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ARDEX SKANDINAVIA A/S
MARIELUNDVEJ 4, 2730 HERLEV
ANNUAL REPORT
1 JANUARY - 31 DECEMBER 2019

**The Annual Report has been presented and
adopted at the Company's Annual General
Meeting on 21 April 2020**

Michael Nielsen

The English part of this document is an unofficial translation of the original Danish text, and in case of any discrepancy between the Danish text and the English translation, the Danish text shall prevail.

CVR NO. 11 70 92 14

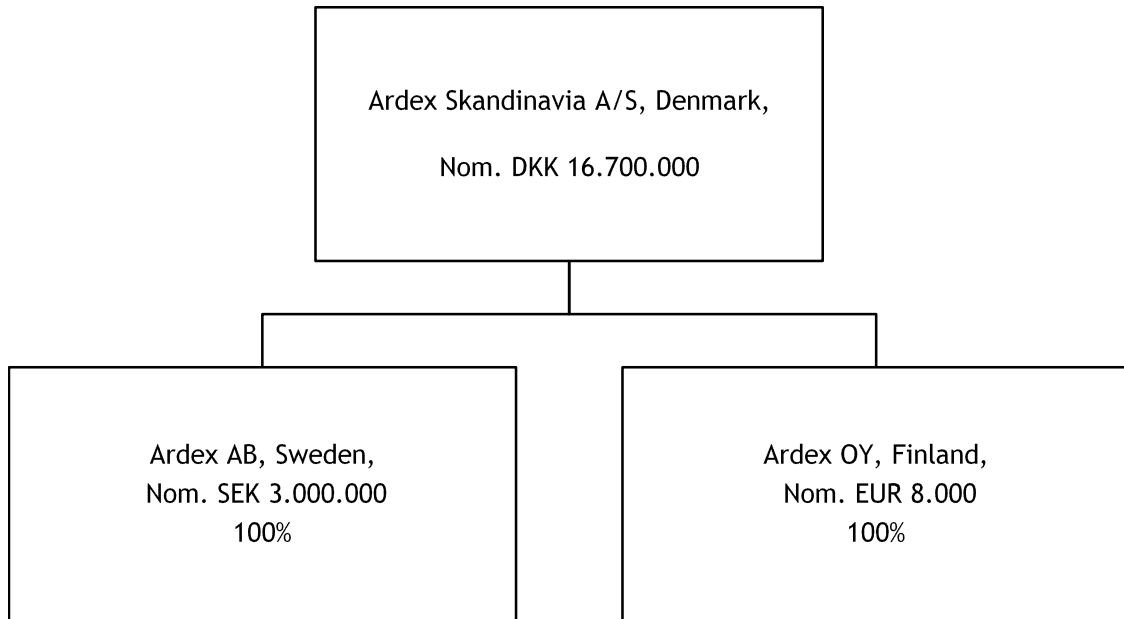
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COMPANY DETAILS

Company	Ardex Skandinavia A/S Marielundvej 4 2730 Herlev CVR No.: 11 70 92 14 Established: 14 April 1967 Registered Office: Herlev Financial Year: 1 January - 31 December
Board of Directors	Rüdiger Otto Albert Oberste-Padtberg, chairman Michael Nielsen Gorm Benthin Rosborg Niels Ivar Wonsild
Board of Executives	Michael Nielsen
Auditor	BDO Statsautoriseret revisionsaktieselskab Havneholmen 29 1561 Copenhagen V
Bank	Danske Bank Holmens Kanal 2-12 1092 Copenhagen K

GROUP STRUCTURE



STATEMENT BY BOARD OF DIRECTORS AND BOARD OF EXECUTIVES

Today the Board of Directors and Board of Executives have discussed and approved the Annual Report of Ardex Skandinavia A/S for the financial year 1 January - 31 December 2019.

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

In our opinion the Consolidated Financial Statements and the Parent Company Financial Statements give a true and fair view of Group's and the Company's financial position at 31 December 2019 and of the results of Group's and the Company's operations and cash flows for the financial year 1 January - 31 December 2019.

The Management's Review includes in our opinion a fair presentation of the matters dealt with in the Review.

We recommend the Annual Report be approved at the Annual General Meeting.

Herlev, 21 April 2020

Board of Executives

Michael Nielsen

Board of Directors

Rüdiger Otto Albert Oberste-
Padtberg
Chairman

Michael Nielsen

Gorm Benthin Rosborg

Niels Ivar Wonsild

INDEPENDENT AUDITOR'S REPORT

To the Shareholder of Ardex Skandinavia A/S

Opinion

We have audited the Consolidated Financial Statements and the Parent Company Financial Statements of Ardex Skandinavia A/S for the financial year 1 January - 31 December 2019, which comprise income statement, balance sheet, statement of changes in equity, notes and a summary of significant accounting policies for both the Group and the Parent Company, as well as consolidated statement of cash flows for the Group. The Consolidated Financial Statements and the Parent Company Financial Statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the Consolidated Financial Statements and the Parent Company Financial Statements give a true and fair view of the assets, liabilities and financial position of the Group or the Company at 31 December 2019 and of the results of the Group and the Parent Company's operations as well as the consolidated cash flows of the Group for the financial year 1 January - 31 December 2019 in accordance with the Danish Financial Statements Act.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's Responsibilities for the Audit of the Consolidated Financial Statements and the Parent Company Financial Statements" section of our report. We are independent of the Group 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 Consolidated Financial Statements and the Parent Company Financial Statements

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

In preparing the Consolidated Financial Statements and the Parent Company Financial Statements, Management is responsible for assessing the Group's and the Parent 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 Consolidated Financial Statements and the Parent Company Financial Statements unless Management either intends to liquidate the Group or the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements and the Parent Company Financial Statements

Our objectives are to obtain reasonable assurance about whether the Consolidated Financial Statements and the Parent Company Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Consolidated Financial Statements and the Parent Company Financial Statements.

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

INDEPENDENT AUDITOR'S REPORT

- Identify and assess the risks of material misstatement of the Consolidated Financial Statements and the Parent 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.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Parent 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 Consolidated Financial Statements and the Parent Company Financial Statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Parent 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 Consolidated Financial Statements and the Parent Company Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and the Parent Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and contents of the Consolidated Financial Statements and the Parent Company Financial Statements, including the disclosures, and whether the Consolidated Financial Statements and the Parent Company Financial Statements represent the underlying transactions and events in a manner that gives a true and fair view.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the Consolidated Financial Statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

INDEPENDENT AUDITOR'S REPORT

Statement on Management's Review

Management is responsible for Management's Review.

Our opinion on the Consolidated Financial Statements and the Parent Company 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 Consolidated Financial Statements and the Parent Company Financial Statements, our responsibility is to read Management's Review and, in doing so, consider whether Management's Review is materially inconsistent with the Consolidated Financial Statements and the Parent Company 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 Financial Statements Act.

Based on the work we have performed, we conclude that Management's Review is in accordance with the Consolidated Financial Statements and the Parent Company 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 Management's Review.

Copenhagen, 21 April 2020

BDO Statsautoriseret revisionsaktieselskab
CVR no. 20 22 26 70

Ole C. K. Nielsen
State Authorised Public Accountant
MNE no. mne23299

FINANCIAL HIGHLIGHTS OF THE GROUP

	2019 DKK '000	2018 DKK '000	2017 DKK '000	2016 DKK '000	2015 DKK '000
Income statement					
Net revenue.....	331.232	332.536	435.364	190.216	180.530
Gross profit/loss.....	122.153	124.910	127.818	126.047	119.198
Operating profit/loss.....	62.069	60.384	68.581	70.419	64.743
Financial income and expenses, net.....	-2.353	273	-192	4	38
Profit/loss for the year.....	46.911	47.513	53.575	55.431	50.763
Balance sheet					
Balance sheet total.....	202.682	198.673	195.328	179.816	160.351
Equity.....	163.210	158.422	155.067	143.874	128.359
Invested capital.....	202.052	161.212	157.614	145.366	259.112
Cash flows					
Cash flows from operating activities.....	56.350	39.273	53.540	51.254	42.305
Cash flows from investment-related activities.....	-5.644	-4.326	-6.806	-2.398	-837
Cash flows from financing activities.....	-42.112	-41.500	-41.500	-40.000	-38.000
Investment in tangible fixed assets.....	-5.412	-658	-6.114	-2.392	-1.638
Ratios					
Rate of return.....	34.2	37.9	45.3	34.8	26.7
Solvency ratio.....	80.5	79.7	79.4	80.0	80.0
Return on equity.....	29.2	30.3	35.8	40.7	39.5

The ratios stated in the list of key figures and ratios have been calculated as follows:

Rate of return:	$\frac{\text{Profit/loss on ordinary activities} \times 100}{\text{Average invested capital}}$
Invested capital:	$\text{Intangible fixed assets (ex goodwill) + tangible assets + inventories + receivables + other working current assets - trade payables - other provisions - other long and short term working liabilities}$
Solvency ratio:	$\frac{\text{Equity (ex. minorities), at year end} \times 100}{\text{Total equity and liabilities, at year end}}$
Return on equity:	$\frac{\text{Profit/loss after tax} \times 100}{\text{Average equity}}$

The ratios follow in all material respects the recommendations of the Danish Finance Society.

MANAGEMENT'S REVIEW

Principal activities

The Group is manufacturer of smoothing compounds, tile adhesives, rapid-drying cement, wetroom solutions and many other specialty products to professionals.

Development in activities and financial position

The result of the Group and the Parent Company is a profit of DKK ('000) 46,911, which is satisfactoring.

Profit/loss for the year compared to future expectations

The result for the year was as expected.

Significant events after the end of the financial year

We have not yet experienced any impact on sales, but have initiated several initiatives to prevent too big groups and the plant is divided in three teams to reduce potential risk of infection. However, we expect to have a sales impact on the same level as the overall development of the countries GDP, which expectedly is about minus 5-6%. Besides from this, no events have occurred after the end of the financial year of material importance for the company's financial position as a result of Covid-19.

Environmental situation

The Group seeks currently to minimise any damaging effects that the Group's activities may have on the external environment. We will, by our influence on our suppliers, seek to ensure a sustainable manufacture of the raw materials that the enterprise uses in its products.

Future expectations

Due to the Corona virus crisis we are not expecting positive development in 2020 of the company's revenue and results. See 'Corona virus impact' above.

The company's foreign branches

the company has a branch in Oslo, Norway. The branch is included in the financial statements of the parent company.

Corporate social responsibility

The company follows the Group initiatives for CSR and work with CSR as an integrated part of our daily business in areas such as general code of conduct, work environment policies, QC systems, environmental policy and ethical set of rules for sub suppliers etc. Reference is made to company' public website for detailed information: www.ardex.dk/ardex. In regards to sustainability the company aim to reach a reduction of at least 5% of its impact to nature per year and reference is made company' public website for detailed information: <https://www.ardex.dk/ardex/baeredygtighed/>.

Target figures and policies for the underrepresented gender

It is a groupwide focus to increase our gender diversity and the company is following the groupwide initiatives to measure gender diversity and carrying out initiatives for increasing the amount of females employed in the group to reach a more dynamic and diversified business environment. A measurement for this is a program for female talent management. Target figures are 25% in all organizational levels.

INCOME STATEMENT 1 JANUARY - 31 DECEMBER

	Note	Group		Parent company	
		2019 DKK '000	2018 DKK '000	2019 DKK '000	2018 DKK '000
NET REVENUE	1	331.232	332.536	243.099	241.929
Cost of sales.....		-165.737	-160.703	-163.347	-162.065
Other operating income.....		129	192	129	119
Other external expenses.....	2	-43.471	-47.115	-24.349	-26.946
GROSS PROFIT/LOSS		122.153	124.910	55.532	53.037
Staff costs.....	3	-55.133	-59.186	-31.641	-30.846
Depreciation, amortisation and impairment losses.....		-4.951	-5.340	-3.741	-3.870
OPERATING PROFIT		62.069	60.384	20.150	18.321
Result of equity investments in group and associates.....		0	0	32.966	33.112
Other financial income.....		32	18	32	18
Other financial expenses.....		-2.385	255	-2.284	345
PROFIT BEFORE TAX		59.716	60.657	50.864	51.796
Tax on profit/loss for the year.....	4	-12.805	-13.144	-3.953	-4.283
PROFIT FOR THE YEAR	5	46.911	47.513	46.911	47.513

BALANCE SHEET AT 31 DECEMBER

ASSETS	Note	Group		Parent company	
		2019 DKK '000	2018 DKK '000	2019 DKK '000	2018 DKK '000
Development projects completed..		3.149	3.798	2.149	2.798
Goodwill.....		0	0	0	0
Intangible fixed assets.....	6	3.149	3.798	2.149	2.798
Land and buildings.....		16.568	17.247	16.568	17.247
Other plant, machinery, tools and equipment.....		19.718	16.798	14.671	12.875
Tangible fixed assets.....	7	36.286	34.045	31.239	30.122
Equity investments in group enterprises.....		0	0	35.165	35.029
Fixed asset investments.....	8	0	0	35.165	35.029
FIXED ASSETS.....		39.435	37.843	68.553	67.949
Raw materials and consumables....		9.483	8.546	9.465	8.528
Work in progress.....		4.857	4.865	4.857	4.865
Finished goods and goods for resale.....		18.405	17.982	11.872	11.303
Inventories.....		32.745	31.393	26.194	24.696
Trade receivables.....		26.771	26.640	7.235	2.368
Receivables from group enterprises.....		0	1.580	7.685	19.829
Other receivables.....		7.729	14.325	1.377	2.034
Corporation tax receivable.....		1.286	1.060	1.286	1.060
Prepayments and accrued income..	9	290	0	290	0
Receivables.....		36.076	43.605	17.873	25.291
Cash and cash equivalents.....		94.426	85.832	70.999	58.159
CURRENT ASSETS.....		163.247	160.830	115.066	108.146
ASSETS.....		202.682	198.673	183.619	176.095

BALANCE SHEET AT 31 DECEMBER

EQUITY AND LIABILITIES	Note	Group		Parent company	
		2019 DKK '000	2018 DKK '000	2019 DKK '000	2018 DKK '000
Share capital.....	10	16.700	16.700	16.700	16.700
Reserve for net revaluation according to equity va.....		0	0	31.823	31.686
Reserve for development costs.....		3.148	3.798	2.148	2.797
Retained earnings.....		101.362	95.924	70.540	65.239
Proposed dividend.....		42.000	42.000	42.000	42.000
EQUITY.....		163.210	158.422	163.211	158.422
Provision for deferred tax.....	11	2.824	2.790	2.824	2.790
Other provisions for liabilities.....		164	0	164	0
PROVISION FOR LIABILITIES.....		2.988	2.790	2.988	2.790
Other liabilities.....		537	0	537	0
Long-term liabilities.....	12	537	0	537	0
Trade payables.....		12.158	10.276	7.480	2.898
Payables to group enterprises.....		0	613	3.149	4.380
Corporation tax.....		3.913	8.133	63	32
Other liabilities.....		19.876	18.439	6.191	7.573
Current liabilities.....		35.947	37.461	16.883	14.883
LIABILITIES.....		36.484	37.461	17.420	14.883
EQUITY AND LIABILITIES.....		202.682	198.673	183.619	176.095
Contingencies etc.	13				
Related parties	14				

EQUITY

	Group				
	Share capital	Reserve for development costs	Retained earnings	Proposed dividend	Total
Equity at 1 January 2019.....	16.700	3.798	95.924	42.000	158.422
Dividend paid.....				-42.000	-42.000
Foreign exchange adjustments.....			-123		-123
Proposed distribution of profit.....			4.911	42.000	46.911
Transferred to reserve for development costs.....		-650	650		
Equity at 31 December 2019.....	16.700	3.148	101.362	42.000	163.210

	Parent company					
	Share capital	Reserve for net revaluation according to equity va	Reserve for development costs	Retained earnings	Proposed dividend	Total
Equity at 1 January 2019.....	16.700	31.687	2.797	65.239	42.000	158.423
Dividend paid.....					-42.000	-42.000
Foreign exchange adjustments.....				-123		-123
Proposed distribution of profit.....		136		4.775	42.000	46.911
Transferred to reserve for development costs.....			-649	649		
Equity at 31 December 2019.....	16.700	31.823	2.148	70.540	42.000	163.211

CASH FLOW STATEMENT 1 JANUARY - 31 DECEMBER

	Group	
	2019 DKK '000	2018 DKK '000
Profit/loss for the year.....	46.911	47.513
Reversed depreciation of the year.....	4.345	4.099
Reversed realisation gains.....	-294	-31
Reversed tax on profit/loss for the year.....	12.805	13.144
Other adjustments.....	0	2.657
Corporation tax paid.....	-13.032	-13.718
Change in inventory.....	-1.351	-2.402
Change in receivables.....	7.755	-7.080
Change in current liabilities (ex bank and tax).....	-789	-4.909
CASH FLOWS FROM OPERATING ACTIVITY.....	56.350	39.273
Purchase of intangible fixed assets.....	-232	-3.668
Purchase of tangible fixed assets.....	-5.412	-658
CASH FLOWS FROM INVESTING ACTIVITY.....	-5.644	-4.326
Dividend paid in the financial year.....	-42.112	-41.500
CASH FLOWS FROM FINANCING ACTIVITY.....	-42.112	-41.500
CHANGE IN CASH AND CASH EQUIVALENTS.....	8.594	-6.553
Cash and cash equivalents at 1 January.....	85.832	92.385
CASH AND CASH EQUIVALENTS AT 31 DECEMBER.....	94.426	85.832
Specification of cash and cash equivalents at 31 December:		
Cash and cash equivalents.....	94.426	85.832
CASH AND CASH EQUIVALENTS, NET.....	94.426	85.832

NOTES

	Group		Parent company		Note
	2019 DKK '000	2018 DKK '000	2019 DKK '000	2018 DKK '000	
Net revenue					1
Revenue, Denmark.....	199.743	189.142	92.360	81.678	
Revenue, Europe.....	118.710	140.236	118.710	140.236	
Revenue, countries outside Europe..	36.697	20.040	36.697	20.040	
Trade discounts granted.....	-27.238	-19.671	-7.986	-3.138	
Exchange rate adjustments.....	1.352	1.182	1.350	1.167	
Inventory of finished goods, end of year.....	1.968	1.607	1.968	1.946	
	331.232	332.536	243.099	241.929	
Segment details (geography)					
Revenue, Denmark.....	175.825	172.260	87.692	81.653	
Revenue, Europe.....	118.710	140.236	118.710	140.236	
Revenue, countries outside Europe..	36.697	20.040	36.697	20.040	
	331.232	332.536	243.099	241.929	
Fee to statutory auditors					2
Samlet honorar:					
BDO.....	340	320	340	320	
	340	320	340	320	
Specifikation af honorar:					
Statutory audit.....	220	210	220	210	
Other services.....	120	110	120	120	
	340	320	340	330	
Staff costs					3
Average number of employees					
Group: 84 (2018: 100)					
Parent company: 43 (2018: 55)					
Wages and salaries.....	43.972	46.931	28.174	26.816	
Pensions.....	5.246	5.917	1.993	2.594	
Social security costs.....	5.915	6.338	1.474	1.436	
	55.133	59.186	31.641	30.846	
Remuneration of management and board of directors.....	2.462	2.462	2.031	2.031	
	2.462	2.462	2.031	2.031	

NOTES

	Group		Parent company		Note
	2019 DKK '000	2018 DKK '000	2019 DKK '000	2018 DKK '000	
Tax on profit/loss for the year					4
Calculated tax on taxable income of the year.....	12.637	12.900	3.785	4.039	
Adjustment of tax in previous years..	142	0	142	0	
Adjustment of deferred tax.....	26	244	26	244	
	12.805	13.144	3.953	4.283	
Proposed distribution of profit					5
Proposed dividend for the year.....	42.000	42.000	42.000	42.000	
Allocation to reserve for net revaluation according to equity va..	0	0	136	-2.553	
Retained earnings.....	4.911	5.513	4.775	8.066	
	46.911	47.513	46.911	47.513	

Intangible fixed assets

	Group	
	Development projects completed	Goodwill
Cost at 1 January 2019.....	4.364	16.120
Exchange adjustment at closing rate.....	-8	0
Additions.....	239	0
Cost at 31 December 2019.....	4.595	16.120
Amortisation at 1 January 2019.....	565	16.120
Amortisation for the year.....	881	0
Amortisation at 31 December 2019.....	1.446	16.120
Carrying amount at 31 December 2019.....	3.149	0

The company's development costs include development of a new ERP system. The development progresses as planned and the use of it started in June 2018.

	Parent company
	Development projects completed
Cost at 1 January 2019.....	3.243
Cost at 31 December 2019.....	3.243
Amortisation at 1 January 2019.....	445
Amortisation for the year.....	649
Amortisation at 31 December 2019.....	1.094
Carrying amount at 31 December 2019.....	2.149

NOTES

	Note
Intangible fixed assets (continued)	6

The company's development costs include development of a new ERP system. The development progresses as planned and the use of it started in June 2018.

Tangible fixed assets	7
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	Group	
	Land and buildings	Other plants, machinery, tools and equipment
Cost at 1 January 2019.....	40.832	41.111
Additions.....	264	5.434
Disposals.....	0	-944
Cost at 31 December 2019.....	41.096	45.601
Depreciation and impairment losses at 1 January 2019.....	23.585	24.314
Reversal of depreciation of assets disposed of.....	0	-658
Depreciation for the year.....	943	2.227
Depreciation and impairment losses at 31 December 2019...	24.528	25.883
Carrying amount at 31 December 2019.....	16.568	19.718

NOTES

Tangible fixed assets (continued) Note
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	<u>Parent company</u>	
	Land and buildings	Other plants, machinery, tools and equipment
Cost at 1 January 2019.....	40.832	34.381
Additions.....	264	3.209
Cost at 31 December 2019.....	41.096	37.590
Depreciation and impairment losses at 1 January 2019.....	23.585	21.506
Depreciation for the year.....	943	1.413
Depreciation and impairment losses at 31 December 2019...	24.528	22.919
Carrying amount at 31 December 2019.....	16.568	14.671

Fixed asset investments Note
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	<u>Parent company</u>
	Equity investments in group enterprises
Cost at 1 January 2019.....	3.343
Cost at 31 December 2019.....	3.343
Revaluation at 1 January 2019.....	31.686
Exchange adjustment.....	-117
Dividend.....	-32.877
Profit/loss for the year.....	33.130
Revaluation at 31 December 2019.....	31.822
Carrying amount at 31 December 2019.....	35.165

Investments in subsidiaries (DKK '000)

Name and registered office	Equity	Profit/loss for the year	Ownership
Ardex Arki AB, Sweden.....	14.847	12.888	100 %
Ardex OY, Finland.....	20.318	20.078	100 %

Prepayments and accrued income 9				
Costs.....	290	0	290	0
	290	0	290	0

Consists of prepaid expenses related to 2020.

NOTES

	2019 DKK '000	2018 DKK '000	Note
Share capital			10
Specification of the share capital:			
A-shares, 33.400 in the denomination of 500 DKK.....	16.700	16.700	
	16.700	16.700	

Provision for deferred tax 11
 Provision for deferred tax comprises deferred tax on contract work in progress, inventory and intangible and tangible fixed assets.

	Group		Parent company	
	2019 DKK '000	2018 DKK '000	2019 DKK '000	2018 DKK '000
Deferred tax relates to:				
Development projects.....	4	4	4	4
Land and buildings.....	1.296	1.279	1.296	1.279
Operating equipment.....	1.907	1.890	1.907	1.890
Warranties.....	-383	-383	-383	-383
	2.824	2.790	2.824	2.790
Deferred tax, beginning of year.....	2.790	2.600	2.790	2.600
Additions during the year.....	26	190	26	190
Adjustments previous years.....	8	0	8	0
Provision for deferred tax 31 December 2019.....	2.824	2.790	2.824	2.790

Long-term liabilities 12

	Group				
	31/12 2019 total liabilities	Repayment next year	Debt outstanding after 5 years	31/12 2018 total liabilities	Current portion at the beginning of the year
Other liabilities.....	537	0	0	0	0
	537	0	0	0	0
	Parent company				
	31/12 2019 total liabilities	Repayment next year	Debt outstanding after 5 years	31/12 2018 total liabilities	Current portion at the beginning of the year
Other liabilities.....	537	0	0	0	0
	537	0	0	0	0

NOTES

	Note
Contingencies etc.	13
Contingent assets	
The company has entered into operating lease agreements with an average annual lease payment of DKK ('000) 1,865. The lease contracts have a remaining period of up to 36 months and a total remaining payment of DKK ('000) 11,502.	
Related parties	14
The Company's related parties include:	
Controlling interest	
Ardex Balticum-Holding GmbH, Friedrich Ebert Strasse 45, 5853 Witten-Annen, Germany.	
Transactions with related parties	
The company did not carry out any material transactions that were not concluded on market conditions. According to section 98c, subsection 7 of the Danish Financial Statements Act information is given only on transactions that were not performed on common market conditions.	

ACCOUNTING POLICIES

The Annual Report of Ardex Skandinavia A/S for 2019 has been presented in accordance with the provisions of the Danish Financial Statements Act for enterprises in reporting class C, large enterprise.

The Annual Report is prepared consistently with the accounting principles applied last year.

Consolidated financial statements

The consolidated financial statements include the parent company Ardex Skandinavia A/S and its subsidiaries in which Ardex Skandinavia A/S directly or indirectly holds more than 50% of the voting rights or in any other way has a controlling influence. Enterprises in which the group holds between 20% and 50% of the voting rights and exercises significant, but not controlling influence, are considered associates, see the group structure.

The consolidated financial statements consolidate the financial statements of the parent company and the subsidiaries by combining uniform accounts items. Intercompany income and expenses, shareholdings, internal balances and dividend, and realised and unrealised gains and losses arising from transactions between the consolidated enterprises are fully eliminated in the consolidation.

Investments in subsidiary enterprises are set off by the proportional share of the subsidiaries' market value of net assets and liabilities at the acquisition date.

Investments in associates are measured in the balance sheet at the proportional share of the value of the enterprises, calculated under the accounting policies of the parent company and eliminating proportionally any unrealised intercompany gains and losses. The proportional share of the results of the associates is recognised in the income statement after elimination of the proportional share of internal gains and losses.

INCOME STATEMENT

Net revenue

Net revenue from sale of merchandise and finished goods is recognised in the income statement if supply and risk transfer to purchaser has taken place before the end of the year and if the income can be measured reliably and is expected to be received. Net revenue is recognised exclusive of VAT, duties and less discounts related to the sale.

Other operating income

Other operating income includes items of a secondary nature in relation to the enterprises' principal activities, including profit from sale of intangible and tangible fixed assets.

Cost of sales

Cost of sales comprise costs incurred to achieve the net revenue for the year, including direct and indirect costs of raw materials and consumables.

Other external expenses

Other external expenses include cost of sales, advertising, administration, buildings, bad debts, operating lease expenses, etc.

Staff costs

Staff costs comprise wages and salaries, including holiday pay and pensions and other costs for social security etc. for the company's employees. Repayments from public authorities are deducted from staff costs.

Investments in subsidiaries

The income statement of the parent company recognises the proportional share of the results of each subsidiary after full elimination of intercompany profits/losses and deduction of amortisation of goodwill.

ACCOUNTING POLICIES

Financial income and expenses

Financial income and expenses include interest income and expenses, financial expenses of finance leases, realised and unrealised gains and losses arising from investments in financial assets, debt and transactions in foreign currencies, amortisation of financial assets and liabilities as well as charges and allowances under the tax-on-account scheme etc. Financial income and expenses are recognised in the income statement by the amounts that relate to the financial year.

Tax

The tax for the year, which consists of the current tax for the year and changes in deferred tax, is recognised in the income statement by the portion that may be attributed to the profit for the year, and is recognised directly in the equity by the portion that may be attributed to entries directly to the equity.

BALANCE SHEET

Intangible fixed assets

Acquired goodwill is measured at cost less accumulated amortisation. Goodwill is amortised on a straight-line basis over the expected useful life which is estimated to 5 years. The period of amortisation is determined based on an assessment of the acquired company’s position in the market and earnings profile, and the industry-specific conditions.

Patents and licences are measured at the lower of cost less accumulated amortisation or the recoverable amount. Patents are amortised over the residual patent term and licences are amortised over the term of the agreement, however, no more than 8 years.

Development costs comprise costs, including wages and salaries, and amortisation, which directly or indirectly can be related to the company’s development activities and which fulfil the criteria for recognition.

Tangible fixed assets

Land and buildings, production plant and machinery, other plant, fixtures and equipment are measured at cost less accumulated depreciation and write-down. Land is not depreciated.

The depreciation base is cost less estimated residual value after end of useful life.

The cost includes the acquisition price and costs incurred directly in connection with the acquisition until the time when the asset is ready to be used. As regards self-manufactured assets, the cost price includes cost of materials, components, subcontractors, direct payroll and indirect production costs.

Straight-line depreciation is provided on the basis of an assessment of the expected useful lives of the assets and their residual value:

	Useful life	Residual value
Buildings.....	15-40 years	25-50 %
Production plant and machinery.....	5-16 years	0 %
Other plant, fixtures and equipment.....	3-8 years	0-30 %

Profit or loss on disposal of tangible fixed assets is stated as the difference between the sales price less selling costs and the carrying amount at the time of sale. Profit or loss is recognised in the income statement as other operating income or other operating expenses.

Fixed asset investments

Investments in subsidiaries are measured in the company’s balance sheet under the equity method.

ACCOUNTING POLICIES

Investments in subsidiaries are measured in the balance sheet at the proportional share of the enterprises' carrying equity value, calculated in accordance with the parent company's accounting policies with deduction or addition of unrealised intercompany profits or losses and with addition or deduction of the residual value of positive or negative goodwill

Net revaluation of investments in subsidiaries and associates is transferred under the equity to reserve for net revaluation under the equity value method to the extent that the carrying amount exceeds the acquisition value.

Subsidiaries with a negative carrying equity value are measured to DKK 0 and any amounts due from these enterprises are written down by the company's share of the negative equity to the extent that it is deemed to be irrecoverable. If the carrying negative equity value exceeds receivables, the residual amount is recognised under provision for liabilities to the extent that the company's has a legal or actual liability to cover the subsidiary's deficit.

Impairment of fixed assets

The carrying amount of intangible and tangible fixed assets together with investments, which are not measured at fair value, are valued on an annual basis for indications of impairment other than that reflected by amortisation and depreciation.

In the event of impairment indications, an impairment test is made for each asset or group of assets, respectively. If the net realisable value is lower than the carrying amount, it is written down to the lower value.

The recoverable amount is calculated at the higher of net selling price and capital value. The capital value is determined as the fair value of the expected net cash flows from the use of the asset or group of assets and the expected net cash flows from sale of the asset or group of assets after the end of its useful life.

Inventories

Inventories are measured at cost using the FIFO-principle. If the net realisable value is lower than cost, it is written down to the lower value.

The cost of merchandise as well as raw materials and consumables is calculated at acquisition price with addition of transportation and similar costs.

The cost of finished goods and work in progress includes cost of raw materials, consumables, direct payroll cost and indirect production cost. Indirect production costs include indirect materials and payroll and maintenance and depreciation of the machines, factory buildings and equipment used in the production process, cost of factory administration and management and capitalised development costs relating to the products.

Receivables

Receivables are measured at amortised cost which usually corresponds to nominal value. The value is reduced by write-down to meet expected losses.

Accruals, assets

Accruals recognised as assets include costs incurred relating to the subsequent financial year.

ACCOUNTING POLICIES

Other provisions for liabilities

Other provisions for liabilities include the expected cost of warranty commitments, loss on work in progress, restructuring etc. and deferred tax.

Warranty commitments include liabilities for improvement of work within the warranty period of 1 to 5 years. The provision for liabilities is measured and recognised on the basis of experience with warranty work.

When it is likely that the total costs will exceed the total income on the contract work in progress, a provision is made for the total loss that is anticipated for the contract. The provision is recognised as a cost under production costs.

Tax payable and deferred tax

Current tax liabilities and receivable current tax are recognised in the balance sheet as the calculated tax on the taxable income for the year, adjusted for tax on the taxable income for previous years and taxes paid on account.

Deferred tax is measured on the temporary differences between the carrying amount and the tax value of assets and liabilities.

Deferred tax assets, including the tax value of tax loss carry-forwards, are measured at the expected realisable value of the asset, either by set-off against 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 under the legislation in force on the balance sheet date will be applicable when the deferred tax is expected to crystallise as current tax. Any changes in the deferred tax resulting from changes in tax rates, are recognised in the income statement, except from items recognised directly in equity.

Liabilities

Financial liabilities are recognised at the time of borrowing by the amount of proceeds received less borrowing costs. In subsequent periods, the financial liabilities are measured at amortised cost equal to the capitalised value when using the effective interest, the difference between the proceeds and the nominal value being recognised in the income statement over the term of loan.

CASH FLOW STATEMENT

The cash flow statement shows the company's cash flows for the year for operating activities, investing activities and financing activities in the year, the change in cash and cash equivalents of the year and cash and cash equivalents at beginning and end of the year.

Cash flows from operating activities:

Cash flows from operating activities are computed as the results for the year adjusted for non-cash operating items, changes in net working capital and corporation tax paid.

Cash flows from investing activities:

Cash flows from investing activities include payments in connection with purchase and sale of intangible and tangible fixed asset and fixed asset investments.

Cash flows from financing activities:

Cash flows from financing activities include changes in the size or composition of share capital and related costs, and borrowings and repayment of interest-bearing debt and payment of dividend to shareholders.

ACCOUNTING POLICIES

Cash and cash equivalents:

Cash and cash equivalents include bank overdraft and cash in hand.