

Tobøl Dæk A/S
Vesterbyvej 29
6683 Føvling
Business Registration No
58698113

Annual report 2018

The Annual General Meeting adopted the annual report on 31.05.2019

Chairman of the General Meeting

Name: Ulrik Uhrenholt

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Entity details

Entity

Tobøl Dæk A/S
Vesterbyvej 29
6683 Føvling

Central Business Registration No (CVR): 58698113

Registered in: Vejen

Financial year: 01.01.2018 - 31.12.2018

Board of Directors

Fritz Thomas Christian Mühlhäuser
Keld Degn Andersen
John Roy Folliss

Executive Board

John Roy Folliss

Auditors

Deloitte Statsautoriseret Revisionspartnerselskab
City Tower, Værkmestergade 2
8000 Aarhus C

Statement by Management on the annual report

The Board of Directors and the Executive Board have today considered and approved the annual report of Tobøl Dæk A/S for the financial year 01.01.2018 - 31.12.2018.

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

In our opinion, the financial statements give a true and fair view of the Entity's financial position at 31.12.2018 and of the results of its operations for the financial year 01.01.2018 - 31.12.2018.

We believe that the management commentary contains a fair review of the affairs and conditions referred to therein.

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

Tobøl, 31.05.2019

Executive Board

John Roy Folliss

Board of Directors

Fritz Thomas Christian
Mühlhäuser

Keld Degn Andersen

John Roy Folliss

Independent auditor's extended review report

To the shareholders of Tobøl Dæk A/S

Conclusion

We have performed an extended review of the financial statements of Tobøl Dæk A/S for the financial year 01.01.2018 - 31.12.2018, which comprise the income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act.

Based on our extended review, in our opinion, the financial statements give a true and fair view of the Entity's financial position at 31.12.2018 and of the results of its operations for the financial year 01.01.2018 - 31.12.2018 in accordance with the Danish Financial Statements Act.

Basis for conclusion

We conducted our extended review in accordance with the assurance engagement standard for small enterprises as issued by the Danish Business Authority and the standard on extended review of financial statements prepared in accordance with the Danish Financial Statements Act as issued by FSR - Danish Auditors. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the extended review of the financial statements". We are independent of the Entity 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 evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

Management's responsibilities for the financial statements

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

In preparing the financial statements, Management is responsible for assessing the Entity'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 Entity or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the extended review of the financial statements

Our responsibility is to express a conclusion on the financial statements. This requires that we plan and perform procedures to obtain limited assurance about our conclusion on the financial statements and that we also perform specifically required supplementary procedures for the purpose of obtaining additional assurance about our conclusion.

An extended review consists of making inquiries, primarily of management and, if appropriate, of other entity personnel, performing analytical and the specifically required supplementary procedures as well as evaluating the evidence obtained.

Independent auditor's extended review report

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

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 do not express any form of assurance conclusion thereon.

In connection with our extended review of the financial statements our responsibility is to read the management commentary and, in doing so, consider whether the management commentary is materially inconsistent with the financial statements or our knowledge obtained in the extended review 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 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.

Aarhus, 31.05.2019

Deloitte

Statsautoriseret Revisionspartnerselskab

Central Business Registration No (CVR) 33963556

Peter Aslak Storgaard

State Authorised Public Accountant

Identification No (MNE) mne33767

Management commentary

Primary activities

The Company's activities comprise trade and production of retreaded Truck and Bus tyres.

Development in activities and finances

Both sales and profit declined compared to 2017, mainly due to high price pressure in the market. Profit for the year is considered satisfactory given these circumstances. An improved profit is expected for 2019.

Events after the balance sheet date

No events have occurred after the balance sheet date to this date, which would influence the evaluation of this annual report.

Income statement for 2018

	<u>Notes</u>	<u>2018 DKK</u>	<u>2017 DKK</u>
Gross profit		5.970.565	5.424.139
Staff costs	1	(5.205.775)	(4.686.322)
Depreciation, amortisation and impairment losses	2	<u>(390.484)</u>	<u>(269.575)</u>
Operating profit/loss		374.306	468.242
Other financial income		0	704
Other financial expenses		<u>(1.623)</u>	<u>0</u>
Profit/loss before tax		372.683	468.946
Tax on profit/loss for the year	3	<u>(83.085)</u>	<u>(102.095)</u>
Profit/loss for the year		<u>289.598</u>	<u>366.851</u>
Proposed distribution of profit/loss			
Ordinary dividend for the financial year		1.300.000	0
Retained earnings		<u>(1.010.402)</u>	<u>366.851</u>
		<u>289.598</u>	<u>366.851</u>

Balance sheet at 31.12.2018

	<u>Notes</u>	<u>2018 DKK</u>	<u>2017 DKK</u>
Land and buildings		1.205.654	1.291.020
Plant and machinery		114.499	376.994
Other fixtures and fittings, tools and equipment		127.987	170.610
Property, plant and equipment		1.448.140	1.838.624
Fixed assets		1.448.140	1.838.624
Raw materials and consumables		1.455.206	1.513.315
Inventories		1.455.206	1.513.315
Trade receivables		0	60.416
Receivables from group enterprises		4.886.857	1.415.841
Deferred tax		38.000	0
Prepayments		0	17.042
Receivables		4.924.857	1.493.299
Cash		1.542	3.990.464
Current assets		6.381.605	6.997.078
Assets		7.829.745	8.835.702

Balance sheet at 31.12.2018

	<u>Notes</u>	<u>2018 DKK</u>	<u>2017 DKK</u>
Contributed capital	4	1.000.000	1.000.000
Retained earnings		3.328.589	4.338.991
Proposed dividend		<u>1.300.000</u>	<u>0</u>
Equity		<u>5.628.589</u>	<u>5.338.991</u>
Deferred tax		<u>0</u>	<u>5.000</u>
Provisions		<u>0</u>	<u>5.000</u>
Bank loans		58.564	0
Trade payables		202.893	331.592
Payables to group enterprises		0	1.583.207
Income tax payable		126.085	109.095
Other payables	5	<u>1.813.614</u>	<u>1.467.817</u>
Current liabilities other than provisions		<u>2.201.156</u>	<u>3.491.711</u>
Liabilities other than provisions		<u>2.201.156</u>	<u>3.491.711</u>
Equity and liabilities		<u>7.829.745</u>	<u>8.835.702</u>
Unrecognised rental and lease commitments	6		
Contingent liabilities	7		
Group relations	8		

Statement of changes in equity for 2018

	Contributed capital DKK	Retained earnings DKK	Proposed dividend DKK	Total DKK
Equity beginning of year	1.000.000	4.338.991	0	5.338.991
Profit/loss for the year	<u>0</u>	<u>(1.010.402)</u>	<u>1.300.000</u>	<u>289.598</u>
Equity end of year	<u>1.000.000</u>	<u>3.328.589</u>	<u>1.300.000</u>	<u>5.628.589</u>

Notes

	2018	2017
	DKK	DKK
1. Staff costs		
Wages and salaries	4.795.665	4.257.673
Pension costs	342.190	318.917
Other social security costs	65.937	105.782
Other staff costs	1.983	3.950
	5.205.775	4.686.322
Average number of employees	13	12

	2018	2017
	DKK	DKK
2. Depreciation, amortisation and impairment losses		
Depreciation of property, plant and equipment	390.484	444.139
Profit/loss from sale of intangible assets and property, plant and equipment	0	(174.564)
	390.484	269.575

	2018	2017
	DKK	DKK
3. Tax on profit/loss for the year		
Current tax	126.085	109.095
Change in deferred tax	(43.000)	(7.000)
	83.085	102.095

	Number	Par value	Nominal
		DKK	value
			DKK
4. Contributed capital			
Ordinary shares	1.000.000	1	1.000.000
	1.000.000		1.000.000

Notes

	2018	2017
	DKK	DKK
5. Other payables		
VAT and duties	1.057.466	896.817
Wages and salaries, personal income taxes, social security costs, etc payable	198.951	88.834
Holiday pay obligation	557.197	482.166
	<u>1.813.614</u>	<u>1.467.817</u>
	2018	2017
	DKK	DKK
6. Unrecognised rental and lease commitments		
Liabilities under rental or lease agreements until maturity in total	<u>347.038</u>	<u>536.850</u>

7. Contingent liabilities

The Entity participates in a Danish joint taxation arrangement where Bridgestone Corporation serves as the administration company. According to the joint taxation provisions of the Danish Corporation Tax Act, the Entity is therefore liable from the financial year 2013 for income taxes etc. for the jointly taxed companies and from 1 July 2012 also for obligations, if any, relating to the withholding of tax on interest, royalties and dividend for the jointly taxed companies.

8. Group relations

Name and registered office of the Parent preparing consolidated financial statements for the smallest group:

Bridgestone Europe NV/SA, Belgium

Accounting policies

Reporting class

This annual report has been presented in accordance with the provisions of the Danish Financial Statements Act governing reporting class B enterprises with addition of certain provisions for reporting class C.

The accounting policies applied to these financial statements are consistent with those applied last year.

Recognition and measurement

Assets are recognised in the balance sheet when it is probable as a result of a prior event that future economic benefits will flow to the Entity, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when the Entity has a legal or constructive obligation as a result of a prior event, and it is probable that future economic benefits will flow out of the Entity, and the value of the liability 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.

Foreign currency translation

On initial recognition, foreign currency transactions are translated applying the exchange rate at the transaction date. Receivables, payables and other monetary items denominated in foreign currencies that have not been settled at the balance sheet date are translated using the exchange rate at the balance sheet date. Exchange differences that arise between the rate at the transaction date and the rate in effect at the payment date, or the rate at the balance sheet date, are recognised in the income statement as financial income or financial expenses. Property, plant and equipment, intangible assets, inventories and other non-monetary assets that have been purchased in foreign currencies are translated using historical rates.

Income statement

Gross profit or loss

Gross profit or loss comprises revenue, cost of raw materials and consumables and external expenses.

Revenue

Revenue from the sale of manufactured goods and goods for resale is recognised in the income statement when delivery is made and risk has passed to the buyer. Revenue is recognised net of VAT, duties and sales discounts and is measured at fair value of the consideration fixed.

Accounting policies

Cost of sales

Cost of sales comprises goods consumed in the financial year measured at cost, adjusted for ordinary inventory writedowns.

Other external expenses

Other external expenses include expenses relating to the Entity's ordinary activities, including expenses for premises, stationery and office supplies, marketing costs, etc. This item also includes writedowns of receivables recognised in current assets.

Staff costs

Staff costs comprise salaries and wages as well as social security contributions, pension contributions, etc for entity staff.

Depreciation, amortisation and impairment losses

Depreciation, amortisation and impairment losses relating to property, plant and equipment and comprise depreciation, amortisation and impairment losses for the financial year, calculated on the basis of the residual values and useful lives of the individual assets and impairment testing as well as gains and losses from the sale of property, plant and equipment.

Other financial income

Other financial income comprises interest income.

Other financial expenses

Other financial expenses comprise interest expenses.

Tax on profit/loss for the year

Tax 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 recognised directly in equity by the portion attributable to entries directly in equity.

The entity is jointly taxed with the Danish parent. The current Danish income tax is allocated among the jointly taxed entities proportionally to their taxable income (full allocation with refund concerning tax losses).

Balance sheet

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 and impairment losses. Land is not depreciated.

Cost comprises the acquisition price, costs directly attributable to the acquisition and preparation costs of the asset until the time when it is ready to be put into operation.

Accounting policies

The basis of depreciation is cost less estimated residual value after the end of useful life. Straight-line depreciation is made on the basis of the following estimated useful lives of the assets:

Buildings	20-50 years
Plant and machinery	5-10 years
Other fixtures and fittings, tools and equipment	3-8 years

Estimated useful lives and residual values are reassessed annually.

Items of property, plant and equipment are written down to the lower of recoverable amount and carrying amount.

Inventories

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

Cost consists of purchase price plus delivery costs.

The net realisable value of inventories is calculated as the estimated selling price less completion costs and costs incurred to execute sale.

Receivables

Receivables are measured at amortised cost, usually equalling nominal value less writedowns for bad and doubtful debts.

Deferred tax

Deferred tax is recognised on all temporary differences between the carrying amount and the tax-based value of assets and liabilities, for which the tax-based value is calculated based on the planned use of each asset. However, no deferred tax is recognised for amortisation of goodwill disallowed for tax purposes and temporary differences arising at the date of acquisition that do not result from a business combination and that do not have any effect on profit or loss or on taxable income.

Deferred tax assets, including the tax base of tax loss carryforwards, are recognised in the balance sheet at their estimated realisable value, either as a set-off against deferred tax liabilities or as net tax assets.

Prepayments

Prepayments comprise incurred costs relating to subsequent financial years. Prepayments are measured at cost.

Cash

Cash comprises cash in hand and bank deposits.

Accounting policies

Dividend

♥ Dividend is recognised as a liability at the time of adoption at the general meeting. Proposed dividend for the financial year is disclosed as a separate item in equity. Extraordinary dividend adopted in the financial year is recognised directly in equity when distributed and disclosed as a separate item in Management's proposal for distribution of profit/loss.

Operating leases

Lease payments on operating leases are recognised on a straight-line basis in the income statement over the term of the lease.

Other financial liabilities

Other financial liabilities are measured at amortised cost, which usually corresponds to nominal value.

Income tax receivable or payable

Current tax receivable or payable is recognised in the balance sheet, stated as tax computed on this year's taxable income, adjusted for prepaid tax.