>236.093</b>	<b>Profit before tax</b>		<b>220.149</b>	<b>191.602</b>
(36.150)	(39.803)	Tax on profit for the year	6	(47.545)	(42.555)
<b>128.920</b>	<b>196.290</b>	<b>Profit for the year</b>	7	<b>172.604</b>	<b>149.047</b>

**Balance sheet, December 31<sup>st</sup>**

<b>Parent</b>			<b>Group</b>		
<b>2018 DKK'000</b>	<b>2019 DKK'000</b>		<b>Notes</b>	<b>2019 DKK'000</b>	<b>2018 DKK'000</b>
2.701	1.695	Completed development projects	8	1.695	2.701
0	1.257	Development projects in progress	8	1.257	0
<b>2.701</b>	<b>2.952</b>	<b>Intangible assets</b>		<b>2.952</b>	<b>2.701</b>
14.506	13.120	Land and buildings	9	13.120	14.506
19.034	16.464	Plant and machinery	9	16.464	19.034
1.653	1.600	Other fixtures and fittings, tools and equipment	9	1.842	1.702
17.641	16.647	Property, plant and equipment in progress and prepayment for Property, plant and equipment	9	16.647	17.641
<b>52.834</b>	<b>47.831</b>	<b>Tangible assets</b>		<b>48.073</b>	<b>52.883</b>
10.338	10.338	Investments in subsidiaries	10	0	0
38.864	38.864	Investments in associates	10	45.671	42.191
17	0	Other receivables	10	288	292
0	0	Deferred tax asset		353	309
<b>49.219</b>	<b>49.202</b>	<b>Financial assets</b>		<b>46.312</b>	<b>42.792</b>
<b>104.754</b>	<b>99.985</b>	<b>Fixed assets</b>		<b>97.337</b>	<b>98.376</b>

**Balance sheet, December 31<sup>st</sup>**

<b>Parent</b>			<b>Group</b>	
<b>2018</b>	<b>2019</b>		<b>2019</b>	<b>2018</b>
<b>DKK'000</b>	<b>DKK'000</b>		<b>DKK'000</b>	<b>DKK'000</b>
			<b>Notes</b>	
<b>104.754</b>	<b>99.985</b>	<b>Fixed assets (brought forward)</b>		<b>97.337 98.376</b>
13.442	16.552	Raw materials and supplies		16.552 13.442
15.730	12.980	Work in progress		12.980 15.730
7.609	4.834	Finish goods and goods for resale		6.303 9.702
<b>36.781</b>	<b>34.366</b>	<b>Inventories</b>		<b>35.835 38.874</b>
5.893	9.419	Trade receivables and receivables from services		46.693 40.871
50.700	54.205	Receivables from affiliates		74.008 75.071
0	5.494	Income tax receivable		5.494 0
2.463	1.708	Other receivables		1.715 2.463
1.159	934	Prepayments		1.709 2.173
<b>60.215</b>	<b>71.760</b>	<b>Receivables</b>		<b>129.619 120.578</b>
<b>55.552</b>	<b>93.664</b>	<b>Cash</b>	11	<b>153.106 128.012</b>
<b>152.548</b>	<b>199.790</b>	<b>Current assets</b>		<b>318.560 287.464</b>
<b>257.302</b>	<b>299.775</b>	<b>Assets</b>		<b>415.897 385.840</b>

**Balance sheet, December 31<sup>st</sup>**

<b>Parent</b>			<b>Group</b>	
<b>2018</b>	<b>2019</b>		<b>2019</b>	<b>2018</b>
<b>DKK'000</b>	<b>DKK'000</b>		<b>DKK'000</b>	<b>DKK'000</b>
			<b>Notes</b>	
2.500	2.500	Share capital	12	2.500 2.500
53.310	59.354	Retained earnings		91.825 106.097
1.937	2.183	Reserve for development costs		0 0
150.000	190.000	Proposed dividends		190.000 150.000
<b>207.747</b>	<b>254.037</b>	<b>Equity</b>		<b>284.325 258.597</b>
1.152	374	Deferred tax provision	13	374 1.152
100	100	Other provisions		100 100
<b>1.252</b>	<b>474</b>	<b>Provisions</b>		<b>474 1.252</b>
14.312	9.356	Trade payables		45.505 50.636
4.334	11.884	Payables to affiliates		49.226 36.231
2.029	0	Income tax payables		4.249 5.453
27.628	24.024	Other payables		32.118 33.671
<b>48.303</b>	<b>45.264</b>	<b>Short-term liabilities</b>		<b>131.098 125.991</b>
<b>257.302</b>	<b>299.775</b>	<b>Equity, provision and liabilities</b>		<b>415.897 385.840</b>
		Lease and rental commitment	14	
		Other notes	15-19	



## Statement of changes in equity

	<b>Group</b>			
	<b>Share capital DKK'000</b>	<b>Retained earnings DKK'000</b>	<b>Proposed dividends DKK'000</b>	<b>Total DKK'000</b>
<b>Equity, January 1<sup>st</sup>, 2018</b>	<b>2.500</b>	<b>65.496</b>	<b>140.000</b>	<b>207.996</b>
Dividends paid	0	0	(140.000)	(140.000)
Group contribution	0	38.478	0	38.478
Restatement investment to equity	0	4.009	0	4.009
Profit for the year	0	(953)	150.000	149.047
Other Equity adjustments	0	(236)	0	(236)
Exchange adjustment, affiliates	0	(697)	0	(697)
<b>Equity, December 31<sup>st</sup> 2018</b>	<b>2.500</b>	<b>106.097</b>	<b>150.000</b>	<b>258.597</b>
Dividends paid	0	0	(150.000)	(150.000)
Profit for the year	0	(17.396)	190.000	172.604
Other Equity adjustments	0	(116)	0	(116)
Exchange adjustment, affiliates	0	3.240	0	3.240
<b>Equity, December 31<sup>st</sup> 2019</b>	<b>2.500</b>	<b>91.825</b>	<b>190.000</b>	<b>284.325</b>

	<b>Parent</b>				
	<b>Share capital DKK'000</b>	<b>Retained earnings DKK'000</b>	<b>Reserve for development costs DKK'000</b>	<b>Proposed dividends DKK'000</b>	<b>Total DKK'000</b>
<b>Equity, January 1<sup>st</sup> 2018</b>	<b>2.500</b>	<b>37.555</b>	<b>294</b>	<b>140.000</b>	<b>180.349</b>
Dividends paid	0	0	0	(140.000)	(140.000)
Transfers	0	(1.643)	1.643	0	0
Group contribution	0	38.478	0	0	38.478
Profit for the year	0	(21.080)	0	150.000	128.920
<b>Equity, December 31<sup>st</sup> 2018</b>	<b>2.500</b>	<b>53.310</b>	<b>1.937</b>	<b>150.000</b>	<b>207.747</b>
Dividends paid	0	0	0	(150.000)	(150.000)
Transfers	0	(246)	246	0	0
Profit for the year	0	6.290	0	190.000	196.290
<b>Equity, December 31<sup>st</sup> 2019</b>	<b>2.500</b>	<b>59.354</b>	<b>2.183</b>	<b>190.000</b>	<b>254.037</b>

## Cash flow statement

	Notes	Group	
		2019 DKK'000	2018 DKK'000
Operating profit		211.987	189.814
Depreciation and amortisation, fixed assets		13.579	14.660
Change in working capital	18	5.604	645
		<b>231.170</b>	<b>205.119</b>
Other financial income received		1.767	2.999
Other financial expenses paid		(1.186)	(790)
Income taxes paid		(55.149)	(46.853)
<b>Cash flows from operating activities</b>		<b>176.602</b>	<b>160.575</b>
Acquisition of intangible assets		(1.503)	(1.643)
Acquisition of tangible assets		(7.517)	(5.400)
Sale of tangible assets		0	18
Change financial assets		4	3
<b>Cash flows from investing activities</b>		<b>(9.016)</b>	<b>(7.022)</b>
Dividends received		4.066	294
Dividends paid		(150.000)	(140.000)
<b>Cash flows from financing activities</b>		<b>(145.934)</b>	<b>(139.706)</b>
<b>Change in cash</b>		<b>21.652</b>	<b>13.847</b>
Cash at the beginning of the year		128.012	114.888
Value adjustments		3.442	(723)
<b>Cash at the end of the year</b>		<b>153.106</b>	<b>128.012</b>

## Notes

	<b>Parent Revenue DKK'000</b>	<b>Group Revenue DKK'000</b>
<b>1. Segment information</b>		
<b>By business segment 2019</b>		
Medical devices	522.728	1.173.014
<b>Total</b>	<b>522.728</b>	<b>1.173.014</b>
<b>By business segment 2018</b>		
Medical devices	500.396	1.093.501
<b>Total</b>	<b>500.396</b>	<b>1.093.501</b>

<b>Parent</b>			<b>Group</b>	
<b>2018 DKK'000</b>	<b>2019 DKK'000</b>		<b>2019 DKK'000</b>	<b>2018 DKK'000</b>
<b>2. Staff costs</b>				
113.965	109.933	Salaries and wages	139.690	144.846
12.636	12.654	Pension contributions	14.350	14.105
5.424	5.620	Other social security costs	10.117	9.924
(2.214)	(1.911)	Capitalised labour costs	(1.911)	(2.214)
<b>129.811</b>	<b>126.296</b>		<b>162.246</b>	<b>166.661</b>
<b>202</b>	<b>208</b>	Average number of employees	<b>256</b>	<b>249</b>

## Notes

Parent			Group	
2018 DKK'000	2019 DKK'000		2019 DKK'000	2018 DKK'000
<b>3. Depreciation &amp; amortisation, fixed assets</b>				
2.000	1.252	Completed development projects	1.252	2.000
3.049	3.000	Buildings	3.000	3.049
8.597	7.969	Plant and machinery	7.969	8.597
828	974	Other fixtures and fittings, tools and equipment	1.080	932
82	278	Loss(Profit) from sale and scrap of operating	278	82
<b>14.556</b>	<b>13.472</b>		<b>13.579</b>	<b>14.660</b>
<b>4. Other financial income</b>				
260	41	Interest income	324	418
2.541	1.438	Realised and unrealised exchange gains	1.443	2.544
<b>2.801</b>	<b>1.479</b>		<b>1.767</b>	<b>2.962</b>
<b>5. Other financial expenses</b>				
0	401	Realised and unrealised exchange losses	401	12
538	468	Bank expenses	785	778
<b>538</b>	<b>869</b>		<b>1.186</b>	<b>790</b>

## Notes

Parent			Group	
2018 DKK'000	2019 DKK'000		2019 DKK'000	2018 DKK'000
<b>6. Tax on profit for the year</b>				
37.056	40.522	Current tax	48.216	43.532
(771)	(777)	Change in deferred tax	(706)	(842)
3	49	Paid foreign dividend tax	49	3
(138)	9	Adjustment concerning previous years	(14)	(138)
<b>36.150</b>	<b>39.803</b>		<b>47.545</b>	<b>42.555</b>

## 7. Proposed distribution of profit/(loss)

	Parent	
	2019 DKK'000	2018 DKK'000
Retained earnings	6.290	(21.080)
Proposed dividends recognized in Equity	190.000	150.000
	<b>196.290</b>	<b>128.920</b>

	Group	
	2019 DKK'000	2018 DKK'000
Retained earnings	(17.396)	(953)
Proposed dividends recognized in Equity	190.000	150.000
	<b>172.604</b>	<b>149.047</b>

## Notes

Parent			Group	
Completed development DKK'000	Development t DKK'000		Completed development DKK'000	Development t DKK'000
<b>8. Intangible assets</b>				
<b>8.048</b>	<b>0</b>	Cost, January 1 <sup>st</sup> 2019	<b>8.048</b>	<b>0</b>
245	1.257	Additions	245	1.257
0	0	Disposals	0	0
<b>8.293</b>	<b>1.257</b>	<b>Cost, December 31<sup>st</sup> 2019</b>	<b>8.293</b>	<b>1.257</b>
(5.346)	0	Amortisation, January 1 <sup>st</sup> 2019	(5.346)	0
(1.252)	0	Additions	(1.252)	0
0	0	Disposals	0	0
<b>(6.598)</b>	<b>0</b>	<b>Amortisation, December 31<sup>st</sup> 2019</b>	<b>(6.598)</b>	<b>0</b>
<b>1.695</b>	<b>1.257</b>	<b>Carrying amount, December 31<sup>st</sup> 2019</b>	<b>1.695</b>	<b>1.257</b>
<b>2.701</b>	<b>0</b>	Carrying amount, December 31 <sup>st</sup> 2018	<b>2.701</b>	<b>0</b>

## Notes

## Group

	Land and buildings	Plant and machinery	Other fixtures etc.	Property etc. in progress <sup>1</sup>
	DKK'000	DKK'000	DKK'000	DKK'000
<b>9. Tangible assets</b>				
Cost, January 1 <sup>st</sup> 2019	81.210	194.094	38.534	17.641
Year-end exchange rate adjustments	0	0	13	0
Transfers	0	3.110	163	(3.273)
Additions	1.614	2.328	1.057	2.517
Disposals	0	(412)	(280)	(238)
<b>Cost, December 31<sup>st</sup> 2019</b>	<b>82.824</b>	<b>199.120</b>	<b>39.487</b>	<b>16.647</b>
Depreciation, January 1 <sup>st</sup> 2019	(66.704)	(175.060)	(36.832)	0
Year-end exchange rate adjustments	0	0	(13)	0
Additions	(3.000)	(7.969)	(1.080)	0
Disposals	0	372	280	0
<b>Depreciation, December 31<sup>st</sup> 2019</b>	<b>(69.704)</b>	<b>(182.656)</b>	<b>(37.645)</b>	<b>16.647</b>
<b>Carrying amount, December 31<sup>st</sup> 2019</b>	<b>13.120</b>	<b>16.464</b>	<b>1.842</b>	<b>16.647</b>
Carrying amount, December 31 <sup>st</sup> 2018	14.506	19.034	1.702	17.641

<sup>1</sup> Including prepayments for property, plant and equipment

## Notes

	<b>Parent</b>			
	<b>Land and buildings</b>	<b>Plant and machinery</b>	<b>Other fixtures etc.</b>	<b>Property etc. in progress <sup>1</sup></b>
	<b>DKK'000</b>	<b>DKK'000</b>	<b>DKK'000</b>	<b>DKK'000</b>
<b>9. Tangible assets (continued)</b>				
Cost, January 1 <sup>st</sup> 2019	81.210	194.094	37.503	17.641
Transfers	0	3.110	163	(3.273)
Additions	1.614	2.328	758	2.517
Disposals	0	(412)	(239)	(238)
<b>Cost, December 31<sup>st</sup> 2019</b>	<b>82.824</b>	<b>199.120</b>	<b>38.185</b>	<b>16.647</b>
Depreciation, January 1 <sup>st</sup> 2019	<b>(66.704)</b>	(175.060)	(35.850)	0
Additions	(3.000)	(7.969)	(974)	0
Disposals	0	372	239	0
<b>Depreciation, December 31<sup>st</sup> 2019</b>	<b>(69.704)</b>	<b>(182.656)</b>	<b>(36.585)</b>	<b>0</b>
<b>Carrying amount, December 31<sup>st</sup> 2019</b>	<b>13.120</b>	<b>16.464</b>	<b>1.600</b>	<b>16.647</b>
Carrying amount, December 31 <sup>st</sup> 2018	<b>14.506</b>	<b>19.034</b>	<b>1.653</b>	<b>17.641</b>

<sup>1</sup> Including prepayments for property, plant and equipment



## Notes

	<b>Group</b>	
	<b>Other receivables</b>	<b>Investments in associates</b>
	<b>DKK'000</b>	<b>DKK'000</b>
<b>10. Financial assets</b>		
Cost, January 1 <sup>st</sup> 2019	292	42.191
Year-end exchange rate adjustments	0	14
Dividends	0	(4.115)
Additions / disposals	(4)	7.581
<b>Cost, December 31<sup>st</sup> 2019</b>	<b>288</b>	<b>45.671</b>
<b>Revaluation, December 31<sup>st</sup> 2019</b>	<b>0</b>	<b>0</b>
<b>Carrying amount, December 31<sup>st</sup> 2019</b>	<b>288</b>	<b>45.671</b>
Carrying amount, December 31 <sup>st</sup> 2018	292	42.191

	<b>Parent</b>		
	<b>Other receivables</b>	<b>Investments in associates</b>	<b>Investments in subsidiaries</b>
	<b>DKK'000</b>	<b>DKK'000</b>	<b>DKK'000</b>
<b>10. Financial assets (continued)</b>			
Cost, January 1 <sup>st</sup> 2019	17	38.864	10.338
Year-end exchange rate adjustments	0	0	0
Additions / disposals	(17)	0	0
<b>Cost, December 31<sup>st</sup> 2019</b>	<b>0</b>	<b>38.864</b>	<b>10.338</b>
<b>Revaluation, December 31<sup>st</sup> 2019</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Carrying amount, December 31<sup>st</sup> 2019</b>	<b>0</b>	<b>38.864</b>	<b>10.338</b>
Carrying amount, December 31 <sup>st</sup> 2018	17	38.864	10.338

## Investments in subsidiaries:

Name	Registered	Group share	Share capital	Equity	Profit before tax	Profit for the year
				DKK'000	DKK'000	DKK'000
Dansac Limited	London, UK	100%	GBP 1.000	22.096	20.556	16.588
Dansac GmbH	Munich, Germany	100%	EUR 26.000	11.723	11.361	7.587
				<b>33.819</b>	<b>31.917</b>	<b>24.175</b>

## Investments in associates:

Name	Registered	Group share	Share capital	Equity	Profit before tax	Profit for the year
				DKK'000	DKK'000	DKK'000
Hollister S.P.A.	Milano, Italy	49%	EUR 1.034.000	93.207	22.842	15.471

## Notes

Parent			Group	
2018 DKK'000	2019 DKK'000		2019 DKK'000	2018 DKK'000
<b>11. Cash</b>				
41.365	30.731	Funds in intercompany cash pool arrangement	61.516	61.742
<b>12. Share capital</b>				
The share capital consists of 1,000 shares or multiples. The shares have not been divided into classes. In the period 2014 to 2019 there have been no changes to the share capital.				
<b>13. Deferred tax provision</b>				
594	650	Intangible assets	650	594
(289)	(1.081)	Tangible assets	(1.081)	(289)
847	805	Inventories	805	847
<b>1.152</b>	<b>374</b>		<b>374</b>	<b>1.152</b>
<b>14. Lease and rental commitments</b>				
Operating lease and rental commitments on rent have been concluded for the years 2020-2024.				
2.410	1.940	Rental production premises and cars for the year	4.546	5.656
At 31 December, the following non-terminal obligations are incumbent on the company:				
500	810	Lease and rental commitments due within one year	2.640	3.010
400	262	Lease and rental commitments due within 2-5 years	2.363	2.210
0	0	Operating and rental commitments due beyond 5 years	0	0
<b>900</b>	<b>1.072</b>		<b>5.003</b>	<b>5.220</b>

## Notes

Parent			Group	
2018 DKK'000	2019 DKK'000		2019 DKK'000	2018 DKK'000
<b>15. Fee to auditors appointed at the General Meeting</b>				
Fees to Deloitte (Denmark):				
590	598	Audit fees for the annual report	598	590
36	0	Non-audit fees	0	36
<b>626</b>	<b>598</b>		<b>598</b>	<b>626</b>
Fees to F. W. Smith, Riches & Co:				
0	0	Audit fees for the annual report	312	305
0	0	Non-audit fees	57	60
<b>0</b>	<b>0</b>		<b>369</b>	<b>365</b>
Fees to ALR Treuhand GmbH:				
0	0	Audit fees for the annual report	205	175
0	0	Non-audit fees	34	34
<b>0</b>	<b>0</b>		<b>239</b>	<b>209</b>

## 16. Related parties

During the financial year the Group have had the following transactions, besides dividend, with related parties:

	Principal sharehold er DKK'000	Other related parties DKK'000
Revenue	162	680.051
External costs	12.012	332.709
Other operating costs	36.873	2.695
Receivables from affiliates	534	75.917
Payables to affiliates	78	51.590

## Notes

### 16. Related parties (continued)

The transactions have been carried out in accordance with normal trading terms without interest.

The Company's principal shareholder is Hollister Incorporated, Illinois, USA. Other related parties are other group enterprises.

As only one person in the Company's Executive and Supervisory Boards receives remuneration, no disclosure has been made according to § 98 b, stk. 3, no. 2 in the Danish Financial Statements Act.

### 17. Currency exposure, interest rate exposure and credit risks

#### Currency exposure

	<b>Group</b>		
	<b>Receivables and cash and cash equivalents</b>	<b>Liabilities other than provisions</b>	<b>Position net</b>
	<b>DKK'000</b>	<b>DKK'000</b>	<b>DKK'000</b>
GBP	126.110	(58.291)	67.819
EUR	84.309	(30.305)	54.004
USD	37.392	(131)	37.261
Other	19.252	(3.070)	16.182
	<b>267.063</b>	<b>(91.797)</b>	<b>175.266</b>

Pursuant to group policies, currency exposure is not attempted hedged by hedging transactions in each subsidiary. Currency exposure is hedged by the Parent, Hollister Incorporated.

#### Credit risks

In certain cases the Group receives security for sale on credit which is included in the assessment of the necessary write-down for losses on bad debts. The highest credit risk on trade receivables corresponds to the carrying amount at 31 December 2019. Losses on receivables from individual customers have been historically immaterial.

## Notes

### 17. Currency exposure, interest rate exposure and credit risks (continued)

#### Interest exposure

The following dates of reassessment and repayment according to agreement on the Group's financial assets and liabilities are presented in chronological order. The effective interest rates are stated on the basis of the actual level of interest at 31 December 2019.

	Group				Effective interest rate
	Time of reassessment and maturity				
	Within one year	Within 2 to 5 years	After 5 years	Fixed-rated	
	DKK'000	DKK'000	DKK'000	DKK'000	%
Receivables, interest bearing	5.494	0	0	0	0 %
Receivables, non-interest bearing	124.413	0	0	0	
Cash	153.106	0	0	0	0 %
Liabilities, interest bearing	(4.249)	0	0	0	0,6-3 %
Liabilities, non-interest bearing	(126.850)	(100)	0	0	
	<b>151.914</b>	<b>(100)</b>	<b>0</b>	<b>0</b>	

### 18. Cash flow statements –working capital changes

	Group	
	2019 DKK'000	2018 DKK'000
Change in inventories	3.102	(5.614)
Change in receivables	(1.151)	715
Trade payable changes etc.	3.653	5.544
	<b>5.604</b>	<b>645</b>

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## Notes

### 19. Contingent liabilities

The Company serves as an administration company in a Danish joint taxation arrangement. According to the joint taxation provisions of the Danish Corporation Tax Act, the Company is therefore liable for income taxes etc. for the jointly taxed companies and also for obligations, if any, relating to the withholding of tax on interest, royalties and dividends for these companies.