

Grant Thornton
Statsautoriseret
Revisionspartnerselskab

Stockholmsgade 45
2100 København Ø
CVR-nr. 34209936

T (+45) 33 110 220

www.grantthornton.dk

Kodak A/S

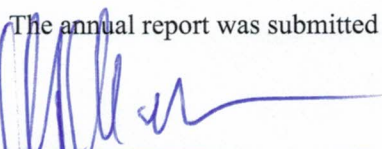
c/o Companyons, Ny Banegårdsgade 55, 3., 8000 Århus

Company reg. no. 54 89 40 15

Annual report

1 January - 31 December 2020

The annual report was submitted and approved by the general meeting on the 20 May 2021.



Ulf Ingemar Malm
Chairman of the meeting

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Notes to users of the English version of this document:

- This document is a translation of a Danish version of the document. In the event of any dispute regarding the interpretation of any part of the document, the Danish version of the document shall prevail.
- To ensure the greatest possible applicability of this document, IAS/IFRS English terminology has been used.
- Please note that decimal points remain unchanged from Danish version of the document. This means that DKK 146.940 corresponds to the English amount of DKK 146,940, and that 23,5 % corresponds to 23.5 %.

Management's report

Today, the board of directors and the managing director have presented the annual report of Kodak A/S for the financial year 1 January - 31 December 2020.

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

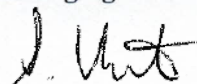
We consider the accounting policies appropriate and, in our opinion, the financial statements provide a fair presentation of the company's assets, equity and liabilities, and financial position at 31 December 2020 and of the company's results of activities in the financial year 1 January – 31 December 2020.

We are of the opinion that the management commentary presents a fair account of the issues dealt with.

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

Århus, 20 May 2021

Managing Director

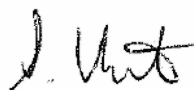


Susan White

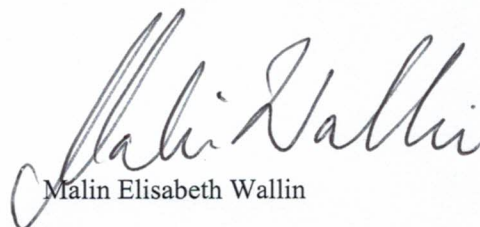
Board of directors



Ulf Ingermar Malm



Susan White



Malin Elisabeth Wallin

Independent auditor's report

To the shareholders of Kodak A/S

Opinion

We have audited the financial statements of Kodak A/S for the financial year 1 January - 31 December 2020, which comprise accounting policies, income statement, statement of financial position, statement of changes in equity and notes. The financial statements have been prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements present a fair view of the company's assets, equity and liabilities, and financial position at 31 December 2020 and of the results of the company's activities for the financial year 1 January - 31 December 2020 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with international standards on auditing and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the section "Auditor's responsibilities for the audit of the financial statements". We are independent of the company in accordance with international ethical requirements for auditors (IESBA's Code of Ethics), 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.

Responsibilities of management and those charged with governance for the financial statements

Management is responsible for the preparation of financial statements that provide a fair view in accordance with the Danish Financial Statements Act. Management is also responsible for such internal control as the 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 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 including an opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with international standards on auditing, 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.

Independent auditor's report

As part of an audit conducted in accordance with international standards on auditing, and the additional requirements applicable in Denmark, we exercise professional judgment 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 the 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 preparation of the financial statements using the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists arising from events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure, and contents of the financial statements, including disclosures in notes, and whether the financial statements reflect the underlying transactions and events in a manner that presents a 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 the internal control that we identify during our audit.

Statement on the management commentary

Management is responsible for the management commentary.

Our opinion on the financial statements does not cover the management commentary, and we express no assurance opinion thereon.

Independent auditor's report

In connection with our audit of the financial statements, it is our responsibility to read the management commentary and to consider whether the management commentary is materially inconsistent with the financial statements or the evidence obtained during the audit, or whether it otherwise appears to contain material misstatement.

Furthermore, 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 believe that management commentary is consistent with the financial statements and that it has been prepared in accordance with the provisions of the Danish Financial Statement Act. We did not discover any material misstatement in the management commentary.

Copenhagen, 20 May 2021

Grant Thornton

State Authorised Public Accountants
Company reg. no. 34 20 99 36



Michael Beuchert
State Authorised Public Accountant
mne32794

Company information

The company

Kodak A/S
c/o Companyons
Ny Banegårdsgade 55, 3.
8000 Århus

Company reg. no. 54 89 40 15
Financial year: 1 January - 31 December

Board of directors

Ulf Ingermar Malm
Susan White
Malin Elisabeth Wallin

Managing Director

Susan White

Auditors

Grant Thornton, Statsautoriseret Revisionspartnerselskab
Stockholmsgade 45
2100 København Ø

Management commentary

The principal activities of the company

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 activities and financial matters

The gross profit for the year totals DKK 4.972.645 against DKK 7.738.047 last year. The net profit for the year totals DKK 108.425 against DKK 2.312.934 last year. Management considers the net profit for the year satisfactory.

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.

Events occurring after the end of the financial year and the expected development

Kodak A/S is depended on the going concern situation of Kodak Group (Kodak) globally to deliver products to the local market in Denmark, therefore the situation reported in the Group Q-1 2021 reporting conclusion relates also to Kodak A/S:

The consolidated financial statements have been prepared on the going concern basis of accounting, which assumes Kodak will continue to operate as a going concern and which contemplates the realization of assets and the satisfaction of liabilities and commitments in the normal course of business.

As of December 31, 2020 and 2019 Kodak was facing liquidity challenges due to operating losses and low or negative cash flow from operations. As of December 31, 2020 Kodak had \$90 million of letters of credit issued under the Amended and Restated Credit Agreement (the "ABL Credit Agreement") which had a maturity date of May 26, 2021. The Series A Preferred Stock of \$200 million was required to be redeemed on November 15, 2021 if not converted prior to then. Additionally, Kodak has significant cash requirements to fund ongoing operations, restructuring programs, pension and other postretirement obligations, and other obligations. Kodak's plans to return to sustainable positive cash flow include growing revenues profitably, reducing operating expenses, simplifying the organizational structure, generating cash from selling and leasing underutilized assets and paring investment in new technology by eliminating or delaying product development programs. Additionally, the Company looks to implement ways to reduce collateral needs in the U.S. to free-up cash for use in operations.

On February 26, 2021 the Company entered into a five-year Term Credit Agreement (the "Term Loan Credit Agreement"), a Series C Preferred Stock Purchase Agreement (the "Purchase Agreement"), a Securities Purchase Agreement (the "Securities Purchase Agreement"), and a Series A Preferred Stock Repurchase and Exchange Agreement (the "Repurchase and Exchange Agreement").

Management commentary

The Term Loan Credit Agreement provides for an initial term loan in the amount of \$225 million and a commitment to provide delayed draw term loans in an aggregate principal amount of up to \$50 million on or before February 26, 2023. The Purchase Agreement provides for the sale of a total of \$100 million of Series C Preferred Stock with an initial sale of \$75 million of Series C Preferred Stock and an additional \$25 million of this series of preferred stock subject to Hart-Scott-Rodino Antitrust Improvements Act clearance. The Securities Purchase Agreement provides for the issuance of an aggregate of one million shares of common stock for a purchase price of \$10.00 in cash per share for an aggregate purchase price of \$10 million and \$25 million aggregate principal amount of the Company's newly issued 5.0% unsecured convertible promissory notes due May 28, 2026 to the lenders under the Term Loan Credit Agreement. With the proceeds from these transactions, the Company repurchased one million shares of the Series A Preferred Stock under the terms of the Repurchase and Exchange Agreement for \$100 million plus accrued and unpaid dividends. In addition, Kodak has issued one million shares of Series B Preferred Stock in exchange for the remaining Series A Preferred Stock. The Company received net proceeds of approximately \$235 million on February 26, 2021, before fees of approximately \$10 million, as a result of these transactions. If any shares of Series C Preferred Stock have not been converted prior to 91 days following the fifth anniversary of the initial issuance of the Series C Preferred Stock, the Company will be required to redeem such shares at a redemption price equal to the liquidation preference of the redeemed shares plus the amount of accrued and unpaid dividends thereon; however, the holders of the Series C Preferred Stock have the right to extend such date by up to two years. If any shares of Series B Preferred Stock have not been converted prior to 91 days following the fifth anniversary of the initial issuance of the Series B Preferred Stock, the Company will be required to redeem such shares at a redemption price equal to the liquidation preference of the redeemed shares plus the amount of accrued and unpaid dividends thereon.

On February 26, 2021 the Company also entered into a cash collateralized Letter of Credit Facility Agreement for up to \$50 million and amended its ABL Credit Agreement to decrease the commitments from \$110 million to \$90 million and extend the maturity date to February 26, 2024, or the date that is 90 days prior to the earliest scheduled maturity date or mandatory redemption date of any of the Company's outstanding term loan, convertible notes, Series B Preferred Stock, Series C Preferred Stock or any refinancings of any of the foregoing.

The recent history of negative operating cash flow, maturity of the ABL Credit Agreement in 2021, redemption date in 2021 for the Series A Preferred Stock, increased challenges in managing cash during the COVID-19 pandemic and general lack of certainty regarding the return to positive cash flow raised substantial doubt about Kodak's ability to continue as a going concern as of December 31, 2019. The additional liquidity provided by the financing transactions which closed on February 26, 2021, the extension of the maturity date of the ABL Credit Agreement, and the repurchase and exchange of the Series A Preferred Stock alleviated the substantial doubt about Kodak's ability to continue as a going concern within one year after the date these financial statements are issued (March 16, 2021).

Accounting policies

The annual report for Kodak A/S has been presented in accordance with the Danish Financial Statements Act regulations concerning reporting class B enterprises. Furthermore, the company has decided to comply with certain rules applying to reporting class C enterprises.

The accounting policies are unchanged from last year, and the annual report is presented in DKK.

Recognition and measurement in general

Income is recognised in the income statement concurrently with its realisation, including the recognition of value adjustments of financial assets and liabilities. Likewise, all costs are recognised in the income statement, including depreciations amortisations, writedowns for impairment, provisions, and reversals due to changes in estimated amounts previously recognised in the income statement.

Assets are recognised in the statement of financial position when it seems probable that future economic benefits will flow to the company and the value of the asset can be reliably measured.

Liabilities are recognised in the statement of financial position when it is seems probable that future economic benefits will flow out of the company and the value of the liability can be reliably measured.

Assets and liabilities are measured at cost at the initial recognition. Hereafter, assets and liabilities are measured as described below for each individual accounting item.

Foreign currency translation

Transactions in foreign currency are translated by using the exchange rate prevailing at the date of the transaction. Differences in the rate of exchange arising between the rate at the date of transaction and the rate at the date of payment are recognised in the profit and loss account as an item under net financials. If currency positions are considered to hedge future cash flows, the value adjustments are recognised directly in equity in a fair value reserve.

Receivables, payables, and other foreign currency monetary items are translated using the closing rate. The difference between the closing rate and the rate at the time of the occurrence or initial recognition in the latest financial statements of the receivable or payable is recognised in the income statement under financial income and expenses.

Fixed assets acquired and paid for in foreign currency are measured at the exchange rate prevailing at the date of the transaction.

Accounting policies

Income statement

Revenue

The enterprise will be applying IAS 11 and IAS 18 as its basis of interpretation for the recognition of 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 comprises costs concerning purchase of raw materials and consumables less discounts and changes in inventories.

Expenses for consumables consumed to achieve revenue for the year.

Other operating income

Other operating income comprises items of a secondary nature as regards the principal activities of the enterprise, including profit from the disposal of intangible and tangible assets.

Other external costs

Other external costs comprise costs incurred for distribution, sales, advertising, administration, premises, loss on receivables, and operational leasing costs.

Gross profit/loss

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

Staff costs

Staff costs include salaries and wages, including holiday allowances, pensions, and other social security costs, etc. for staff members.

Accounting policies

Depreciation, amortisation, and writedown for impairment

Depreciation, amortisation, and writedown for impairment comprise depreciation on, amortisation of, and writedown for impairment of intangible and tangible assets, respectively.

Financial income and expenses

Financial income and expenses are recognised in the income statement with the amounts concerning the financial year. Financial income and expenses comprise interest income and expenses.

Tax on net profit or loss for the year

Tax for the year comprises the current income tax for the year and changes in deferred tax and is recognised in the income statement with the share attributable to the net profit or loss for the year and directly in equity with the share attributable to entries directly in equity.

Statement of financial position

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.

Rental equipment

Rental equipment is measured at cost plus revaluations and less accrued depreciation and writedown for impairment.

The depreciable amount is cost plus revaluations at fair value less expected residual value after the end of the useful life of the asset. The amortisation period is fixed at the acquisition date and reassessed annually. If the residual value exceeds the carrying amount of the asset, depreciation is discontinued.

The cost comprises acquisition cost and costs directly associated with the acquisition until the time when the asset is ready for use.

Depreciation is done on a straight-line basis according to an assessment of the expected useful life :

	Useful life
Rental equipment	3-5 years

Minor assets with an expected useful life of less than 1 year are recognised as costs in the income statement in the year of acquisition.

Accounting policies

Impairment loss relating to non-current assets

The carrying amount of both intangible and tangible fixed assets are subject to annual impairment tests in order to disclose any indications of impairment beyond those expressed by amortisation and depreciation respectively.

If indications of impairment are disclosed, impairment tests are carried out for each individual asset or group of assets, respectively. Writedown for impairment is done to the recoverable amount if this value is lower than the carrying amount.

Previously recognised impairment losses are reversed when conditions for impairment no longer exist. Impairment relating to goodwill is not reversed.

Inventories

Inventories are measured at cost according to the FIFO method. In cases when the net realisable value of the inventories is lower than the cost, the latter is written down for impairment to this lower value.

Costs of goods for resale, raw materials, and consumables comprise acquisition costs.

The net realisable value for inventories is recognised as the market price less costs of completion and selling costs. The net realisable value is determined with due consideration of negotiability, obsolescence, and the development of expected market prices.

Receivables

Receivables are measured at amortised cost, which usually corresponds to nominal value.

In order to meet expected losses, impairment takes place at the net realisable value.

Impairment losses are calculated as the difference between the carrying amount of accounts receivable and the present value of the expected cash flows, including the realisable value of any securities received. The effective interest rate for the individual account receivable or portfolio is used as the discount rate.

Cash on hand and demand deposits

Cash on hand and demand deposits comprise cash at bank.

Income tax and deferred tax

Current tax liabilities and current tax receivable are recognised in the statement of financial position as calculated tax on the taxable income for the year, adjusted for tax of previous years' taxable income and for tax paid on account.

Deferred tax is measured on the basis of temporary differences in assets and liabilities with a focus on the statement of financial position. Deferred tax is measured at net realisable value.

Accounting policies

Deferred tax is measured based on the tax rules and tax rates applying under the legislation prevailing in the respective countries on the reporting date when the deferred tax is expected to be released as current tax. Changes in deferred tax due to changed tax rates are recognised in the income statement, except for items included directly in the equity.

Deferred tax assets, including the tax value of tax losses allowed for carryforward, are recognised at the value at which they are expected to be realisable, either by settlement against tax of future earnings or by set-off in deferred tax liabilities within the same legal tax unit. Any deferred net tax assets are measured at net realisable value.

Financial debts

Other liabilities concerning payables to suppliers, group enterprises, and other payables are measured at amortised cost which usually corresponds to the nominal value.

Deferred income

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

Income statement 1 January - 31 December

All amounts in DKK.

<u>Note</u>	<u>2020</u>	<u>2019</u>
Gross profit	4.972.645	7.738.047
1 Staff costs	-4.618.693	-4.696.601
Depreciation and writedown relating to fixed assets	-281.253	-289.638
Operating profit	72.699	2.751.808
2 Other financial income	49.413	2.790
3 Other financial costs	-13.687	-264.664
Pre-tax net profit or loss	108.425	2.489.934
4 Tax on net profit or loss for the year	0	-177.000
Net profit or loss for the year	108.425	2.312.934
 Proposed appropriation of net profit:		
Transferred to retained earnings	108.425	2.312.934
Total allocations and transfers	108.425	2.312.934

Statement of financial position at 31 December

All amounts in DKK.

Assets		
<u>Note</u>	<u>2020</u>	<u>2019</u>
Non-current assets		
Customer lists	696.175	812.203
Total intangible assets	<u>696.175</u>	<u>812.203</u>
Rental equipment	9.124	174.348
Total property, plant, and equipment	<u>9.124</u>	<u>174.348</u>
Total non-current assets	<u>705.299</u>	<u>986.551</u>
Current assets		
Manufactured goods and trade goods	28.092	71.456
Total inventories	<u>28.092</u>	<u>71.456</u>
Trade debtors	2.368.110	3.554.636
Amounts owed by group enterprises	6.040.937	3.739.170
Deferred tax assets	666.000	666.000
Total receivables	<u>9.075.047</u>	<u>7.959.806</u>
Available funds	1.637.208	821.585
Total current assets	<u>10.740.347</u>	<u>8.852.847</u>
Total assets	<u>11.445.646</u>	<u>9.839.398</u>

Statement of financial position at 31 December

All amounts in DKK.

Equity and liabilities	2020	2019
<u>Note</u>	<u>2020</u>	<u>2019</u>
Equity		
Contributed capital	1.000.000	1.000.000
Results brought forward	5.477.684	5.369.259
Total equity	6.477.684	6.369.259
Liabilities other than provisions		
Other debts	0	159.438
Total long term liabilities other than provisions	0	159.438
Trade creditors	167.317	221.349
Debt to group enterprises	634.656	85.296
Other debts	0	2.234.979
Accrued expenses and deferred income	4.165.989	769.077
Total short term liabilities other than provisions	4.967.962	3.310.701
Total liabilities other than provisions	4.967.962	3.470.139
Total equity and liabilities	11.445.646	9.839.398

5 Contingencies

6 Related parties

Statement of changes in equity

All amounts in DKK.

	<u>Contributed capital</u>	<u>Retained earnings</u>	<u>Total</u>
Equity 1 January 2020	1.000.000	5.369.259	6.369.259
Profit or loss for the year brought forward	<u>0</u>	<u>108.425</u>	<u>108.425</u>
	<u>1.000.000</u>	<u>5.477.684</u>	<u>6.477.684</u>
1. Staff costs			
Salaries and wages		4.132.567	4.236.690
Pension costs		414.192	369.809
Other costs for social security		<u>71.934</u>	<u>90.102</u>
		<u>4.618.693</u>	<u>4.696.601</u>
Average number of employees		<u>6</u>	<u>7</u>
2. Other financial income			
Interest received from group enterprises		48.547	2.790
Other interest income		500	0
Exchange differences		<u>366</u>	<u>0</u>
		<u>49.413</u>	<u>2.790</u>
3. Other financial costs			
Other financial costs		0	260.588
Other financial costs		13.687	0
Exchange adjustments		<u>0</u>	<u>4.076</u>
		<u>13.687</u>	<u>264.664</u>
4. Tax on net profit or loss for the year			
Adjustment for the year of deferred tax		<u>0</u>	<u>177.000</u>
		<u>0</u>	<u>177.000</u>

Notes

All amounts in DKK.

5. Contingencies

Contingent assets

The Company has a deferred tax asset of DKK 11,7 million (2019: DKK 11,7 million) broken down on tax loss carry-forwards of DKK 0,5 million (2019: DKK 0,6 million) and a difference between tax bases and carrying amounts of DKK 11,2 million (2019: DKK 11,1 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 0,7 million. (2019: DKK 0,7 million)

Rental and lease obligations

	31/12 2020 DKK in thousands
To be paid within 1 year	142.549
To be paid within 1 to 5 years	126.462
Total contingent liabilities	269.011

6. Related parties

Consolidated financial statements

The company is included in the consolidated financial statements of Eastman Kodak Company, United States.