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ARDEX SKANDINAVIA A/S
MARIELUNDVEJ 4, 2730 HERLEV
ANNUAL REPORT
1 JANUARY - 31 DECEMBER 2020

**The Annual Report has been presented and
adopted at the Company's Annual General
Meeting on 15 March 2021**

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

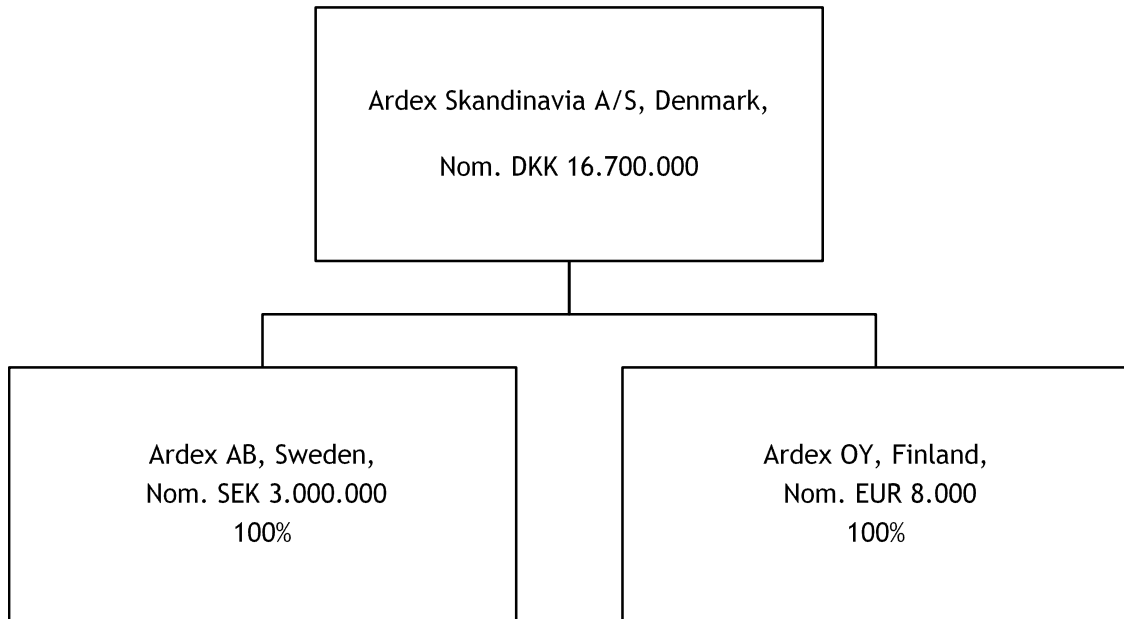
CONTENTS

	Page
Company Details	
Company Details.....	3
Group Structure.....	4
Statement and Report	
Board of Directors Statement and Management's Statement.....	5
Independent Auditor's Report.....	6-8
Management Commentary	
Financial Highlights of the Group.....	9
Management Commentary.....	10
Consolidated and Parent Company Financial Statements 1 January - 31 December	
Income Statement.....	11
Balance Sheet.....	12-13
Equity.....	14
Cash Flow Statement.....	15
Notes.....	16-21
Accounting Policies.....	22-25

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
Executive Board	Michael Nielsen
Auditor	BDO Statsautoriseret revisionsaktieselskab Havneholmen 29 1561 Copenhagen V
Bank	Danske Bank Holmens Kanal 2-12 1092 Copenhagen K

GROUP STRUCTURE



BOARD OF DIRECTORS STATEMENT AND MANAGEMENT'S STATEMENT

Today the Board of Directors and Executive Board have discussed and approved the Annual Report of Ardex Skandinavia A/S for the financial year 1 January - 31 December 2020.

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

In our opinion the Consolidated Financial Statements and the Annual Financial Statements of the Company give a true and fair view of Group's and the Company's assets, liabilities and financial position at 31 December 2020 and of the results of Group's and the Company's operations and cash flows for the financial year 1 January - 31 December 2020.

The Management Commentary includes in our opinion a fair presentation of the matters dealt with in the Commentary.

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

Herlev, 3 March 2021

Executive Board

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 Annual Financial Statements of the Company of Ardex Skandinavia A/S for the financial year 1 January - 31 December 2020, 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 Annual Financial Statements of the Company are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the Consolidated Financial Statements and the Annual Financial Statements of the Company give a true and fair view of the assets, liabilities and financial position of the Group or the Company at 31 December 2020 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 2020 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 Annual Financial Statements of the Company" 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 Annual Financial Statements of the Company

Management is responsible for the preparation of Consolidated Financial Statements and the Annual Financial Statements of the Company 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 Annual Financial Statements of the Company that are free from material misstatement, whether due to fraud or error.

In preparing the Consolidated Financial Statements and the Annual Financial Statements of the Company, 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 Annual Financial Statements of the Company 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 Annual Financial Statements of the Company 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 Annual Financial Statements of the Company.

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 Annual Financial Statements of the Company, 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 Annual Financial Statements of the Company 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 Annual Financial Statements of the Company 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 Annual Financial Statements of the Company, including the disclosures, and whether the Consolidated Financial Statements and the Annual Financial Statements of the Company 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.

Statement on Management's Review

Management is responsible for Management's Review.

Our opinion on the Consolidated Financial Statements and the Annual Financial Statements of the Company 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 Annual Financial Statements of the Company, 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 Annual Financial Statements of the Company or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

INDEPENDENT AUDITOR'S REPORT

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 Annual Financial Statements of the Company 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, 3 March 2021

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

	2020	2019	2018	2017	2016
	DKK '000	DKK '000	DKK '000	DKK '000	DKK '000
Net revenue.....	319.272	331.232	332.536	435.364	190.216
Gross profit/loss.....	120.096	122.153	124.910	127.818	126.047
Operating profit/loss of main activities...	60.947	62.069	60.384	68.581	70.419
Financial income and expenses, net.....	-3.115	-2.353	273	-192	4
Profit/loss for the year.....	45.325	46.911	47.513	53.575	55.431
Balance sheet					
Total assets.....	212.519	202.682	198.673	195.328	179.816
Equity.....	167.226	163.210	158.422	155.067	143.874
Invested capital.....	212.520	202.052	161.212	157.614	145.366
Cash flows					
Cash flows from operating activities.....	50.128	56.350	39.273	53.540	51.254
Cash flows from investing activities.....	-1.213	-5.644	-4.326	-6.806	-2.398
Cash flows from financing activities.....	-41.325	-42.112	-41.500	-41.500	-40.000
Investment in property, plant and equipment.....	-2	-6	-658	-6.114	-2.392
Key ratios					
Gross margin.....	37.6	36.9	37.6	29.4	66.3
Equity ratio.....	78.7	80.5	79.7	79.4	80.0
Return on equity.....	27.4	29.2	30.3	35.8	40.7

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

Gross margin:

$$\frac{\text{Gross profit} \times 100}{\text{Net revenue}}$$

Equity ratio:

$$\frac{\text{Equity (ex. minorities), at year end} \times 100}{\text{Total equity and liabilities, at year end}}$$

Return on equity:

$$\frac{\text{Profit/loss after tax} \times 100}{\text{Average equity}}$$

MANAGEMENT COMMENTARY

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 and economic position

The result of the Group and the Parent Company is a profit of DKK ('000) 45,325, which is satisfactoring.

Profit/loss for the year compared to the expected development

The result for the year was as expected.

Significant events after the end of the financial year

With regards to Covid-19 we have not experienced a significant 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 following the overall development of the country's GDP. We hope to see some reopening of the society, which would probably help increase our presence further, since our competitors with exposure towards DIY are growing, but since we are not in DIY we hope to see a shift back to the professional trade after reopening. However, we do not expect much reopening during 2021, which therefore is expected to be similar to 2020 in net sales and results and hope that 2022 will become the year with a more normal situation again. Besides from this, no events have occurred after the end of the financial year of material importance for the company's financial position.

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 2021 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 (CSR) report

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 policy 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	
		2020 DKK '000	2019 DKK '000	2020 DKK '000	2019 DKK '000
NET REVENUE	1	319.272	331.232	233.545	243.099
Cost of sales.....		-157.470	-165.737	-154.170	-163.347
Other operating income.....		238	129	132	129
Other external expenses.....	2	-41.944	-43.471	-23.518	-24.349
GROSS PROFIT/LOSS		120.096	122.153	55.989	55.532
Staff costs.....	3	-54.041	-55.133	-31.686	-31.641
Depreciation, amortisation and impairment losses.....		-5.108	-4.951	-3.591	-3.741
OPERATING PROFIT		60.947	62.069	20.712	20.150
Result of equity investments in group and associates.....		0	0	31.752	32.966
Other financial income.....		7	32	7	32
Other financial expenses.....		-3.122	-2.385	-3.063	-2.284
PROFIT BEFORE TAX		57.832	59.716	49.408	50.864
Tax on profit/loss for the year.....	4	-12.507	-12.805	-4.083	-3.953
PROFIT FOR THE YEAR	5	45.325	46.911	45.325	46.911

BALANCE SHEET AT 31 DECEMBER

ASSETS	Note	Group		Parent Company	
		2020 DKK '000	2019 DKK '000	2020 DKK '000	2019 DKK '000
Development projects completed..		2.243	3.149	1.500	2.149
Goodwill.....		0	0	0	0
Intangible assets.....	6	2.243	3.149	1.500	2.149
Land and buildings.....		15.945	16.568	15.945	16.568
Other plants, machinery, tools and equipment.....		17.697	19.718	13.456	14.671
Property, plant and equipment...	7	33.642	36.286	29.401	31.239
Equity investments in group enterprises.....		0	0	34.453	35.165
Receivables from group enterprises.....		2	0	0	0
Financial non-current assets.....	8	2	0	34.453	35.165
NON-CURRENT ASSETS.....		35.887	39.435	65.354	68.553
Raw materials and consumables....		9.722	9.716	9.707	9.698
Work in progress.....		4.687	4.624	4.687	4.624
Finished goods and goods for resale.....		19.239	18.405	12.657	11.872
Inventories.....		33.648	32.745	27.051	26.194
Trade receivables.....		32.639	26.771	7.433	7.235
Receivables from group enterprises.....		0	0	7.421	7.685
Other receivables.....		5.969	7.722	313	1.370
Corporation tax receivable.....		0	1.286	0	1.286
Prepayments and accrued income..	9	2.360	297	2.360	297
Receivables.....		40.968	36.076	17.527	17.873
Cash and cash equivalents.....		102.016	94.426	83.088	70.999
CURRENT ASSETS.....		176.632	163.247	127.666	115.066
ASSETS.....		212.519	202.682	193.020	183.619

BALANCE SHEET AT 31 DECEMBER

EQUITY AND LIABILITIES	Note	Group		Parent Company	
		2020 DKK '000	2019 DKK '000	2020 DKK '000	2019 DKK '000
Share capital.....	10	16.700	16.700	16.700	16.700
Reserve for net revaluation according to equity va.....		0	0	31.111	31.823
Reserve for development costs.....		2.242	3.148	1.500	2.148
Retained earnings.....		106.284	101.362	75.917	70.540
Proposed dividend.....		42.000	42.000	42.000	42.000
EQUITY.....		167.226	163.210	167.228	163.211
Provision for deferred tax.....	11	2.761	2.824	2.761	2.824
Other provisions for liabilities.....		214	164	214	164
PROVISIONS.....		2.975	2.988	2.975	2.988
Other liabilities.....		1.658	537	1.658	537
Non-current liabilities.....	12	1.658	537	1.658	537
Trade payables.....		11.983	12.158	7.712	7.480
Payables to group enterprises.....		1.776	1	3.704	3.149
Corporation tax.....		5.897	3.913	1.771	63
Other liabilities.....		21.004	19.875	7.972	6.191
Current liabilities.....		40.660	35.947	21.159	16.883
LIABILITIES.....		42.318	36.484	22.817	17.420
EQUITY AND LIABILITIES.....		212.519	202.682	193.020	183.619
Contingencies etc.	13				
Related parties	14				

EQUITY

	Group				
	Share capital	Reserve for development costs	Retained earnings	Proposed dividend	Total
Equity at 1 January 2020.....	16.700	3.149	101.367	42.000	163.216
Proposed profit allocation, Note 5.....			3.325	42.000	45.325
Transactions with owners					
Dividend paid.....				-42.000	-42.000
Other legal bindings					
Capitalized development costs.....		-907	907		0
Foreign exchange adjustments.....			685		685
Equity at 31 December 2020.....	16.700	2.242	106.284	42.000	167.226

	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 2020.....	16.700	31.823	2.149	70.540	42.000	163.212
Proposed profit allocation, jf. note 5.....		-712		4.037	42.000	45.325
Engelsk						
Dividend paid.....					-42.000	-42.000
Other legal bindings						
Capitalized development costs.....			-649	649		0
Foreign exchange adjustments.....				691		691
Equity at 31 December 2020.....	16.700	31.111	1.500	75.917	42.000	167.228

CASH FLOW STATEMENT 1 JANUARY - 31 DECEMBER

	Group	
	2020 DKK '000	2019 DKK '000
Profit/loss for the year.....	45.325	46.911
Depreciation and amortisation, reversed.....	4.761	4.345
Reversed realization gains.....	0	-294
Tax on profit/loss, reversed.....	12.507	12.805
Corporation tax paid.....	-11.220	-13.032
Change in inventories.....	-903	-1.351
Change in receivables (ex tax).....	-6.173	7.755
Change in other provisions.....	-5	0
Change in current liabilities (ex bank, tax, instalments payable and overdraft facility).....	5.836	-789
CASH FLOWS FROM OPERATING ACTIVITY.....	50.128	56.350
Purchase of intangible assets.....	172	-232
Purchase of property, plant and equipment.....	-1.385	-5.412
CASH FLOWS FROM INVESTING ACTIVITY.....	-1.213	-5.644
Dividends paid in the financial year.....	-41.325	-42.112
CASH FLOWS FROM FINANCING ACTIVITY.....	-41.325	-42.112
CHANGE IN CASH AND CASH EQUIVALENTS.....	7.590	8.594
Cash and cash equivalents at 1. januar.....	94.426	85.832
CASH AND CASH EQUIVALENTS AT 31. DECEMBER.....	102.016	94.426
Cash and cash equivalents at 31 December comprise:		
Cash and cash equivalents.....	102.016	94.426
CASH AND CASH EQUIVALENTS, NET DEBT.....	102.016	94.426

NOTES

	Group		Parent Company		Note
	2020 DKK '000	2019 DKK '000	2020 DKK '000	2019 DKK '000	
Net revenue					1
Revenue, Denmark.....	194.029	199.743	89.094	92.360	
Revenue, Europe.....	113.593	118.710	113.593	118.710	
Revenue, countries outside Europe..	34.981	36.697	34.981	36.697	
Trade discounts granted.....	-27.743	-27.238	-8.534	-7.986	
Exchange rate adjustments.....	2.259	1.352	2.258	1.350	
Inventory of finished goods, end of year.....	2.153	1.968	2.153	1.968	
	319.272	331.232	233.545	243.099	
Segment details (geography)					
Revenue, Denmark.....	170.698	175.825	84.971	87.692	
Revenue, Europe.....	113.593	118.710	113.593	118.710	
Revenue, countries outside Europe..	34.981	36.697	34.981	36.697	
	319.272	331.232	233.545	243.099	
Fee to statutory auditor					2
Samlet honorar:					
BDO.....	350	340	350	340	
	350	340	350	340	
Specifikation af honorar:					
Statutory audit.....	225	220	225	220	
Other services.....	125	120	125	120	
	350	340	350	340	
Staff costs					3
Average number of employees	105	84	57	43	
Wages and salaries.....	42.550	43.972	27.410	28.174	
Pensions.....	5.474	5.246	2.630	1.993	
Social security costs.....	6.017	5.915	1.646	1.474	
	54.041	55.133	31.686	31.641	
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
	2020 DKK '000	2019 DKK '000	2020 DKK '000	2019 DKK '000	
Tax on profit/loss for the year					4
Calculated tax on taxable income of the year.....	12.470	12.637	4.046	3.785	
Adjustment of tax in previous years..	100	142	100	142	
Adjustment of deferred tax.....	-63	26	-63	26	
	12.507	12.805	4.083	3.953	
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	-712	136	
Retained earnings.....	3.325	4.911	4.037	4.775	
	45.325	46.911	45.325	46.911	

Intangible assets

	Group	
	Development projects completed	Goodwill
Cost at 1 January 2020.....	4.595	16.120
Exchange adjustment at closing rate.....	16	0
Cost at 31 December 2020.....	4.611	16.120
Amortisation at 1 January 2020.....	1.446	16.120
Amortisation for the year.....	922	0
Amortisation at 31 December 2020.....	2.368	16.120
Carrying amount at 31 December 2020.....	2.243	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 2020.....	3.243
Cost at 31 December 2020.....	3.243
Amortisation at 1 January 2020.....	1.094
Amortisation for the year.....	649
Amortisation at 31 December 2020.....	1.743
Carrying amount at 31 December 2020.....	1.500

NOTES

Intangible fixed assets (continued)
Note
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.

Property, plant and equipment
7

	Group	
	Land and buildings	Other plants, machinery, tools and equipment
Cost at 1 January 2020.....	41.096	45.602
Additions.....	331	1.655
Disposals.....	0	-883
Cost at 31 December 2020.....	41.427	46.374
Depreciation and impairment losses at 1 January 2020.....	24.528	25.883
Reversal of depreciation of assets disposed of.....	0	-561
Depreciation for the year.....	954	3.355
Depreciation and impairment losses at 31 December 2020...	25.482	28.677
Carrying amount at 31 December 2020.....	15.945	17.697

NOTES

	<u>Parent Company</u>		Note
	Land and buildings	Other plants, machinery, tools and equipment	
Tangible fixed assets (continued)			7
Cost at 1 January 2020.....	41.096	37.591	
Additions.....	331	515	
Disposals.....	0	-72	
Cost at 31 December 2020.....	41.427	38.034	
Depreciation and impairment losses at 1 January 2020.....	24.528	22.919	
Reversal of depreciation of assets disposed of.....	0	-3	
Depreciation for the year.....	954	1.662	
Depreciation and impairment losses at 31 December 2020...	25.482	24.578	
Carrying amount at 31 December 2020.....	15.945	13.456	
			Note
Financial non-current assets			8
		<u>Group</u>	
		Receivables from group enterprises	
Cost at 1 January 2020.....		2	
Cost at 31 December 2020.....		2	
Carrying amount at 31 December 2020.....		2	
		<u>Parent Company</u>	
		Equity investments in group enterprises	
Cost at 1 January 2020.....		3.343	
Cost at 31 December 2020.....		3.343	
Revaluation at 1 January 2020.....		31.823	
Exchange adjustment.....		686	
Dividend.....		-33.145	
Profit/loss for the year.....		31.746	
Revaluation at 31 December 2020.....		31.110	
Carrying amount at 31 December 2020.....		34.453	

NOTES

Fixed asset investments (continued)	Note
Investments in subsidiaries (DKK '000)	8

Name and domicil	Equity	Profit/loss for the year	Ownership
Ardex Arki AB, Sweden.....	16.611	13.929	100 %
Ardex OY, Finland.....	18.536	17.823	100 %

Prepayments and accrued income				9
Costs.....	2.360	297	2.360	297
	2.360	297	2.360	297

Consists of prepaid expenses related to 2020.

	2020 DKK '000	2019 DKK '000	10
Share capital			
Allocation of share capital:			
A-shares, 33.400 unit 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.	

	<u>Group</u>		<u>Parent Company</u>	
	2020 DKK '000	2019 DKK '000	2020 DKK '000	2019 DKK '000
Deferred tax relates to:				
Development projects.....	4	4	4	4
Land and buildings.....	1.207	1.296	1.207	1.296
Operating equipment.....	1.782	1.907	1.782	1.907
Warranties.....	-251	-383	-251	-383
	2.742	2.824	2.742	2.824
Deferred tax, beginning of year.....	2.824	2.790	2.824	2.790
Additions during the year.....	-63	26	-63	26
Adjustments previous years.....	-19	8	-19	8
Provision for deferred tax 31 December 2020.....	2.742	2.824	2.742	2.824

NOTES

Note

Long-term liabilities

12

	Group			
	31/12 2020 total liabilities	Repayment next year	Debt outstanding after 5 years	31/12 2019 total liabilities
Other liabilities.....	1.658	0	0	537
	1.658	0	0	537
	Parent Company			
	31/12 2020 total liabilities	Repayment next year	Debt outstanding after 5 years	31/12 2019 total liabilities
Other liabilities.....	1.658	0	0	537
	1.658	0	0	537

Contingencies etc.
Contingent assets

13

Contingent liabilities

The company has entered into operating lease agreements with a remaining lease of DKK ('000) 2,986.

Related parties

The Company's related parties include:

14

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 2020 has been presented in accordance with the provisions of the Danish Financial Statements Act for enterprises in reporting class C, large-size enterprises.

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.

Net revenue is recognised exclusive of VAT and less duties and discounts related to the sale.

Other operating income

Other operating income includes items of a secondary nature in relation to the Group's and the Company's 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, operational 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.

Income from equity interests 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

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.

Profit or loss from sale of intangible fixed assets is calculated at the difference between the sales price and the carrying amount at the time of the sale. Profit and loss are recognised in the Income Statement under other operating income or other operating expenses.

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.

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

ACCOUNTING POLICIES

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.

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.

ACCOUNTING POLICIES

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.

Cash and cash equivalents:

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