

Tantec A/S

Industrivej 6
6640 Lunderskov

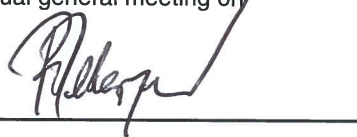
CVR no. 67 38 22 18

Annual report for the period 1 January – 31 December 2018

The annual report was presented and approved at
the Company's annual general meeting on

25 April 2019

Bernd Petersen
chairman



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Statement by the Board of Directors and the Executive Board

The Board of Directors and the Executive Board have today discussed and approved the annual report of Tantec A/S for the financial year 1 January – 31 December 2018.

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

In our opinion, the financial statements give a true and fair view of the Company's assets, liabilities and financial position at 31 December 2018 and of the results of the Company's operations for the financial year 1 January – 31 December 2018.

Further, in our opinion, the Management's review gives a fair review of the matters discussed in the Management's review.

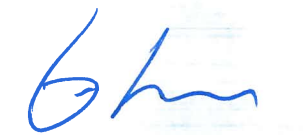
We recommend that the annual report be approved at the annual general meeting.

Lunderskov, 25 April 2019

Executive Board:

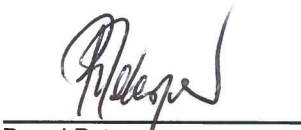


Morten Thrane



Kim Egede Saabye

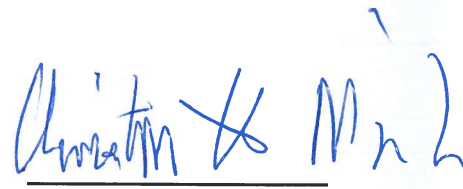
Board of Directors:



Bernd Petersen
Chairman



Christian Dalum



Christen H. Nielsen



Morten Thrane



Kurt Holmsted



Kim Egede Saabye

Independent auditor's report

To the shareholder of Tantec A/S

Opinion

We have audited the financial statements of Tantec A/S for the financial year 1 January – 31 December 2018 comprising income statement, balance sheet, statement of changes in equity and notes, including accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Company's assets, liabilities and financial position 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.

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

Management's responsibility 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 that Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance as to 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 in Denmark will always detect a material misstatement when it exists. Misstatements may 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 made 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 company 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.

Independent auditor's report

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.
- 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.

Statement on the Management's review

Management is responsible for the Management's review.

Our opinion on the financial statements does not cover the Management's review, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the Management's review and, in doing so, consider whether the Management's review is materially inconsistent with the financial statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether the Management's review provides the information required under the Danish Financial Statements Act.

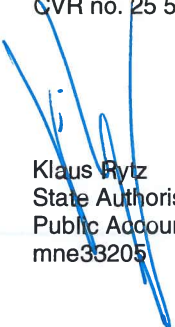
Based on the work we have performed, we conclude that the Management's review is in accordance with the financial statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement of the Management's review.

Copenhagen, 25 April 2019

KPMG

Statsautoriseret Revisionspartnerselskab

CVR no. 25 57 81 98



Klaus Rytz
State Authorised
Public Accountant
mne33205

Tantec A/S
Annual report 2018
CVR no. 67 38 22 18

Management's review

Company details

Tantec A/S
Industrivej 6
6640 Lunderskov

Website: www.tantec.com
E-mail: mail@tantec.com

CVR no.: 67 38 22 18
Registered office: Kolding
Financial year: 1 January – 31 December

Board of Directors

Bernd Petersen, Chairman
Christian Dalum
Christen H. Nielsen
Morten Thrane
Kurt Holmsted
Kim Egede Saabye

Executive Board

Morten Thrane
Kim Egede Saabye

Auditor

KPMG
Statsautoriseret Revisionspartnerselskab
Dampfaergevej 28
DK-2100 Copenhagen

Management's review

Operating review

Principal activities

The company's main activities are production and sales of pretreatment plants for plastic and metal.

Development in activities and financial position

The Company's result for the year for 2018 shows a profit of DKK 17,706 thousand compared to DKK 14,745 thousand in 2017. On 31 December 2018 equity amounted to DKK 22,194 thousand compared to DKK 9,468 thousand 31 December 2017.

Events after the balance sheet date

Subsequent to the balance sheet date, no events have occurred that may materially affect the Company's financial position.

Financial statements 1 January – 31 December

Income statement

DKK'000	Note	2018	2017
Gross profit		36,055	34,191
Staff costs	2	-14,787	-14,054
Depreciation, amortisation and impairment		-657	-630
Operating profit		20,611	19,507
Result from equity investments in group entities		1,638	-186
Financial income	3	103	30
Financial expenses		-56	-365
Profit before tax		22,296	18,986
Tax on profit for the year	4	-4,590	-4,241
Profit for the year		17,706	14,745
Proposed profit appropriation			
Extraordinary distributed dividends		0	12,500
Proposed dividends for the year		3,000	5,000
Retained earnings		14,706	-2,755
		17,706	14,745

Financial statements 1 January – 31 December

Balance sheet

DKK'000	Note	2018	2017
ASSETS			
Fixed assets			
Property, plant and equipment	5		
Land and buildings		4,095	4,374
Fixtures and fittings, tools and equipment		1,121	552
		<u>5,216</u>	<u>4,926</u>
Investments			
Equity investments in group entities		1,417	1,417
Investments in associates		75	0
		<u>1,492</u>	<u>1,417</u>
Total fixed assets		<u>6,708</u>	<u>6,343</u>
Current assets			
Inventories			
Raw materials and consumables		5,832	4,820
Finished goods and goods for resale		795	745
		<u>6,627</u>	<u>5,565</u>
Receivables			
Trade receivables		4,046	5,474
Receivables from group entities		6,684	4,057
Prepayments		209	232
		<u>10,939</u>	<u>9,763</u>
Cash at bank and in hand		<u>15,196</u>	<u>1,639</u>
Total current assets		<u>32,762</u>	<u>16,967</u>
TOTAL ASSETS		<u>39,470</u>	<u>23,310</u>

Financial statements 1 January – 31 December

Balance sheet

DKK'000	Note	2018	2017
EQUITY AND LIABILITIES			
Equity			
Contributed capital		1,300	1,300
Revaluation reserve		1,009	1,081
Retained earnings		16,885	2,087
Proposed dividends for the financial year		3,000	5,000
Total equity		22,194	9,468
Provisions			
Provisions for deferred tax		351	368
Other provisions		480	605
Total provisions		831	973
Liabilities other than provisions			
Non-current liabilities other than provisions			
Mortgage loans		2,433	2,612
Current liabilities other than provisions			
Current portion of non-current liabilities		183	183
Banks, current liabilities		0	1,503
Prepayments from customers	6	4,433	1,591
Trade payables		3,423	1,955
Payables to associates		31	0
Corporation tax		4,586	2,092
Other payables		1,356	2,933
		14,012	10,257
Total liabilities other than provisions		16,445	12,869
TOTAL EQUITY AND LIABILITIES		39,470	23,310
Contractual obligations, contingencies, etc.	7		
Mortgages and collateral	8		

Financial statements 1 January – 31 December

Statement of changes in equity

DKK'000	Contributed capital	Revaluation reserve	Retained earnings	Proposed dividends for the financial year	Total
Equity at 1 January 2018	1,300	1,081	2,087	5,000	9,468
This year's release of revaluation reserve	0	-92	92	0	0
Deferred tax on release of revaluation reserve	0	20	0	0	20
Ordinary dividends paid	0	0	0	-5,000	-5,000
Transferred over the profit appropriation	0	0	14,706	3,000	17,706
Equity at 31 December 2018	1,300	1,009	16,885	3,000	22,194

Financial statements 1 January – 31 December

Notes

1 Accounting policies

The annual report of Tantec A/S for 2018 has been prepared in accordance with the provisions applying to reporting class B entities under the Danish Financial Statements Act with opt-in from higher reporting classes.

The accounting policies used in the preparation of the financial statements are consistent with those of last year.

Foreign currency translation

On initial recognition, transactions denominated in foreign currencies are translated at the exchange rates at the transaction date. Foreign exchange differences arising between the exchange rates at the transaction date and the date of payment are recognised in the income statement as financial income or financial expenses.

Receivables, payables and other monetary items denominated in foreign currencies are translated at the exchange rates at the balance sheet date. The difference between the exchange rates at the balance sheet date and the date at which the receivable or payable arose or was recognised in the latest financial statements is recognised in the income statement as financial income or financial expenses.

Non-current assets purchased in foreign currency are translated at the exchange rate on the transaction date.

Income statement

Revenue

Income from the sale of goods, comprising the sale of pretreatment plants for plastic and metal, is recognised in revenue when delivery and transfer of risk to the buyer have taken place, and the income may be measured reliably and is expected to be received.

Revenue is recognized excl. VAT and taxes and less discounts in connection with the sale.

Cost of sales

Cost of sales comprises costs incurred to generate revenue for the year. This item also comprises direct costs for goods for resale and changes to inventory of goods for resale.

Other external costs

Other external costs comprise distribution costs and costs related to sales, sales campaigns, administration, office premises, operating leases, etc.

Staff costs

Staff costs comprise wages and salaries, including holiday allowance, pension and other social security costs, etc., to the Company's employees, excluding reimbursements from public authorities.

Financial statements 1 January – 31 December

Notes

1 Accounting policies (continued)

Result from equity investments in group entities and associates

Impairment of subsidiaries is recognized in the Parent Company's income statement under income from investments in subsidiaries.

Dividends from equity investments in group entities measured at cost are recognised as income in the Parent Company's income statement in the financial year when the dividends are declared.

Financial income and expenses

Financial income and expenses comprise interest income and expense, financial costs regarding payables and transactions denominated in foreign currencies, amortisation of financial assets and liabilities as well as surcharges and refunds under the on-account tax scheme, etc.

Tax on profit for the year

Tax for the year comprises current corporation tax for the year and changes in deferred tax, including changes in tax rates. The tax expense relating to the profit/loss for the year is recognised in the income statement, and the tax expense relating to amounts directly recognised in equity is recognised directly in equity.

Balance sheet

Property, plant and equipment

On initial recognition, tangible fixed assets are measured at cost. Cost includes the purchase price and costs directly related to the acquisition until the time the asset is ready for use.

Land and buildings are subsequently measured at fair value.

The fair value is determined by regularly recurring assessments of all fair value.

Changes in the fair value in relation to the cost of the assets are offset against equity, taking into account deferred tax. If the fair value is lower than the cost, value adjustments are recognized in the income statement.

The fair value is divided into separate components, which are separately written if the useful life of the individual components is different.

Plant and machinery and fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation and impairment losses.

Cost comprises the purchase price and any costs directly attributable to the acquisition until the date on which the asset is available for use. Indirect production overheads and borrowing costs are not recognised in cost.

The basis of depreciation is cost less any projected residual value after the end of the useful life. Depreciation is provided on a straight-line basis over the estimated useful life. The estimated useful lives are as follows:

Financial statements 1 January – 31 December

Notes

1 Accounting policies (continued)

Buildings	25 years
Fixtures and fittings, tools and equipment	5 years

The useful life and residual value are reassessed annually. Changes are treated as accounting estimates, and the effect on depreciation is recognised prospectively.

Land is not depreciated.

Gains and losses on the disposal of property, plant and equipment are stated as the difference between the selling price less selling costs and the carrying amount at the date of disposal. Gains and losses are recognised in the income statement as other operating income or other operating costs, respectively.

Equity investments in group entities and associate

Equity investments in group entities and associates are measured at cost price. If cost exceeds the net realisable value, write-down is made to this lower value..

Impairment of fixed assets

The carrying amount of intangible assets and property, plant and equipment as well as equity investments in group entities and associates is subject to an annual test for indications of impairment other than the decrease in value reflected by depreciation or amortisation.

Impairment tests are conducted of individual assets or groups of assets when there is an indication that they may be impaired. Write-down is made to the recoverable amount if this is lower than the carrying amount.

The recoverable amount is the higher of an asset's net selling price and its value in use. The value in use is determined as the present value of the forecast net cash flows from the use of the asset or the group of assets, including forecast net cash flows from the disposal of the asset or the group of assets after the end of the useful life.

Inventories

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

Goods for resale and raw materials and consumables are measured at cost, comprising purchase price plus delivery costs.

Finished goods and work in progress are measured at cost, comprising the cost of raw materials, consumables and direct wages.

The net realisable value of inventories is calculated as the sales amount less costs of completion and costs necessary to make the sale and is determined taking into account marketability, obsolescence and development in expected selling price.

Receivables

Receivables are measured at amortised cost.

Financial statements 1 January – 31 December

Notes

1 Accounting policies (continued)

Write-down is made for bad debt losses where there is an objective indication that a receivable or a portfolio of receivables has been impaired. If there is an objective indication that an individual receivable has been impaired, write-down is made on an individual basis.

Prepayments and deferred income

Prepayments comprise prepayment of costs incurred relating to subsequent financial years.

Provisions

Provisions include expected costs for guarantee commitments and tax

Warranties comprise obligations to make good any defects within the warranty period of 1-5 years. Provisions are recognised based on the Company's experience with warranties.

Construction contracts

Contract work in progress is measured at cost including directly referable costs. On account profits are not recognised concerning contract work in progress.

Corporation tax and deferred tax

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 using the balance sheet liability method on all temporary differences between the carrying amount and the tax value of assets and liabilities based on the planned use of the asset or settlement of the liability. However, deferred tax is not recognised on temporary differences relating to goodwill non-deductible for tax purposes and on office premises and other items where the temporary differences arise at the date of acquisition without affecting either profit/loss or taxable income.

Deferred tax assets, including the tax value of tax loss carryforwards, are recognised at the expected value of their utilisation within the foreseeable future; either as a set-off against tax on future income or as a set-off against deferred tax liabilities in the same legal tax entity. Any deferred net assets are measured at net realisable value.

Deferred tax is measured in accordance with the tax rules and at the tax rates applicable at the balance sheet date when the deferred tax is expected to crystallise as current tax. Changes in deferred tax as a result of changes in tax rates are recognised in the income statement or equity, respectively.

Liabilities other than provisions

Financial liabilities are recognised at cost at the date of borrowing, corresponding to the proceeds received less transaction costs paid. In subsequent periods, the financial liabilities are measured at amortised cost using the effective interest method. Accordingly, the difference between cost and the nominal value is recognised in the income statement over the term of the loan together with interest expenses.

Financial statements 1 January – 31 December

Notes

2 Staff costs

DKK'000	2018	2017
Wages and salaries	12,495	11,039
Pensions	1,973	2,551
Other social security costs	64	178
Other staff costs	255	286
	<u>14,787</u>	<u>14,054</u>
Average number of full-time employees	<u>26</u>	<u>26</u>

3 Financial income

Interest income from group entities	77	30
Other financial income	26	0
	<u>103</u>	<u>30</u>

4 Tax on profit for the year

Current tax for the year	4,586	4,302
Deferred tax for the year	-17	-61
Adjustment of deferred tax concerning revaluation reserve	21	0
	<u>4,590</u>	<u>4,241</u>

5 Property, plant and equipment

DKK'000	Land and buildings	Fixtures and fittings, tools and equipment	Total
Cost at 1 January 2018	9,861	3,980	13,841
Additions for the year	0	1,013	1,013
Disposals for the year	0	-825	-825
Cost at 31 December 2018	<u>9,861</u>	<u>4,168</u>	<u>14,029</u>
Revaluations at 1 January 2018	2,309	0	2,309
Revaluations at 31 December 2018	2,309	0	2,309
Depreciation and impairment losses at 1 January 2018	-7,796	-3,428	-11,224
Depreciation for the year	-279	-378	-657
Reversed depreciation and impairment losses on assets sold	0	759	759
Depreciation and impairment losses at 31 December 2018	<u>-8,075</u>	<u>-3,047</u>	<u>-11,122</u>
Carrying amount at 31 December 2018	<u>4,095</u>	<u>1,121</u>	<u>5,216</u>

Financial statements 1 January – 31 December

Notes

6 Construction contracts

DKK'000	2018	2017
Prepayments from customers	<u>-4,433</u>	<u>-1,591</u>
Construction contracts, net	<u>-4,433</u>	<u>-1,591</u>
It is recognized as follows:		
Sales value of the period's unfinished production	964	513
Received prepayments from customers	<u>-5,397</u>	<u>-2,104</u>
Construction contracts, net	<u>-4,433</u>	<u>-1,591</u>

7 Contractual obligations, contingencies, etc.

Contingent liabilities

The company is jointly taxed with the other companies in the FPE Fem ApS Group.

The Group's Danish entities are jointly and severally liable for the joint registration for VAT.

Remaining operating lease obligations at the balance sheet date fall due at DKK 798 thousand within 34 month (2017: DKK 474 thousand).

8 Mortgages and collateral

Mortgages for mortgages to mortgage banks, DKK 2,616 thousand (2017: DKK 2,795 thousand), have been pledged as collateral in land and buildings, the carrying amount of which is DKK 2,900 thousand. 31 December 2018 amounted to DKK 4,095 thousand (2017: DKK 4,374 thousand)

For collateral with Danske Bank, the company has deposited mortgage deeds in land and buildings totaling DKK 7,800 thousand, and the company has deposited a company mortgage totaling DKK 4,000 thousand.