

Scandinavian Tanking System A/S

Amager Strandvej 390, 2770 Kastrup

CVR no. 12 00 71 91

Annual report 2019

Approved at the Company's annual general meeting on 18 May 2020

Chairman:



Ulrika Rubensson

The following is a translation of an original Danish document. The original Danish document is the governing document for all purposes, and in case of any discrepancy, the Danish wording will be applicable.





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Statement by the Board of Directors and the Executive Board

Today, the Board of Directors and the Executive Board have discussed and approved the annual report of Scandinavian Tanking System A/S for the financial year 1 January - 31 December 2019.

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

In our opinion, the financial statements give a true and fair view of the financial position of the Company at 31 December 2019 and of the results of the Company's operations for the financial year 1 January - 31 December 2019.

Further, in our opinion, the Management's review gives a fair review of the matters discussed in the Management's review.

We recommend that the annual report be approved at the annual general meeting.

Copenhagen, 18 May 2020

Executive Board:

Anders Fredrik Nylen
CEO

Board of Directors:

Willem Waelpuut
Chairman

Lennart Peter Kihlgren

Maximilian Gallist

Independent auditor's report

To the shareholders of Scandinavian Tanking System A/S

Opinion

We have audited the financial statements of Scandinavian Tanking System A/S for the financial year 1 January - 31 December 2019, which comprise income statement, balance sheet, statement of changes in equity and notes, including accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the financial position of the Company at 31 December 2019 and of the results of the Company's operations for the financial year 1 January - 31 December 2019 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and 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 financial statements" section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these rules and requirements.

Management's responsibilities for the financial statements

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

In preparing the financial statements, Management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting in preparing the financial statements unless Management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance as to whether the financial statements as a whole are free from material misstatement, whether due to fraud or error and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and 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 the 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:

- ▶ 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.

Independent auditor's report

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

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Statement on the Management's review

Management is responsible for the Management's review.

Our opinion on the financial statements does not cover the Management's review, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the Management's review and, in doing so, consider whether the Management's review is materially inconsistent with the financial statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether the Management's review provides the information required under the Danish Financial Statements Act.

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

Copenhagen, 18 May 2020
ERNST & YOUNG
Godkendt Revisionspartnerselskab
CVR no. 30 70 02 28



Kennet Hartmann
State Authorised Public Accountant
mne40036

Management's review

Company details

Name	Scandinavian Tanking System A/S
Address, Postal code, City	Amager Strandvej 390, 2770 Kastrup
CVR no.	12 00 71 91
Established	1 March 1988
Registered office	Tårnby
Financial year	1 January - 31 December
Board of Directors	Willem Waelput, Chairman Lennart Peter Kihlgren Maximilian Gallist
Executive Board	Anders Fredrik Nyrén, CEO
Auditors	Ernst & Young Godkendt Revisionspartnerselskab Dirch Passers Allé 36, P.O. Box 250, 2000 Frederiksberg, Denmark

Management commentary

Business review

The Company's primary activities consist of storage and processing of chemicals.

Financial review

The income statement for 2019 shows a profit of DKK 0 against a profit of DKK 124,353 last year, and the balance sheet at 31 December 2019 shows equity of DKK 2,330,039.

In 2014 the group decided to close down activities why the remaining assets were sold or written down.

Special risks

There have been changes in Kemira Group's (referred here as Kemira) short-term risks and uncertainties due to COVID-19 circumstances. The COVID-19 pandemic has created significant near-term uncertainty in the global operating environment and hence also for Kemira. The potential impacts on Kemira depend on the length and the economic impacts of the COVID-19 pandemic. At this point, it is difficult to exactly estimate these impacts. The situation could result in a widespread decline in customer demand in some business areas. There could also be potential disruption to Kemira's manufacturing and logistics network as well as to the availability of raw materials.

Kemira has set up regional crisis management teams to monitor the COVID-19 situation and to mitigate the impact on Kemira in order to ensure business continuity. To mitigate the impact on its supply chain, Kemira reviews alternative suppliers on a continuous basis. In several countries with government-imposed restrictions on economic activity, the chemical industry and Kemira's customer industries are almost always classified as essential industries, and as a consequence, exempt from government restrictions.

Subsidiaries, like Scandinavian Tanking System A/S, act as limited risk entities in Kemira's EMEA Business Model, which also protects the subsidiary from financial impacts.

Events after the balance sheet date

No events materially affecting the Company's financial position have occurred subsequent to the financial year-end.

Financial statements 1 January - 31 December

Income statement

Note	2019 DKK	2018 DKK'000
Gross profit	6,096	45
2 Staff costs	0	0
Other operating expenses	0	85
Profit before net financials	6,096	130
Financial expenses	-6,096	-6
Profit before tax	0	124
Tax for the year	0	0
Profit for the year	0	124
Recommended appropriation of profit		
Proposed dividend recognised under equity	0	1,493
Retained earnings/accumulated loss	0	-1,369
	0	124



Financial statements 1 January - 31 December

Balance sheet

Note	2019 DKK	2018 DKK'000
ASSETS		
Non-fixed assets		
Receivables		
Receivables from group enterprises	231,058	73
	<u>231,058</u>	<u>73</u>
Cash	2,234,669	3,809
Total non-fixed assets	<u>2,465,727</u>	<u>3,882</u>
TOTAL ASSETS	<u>2,465,727</u>	<u>3,882</u>

Financial statements 1 January - 31 December

Balance sheet

Note	2019 DKK	2018 DKK'000
EQUITY AND LIABILITIES		
Equity		
Share capital	1,700,000	1,700
Retained earnings	630,039	630
Dividend proposed	0	1,493
Total equity	<u>2,330,039</u>	<u>3,823</u>
Liabilities other than provisions		
Current liabilities other than provisions		
Other payables	135,688	59
	<u>135,688</u>	<u>59</u>
Total liabilities other than provisions	135,688	59
TOTAL EQUITY AND LIABILITIES	<u><u>2,465,727</u></u>	<u><u>3,882</u></u>

- 1 Accounting policies
- 3 Contractual obligations and contingencies, etc.
- 4 Collateral

Financial statements 1 January - 31 December

Statement of changes in equity

DKK	<u>Share capital</u>	<u>Retained earnings</u>	<u>Dividend proposed</u>	<u>Total</u>
Equity at 1 January 2019	1,700,000	630,039	1,493,240	3,823,279
Dividend distributed	0	0	-1,493,240	-1,493,240
Equity at 31 December 2019	<u>1,700,000</u>	<u>630,039</u>	<u>0</u>	<u>2,330,039</u>

Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies

The annual report of Scandinavian Tanking System A/S for 2019 has been prepared in accordance with the provisions in the Danish Financial Statements Act applying to reporting class B entities and elective choice of certain provisions applying to reporting class C entities.

In accordance with section 112(1) of the Danish Financial Statements Act, the Company has not prepared consolidated financial statements.

The accounting policies used in the preparation of the financial statements are consistent with those of last year.

Reporting currency

The financial statements are presented in Danish kroner (DKK).

Income statement

Gross profit

The items revenue, other operating income and external expenses have been aggregated into one item in the income statement called gross profit in accordance with section 32 of the Danish Financial Statements Act.

Other operating income and operating expenses

Other operating income and operating expenses comprise items of a secondary nature relative to the Company's core activities, including gains or losses on the sale of fixed assets.

Other external expenses

Other external expenses include the year's expenses relating to the Company's core activities, including expenses relating to distribution, sale, advertising, administration, premises, bad debts, payments under operating leases, etc.

Staff costs

Staff costs include wages and salaries, including compensated absence and pension to the Company's employees, as well as other social security contributions, etc. The item is net of refunds from public authorities.

Financial expenses

Financial expenses are recognised in the income statements at the amounts that concern the financial year. Net financials include interest expenses as well as allowances and surcharges under the advance-payment-of-tax scheme, etc.

Tax

Tax for the year includes current tax on the year's expected taxable income and the year's deferred tax adjustments. The portion of the tax for the year that relates to the profit/loss for the year is recognised in the income statement, whereas the portion that relates to transactions taken to equity is recognised in equity.

The entity is jointly taxed with other group entities. The total Danish income tax charge is allocated between profit/loss-making Danish entities in proportion to their taxable income (full absorption).

Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

Jointly taxed entities entitled to a tax refund are reimbursed by the management company based on the rates applicable to interest allowances, and jointly taxed entities which have paid too little tax pay a surcharge according to the rates applicable to interest surcharges to the management company.

Balance sheet

Receivables

Receivables are measured at amortised cost.

The Company has chosen IAS 39 as interpretation for impairment of financial receivables.

An impairment loss is recognised if there is objective evidence that a receivable or a group of receivables is impaired. If there is objective evidence that an individual receivable has been impaired, an impairment loss is recognised on an individual basis.

Receivables in respect of which there is no objective evidence of individual impairment are tested for objective evidence of impairment on a portfolio basis. The portfolios are primarily based on the debtors' domicile and credit ratings in line with the Company's risk management policy. The objective evidence applied to portfolios is determined based on historical loss experience.

Impairment losses are calculated as the difference between the carrying amount of the receivables and the present value of the expected cash flows, including the realisable value of any collateral received. The effective interest rate for the individual receivable or portfolio is used as discount rate.

Prepayments

Prepayments recognised under "Assets" comprise prepaid expenses regarding subsequent financial reporting years.

Cash

Cash comprise cash and short term securities which are readily convertible into cash and subject only to minor risks of changes in value.

Equity

Proposed dividends

Dividend proposed for the year is recognised as a liability once adopted at the annual general meeting (declaration date). Dividends expected to be distributed for the financial year are presented as a separate item under "Equity".

Liabilities

Financial liabilities are recognised at the date of borrowing at the net proceeds received less transaction costs paid. On subsequent recognition, financial liabilities are measured at amortised cost, corresponding to the capitalised value, using the effective interest rate. Accordingly, the difference between the proceeds and the nominal value is recognised in the income statement over the term of the loan. Financial liabilities also include the capitalised residual lease liability in respect of finance leases.

Other liabilities are measured at net realisable value.

Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

2 Staff costs

The Company has no employees.

3 Contractual obligations and contingencies, etc.

Other contingent liabilities

The Company is jointly taxed with its parent, Kemira Water Danmark A/S, which acts as management company, and is jointly and severally liable with other jointly taxed group entities for payment of income taxes onwards as well as withholding taxes on interest, royalties and dividends falling due for payment.

The Company has no other contingent liabilities.

4 Collateral

The Company has not provided any security or other collateral in assets at 31 December 2019.