

ANNUAL REPORT

1. January 2018 - 31. December 2018

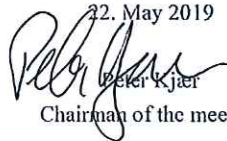
NEW-COAT A/S

Industriskellet 6
3540 Lyngø

CVR-No. 18 94 29 41
23. report

The Annual Report has been presented and
approved by the Annual General Meeting

22. May 2019



Peter Kjær
Chairman of the meeting

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Company:

New-Coat A/S
Industriskellet 6
3540 Lyngø

Board of Directors:

Sebastian Kjær
Vivi Kjær
Peter Kjær

Executive Board:

Peter Kjær

Lawyer:

Knop & Co Advokater
Pilestræde 45, 5. sal
1112 København K

Bank:

BankNordik
Amagerbrogade 25
2300 København S

Auditor:

Lægård Revision
State Authorised Public Accountant
Østerbrogade 62
2100 København Ø

Parent Company:

New-Coat Holding ApS
CVR-No. 27 51 37 27

Today the Board of Directors and the Executive Board presented the Annual Report for 2018 of New-Coat A/S.

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

We find the accounting policies applied appropriate, and the Annual Report therefore provides a true and fair view of the Company's assets, liabilities and equity, financial position and results of the company. In our opinion, the Management's Review includes a true and fair description of the matters mentioned in the review.

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

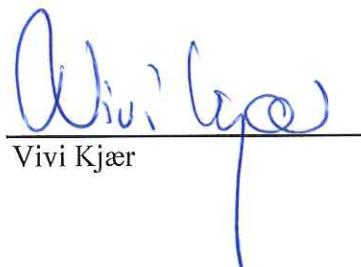
Lynge, 19. May 2019.

Executive Board


Peter Kjær

Board of Directors


Sebastian Kjær


Vivi Kjær


Peter Kjær

To the shareholders of New-Coat A/S.

Opinion:

We have audited the Financial Statements of New-Coat A/S for the financial year 1. January - 31. December 2018, which comprise income statement, balance sheet and notes, including a summary of significant accounting policies, for the Company. 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 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

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 Re-sponsibilities 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 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 about 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 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 of accounting information taken 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 judgment and maintain professional skepticism 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 over-ride 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 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.

Auditor's Responsibilities for the Audit of the Financial Statements - continued:

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 Management's Review:

Management is responsible for Management's Review.

Our opinion on the 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 Financial Statements, our responsibility is to read Management's Review and, in doing so, consider whether 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 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 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 Management's Review.

København, 19. May 2019.

Lægård Revision, CVR-No. 18 43 70 82

Statsautoriseret revisionsfirma



Kurt Lægård

State Authorised Public Accountant

MNE-nr. mne15013

Principal activity:

The purpose of New-Coat A/S is to trading and industrial activities and related services.

Development in activities and financial affairs:

The results of operations for the year showed satisfactory results and has fulfilled the expectations for the year. We expect a positive development again in the next financial year, so the company's equity will be strengthened through the next year's earnings.

The annual report of New-Coat A/S for 2018 has been presented in accordance with the provisions of the Danish Financial Statements Act regarding reporting medium-sized class B enterprises with the adoption of some rule for class C enterprises.

The significant areas of the accounting policies, which are presented using the same policies as last year, are mentioned below.

GENERALLY REGARDING RECOGNITION AND MEASUREMENT

Income is recognised in the Income Statement as earned, including value adjustments of financial assets and liabilities. Likewise, all expenses including depreciation/amortisation, impairment losses, and reversals which are due to changes in estimated amounts previously recognised in the Income Statement, are recognised in the Income Statement.

Assets are recognised in the balance sheet when it is probable that future economic benefits will flow to the Company and when the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when it is probable that the future economic benefits will flow out of the Company and when the measurement of the value of the liability is reliable.

On initial recognition, assets and liabilities are recognised at cost. Subsequently, assets and liabilities are measured as described below for each item.

Allowances are made for predictable losses and risks that arise before the presentation of the Annual Report and that confirm or invalidate circumstances that existed at the balance sheet date.

The carrying value of the tangible fixed assets, are reviewed annually to determine, if there are any indication of impairment, besides what is determined as normal depreciation. If this is the case, the assets will be written down to its recoverable amount.

THE INCOME STATEMENT

Gross income:

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

Revenue

Revenue is recognised less VAT and taxes and with the deduction of any discounts granted in connection with the sale.

Other operating income or other operating expenses:

Other operating income or other operating expenses comprises items of a secondary activity, including profit and losses on sale of intangible and tangible fixed assets.

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.

Other external costs

Other external costs include costs relating to distribution, sale, advertising, administration, premises, loss on bad debts, operating lease expenses and similar expenses.

Financials:

Financial income and expenses are recognised in the income statement, with the amounts concerning the financial year. Financials includes interest income and expenses.

Tax on results for the year:

Tax on results for the year which comprises current tax and changes in deferred tax, is recognised in the Income Statement with the portion of taxes related to the taxable income for the year, whereas the portion attributable to entries on equity is recognised directly in equity.

ASSETS:**Intangible fixed assets:**

Patents are measured at the lower of cost less accumulated amortisation or the recoverable amount. Patents are amortised over the residual patent term, however, no more than 5 years.

Development costs is recognised in the income statement as costs in the year of acquisition.

Tangible fixed assets:

Fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation.

The depreciable amount is cost less expected residual value after the end of the asset's life.

Cost includes the purchase price, as well as expenses directly attributable to the acquisition, up until the moment the asset is ready to be commissioned.

Assets are depreciated under the straight-line method over the expected useful lives of the assets. The depreciation periods are as follows:

	Operating time	<u>Scrap value</u>
Leasehold improvements	3-10 years	0%
Other plants, fixtures and equipment	3-10 years	0%

Small assets are recognised as costs in the Income Statement in the year of acquisition.

Profits and losses arising from disposal of plant and equipment are stated as the difference between the selling price less the selling costs and the carrying amount of the asset at the time of the disposal. Profits and losses are recognised in the Income Statement under depreciation.

Financial fixed assets:

Financial fixed assets are measured on the balance sheet date at fair value.

Inventories:

Inventories are measured at cost on basis of "first in - first out" (FIFO) accounting. If the net realisable value is lower than cost, write-down is provided 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 direct production cost.

The net realisable value of inventories is stated at sales price less completion costs and costs incurred to execute the sale and is determined with due regard to marketability, obsolescence and development in expected sales price.

Receivables:

Receivables are measured at amortised cost which usually equals nominal value. In order to meet expected losses, write-down takes place at the net realisable value.

Cash funds:

Cash equivalents consist of bank deposits. Cash and cash equivalents are carried at fair value.

LIABILITIES:**Dividends:**

Dividends 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 annual general meeting.

Tax payable and deferred tax:

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

Deferred tax is measured according to the balance sheet liability method in respect of temporary differences between the carrying amount and the tax base of assets and liabilities. In cases, e.g. in respect of shares in which the statement of the tax base can be made according to alternative taxation rules, deferred tax is measured on the basis of 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 realisable value, either by elimination in tax on future earnings or by set-off against deferred tax liabilities within the same legal tax entity and jurisdiction. Any deferred net tax assets are measured at net realisable value.

Deferred tax is measured on the basis of the tax rules and tax rates in force at the balance sheet date when the deferred tax is expected to crystallise as current tax.

Liabilities:

Liabilities concerning debts to suppliers and other debts are measured at amortised cost which usually corresponds to the nominal value.

Translation of foreign currency:

Transactions in foreign currencies are translated into a fixed average price. Exchange differences arising between the average price and the date of payment are recognized in the income statement as a financial income/expense. If currency transactions are considered future cash flow hedges, the value adjustments are recognized directly in equity.

Receivables, payables and other monetary items in foreign currencies that have not been settled at the financial reporting date are measured at the financial reporting date exchange rate. The difference between the exchange rate on the financial reporting date and the exchange rate at the time the receivable or payable are recognized, gets measured in the income statement under financial income and expenses.

INCOME STATEMENT 1. JANUARY - DECEMBER 2018

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<u>Note</u>	<u>2018</u>	<u>2017</u>
GROSS PROFIT	4.896.678	5.166.657
1 Staff costs	<u>-4.282.595</u>	<u>-4.018.911</u>
PROFIT (LOSS) FROM ORDINARY OPERATING ACTIVITIES	614.083	1.147.746
Depreciation, amortisation expense and impairment losses	<u>-150.178</u>	<u>-209.264</u>
PROFIT/LOSS BEFORE INTEREST AND TAX	463.905	938.482
2 Financial income	108.650	91.147
Financial expenses	<u>-316.260</u>	<u>-274.013</u>
PROFIT/LOSS BEFORE TAX	256.294	755.617
Tax on profit for the year	<u>-69.284</u>	<u>-186.283</u>
<u>PROFIT/LOSS AFTER TAX</u>	<u>187.010</u>	<u>569.334</u>
 PROPOSED DISTRIBUTION OF PROFIT		
Reserve for development costs	91.411	0
Retained earnings	<u>95.599</u>	<u>569.334</u>
<u>TOTAL DISTRIBUTION</u>	<u>187.010</u>	<u>569.334</u>

BALANCE SHEET AS AT 31. DECEMBER 2018
ASSETS

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<u>Note</u>	<u>31/12 2018</u>	<u>31/12 2017</u>
Completed development projects, including concessions, patents, trademarks and similar rights that originate from development projects	143.508	78.065
INTANGIBLE ASSETS	<u>143.508</u>	<u>78.065</u>
Leasehold improvements	39.736	51.962
3 Other fixtures and fittings, tools and equipment	<u>237.565</u>	<u>286.471</u>
TANGIBLE ASSETS	<u>277.301</u>	<u>338.433</u>
Other receivables	<u>49.218</u>	<u>49.218</u>
FINANCIAL ASSETS	<u>49.218</u>	<u>49.218</u>
NON-CURRENT ASSETS	<u>470.027</u>	<u>465.717</u>
INVENTORIES	<u>3.291.312</u>	<u>3.336.219</u>
Trade receivables	4.400.446	4.598.819
4 Receivables from group enterprises	2.617.803	2.303.829
Deferred Tax	921	39.208
Other receivables	<u>45.205</u>	<u>29.122</u>
RECEIVABLES	<u>7.064.375</u>	<u>6.970.978</u>
CASH AND CASH EQUIVALENTS	<u>93.696</u>	<u>24.551</u>
CURRENT ASSETS	<u>10.449.383</u>	<u>10.331.748</u>
TOTAL ASSETS	<u><u>10.919.410</u></u>	<u><u>10.797.464</u></u>

BALANCE SHEET AS AT 31. DECEMBER 2018
LIABILITIES

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<u>Note</u>	<u>31/12 2018</u>	<u>31/12 2017</u>
Contributed capital	500.000	500.000
Reserve for development costs	91.411	0
Retained earnings	1.475.582	1.379.983
Proposed dividend for the financial year	0	0
EQUITY	2.066.993	1.879.983
Short-term debt to banks	2.779.230	202.258
Trade payables	3.911.619	5.555.273
Short-term tax payables	30.998	184.206
Other payables	2.130.571	2.975.745
SHORT-TERM LIABILITIES	8.852.418	8.917.481
LIABILITIES	8.852.418	8.917.481
LIABILITIES AND EQUITY	10.919.410	10.797.464

- 3 Charges and securities
- 5 Contingent assets and Contingent liabilities

1	<u>Staff costs</u>	<u>2018</u>	<u>2017</u>
	Wages and salaries	3.859.591	3.611.904
	Pensions	288.390	243.192
	Other social security contributions	54.905	55.032
	Other employee costs	79.710	108.783
	<u>TOTAL</u>	<u>4.282.595</u>	<u>4.018.911</u>
	<u>Average number of employees</u>	<u>8</u>	<u>7</u>

2	<u>Financial income</u>	<u>2018</u>	<u>2017</u>
	Interest income, group enterprises	105.740	88.800
	Other financial income	2.910	2.347
	<u>TOTAL</u>	<u>108.650</u>	<u>91.147</u>

3 Charges and securities

Mortgage, nominal kr. 3.780.000, in the company's assets with a balance sheet value of kr. 8.112.566, is deposited as security for the commitment with banks.

4 Receivables from group enterprises

Receivables from group enterprises, consisting of intercompany account relations, kr. 2.617.803 is due for payment more than one year from the balance sheet date.

5 Contingent assets and Contingent liabilities

The Company is jointly and severally liable for the corporate tax of the Group's jointly taxed income and for certain withholding tax as dividend tax and royalties tax. The total corporation tax is stated in the annual report for New-Coat Holding ApS, CVR No. 27 51 37 27, which is management company in relation to the joint taxation. Any subsequent corrections of joint taxation income and withholding taxes, etc. could result in the company's liability amounting to a larger amount.