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Algol Chemicals ApS
Bredgade 30
1260 København K
Business Registration No
28296746

Annual report 2017

The Annual General Meeting adopted the annual report on 31.05.2018

Chairman of the General Meeting

Name: Robert Alexander Bargum

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Entity details

Entity

Algol Chemicals ApS
Bredgade 30
1260 København K

Central Business Registration No (CVR): 28296746

Registered in: København

Financial year: 01.01.2017 - 31.12.2017

Board of Directors

Juha Jokinen, Chairman
Thomas Ekström
Nils Frederik Hansson

Executive Board

Thomas Ekström, CEO

Auditors

Deloitte Statsautoriseret Revisionspartnerselskab
Weidekampsgade 6
Postboks 1600
0900 København C

Statement by Management on the annual report

The Board of Directors and the Executive Board have today considered and approved the annual report of Algol Chemicals ApS for the financial year 01.01.2017 - 31.12.2017.

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

In our opinion, the financial statements give a true and fair view of the Entity's financial position at 31.12.2017 and of the results of its operations for the financial year 01.01.2017 - 31.12.2017.

We believe that the management commentary contains a fair review of the affairs and conditions referred to therein.

We recommend the annual report for adoption at the Annual General Meeting.

Copenhagen, 31.05.2018

Executive Board

Thomas Ekström
CEO

Board of Directors

Juha Jokinen
Chairman

Thomas Ekström

Nils Frederik Hansson

Independent auditor's report

Til kapitalejeren i Algol Chemicals ApS

Opinion

We have audited the financial statements of Algol Chemicals ApS for the financial year 01.01.2017 - 31.12.2017, which comprise the income statement, balance sheet, statement of changes in equity and notes, including a summary of significant 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 Entity's financial position at 31.12.2017 and of the results of its operations for the financial year 01.01.2017 - 31.12.2017 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 this auditor's report. We are independent of the Entity in accordance with the International Ethics Standards Board of 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 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 Entity's ability to continue as a going concern, for disclosing, as applicable, matters related to going concern, and for using the going concern basis of accounting in preparing the financial statements unless Management either intends to liquidate the Entity 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 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 judgement and maintain professional scepticism throughout the audit. We also:

Independent auditor's report

- 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.
- 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 Entity'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 Entity'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 Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures in the notes, 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 commentary

Management is responsible for the management commentary.

Our opinion on the financial statements does not cover the management commentary, 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 commentary and, in doing so, consider whether the management commentary is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether the management commentary provides the information required under the Danish Financial Statements Act.

Independent auditor's report

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

Copenhagen, 31.05.2018

Deloitte

Statsautoriseret Revisionspartnerselskab
Central Business Registration No (CVR) 33963556

Flemming Larsen
State Authorised Public Accountant
Identification No (MNE) mne27790

Management commentary

Primary activities

The activity of the Company is wholesale trading with chemicals.

Development in activities and finances

The result of the year is a loss of DKK 14,507.

Management expects a positive result for the year 2018.

Begivenheder efter balancedagen

No events have occurred after the balance sheet date to this date, which would influence the evaluation of this annual report.

Income statement for 2017

	<u>Notes</u>	<u>2017 DKK</u>	<u>2016 DKK</u>
Revenue		30.297.310	31.219.752
Other operating income		0	897.707
Costs of raw materials and consumables		(26.700.977)	(27.387.779)
Other external expenses		<u>(2.655.391)</u>	<u>(3.320.151)</u>
Gross profit/loss		940.942	1.409.529
Staff costs	1	(871.733)	(1.270.990)
Depreciation, amortisation and impairment losses		<u>(24.460)</u>	<u>(90.130)</u>
Operating profit/loss		44.749	48.409
Other financial income	2	9.359	6.377
Other financial expenses	3	<u>(61.188)</u>	<u>(114.214)</u>
Profit/loss before tax		(7.080)	(59.428)
Tax on profit/loss for the year	4	<u>(7.427)</u>	<u>(7.180)</u>
Profit/loss for the year		<u>(14.507)</u>	<u>(66.608)</u>
Proposed distribution of profit/loss			
Retained earnings		<u>(14.507)</u>	<u>(66.608)</u>
		<u>(14.507)</u>	<u>(66.608)</u>

Balance sheet at 31.12.2017

<u>Notes</u>	<u>2017 DKK</u>	<u>2016 DKK</u>
Acquired intangible assets	48.921	0
Intangible assets	48.921	0
 Fixed assets	 48.921	 0
Manufactured goods and goods for resale	6.255.315	1.924.071
Inventories	6.255.315	1.924.071
Trade receivables	2.733.746	3.003.707
Receivables from group enterprises	19.297	957.787
Other receivables	0	12.136
Prepayments	9.249	2.082
Receivables	2.762.292	3.975.712
 Cash	 11.249	 918.115
 Current assets	 9.028.856	 6.817.898
 Assets	 9.077.777	 6.817.898

Balance sheet at 31.12.2017

	<u>Notes</u>	<u>2017 DKK</u>	<u>2016 DKK</u>
Contributed capital	5	127.000	127.000
Retained earnings		<u>661.410</u>	<u>675.917</u>
Equity		<u>788.410</u>	<u>802.917</u>
Bank loans		2.752.926	0
Trade payables		2.267.235	1.981.223
Payables to group enterprises		1.596.159	2.640.093
Income tax payable		89.139	0
Joint taxation contribution payable		2.059	7.180
Other payables	6	<u>1.581.849</u>	<u>1.386.485</u>
Current liabilities other than provisions		<u>8.289.367</u>	<u>6.014.981</u>
Liabilities other than provisions		<u>8.289.367</u>	<u>6.014.981</u>
Equity and liabilities		<u>9.077.777</u>	<u>6.817.898</u>
Contingent liabilities	7		

Statement of changes in equity for 2017

	Contributed capital DKK	Retained earnings DKK	Total DKK
Equity beginning of year	127.000	675.917	802.917
Profit/loss for the year	0	(14.507)	(14.507)
Equity end of year	127.000	661.410	788.410

Notes

	2017	2016
	DKK	DKK
1. Staff costs		
Wages and salaries	788.118	1.156.158
Pension costs	72.189	91.474
Other social security costs	11.426	23.024
Other staff costs	0	334
	871.733	1.270.990
Average number of employees	1	
	2017	2016
	DKK	DKK
2. Other financial income		
Other interest income	422	0
Exchange rate adjustments	8.937	6.377
	9.359	6.377
	2017	2016
	DKK	DKK
3. Other financial expenses		
Other interest expenses	54.845	68.266
Exchange rate adjustments	6.343	45.948
	61.188	114.214
	2017	2016
	DKK	DKK
4. Tax on profit/loss for the year		
Current tax	2.059	7.180
Adjustment concerning previous years	5.368	0
	7.427	7.180
	Number	Par value
	DKK	Nominal value
	DKK	DKK
5. Contributed capital		
Anpartskapital	127	1000
	127	127.000

Notes

	2017	2016
	DKK	DKK
6. Other payables		
VAT and duties	1.416.965	1.115.244
Wages and salaries, personal income taxes, social security costs, etc payable	21.219	26.257
Holiday pay obligation	47.665	132.306
Other costs payable	96.000	112.678
	1.581.849	1.386.485

7. Contingent liabilities

The guarantee of payment is related to the company's ultimate parent company Algol Oy and its EUR 12.000.000 overdraft facility with the group's bank connection. The overdraft facility constitutes the base of the Algol Group cash pool. The Company and other Algol Group companies having an internal overdraft facility within the Group cash have each given the bank a guarantee covering the Algol Oy cash pool account liability in addition to other collateral provided by Algol Oy. As of 31.12.2017 the overdraft comprised of DKK 71.240.323.

The Entity serves as the administration company in a Danish joint taxation arrangement. According to the joint taxation provisions of the Danish Corporation Tax Act, the Entity is therefore liable for income taxes etc for the jointly taxed entities, and for obligations, if any, relating to the withholding of tax on interest, royalties and dividend for these entities.

Accounting policies

Reporting class

This annual report has been presented in accordance with the provisions of the Danish Financial Statements Act governing reporting class B enterprises.

The accounting policies applied to these financial statements are consistent with those applied last year.

Recognition and measurement

Assets are recognised in the balance sheet when it is probable as a result of a prior event that future economic benefits will flow to the Entity, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when the Entity has a legal or constructive obligation as a result of a prior event, and it is probable that future economic benefits will flow out of the Entity, and the value of the liability can be measured reliably.

On initial recognition, assets and liabilities are measured at cost. Measurement subsequent to initial recognition is effected as described below for each financial statement item.

Anticipated risks and losses that arise before the time of presentation of the annual report and that confirm or invalidate affairs and conditions existing at the balance sheet date are considered at recognition and measurement.

Income is recognised in the income statement when earned, whereas costs are recognised by the amounts attributable to this financial year.

Foreign currency translation

On initial recognition, foreign currency transactions are translated applying the exchange rate at the transaction date. Receivables, payables and other monetary items denominated in foreign currencies that have not been settled at the balance sheet date are translated using the exchange rate at the balance sheet date. Exchange differences that arise between the rate at the transaction date and the rate in effect at the payment date, or the rate at the balance sheet date, are recognised in the income statement as financial income or financial expenses. Property, plant and equipment, intangible assets, inventories and other non-monetary assets that have been purchased in foreign currencies are translated using historical rates.

Income statement

Revenue

Revenue from the sale of goods for resale is recognised in the income statement when delivery is made and risk has passed to the buyer. Revenue is recognised net of VAT, duties and sales discounts and is measured at fair value of the consideration fixed.

Other operating income

Other operating income comprises income of a secondary nature as viewed in relation to the Entity's primary activities.

Accounting policies

Costs of raw materials and consumables

Costs of raw materials and consumables comprise the consumption of raw materials and consumables for the financial year after adjustment for changes in inventories of these goods from the beginning to the end of the year. This item includes shrinkage, if any, and ordinary writedowns of the relevant inventories.

Other external expenses

Other external expenses include expenses relating to the Entity's ordinary activities, including expenses for premises, stationery and office supplies, marketing costs, etc. This item also includes writedowns of receivables recognised in current assets.

Staff costs

Staff costs comprise salaries and wages as well as social security contributions, pension contributions, etc for entity staff.

Depreciation, amortisation and impairment losses

Depreciation, amortisation and impairment losses relating to property, plant and equipment and intangible assets comprise depreciation, amortisation and impairment losses for the financial year, calculated on the basis of the residual values and useful lives of the individual assets and impairment testing as well as gains and losses from the sale of intangible assets as well as property, plant and equipment.

Other financial income

Other financial income comprises interest income, including interest income on receivables from group enterprises, payables and transactions in foreign currencies as well as tax relief under the Danish Tax Prepayment Scheme etc.

Other financial expenses

Other financial expenses comprise interest expenses, including interest expenses on payables to group enterprises, payables and transactions in foreign currencies, amortisation of financial liabilities as well as tax surcharge under the Danish Tax Prepayment Scheme etc.

Tax on profit/loss for the year

Tax for the year, which consists of current tax for the year and changes in deferred tax, is recognised in the income statement by the portion attributable to the profit for the year and recognised directly in equity by the portion attributable to entries directly in equity.

Balance sheet

Intellectual property rights etc

Intellectual property rights etc comprise acquired intellectual property rights.

Intellectual property rights acquired are measured at cost less accumulated amortisation. Patents are amortised over their remaining duration, and licences are amortised over the term of the agreement.

Intellectual property rights etc are written down to the lower of recoverable amount and carrying amount.

Accounting policies

Inventories

Inventories are measured at the lower of cost using the FIFO method and net realisable value.

Cost consists of purchase price plus delivery costs.

The net realisable value of inventories is calculated as the estimated selling price less completion costs and costs incurred to execute sale.

Receivables

Receivables are measured at amortised cost, usually equalling nominal value less writedowns for bad and doubtful debts.

Prepayments

Prepayments comprise incurred costs relating to subsequent financial years. Prepayments are measured at cost.

Cash

Cash comprises cash in hand and bank deposits.

Other financial liabilities

Other financial liabilities are measured at amortised cost, which usually corresponds to nominal value.

Income tax receivable or payable

Current tax receivable or payable is recognised in the balance sheet, stated as tax computed on this year's taxable income, adjusted for prepaid tax.

Joint taxation contributions payable or receivable

Current joint taxation contributions receivable or joint taxation contributions payable are recognised in the balance sheet, calculated as tax computed on the taxable income of the year, which has been adjusted for prepaid tax. For tax losses, joint taxation contributions receivable are only recognised if such losses are expected to be used under the joint taxation arrangement.