

# LOGSTOR Holding A/S

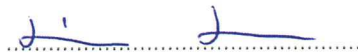
Danmarksvej 11, DK-9670 Løgstør

CVR no. 21 31 17 74

## Annual report 2018

Approved at the Company's annual general meeting on 18.03.2019

Chairman:





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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 LOGSTOR Holding A/S for the financial year 1 January - 31 December 2018.

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 2018 and of the results of the Company's operations for the financial year 1 January - 31 December 2018.

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.

Løgstør, 18 March 2019  
Executive Board:



Kim Christensen  
CEO




Henning Bejer Beck  
CFO

Board of Directors:



Miguel Kohlmann  
Chairman



Johan Daniel Perravi



Gustaf Backemar

## Independent auditor's report

To the shareholders of LOGSTOR Holding A/S

### Opinion

We have audited the financial statements of LOGSTOR Holding A/S for the financial year 1 January - 31 December 2018, 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 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 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.

Aarhus, 18 March 2019

ERNST & YOUNG

Godkendt Revisionspartnerselskab

CVR no. 30 70 02 28



Steen Skorstengaard  
State Authorised Public Accountant  
mne19709



Søren Jensen  
State Authorised Public Accountant  
mne34132



## Management's review

### Company details

Name	LOGSTOR Holding A/S
Address, Postal code, City	Danmarksvej 11, DK-9670 Løgstør
CVR no.	21 31 17 74
Established	1 November 1998
Registered office	Vesthimmerlands Kommune
Financial year	1 January - 31 December
Board of Directors	Miguel Kohlmann, Chairman Johan Daniel Pernvi Gustaf Backemar
Executive Board	Kim Christensen, CEO Henning Bejer Beck, CFO
Auditors	Ernst & Young Godkendt Revisionspartnerselskab Værkmestergade 25, P.O. Box 330, 8100 Aarhus C, Denmark

## Management's review

### Business review

The Group's primary activity is to develop, manufacture and sell high-quality pre-insulated pipe systems for transportation of liquids and gases. LOGSTOR is the world's leading supplier of pre-insulated pipe systems, not only for district heating, but also for district cooling, the chemical industry, the oil and gas sector, and the marine industry.

LOGSTOR is an international enterprise with sales and production companies in Denmark, Sweden, Finland and Poland as well as sales to more than 50 markets through resellers and own sales companies in Germany, the Netherlands, Switzerland, Austria, France, Lithuania, Italy, Romania and United Kingdom.

### Group Financing

LOGSTOR's loan agreement with the main banker, Nordea, was only valid until 31 March 2018. Therefore, the Company, the owners and the bank have negotiated a new long term solution in place for the coming 5-6 years - securing LOGSTOR sufficient cash to run the business and execute on the Back to Black plan. The new finance structure is signed on 9 May 2018 and includes both elements of sufficient liquidity and a rebalance of the solidity of the group:

- ▶ Write down of existing bank loans amounting to DKK 200 millions
- ▶ New shareholder loans of DKK 160 millions
- ▶ Replacing remaining bank loans with line of credits amounting to a total DKK 661 millions
- ▶ Continuation of mortgage of DKK 47 millions

The loans are subject to financial covenants.

The new agreement will thereby result in an increase of funding amounting to DKK 160 millions and will be based on the current budgets and forecasts provide LOGSTOR with sufficient liquidity and a solid platform for the future growth.

For LOGSTOR Holding A/S, the equity at 31 December 2018 is impacted by DKK 160 millions (after a tax-exempt contribution from LOGSTOR Denmark Holding ApS) and the Group debt is reduced by DKK 200 million after entering into the new agreement.

### Financial review

The income statement for 2018 shows a loss of DKK 16.5 millions compared to a profit of DKK 22.4 millions last year, and the balance sheet at 31 December 2018 shows equity of DKK 365 millions.

### Events after the balance sheet date

No events have occurred after year-end, which would influence the evaluation of this annual report.



## Financial statements 1 January - 31 December

### Income statement

Note	DKK'000	2018	2017
	Gross margin	-75	-65
	Income/loss from investments in group enterprises	-14,833	3,806
2	Financial income	23,221	36,830
3	Financial expenses	-25,220	-12,952
	Profit/loss before tax	-16,907	27,619
4	Tax for the year	456	-5,239
	Profit/loss for the year	-16,451	22,380
	Recommended appropriation of profit/loss		
	Retained earnings/accumulated loss	-16,451	22,380
		-16,451	22,380





## Financial statements 1 January - 31 December

### Balance sheet

Note	DKK'000	2018	2017
	<b>ASSETS</b>		
	Fixed assets		
5	Investments		
	Investments in group enterprises	556,726	372,771
		<u>556,726</u>	<u>372,771</u>
	<b>Total fixed assets</b>	<u>556,726</u>	<u>372,771</u>
	<b>Non-fixed assets</b>		
	Receivables		
	Receivables from group enterprises	261,865	268,935
	Corporation tax receivable	315	0
	Other receivables	320	282
		<u>262,500</u>	<u>269,217</u>
	<b>Total non-fixed assets</b>	<u>262,500</u>	<u>269,217</u>
	<b>TOTAL ASSETS</b>	<u>819,226</u>	<u>641,988</u>

## Financial statements 1 January - 31 December

### Balance sheet

Note	DKK'000	2018	2017
	<b>EQUITY AND LIABILITIES</b>		
	<b>Equity</b>		
6	Share capital	219,000	219,000
	Retained earnings	146,082	2,533
	<b>Total equity</b>	<b>365,082</b>	<b>221,533</b>
	<b>Provisions</b>		
	Deferred tax	67	208
	<b>Total provisions</b>	<b>67</b>	<b>208</b>
	<b>Liabilities other than provisions</b>		
7	<b>Non-current liabilities other than provisions</b>		
	Bank debt	4,401	0
		<b>4,401</b>	<b>0</b>
	<b>Current liabilities other than provisions</b>		
	Bank debt	0	288,073
	Payables to group enterprises	449,326	129,596
	Corporation tax payable	0	2,209
	Other payables	350	369
		<b>449,676</b>	<b>420,247</b>
	<b>Total liabilities other than provisions</b>	<b>454,077</b>	<b>420,247</b>
	<b>TOTAL EQUITY AND LIABILITIES</b>	<b>819,226</b>	<b>641,988</b>

- 1 Accounting policies
- 8 Contractual obligations and contingencies, etc.
- 9 Collateral
- 10 Related parties



## Financial statements 1 January - 31 December

### Statement of changes in equity

DKK'000	Share capital	Retained earnings	Total
Equity at 1 January 2018	219,000	2,533	221,533
Transfer through appropriation of loss	0	-16,451	-16,451
Contribution from parent	0	160,000	160,000
<b>Equity at 31 December 2018</b>	<b>219,000</b>	<b>146,082</b>	<b>365,082</b>

## Financial statements 1 January - 31 December

### Notes to the financial statements

#### 1 Accounting policies

The annual report of LOGSTOR Holding A/S for 2018 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.

#### Basis of 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 Company and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when the Company 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 Company, 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.

#### Reporting currency

The financial statements are presented in Danish kroner (DKK'000).

#### Foreign currency translation

On initial recognition, transactions denominated in foreign currencies are translated at the exchange rates at the transaction date.

Receivables and payables and other monetary items denominated in foreign currencies are translated at closing rates. The difference between the exchange rates at the balance sheet date and the date at which the receivable or payable arose or was recognised in the latest financial statements is recognised in the income statement as financial income or financial expenses.

#### *Foreign group entities*

When recognising foreign subsidiaries and associates that are independent entities, the income statements are translated at average exchange rates for the months that do not significantly deviate from the rates at the transaction date. Balance sheet items are translated using the exchange rates at the balance sheet date.

## Financial statements 1 January - 31 December

### Notes to the financial statements

#### 1 Accounting policies (continued)

##### Income statement

###### Revenue

Revenue consists of management fees to LOGSTOR Group's subsidiaries and is recognised in the income statement when delivery is made and risk has passed to the buyer. Revenue is measured at fair value of the agreed consideration exclusive of VAT.

###### Gross margin

Gross margin comprises revenue and external expenses.

###### External expenses

External expenses comprise expenses relating to the Company's ordinary activities, including expenses for premises, stationery and office supplies etc.

###### Profit from investments in subsidiaries

Income from investments in group enterprises comprises dividend, etc., received from the group enterprises in the financial year.

###### Financial income and expenses

Financial income comprises interest income, including interest income on receivables from group entities, net capital gains on financial statement items in foreign currencies as well as refunds under the on-account tax scheme, etc.

Financial expenses comprise interest expenses, including interest expenses on payables to group enterprises, net capital losses on financial statement items in foreign currencies as well as surcharges under the on-account tax scheme, etc.

###### Tax

Tax for the year comprises current tax for the year and changes in deferred tax. The tax expense relating to the profit/loss for the year is recognised in the income statement, and the tax expense relating to amounts directly recognised in equity is recognised directly in equity.

The Company is jointly taxed with LOGSTOR Denmark Holding A/S and all its Danish subsidiaries. The current Danish income tax is allocated among the jointly taxed entities proportionally to their taxable income (full allocation with a refund concerning tax losses).



## Financial statements 1 January - 31 December

### Notes to the financial statements

#### 1 Accounting policies (continued)

##### Balance sheet

##### Investments in subsidiaries

Investments in group enterprises are measured at cost and are written down to the lower of recoverable amount and carrying amount.

##### Receivables

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

##### Cash

Cash comprises cash and bank deposits.

##### Deferred tax

Deferred tax is measured using the balance sheet liability method on all temporary differences between the carrying amount and the tax base of assets and liabilities. Where alternative tax rules can be applied to determine the tax base, deferred tax is measured based on the planned use of the asset or settlement of the liability, respectively.

Deferred tax assets, including the tax base of tax loss carry-forwards, are measured at the value at which they are expected to be utilised, either through elimination against tax on future earnings or through a set-off against deferred tax liabilities within the same legal tax entity. Any deferred net assets are measured at net realisable values.

##### Income tax payable or receivable

Current tax payables and receivables are recognised in the balance sheet as tax computed on the taxable income for the year, adjusted for tax on prior-year taxable income and tax paid on account.

##### Liabilities

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



## Financial statements 1 January - 31 December

### Notes to the financial statements

DKK'000	<u>2018</u>	<u>2017</u>
<b>2 Financial income</b>		
Interest receivable, group entities	23,221	21,630
Other financial income	<u>0</u>	<u>15,200</u>
	<u>23,221</u>	<u>36,830</u>
<b>3 Financial expenses</b>		
Interest expenses, group entities	13,789	3,543
Other financial expenses	<u>11,431</u>	<u>9,409</u>
	<u>25,220</u>	<u>12,952</u>
<b>4 Tax for the year</b>		
Estimated tax charge for the year	-315	2,209
Deferred tax adjustments in the year	<u>-141</u>	<u>3,030</u>
	<u>-456</u>	<u>5,239</u>

## Financial statements 1 January - 31 December

### Notes to the financial statements

#### 5 Investments

DKK'000	Investments in group enterprises
Cost at 1 January 2018	1,225,780
Additions	208,041
Cost at 31 December 2018	1,433,821
Value adjustments at 1 January 2018	-853,009
Revaluations for the year	27,133
Impairment losses	-51,219
Value adjustments at 31 December 2018	-877,095
<b>Carrying amount at 31 December 2018</b>	<b>556,726</b>

#### 6 Share capital

The share capital consists of shares of DKK 100 or multiples thereof. The shares are not divided into classes.

The Company's share capital has remained DKK 219,000 thousand over the past 5 years.

#### 7 Non-current liabilities other than provisions

Of the long-term liabilities, DKK 0 thousand falls due in 2019 and DKK 4,401 thousand falls due for payment after more than 5 years after the balance sheet date.

#### 8 Contractual obligations and contingencies, etc.

##### Other contingent liabilities

The Company is jointly and severally liable with LOGSTOR A/S for the total VAT liability in the companies.

The Company participates in a Danish joint taxation arrangement in which LOGSTOR Denmark Holding ApS serves as the administration company. According to the joint taxation provisions of the Danish Corporation Tax Act, the Company is therefore liable from the financial year 2012 for income taxes, etc. for the jointly taxed companies and from 1 July 2012 also for obligations, if any, relating to the withholding of tax on interest, royalties and dividend for the jointly taxed companies.



## Financial statements 1 January - 31 December

### Notes to the financial statements

#### 9 Collateral

As security for the Group's bank debt the shares in the group enterprises have been pledged.

As security for the Group's bank debt the receivables from group enterprises have been pledged. Current value is DKK 255,472 thousand (DKK 264,033 thousand at 31 December 2017).

Guarantee for fulfilment of any obligation incurred by the Group towards banks, amounts to a maximum of DKK 358,500 thousand at 31 December 2018 (2017 DKK 862,278 thousand). Debt in other companies, which have signed this guarantee, amounts to DKK 80,865 thousand at 31 December 2018 (2017: DKK 515,750), and guarantees in the other companies, which have signed this guarantee, amounts to DKK 20,318 thousand at 31 December 2018 (2017: DKK 31,983 thousand).

Guarantee provided to third party for subsidiaries' guarantees amounts to DKK 417,224 thousand at 31 December 2018 (DKK 443,503 thousand at 31 December 2017).

Guarantee for fulfilment of obligation incurred by LOGSTOR Polska Sp.Z.o.o. towards LOGSTOR Sverige Holding AB: The debt amounts to DKK 255,472 at 31 December 2018 (DKK 264,033 at 31 December 2017).

#### 10 Related parties

##### Information about consolidated financial statements

<u>Parent</u>	<u>Domicile</u>	<u>Requisitioning of the parent company's consolidated financial statements</u>
Logstor International S.à r.l.	Luxembourg	The consolidated financial statements are available at <a href="http://www.cvr.dk">www.cvr.dk</a>