



**SCHIEDEL SKORSTENE APS**  
**INDUSTRIVEJ 23**  
**DK-7470 KARUP J**  
**REG. NO. 14747346**

**ANNUAL REPORT 2019**

Approved at the Company's annual general meeting on 22.05.2020

**Chairman**

  
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**Company details**

**Company** Schiedel Skorstene ApS  
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E-mail [salg@schiedel.dk](mailto:salg@schiedel.dk)  
  
Established: 1 September 1990  
Registered office: Viborg  
Financial year 1 January – 31 December

**Board of Directors** Michael Ball, Chairman  
Anne Marie Aebeloe  
Geir Vernan

**Executive Board** Geir Vernan

**Auditors** Ernst & Young  
Godkendt Revisionspartnerselskab  
Vestre Havnepromenade 1 A  
DK-9000 Aalborg

**Bankers** Handelsbanken  
Østre Havnegade 14  
DK-9000 Aalborg

## 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 Schiedel Skorstene ApS for the financial year 1 January – 31 December 2019.

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

It is our opinion that the financial statements give a true and fair view of the Company's assets, liabilities and financial position at 31 December 2019 and of the results of the Company's operations for the financial year 1 January – 31 December 2019.

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 will be approved at the annual general meeting.

Karup, 22.05.2020

### Executive Board



Geir Vernan  
CEO

### Board of Directors



Michael Ball  
(Chairman)



Anne Marie Aebeloe



Geir Vernan

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f.v.

## **Independent auditor's report**

### **To the shareholders of Schiedel Skorstene ApS**

#### **Opinion**

We have audited the financial statements of Schiedel Skorstene ApS for the financial year 1 January – 31 December 2019, which comprise 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 financial position of the Company at 31 December 2019 and of the results of the Company's operations 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 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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### **Independence**

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 additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these rules and requirements.

#### **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 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 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 the financial statements.

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

Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.

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## Independent auditor's report

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and contents of the financial statements, including the note 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 Statement Act. We did not identify any material misstatement of the Management's review.

Aalborg, 22.05.2020  
ERNST & YOUNG  
Godkendt Revisionspartnerselskab  
CVR no. 30 70 02 28

*Hans B. Vistisen*

Hans B. Vistisen  
State Authorised Public Accountant  
mne-23254

*WBS*

## **Management's review**

### **Operating review**

#### **Principal activities of the Company**

The Company is engaged in producing and selling Schiedel chimney and fireplace systems for domestic and foreign wholesalers, and to its affiliated companies.

The Group produces flat and pitched roofing products, chimneys and waterproofing solutions. The Group is represented in more than 40 countries.

#### **Development in activities and financial matters**

The Company reported a loss of DKK'000 2.726 for 2019 and the Company's balance sheet showed equity of DKK'000 5.512 at 31 December 2019. Management considers the loss for the year unsatisfactory, however the result lives up to expectations. During the year the company has been restructured which gives an extra cost in 2019 of DKK'000 994.

The Company is market leader in the Danish market, and the Company maintains its market shares at the other Scandinavian markets.

The Company is financed by means of intra-group financing, and Management assesses the Company's financial resources adequate to continue as a going concern for 2020.

#### **Expected development**

The company expects a positive result for 2020. However the result will depend on the spread of coronavirus and its impact on customers and suppliers with possible lower market activity.

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**Income statement**

	<b>Note</b>	<b>2019 DKK'000</b>	<b>2018 DKK'000</b>
<b>Gross profit</b>	<b>2</b>	<b>9,792</b>	<b>10,127</b>
Staff costs	<b>3</b>	<b>-11,677</b>	<b>-10,811</b>
Depreciation of property, plant and equipment		<b>-943</b>	<b>-852</b>
<b>Profit/loss before Interest Income and expenses</b>		<b>-2,828</b>	<b>-1,536</b>
Financial income	<b>4</b>	<b>54</b>	<b>979</b>
Financial expenses	<b>5</b>	<b>-718</b>	<b>-1,011</b>
<b>Profit/loss before tax</b>		<b>-3,492</b>	<b>-1,568</b>
Tax on profit/loss for the year	<b>6</b>	<b>766</b>	<b>341</b>
<b>PROFIT/LOSS FOR THE YEAR</b>		<b>-2,726</b>	<b>-1,227</b>
<b>Proposed distribution of profit/loss</b>			
Retained earnings		<b>-2,726</b>	<b>-1,227</b>
		<b>-2,726</b>	<b>-1,227</b>

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**Balance sheet**

	<u>Note</u>	<u>2019</u> <u>DKK'000</u>	<u>2018</u> <u>DKK'000</u>
<b>ASSETS</b>			
<b>Intangible assets</b>			
Software under construction	7	0	208
Software	7	272	0
<b>Total intangible assets</b>		<u>272</u>	<u>208</u>
<b>Non-current assets</b>			
Land and buildings		3,425	2,967
Plant and machinery		3,645	3,982
Fixtures and fittings, other plant and equipment		1,212	1,454
Land and buildings under construction		140	0
Plant and machinery under construction		35	0
<b>Total property, plant and equipment</b>	8	<u>8,457</u>	<u>8,403</u>
<b>Total non-current assets</b>		<u>8,729</u>	<u>8,611</u>
<b>Current assets</b>			
Raw materials and consumables		3,400	3,161
Finished goods and goods for resale		6,406	6,730
<b>Inventories</b>		<u>9,806</u>	<u>9,891</u>
Trade receivables		1,843	3,255
Receivables at group enterprises		3,184	3,059
Joint taxation contribution receivable		1,032	1,509
Deferred tax asset	9	2,737	4,227
Other receivables		22	587
Prepayments		38	45
<b>Receivables</b>		<u>8,856</u>	<u>12,682</u>
<b>Cash at bank and in hand</b>		<u>2</u>	<u>2</u>
<b>Total current assets</b>		<u>18,664</u>	<u>22,575</u>
<b>TOTAL ASSETS</b>		<u>27,393</u>	<u>31,186</u>

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**Balance sheet**

	<u>Note</u>	<u>2019</u> <u>DKK'000</u>	<u>2018</u> <u>DKK'000</u>
<b>EQUITY AND LIABILITIES</b>			
Share capital		3,500	3,500
Retained earnings		2,012	4,738
<b>Total equity</b>	10	<b>5,512</b>	<b>8,238</b>
Other provisions		111	226
<b>Total provisions</b>		<b>111</b>	<b>226</b>
Payables to group enterprises		15,181	0
Other payables		350	0
<b>Non-current liabilities</b>		<b>15,531</b>	<b>0</b>
Trade payables		2,054	2,791
Payables to group enterprises		738	17,196
Other payables		3,447	2,735
<b>Current liabilities other than provisions</b>		<b>6,240</b>	<b>22,722</b>
<b>EQUITY AND LIABILITIES</b>		<b>27,393</b>	<b>31,186</b>
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Shareholders			

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**Statement of changes in equity**

	Share capital DKK'000	Retained earnings DKK'000	Total DKK'000
Balance at 1 January 2018	3,500	5,965	9,465
Transferred for the year	0	-1,227	-1,227
Balance at 31 December 2018	3,500	4,738	8,238
Balance at 1 January 2019	3,500	4,738	8,238
Transferred for the year	0	-2,726	-2,726
Balance at 31 December 2019	3,500	2,012	5,512

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## Notes to the financial statement

### 1 Accounting policies

The annual report of Schiedel Skorstene ApS has been prepared in accordance with the provisions applying to reporting class B entities under the Danish Financial Statements Act with opt-in of specific provisions for reporting class C.

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. Receivables and payables and other monetary items denominated in foreign currencies which are not settled at the balance sheet date are translated at the exchange rate at the balance sheet date. Foreign exchange differences arising between the exchange rates at the transaction date and at the date of payment and the rate at the balance sheet date, respectively, are recognized in the income statement as financial income or financial expenses.

#### Income statement

##### Revenue

Revenue from the sale of goods for resale and finished goods is recognized in the income statement when delivery and transfer of risk to the buyer has taken place. Revenue is measured ex VAT, taxes and discounts in relation to the sale.

##### Gross profit

In accordance with section 32 of the Danish Financial Statements Act, revenue, operating costs and other external costs are comprised into the financial statement caption gross profit.

##### 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.

##### Other operating costs

Other operating costs comprise items secondary to the Company's activities, including loss on the disposal of intangible assets and property, plant and equipment.

##### Financial income and expenses

Financial income and expenses comprise interest income and expense, realized and unrealized gains and losses on payables and transactions denominated in foreign currencies as well as surcharges and refunds under the on-account tax scheme.

##### Taxation

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

The Company is jointly taxed with the Danish group enterprises. The Danish corporation tax is allocated between profit/loss-making Danish companies in proportion to their taxable income (full absorption).

Jointly taxed companies with excess tax receive interest at least in accordance with applicable rates from the administrative company, Monier Holding ApS, just as jointly taxed companies with outstanding tax at a maximum pay surcharge in accordance with applicable rates for surcharges to the administrative company.

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## Notes

### Accounting policies (continued)

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#### Balance sheet

##### Property, plant and equipment

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

Cost comprises the acquisition price, costs directly attributable to the acquisition, and preparation costs of the asset until the date when it is ready to be put into operation. The cost of self-constructed assets comprises direct and indirect costs of materials, components, sub-suppliers, and wages and salaries.

The basis of depreciation is cost less expected residual value at the end of the useful life. Depreciation is provided according to the straight-line method, based on the following expected useful lives:

Buildings	20-25 years
Plant and machinery	5-20 years
Fixtures and fittings, other plant and equipment	3-7 years

Land is not depreciated.

Property, plant and equipment are written down to the recoverable amount if this is lower than the carrying amount.

Gains and losses on the disposal of property, plant and equipment are calculated as the difference between the selling price less selling costs and the carrying amount at the date of disposal. Gains or losses are recognized in the income statement as depreciation and impairment losses.

##### Intangible assets

On initial recognition, intangible assets are measured at cost.

Software is subsequently measured at cost less accumulated amortization. Software is amortised over 3 years.

Gains and losses on the disposal of intangible assets are calculated as the difference between the selling price less costs to sell and the carrying amount at the date of disposal. Gains and losses are recognized in the income statement as other operating income or other operating expenses, respectively.

##### Inventories

Inventories are measured at the lower of cost in accordance with the average cost formula and the net realizable value.

Goods for resale and raw materials and consumables are measured at cost, comprising purchase price plus delivery costs. Goods and work in progress are measured at cost, comprising the cost of raw materials, consumables, direct wages and salaries and indirect production overheads.

Indirect production overheads comprise indirect materials and wages and salaries as well as maintenance and depreciation and impairment losses regarding production machinery, buildings and equipment as well as factory administration and management. Financing costs are not included in the cost.

The net realizable value of inventories is determined taking into consideration estimated sales price less costs of completion and costs necessary to make the sale.

##### Receivables

Receivables are measured at amortized cost, usually equaling nominal value, less write-downs for bad debts.

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**Notes****Accounting policies (continued)**

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**Cash and cash equivalents**

Bank deposits and drawings on group cash pool are recognized as balances with group enterprises.

**Prepayments**

Prepayments comprise costs incurred concerning subsequent financial years.

**Equity - dividends**

Dividends are recognized as a liability at the date when they are adopted at the annual general meeting.

The proposed dividend payment for the financial year is disclosed as a separate item under equity.

**Other provisions**

Other provisions are recognized and measured as the best estimate of the expenses required to settle the liabilities at the balance sheet date.

Warranties comprise obligations to make good any errors and omissions within the warranty period.

**Lease obligations**

Operating lease payments are recognized in the income statement over the term of the lease.

**Financial liabilities**

Financial liabilities are recognized at amortized cost, which usually corresponds to nominal value.

**Corporation tax and deferred tax**

Current tax payable and receivable are recognized 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. Where alternative tax rules can be applied to determine the tax base, deferred tax is measured based on the planned use of the asset or settlement of the liability, respectively.

Deferred tax assets, including the tax value of tax loss carryforwards, are measured at the expected value of their utilisation; 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 realizable values.

Deferred tax is measured according to 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 due to changes in the tax rate are recognized in the income statement.

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## Notes

	2019 DKK'000	2018 DKK'000
<b>2 Special items</b>		
Special items comprise significant income and expenses of a special nature relative to the Company's revenue-generating operating activities, e.g. expenses incurred for extensive structuring of processes and basic structural adjustments as well as any related disposal gains and losses, that have a material impact over time. Special items also comprise significant one-off items that, in Management's opinion, do not form part of the Group's operating activities.		
As disclosed in the Management's review, the profit/loss for the year is affected by a number of matters that Management does not consider part of the operating activities.		
Special items for the year are specified below, including the line items in which they are recognised in the income statement.		
<b>Expenses</b>		
Losses from restructuring	994	0
<b>Special items are recognised in the below line items</b>		
Other operating expenses	994	0
<b>Net profit/loss from special items</b>	994	0
<b>3 Staff costs</b>		
Wages and salaries	10,445	9,561
Pensions	913	778
Other social security costs	318	472
	11,676	10,811
Average number of full-time employees	24	23
<b>4 Financial income</b>		
Interest income, group enterprises	17	14
Interest income, exchange rate gains, etc.	37	965
	54	979
<b>5 Financial expenses</b>		
Interest expenses, group enterprises	220	360
Interest expenses, exchange rate losses, etc.	498	651
	718	1,011
<b>6 Tax on profit/loss for the year</b>		
Adjustment of deferred tax	-1,489	-1,169
Joint taxation contribution for the year	2,255	1,509
	766	341



## Notes

### 7 Intangible assets

	Software DKK'000	Software (under construction) DKK'000
Cost at 1 January 2019	0	208
Additions for the year	71	0
Disposals for the year	0	0
Transfer	<u>208</u>	<u>-208</u>
Cost at 31 December 2019	279	0
Accumulated depreciation at 1 January 2019	<u>0</u>	<u>0</u>
Accumulated depreciation on sold assets	0	0
Depreciation of the year	<u>7</u>	<u>0</u>
Accumulated depreciation at 31 December 2019	<u>7</u>	<u>0</u>
Carrying amount at 31 December 2019	<u>272</u>	<u>0</u>



**8 Property, plant and equipment**

	Land and buildings DKK'000	Plant and machinery DKK'000	Fixtures and fittings, other plant and equipment DKK'000	Land and buildings under cons- truction DKK'000	Plant and machinery under cons- truction DKK'000	TOTAL FIXED ASSETS DKK'000
Cost at 1 January 2019	12,601	17,173	8,381	0	0	38.155
Additions for the year	480	125	210	140	35	990
Disposals for the year	0	-64	-217	0	0	-281
Cost at 31 December 2019	13,081	17,234	8.374	140	35	38.864
Accumulated depreciation at 1 January 2019	-9,634	-13,191	-6,927	0	0	-29.752
Accumulated depreciation on sold assets	0	64	217	0	0	281
Depreciation for the year	-22	-462	-452	0	0	-936
Accumulated depreciation at 31 December 2019	-9,656	-13,589	-7.162	0	0	-30.407
Carrying amount at 31 December 2019	3.425	3,645	1,212	140	35	8.457

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## Notes

### 9 Deferred tax asset

Management expects the tax assets to be utilised through future positive earnings in the joint taxation within 5 years, and Management has therefore assessed the recognition of the tax asset at 31 December 2019 in full to provide a true and fair view.

### 10 Equity

	2019 DKK'000	2018 DKK'000
The share capital comprises:		
35 shares of DKK'000 100 each	3,500	3,500
	3,500	3,500

There were no changes in the share capital for the past five years.  
No shares has special rights.

### 11 Contingent liabilities and other financial obligations

	2019 DKK'000	2018 DKK'000
<b>Lease liabilities</b>		
According to operating leases regarding copying machines, forklift trucks and cars, liabilities total	887	1,394

The remaining term is up to 4 years.

The Company is for the period 1 January – 31 December 2019 jointly taxed with the Danish affiliated companies within the BMI Group. The Company has joint and several unlimited liability for Danish withholding taxes on dividends, interest, royalties and corporation taxes within the joint taxation unit.

### 12 Related party disclosures

Related parties exercising control of Schiedel Skorstene ApS:

- The Company's principal shareholder, Schiedel GmbH & Co. KG, Munich, Germany as well as higher-ranking parents, including the ultimate parent company, G Holdings Inc, USA.

The group financial statements of BMI Group Holdings UK Limited, Great Britain, may be obtained for the BMI Group from the Group Communications Department or from the internet side <https://www.gov.uk/government/organisations/companies-house>.

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