

Skalflex A/S
Industrivej 20B, 8800 Viborg

Company reg. no. 17 10 47 99

Annual report
1 January - 31 December 2018



The annual report was submitted and approved by the general meeting on the 30 April 2019.

Eric Bergé
Chairman of the meeting

Notes to users of the English version of this document:

- To ensure the greatest possible applicability of this document, British English terminology has been used.
- Please note that decimal points remain unchanged from the Danish version of the document. This means that for instance DKK 146.940 is the same as the English amount of DKK 146,940, and that 23,5 % is the same as the English 23.5 %.

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Management's report

The board of directors and the managing director have today presented the annual report of Skalflex A/S for the financial year 1 January to 31 December 2018.

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

We consider the accounting policies used appropriate, and in our opinion the annual accounts provide a true and fair view of the company's assets and liabilities and its financial position at 31 December 2018 and of the company's results of its activities in the financial year 1 January to 31 December 2018.

We are of the opinion that the management's review includes a fair description of the issues dealt with.

The annual report is recommended for approval by the general meeting.

Viborg, 24 April 2019

Managing Director

Poul Jensen

Board of directors

Eric Charles Pierre Bergé
Chairman

Guillaume Emmanuel Marie Latil

Frédéric Simon Pierre Herbaut

Poul Jensen

Independent auditor's report

To the shareholders of Skalflex A/S

Opinion

We have audited the annual accounts of Skalflex A/S for the financial year 1 January to 31 December 2018, which comprise accounting policies used, profit and loss account, balance sheet and notes. The annual accounts are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the annual accounts 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 to 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 and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the below section "Auditor's responsibilities for the audit of the annual accounts". We are independent of the company in accordance with international ethics standards for accountants (IESBA's Code of Ethics) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these standards and requirements. We believe that the audit evidence obtained is sufficient and appropriate to provide a basis for our opinion.

The management's responsibilities for the annual accounts

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

In preparing the annual accounts, the management is responsible for evaluating the company's ability to continue as a going concern, and, when relevant, disclosing matters related to going concern and using the going concern basis of accounting when preparing the annual accounts, unless the management either intends to liquidate the company or to cease operations, or if it has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the annual accounts

Our objectives are to obtain reasonable assurance about whether the annual accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report including an opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with international standards on auditing and the additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements may arise due to fraud or error and may be considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions made by users on the basis of the annual accounts.

As part of an audit conducted in accordance with international standards on auditing and the additional requirements applicable in Denmark, we exercise professional evaluations and maintain professional scepticism throughout the audit. We also:

Independent auditor's report

- Identify and assess the risks of material misstatement in the annual accounts, whether due to fraud or error, design and perform audit procedures in response 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 the risk of not detecting a misstatement resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of the internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used by the management and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of the management's preparation of the annual accounts being based on the going concern principle and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may raise significant doubt about 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 annual accounts 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 annual accounts, including the disclosures in the notes, and whether the annual accounts reflect 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 the internal control that we identify during our audit.

Statement on the management's review

The management is responsible for the management's review.

Our opinion on the annual accounts does not cover the management's review, and we do not express any kind of assurance opinion on the management's review.

In connection with our audit of the annual accounts, our responsibility is to read the management's review and in that connection consider whether the management's review is materially inconsistent with the annual accounts or our knowledge obtained during the audit, or whether it otherwise appears to contain material misstatement.

Independent auditor's report

Furthermore, 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 believe that the management's review is in accordance with the annual accounts and that it has been prepared in accordance with the requirements of the Danish Financial Statement Acts. We did not find any material misstatement in the management's review.

Viborg, 24 April 2019

Ullits & Winther

State Authorised Public Accountants
Company reg. no. 32 09 32 72

Henrik Lundsgaard

State Authorised Public Accountant
mne27708

Company data

The company

Skalflex A/S
Industrivej 20B
8800 Viborg

Phone 8661 2299

Company reg. no. 17 10 47 99

Established: 18 May 1993

Domicile: Viborg

Financial year: 1 January - 31 December

Board of directors

Eric Charles Pierre Bergé, Chairman
Guillaume Emmanuel Marie Latil
Frédéric Simon Pierre Herbaut
Poul Jensen

Managing Director

Poul Jensen

Auditors

Ullits & Winther
Statsautoriseret Revisionspartnerselskab
Agerlandsvej 1
8800 Viborg

Parent company

Dry Mix Solutions ApS Denmark
Company reg. no. 36972378

Management's review

The principal activities of the company

Like previous years, the principal activity has been the production and sale of materials for surface treatment of buildings.

Events subsequent to the financial year

No events have occurred subsequent to the balance sheet date, which would have material impact on the financial position of the company.

Accounting policies used

The annual report for Skalflex A/S is presented in accordance with those regulations of the Danish Financial Statements Act concerning companies identified as class B enterprises.

The accounting policies used are unchanged compared to last year, and the annual accounts are presented in Danish kroner (DKK).

Recognition and measurement in general

Income is recognised in the profit and loss account concurrently with its realisation, including the recognition of value adjustments of financial assets and liabilities. Likewise, all costs, these including depreciation, amortisation, writedown, provisions, and reversals which are due to changes in estimated amounts previously recognised in the profit and loss account are recognised in the profit and loss account.

Assets are recognised in the balance sheet when the company is liable to achieve future, financial benefits and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when the company is liable to lose future, financial benefits and the value of the liability can be measured reliably.

At the first recognition, assets and liabilities are measured at cost. Later, assets and liabilities are measured as described below for each individual accounting item.

At recognition and measurement, such predictable losses and risks are taken into consideration, which may appear before the annual report is presented, and which concerns matters existing on the balance sheet date.

The profit and loss account

Gross profit

The gross profit comprises the net turnover, changes in inventories of finished goods and work in progress, work performed for own purposes and capitalised, other operating income, and external costs.

The net turnover is recognised in the profit and loss account if delivery and risk transfer to the buyer have taken place before the end of the year, and if the income can be determined reliably and is expected to be received. The net turnover is recognised exclusive of VAT and taxes and with the deduction of any discounts granted in connection with the sale.

Costs of sales includes costs for the purchase of raw materials and consumables less discounts and changes in inventories.

Other external costs comprise costs for distribution, sales, advertisement, administration, premises and loss on debtors.

Accounting policies used

Staff costs

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

Depreciation, amortisation and writedown

Depreciation, amortisation and writedown comprise depreciation, amortisation and writedown for the year and gains and losses on disposal of intangible and tangible fixed assets.

Net financials

Net financials comprise interest, realised and unrealised capital gains and losses concerning financial assets and liabilities, amortisation of financial assets and liabilities, additions and reimbursements under the Danish tax prepayment scheme, etc. Financial income and expenses are recognised in the profit and loss account with the amounts that concerns the financial year.

Tax of the results for the year

The tax for the year comprises the current tax for the year and the changes in deferred tax, and it is recognised in the profit and loss account with the share referring to the results for the year and directly in the equity with the share referring to entries directly on the equity.

The company is subject to the Danish legislation concerning compulsory joint taxation with the Danish group enterprises.

The current Danish corporate tax is allocated among the jointly taxed companies in proportion to their respective taxable income (full allocation with reimbursement of tax losses).

The balance sheet

Tangible fixed assets

Land and buildings are measured at cost with deduction of accrued depreciation and writedown. Land is not depreciated.

Other tangible fixed assets are measured at cost with deduction of accrued depreciation and writedown.

The basis of depreciation is cost with deduction of any expected residual value after the end of the useful life of the asset. The amortisation period and the residual value are determined at the acquisition date and reassessed annually. If the residual value exceeds the book value, the amortisation discontinues.

If the amortisation period or the residual value is changed, the effect on amortisation will in the future be recognised as a change in the accounting estimates.

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

Accounting policies used

Depreciation takes place on a straight line basis and based on an evaluation of the expected useful life:

	<i>Useful life</i>
<i>Buildings</i>	<i>40 years</i>
<i>Production plants and machinery</i>	<i>5-10 years</i>
<i>Other plants, operating assets, fixtures and furniture</i>	<i>3-6 years</i>

Minor assets with an expected useful life of less than 1 year are recognised as costs in the profit and loss account in the year of acquisition.

Profit or loss deriving from the sales of tangible fixed assets is measured as the difference between the sales price reduced by the selling costs and the book value at the time of the sale. Profit or loss is recognised in the profit and loss account under depreciation.

As regards assets of own production, the cost comprises direct costs for materials, components, deliveries from sub-suppliers, payroll costs, and borrowing costs form specific and general borrowing concerning the construction of each individual asset.

Inventories

Inventories are measured at cost on basis of the FIFO method. In case the net realisable value of the inventories is lower than the cost, writedown takes place to this lower value.

The cost for trade goods, raw materials, and consumables comprises the acquisition cost with the addition of the delivery costs.

The cost for manufactured goods comprises the cost for raw materials, consumables, direct wages, and other direct costs.

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

Debtors

Debtors are measured at their nominal value. In order to meet expected losses, writedown takes place at the net realisable value.

Accrued income and deferred expenses

Accrued income and deferred expenses recognised under assets comprise incurred costs concerning the next financial year.

Securities and equity investments

Securities and equity investments recognised as current assets are measured at fair value on the balance sheet date.

Accounting policies used

Available funds

Available funds comprise cash at bank and in hand.

Equity

Dividend

Dividend expected to be distributed for the year is recognised as a separate item under the equity. Proposed dividend is recognised as a liability at the time of approval by the general meeting (the time of declaration).

Corporate tax and deferred tax

Current tax receivable and tax liabilities are recognised in the balance sheet at the amount calculated on the basis of the expected taxable income for the year adjusted for tax on previous years' taxable income and prepaid taxes. Tax receivable and tax liabilities are set off to the extent that legal right of set-off exists and if the items are expected to be settled net or simultaneously.

According to the rules of joint taxation, Skalflex A/S is unlimited, jointly and severally liable towards the Danish tax authorities for the total corporation tax, including withholding tax on interest, royalties and dividends, arising within the jointly taxed group of companies.

Deferred tax is measured on the basis of all temporary differences in assets and liabilities with a balance sheet focus.

Deferred tax is measured based on the tax rules and tax rates applying under the legislation on the balance sheet date and prevailing when the deferred tax is expected to be released as current tax.

Liabilities

Financial liabilities related to mortgage credit institutions and financial institutions are measured at their nominal value.

Other liabilities are measured at their nominal value.

Profit and loss account 1 January - 31 December

All amounts in DKK.

<u>Note</u>	<u>2018</u>	<u>2017</u>
Gross profit	28.268.888	27.906.757
1 Staff costs	-13.315.829	-12.917.470
Depreciation and writedown relating to tangible fixed assets	-1.278.305	-1.475.944
Operating profit	13.674.754	13.513.343
Financial income from group enterprises	81.753	92.062
Financial income	1.456	14.210
Financial costs	-202.805	-778.763
Results before tax	13.555.158	12.840.852
2 Tax on ordinary results	-2.990.099	-2.832.886
Results for the year	10.565.059	10.007.966
Proposed distribution of the results:		
Dividend for the financial year	7.500.000	10.000.000
Allocated to results brought forward	3.065.059	7.966
Distribution in total	10.565.059	10.007.966

Balance sheet 31 December

All amounts in DKK.

<u>Note</u>	<u>2018</u>	<u>2017</u>
Assets		
Fixed assets		
3 Land and property	24.714.658	25.336.285
3 Production plants and machinery	736.183	869.420
3 Other plants, operation assets, fixtures and furniture	847.576	771.128
Tangible fixed assets in total	<u>26.298.417</u>	<u>26.976.833</u>
Fixed assets in total	<u>26.298.417</u>	<u>26.976.833</u>
Current assets		
Raw materials and consumables	6.105.399	5.264.057
Manufactured goods and trade goods	8.391.584	8.299.870
Inventories in total	<u>14.496.983</u>	<u>13.563.927</u>
Trade debtors	19.616.396	11.874.499
Amounts owed by group enterprises	5.021.111	10.000.000
Other debtors	230.632	69.328
Accrued income and deferred expenses	313.891	220.982
Debtors in total	<u>25.182.030</u>	<u>22.164.809</u>
Other securities and equity investments	29.165	43.797
Securities in total	<u>29.165</u>	<u>43.797</u>
Available funds	<u>3.064.593</u>	<u>2.977.870</u>
Current assets in total	<u>42.772.771</u>	<u>38.750.403</u>
Assets in total	<u>69.071.188</u>	<u>65.727.236</u>

Balance sheet 31 December

All amounts in DKK.

<u>Note</u>	<u>2018</u>	<u>2017</u>
Equity and liabilities		
Equity		
4	500.000	500.000
5	32.502.715	29.437.656
6	7.500.000	10.000.000
	<u>40.502.715</u>	<u>39.937.656</u>
Provisions		
	762.000	748.000
	<u>762.000</u>	<u>748.000</u>
Liabilities		
	14.842.348	15.891.220
	<u>14.842.348</u>	<u>15.891.220</u>
7	1.038.000	732.000
	4.657.783	4.077.627
	574.886	0
	633.099	687.886
	6.060.357	3.652.847
	<u>12.964.125</u>	<u>9.150.360</u>
	<u>27.806.473</u>	<u>25.041.580</u>
	<u>69.071.188</u>	<u>65.727.236</u>
8	Mortgage and securities	
9	Contingencies	

Notes

All amounts in DKK.

	<u>2018</u>	<u>2017</u>	
1. Staff costs			
Salaries and wages	12.224.940	11.923.171	
Pension costs	341.512	348.823	
Other costs for social security	216.342	219.791	
Other staff costs	533.035	425.685	
	<u>13.315.829</u>	<u>12.917.470</u>	
 Average number of employees	 <u>24</u>	 <u>24</u>	
2. Tax on ordinary results			
Tax of the results for the year	2.976.099	2.987.886	
Adjustment for the year of deferred tax	14.000	-155.000	
	<u>2.990.099</u>	<u>2.832.886</u>	
3. Tangible fixed assets			
	<u>Land and property</u>	<u>Production plants and machinery</u>	<u>Other plants, operating assets, fixtures and furniture</u>
Cost opening balance	33.552.018	15.427.143	3.172.361
Additions	0	256.701	367.445
Disposals	0	-553.082	-746.454
Cost Closing balance	<u>33.552.018</u>	<u>15.130.762</u>	<u>2.793.352</u>
Amortisation and writedown opening balance	8.215.733	14.557.723	2.401.233
Depriciation / amortisation for the period	621.627	389.938	233.093
Depreciations and writedown, assets disposed of	0	-553.082	-688.550
Amortisation and writedown Closing balance	<u>8.837.360</u>	<u>14.394.579</u>	<u>1.945.776</u>
Book value Closing balance	<u>24.714.658</u>	<u>736.183</u>	<u>847.576</u>
 Public land assessment value as at 1 October 2018	 <u>27.500.000</u>		

Notes

All amounts in DKK.

	<u>31/12 2018</u>	<u>31/12 2017</u>		
4. Contributed capital				
Contributed capital opening balance	500.000	500.000		
	<u>500.000</u>	<u>500.000</u>		
5. Results brought forward				
Results brought forward opening balance	29.437.656	29.429.690		
Profit or loss for the year brought forward	3.065.059	7.966		
	<u>32.502.715</u>	<u>29.437.656</u>		
6. Proposed dividend for the financial year				
Dividend opening balance	10.000.000	10.000.000		
Distributed dividend	-10.000.000	-10.000.000		
Dividend for the financial year	7.500.000	10.000.000		
	<u>7.500.000</u>	<u>10.000.000</u>		
7. Liabilities				
	Instalments	Outstanding	Debt in total	Debt in total
	first year	debt after	31 Dec 2018	31 Dec 2017
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Mortgage debt	1.038.000	10.663.000	15.880.348	16.623.220
	<u>1.038.000</u>	<u>10.663.000</u>	<u>15.880.348</u>	<u>16.623.220</u>

Notes

All amounts in DKK.

8. Mortgage and securities

In addition to mortgage debt of TDKK 15.880 the company holds land and property with an book value of TDKK 24.715, which is provided as security for debt to credit institution by means of a mortgages registered to the owners of TDKK 1.200 and a letter of indemnity of TDKK 800.

9. Contingencies

Contingent liabilities

Service and warranty commitments ordinary within the sector are incumbent on the company.

Leasing liabilities:

The company has entered into operational leasing contracts with an average annual leasing payment of TDKK 26. The leasing contracts have 24-32 months left to run, and the total outstanding leasing payment is TDKK 62.

Other contingent liabilities:

The company have entered into signed lease agreements with up to 4 years tenure and a residual maturity of 5 years with a total rental commitment of TDKK 2.521.

Joint taxation

Dry Mix Solutions ApS Denmark, company reg. no 36 97 23 78 being the administration company, the company is subject to the Danish scheme of joint taxation and it is proportionally liable for tax claims within the jointly taxation scheme..

The company is proportionally liable for any obligation to withhold tax on interest, royalties and dividends of the jointly taxed companies.

The liabilities amount to a maximum corresponding to that share of the company capital, which is owned directly or indirectly by the ultimate parent company.