
Kodak A/S

c/o Companyons, Ny Banegårdsgade 55, 3, DK-8000
Aarhus C

Annual Report for 1 January - 31 December 2018

CVR No 54 89 40 15

The Annual Report was
presented and adopted at
the Annual General
Meeting of the Company on
24/5 2019

Ulf Ingeman Malm
Chairman of the General
Meeting

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Management's Statement

The Executive Board and Board of Directors have today considered and adopted the Annual Report of Kodak A/S for the financial year 1 January - 31 December 2018.

The Annual Report is prepared in accordance with the Danish Financial Statements Act.

In our opinion the Financial Statements give a true and fair view of the financial position at 31 December 2018 of the Company and of the results of the Company operations for 2018.

In our opinion, Management's Review includes a true and fair account of the matters addressed in the Review.

We recommend that the Annual Report be adopted at the Annual General Meeting.

Aarhus, 20 May 2019

Executive Board

Susan White
CEO

Board of Directors

Ulf Ingemar Malm
Chairman

Malin Elisabeth Wallin

Susan White

Independent Auditor's Report

To the Shareholder of Kodak A/S

Opinion

In our opinion, the Financial Statements give a true and fair view of the financial position of the Company at 31 December 2018 and of the results of the Company's operations for the financial year 1 January - 31 December 2018 in accordance with the Danish Financial Statements Act.

We have audited the Financial Statements of Kodak A/S for the financial year 1 January - 31 December 2018, which comprise income statement, balance sheet and notes, including a summary of significant accounting policies ("the Financial Statements").

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 requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Statement on Management's Review

Management is responsible for Management's Review.

Our opinion on the Financial Statements does not cover Management's Review, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the Financial Statements, our responsibility is to read Management's Review and, in doing so, consider whether 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 Management's Review provides the information required under the Danish Financials Statements Act.

Based on the work we have performed, in our view, 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 Management's Review.

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.

Independent Auditor's Report

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 about 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 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 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 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 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.

Independent Auditor's Report

- 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.

Hellerup, 20 May 2019

PricewaterhouseCoopers

Statsautoriseret Revisionspartnerselskab

CVR No 33 77 12 31

Ole Tjørnelund Thomsen
State Authorised Public Accountant
mne10637

Thomas Lauritsen
State Authorised Public Accountant
mne34342

Company Information

The Company

Kodak A/S
c/o Companyons
Ny Banegårdsgade 55, 3
DK-8000 Aarhus C

Telephone: + 45 70 20 61 22

CVR No: 54 89 40 15

Financial period: 1 January - 31 December

Incorporated: 9 November 1910

Municipality of reg. office: Århus

Board of Directors

Ulf Ingemar Malm, Chairman
Malin Elisabeth Wallin
Susan White

Executive Board

Susan White

Auditors

PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
Strandvejen 44
DK-2900 Hellerup

Management's Review

Financial Statements of Kodak A/S for 2018 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to enterprises of reporting class B.

The Annual Report has been prepared under the same accounting policies as last year.

Main activity

The Company carries on with products and equipment for the graphic communications market in Denmark. Sales are made to distributors, but direct sales to end users are made in some of the Company's business areas.

Development in the year

During 2018, the Company's overall sales declined by 12,9%. This was caused by reduced sales in the Graphics equipment and consumables business. The net profit for 2018 amounted to DKK 2.225k after recognition of deferred tax asset of DKK 843k. For comparison, the Company showed a net profit of DKK 1.488k for 2017. At 31 December 2018, the Company shows equity of DKK 12.056k.

The Company is continuing its transformation to a "digital company" and focusing on commercial products where Kodak continues to be a leading supplier of digital printing plates as well as computer-to-plate devices and digital printing presses.

The expected development

The Company expects that the strategies laid down by the Parent Company defining a strong focus on the continuous development of its core digital growth businesses (Commercial Printing, Workflow Software and Services) will result in stronger margin but are expecting a decline in revenue because of a declining market. Please also note that in 2019 the company sold its packaging division. This did not have any material effect on 2018.

Subsequent events

Eastman Kodak Company has sold its packaging division in 2019. In 2019 we are estimating the selling to decline approximately DKK 5 million. Kodak A/S will also in 2019 received a estimated proceed of TDKK 1.592 for the sale and impact on profit before tax of approximately TDKK 100-200. Other than this event, no events materially affecting the assessment of the Annual Report have occurred after the balance sheet date.

Income Statement 1 January - 31 December

	Note	2018 DKK	2017 DKK
Gross profit/loss		7.151.670	9.293.093
Staff expenses	1	-5.373.394	-6.925.010
Depreciation, amortisation and impairment of intangible assets and property, plant and equipment		-280.514	-748.054
Profit/loss before financial income and expenses		1.497.762	1.620.029
Financial income	2	2.270	1.260
Financial expenses	3	-117.983	-132.822
Profit/loss before tax		1.382.049	1.488.467
Tax on profit/loss for the year	4	843.000	0
Net profit/loss for the year		2.225.049	1.488.467

Distribution of profit

Proposed distribution of profit

Proposed dividend for the year	8.000.000	0
Retained earnings	-5.774.951	1.488.467
	2.225.049	1.488.467

Balance Sheet 31 December

Assets

	<u>Note</u>	<u>2018</u> DKK	<u>2017</u> DKK
Customer lists		928.233	1.044.262
Intangible assets		928.233	1.044.262
Rental equipment		347.957	293.468
Property, plant and equipment		347.957	293.468
Fixed assets		1.276.190	1.337.730
Inventories		57.388	50.718
Trade receivables		6.076.112	8.050.189
Receivables from group enterprises		3.660.544	3.784.049
Deferred tax asset		843.000	0
Receivables		10.579.656	11.834.238
Cash at bank and in hand		3.030.589	2.589.760
Currents assets		13.667.633	14.474.716
Assets		14.943.823	15.812.446

Balance Sheet 31 December

Liabilities and equity

	Note	2018 DKK	2017 DKK
Share capital		1.000.000	1.000.000
Retained earnings		3.056.325	8.831.276
Proposed dividend for the year		8.000.000	0
Equity	5	12.056.325	9.831.276
Trade payables		398.967	398.921
Payables to group enterprises		0	2.907.055
Other payables		2.155.306	2.222.631
Deferred income		333.225	452.563
Short-term debt		2.887.498	5.981.170
Debt		2.887.498	5.981.170
Liabilities and equity		14.943.823	15.812.446
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Notes to the Financial Statements

	2018 DKK	2017 DKK		
1 Staff expenses				
Wages and salaries	4.895.174	6.233.497		
Pensions	427.736	543.093		
Other social security expenses	50.484	148.420		
	5.373.394	6.925.010		
Average number of employees	8	9		
2 Financial income				
Interest received from group enterprises	1.849	308		
Exchange adjustments	421	952		
	2.270	1.260		
3 Financial expenses				
Interest paid to group enterprises	2.957	4.406		
Other financial expenses	115.026	128.416		
	117.983	132.822		
4 Tax on profit/loss for the year				
Current tax for the year	0	0		
Deferred tax for the year	-843.000	0		
	-843.000	0		
5 Equity				
	Share capital	Retained earnings	Proposed dividend for the year	Total
	DKK	DKK	DKK	DKK
Equity at 1 January	1.000.000	8.831.276	0	9.831.276
Net profit/loss for the year	0	-5.774.951	8.000.000	2.225.049
Equity at 31 December	1.000.000	3.056.325	8.000.000	12.056.325

Notes to the Financial Statements

6 Contingent assets, liabilities and other financial obligations

The Company has a deferred tax asset of DKK 12,3 million (2017: DKK 12.6 million) broken down on tax loss carry-forwards of DKK 1,3 million (2017: DKK 1.6 million) and a difference between tax bases and carrying amounts of DKK 11 million (2017: DKK 11 million). Due to uncertainty as to whether the Company will be able to utilize the full deferred tax asset, the Company has chosen to recognize only part of the tax asset, which is expected to be utilized within the near future amounting to DKK 0,8 million.

Rental and lease obligations

Lease obligations under operating leases. Total future lease payments:

Within 1 year	141.168	286.620
Between 1 and 5 years	181.048	283.461
	<u>322.216</u>	<u>570.081</u>

7 Related parties

Consolidated Financial Statements

The company is part of the consolidated statement of:

<u>Name</u>	<u>Place of registered office</u>
Eastman Kodak Company	United States

Notes to the Financial Statements

8 Accounting Policies

The Annual Report of Kodak A/S for 2018 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to enterprises of reporting class B.

The accounting policies applied remain unchanged from last year.

The Financial Statements for 2018 are presented in DKK.

Recognition and measurement

Revenues are recognised in the income statement as earned. Furthermore, value adjustments of financial assets and liabilities measured at fair value or amortised cost are recognised. Moreover, all expenses incurred to achieve the earnings for the year are recognised in the income statement, including depreciation, amortisation, impairment losses and provisions as well as reversals due to changed accounting estimates of amounts that have previously been recognised in the income statement.

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

Liabilities are recognised in the balance sheet when it is probable that future economic benefits will flow out of the Company, and the value of the liability can be measured reliably.

Assets and liabilities are initially measured at cost. Subsequently, assets and liabilities are measured as described for each item below.

Translation policies

Transactions in foreign currencies are translated at the exchange rates at the dates of transaction. Exchange differences arising due to differences between the transaction date rates and the rates at the dates of payment are recognised in financial income and expenses in the income statement. Where foreign exchange transactions are considered hedging of future cash flows, the value adjustments are recognised directly in equity.

Receivables, payables and other monetary items in foreign currencies that have not been settled at the balance sheet date are translated at the exchange rates at the balance sheet date. Any differences between the exchange rates at the balance sheet date and the rates at the time when the receivable or the debt arose are recognised in financial income and expenses in the income statement.

Fixed assets acquired in foreign currencies are measured at the transaction date rates.

Notes to the Financial Statements

8 Accounting Policies (continued)

Income Statement

Revenue

Revenue from the sale of goods is recognised when the risks and rewards relating to the goods sold have been transferred to the purchaser, the revenue can be measured reliably and it is probable that the economic benefits relating to the sale will flow to the Company.

Services are recognised at the rate of completion of the service to which the contract relates by using the percentage-of-completion method, which means that revenue equals the selling price of the service completed for the year. This method is applied when total revenues and expenses in respect of the service and the stage of completion at the balance sheet date can be measured reliably, and it is probable that the economic benefits, including payments, will flow to the Company. The stage of completion is determined on the basis of the ratio between the expenses incurred and the total expected expenses of the service.

Revenue is measured at the consideration received and is recognised exclusive of VAT.

Expenses for consumables

Expenses for consumables consumed to achieve revenue for the year.

Other external expenses

Other external expenses comprise expenses for premises, sales and distribution as well as office expenses, etc.

Gross profit/loss

With reference to section 32 of the Danish Financial Statements Act, gross profit/loss is calculated as a summary of revenue, expenses for consumables and other external expenses.

Staff expenses

Staff expenses comprise wages and salaries as well as payroll expenses.

Amortisation, depreciation and impairment losses

Amortisation, depreciation and impairment losses comprise amortisation, depreciation and impairment of intangible assets and property, plant and equipment.

Financial income and expenses

Financial income and expenses are recognised in the income statement at the amounts relating to the financial year.

Notes to the Financial Statements

8 Accounting Policies (continued)

Tax on profit/loss for the year

Tax for the year consists of current tax for the year and changes in deferred tax for the year. The tax attributable to the profit for the year is recognised in the income statement, whereas the tax attributable to equity transactions is recognised directly in equity.

Balance Sheet

Intangible assets

Intangible assets comprise customer lists and are amortised on a straight-line basis over their estimated useful lives determined on the basis of Management's experience with the individual business areas. The amortisation period does not exceed 10 years.

Intangible assets are written down to their recoverable amount if this amount is lower than the carrying amount.

Property, plant and equipment

Property, plant and equipment are measured at cost less accumulated depreciation and less any accumulated impairment losses.

Cost comprises the cost of acquisition and expenses directly related to the acquisition up until the time when the asset is ready for use.

Depreciation based on cost reduced by any residual value is calculated on a straight-line basis over the expected useful lives of the assets, which are:

Rental equipment	3-5 years
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Impairment of fixed assets

The carrying amounts of intangible assets are reviewed on an annual basis to determine whether there is any indication of impairment other than that expressed by amortisation and depreciation.

If so, the asset is written down to its lower recoverable amount.

Inventories

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

The net realisable value of inventories is calculated at the amount expected to be generated by sale of the inventories in the process of normal operations with deduction of selling expenses. The net realisable value is determined allowing for marketability, obsolescence and development in expected selling price.

Notes to the Financial Statements

8 Accounting Policies (continued)

The cost of goods for resale equals landed cost.

Receivables

Receivables are measured in the balance sheet at the lower of amortised cost and net realisable value, which corresponds to nominal value less provisions for bad debts.

Equity

Dividend

Dividend distribution proposed by Management for the year is disclosed as a separate equity item.

Deferred tax assets and liabilities

Deferred income tax is measured using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes on the basis of the intended use of the asset and settlement of the liability, respectively.

Deferred tax assets are measured at the value at which the asset is expected to be realised, either by elimination in tax on future earnings or by set-off against deferred tax liabilities within the same legal tax entity.

Deferred tax is measured on the basis of the tax rules and tax rates that will be effective under the legislation at the balance sheet date when the deferred tax is expected to crystallise as current tax. Any changes in deferred tax due to changes to tax rates are recognised in the income statement or in equity if the deferred tax relates to items recognised in equity.

Current tax receivables and liabilities

Current tax liabilities and receivables are recognised in the balance sheet as the expected taxable income for the year adjusted for tax on taxable incomes for prior years and tax paid on account. Extra payments and repayment under the on-account taxation scheme are recognised in the income statement in financial income and expenses.

Financial debts

Debts are measured at amortised cost, substantially corresponding to nominal value.

Deferred income

Deferred income comprises payments received in respect of income in subsequent years.