

# Insituform A/S under frivillig likvidation

c/o Aumento Advokatfirma Ny Østergade 3, 4, 1101 København K

CVR no. 25 69 56 90

## Annual report 2019

Approved at the Company's annual general meeting on 23 November 2020

Chairman:

.....  
Jens Bang Liebst





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## Statement by the Board of Directors and the Executive Board

Today, I have discussed and approved the annual report of Insituform A/S under frivillig likvidation for the financial year 1 January - 31 December 2019.

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

In my 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 my 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.

København, 23 November 2020  
Liquidator:

.....  
Jens Bang Liebst

## Independent auditor's report

To the liquidator of Insituform A/S under frivillig likvidation

### Opinion

We have audited the financial statements of Insituform A/S under frivillig likvidation 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.

### Liquidator's responsibilities for the financial statements

Liquidator 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 Liquidator 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 liquidator 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.

## Independent auditor's report

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.
- ▶ 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 liquidator.
- ▶ Conclude on the appropriateness of liquidator'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 liquidator 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 liquidator's review

The liquidator is responsible for the liquidator'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, 23 November 2020  
EY Godkendt Revisionspartnerselskab  
CVR no. 30 70 02 28

Robert Christensen  
State Authorised Public Accountant  
mne16653



## Liquidator's review

### Company details

Name	Insituform A/S under frivillig likvidation c/o Aumento Advokatfirma Ny Østergade 3, 4, 1101 København K
Address, Postal code, City	
CVR no.	25 69 56 90
Registered office	København
Financial year	1 January - 31 December
Liquidator	Jens Bang Liebst
Auditors	EY Godkendt Revisionspartnerselskab Dirch Passers Allé 36, P.O. Box 250, 2000 Frederiksberg, Denmark

### Management commentary

#### Business review

The Company's main activity was to renovate wastewater pipelines according to the No Dig principles.

#### Financial review

The income statement for 2019 shows a loss of DKK 693,991 against a loss of DKK 41,620,001 last year, and the balance sheet at 31 December 2019 shows equity of DKK 896,282.

The company's Liquidator is planning to wind up the company in 2020. In Liquidator's opinion, winding up the Company will not result in any significant changes to the measurements in the financial statements.

Reference is made to note 2 for more details.

#### 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	DKK	2019	2018
	<b>Gross loss</b>	-178,284	-16,538,304
3	Staff costs	-500,699	-21,927,640
	Amortisation/depreciation and impairment of intangible assets and property, plant and equipment	0	-1,035,935
	Other operating expenses	0	-1,655,705
	<b>Profit/loss before net financials</b>	-678,983	-41,157,584
	Income from investments in group enterprises	10,312	118,637
4	Financial expenses	-25,320	-581,054
	<b>Profit/loss before tax</b>	-693,991	-41,620,001
	Tax for the year	0	0
	<b>Profit/loss for the year</b>	-693,991	-41,620,001
	<b>Recommended appropriation of profit/loss</b>		
	Retained earnings/accumulated loss	-693,991	-41,620,001
		-693,991	-41,620,001

## Financial statements 1 January - 31 December

### Balance sheet

Note	DKK	2019	2018
	<b>ASSETS</b>		
	<b>Fixed assets</b>		
5	<b>Investments</b>		
	Investments in group enterprises	0	131,515
	Deposits, investments	0	160,594
		<u>0</u>	<u>292,109</u>
	<b>Total fixed assets</b>	<u>0</u>	<u>292,109</u>
	<b>Non-fixed assets</b>		
	<b>Receivables</b>		
	Trade receivables	33,405	1,637,956
	Receivables from group enterprises	977,487	0
	Other receivables	0	135,706
		<u>1,010,892</u>	<u>1,773,662</u>
	<b>Cash</b>	<u>264,048</u>	<u>13,431,789</u>
	<b>Total non-fixed assets</b>	<u>1,274,940</u>	<u>15,205,451</u>
	<b>TOTAL ASSETS</b>	<u><u>1,274,940</u></u>	<u><u>15,497,560</u></u>

## Financial statements 1 January - 31 December

### Balance sheet

Note	DKK	2019	2018
	<b>EQUITY AND LIABILITIES</b>		
	<b>Equity</b>		
	Share capital	600,000	600,000
	Retained earnings	296,282	990,273
	<b>Total equity</b>	<u>896,282</u>	<u>1,590,273</u>
	<b>Liabilities other than provisions</b>		
	<b>Current liabilities other than provisions</b>		
	Trade payables	267,951	1,709,251
	Payables to group enterprises	0	6,523,030
	Other payables	110,707	5,675,006
		<u>378,658</u>	<u>13,907,287</u>
	<b>Total liabilities other than provisions</b>	<u>378,658</u>	<u>13,907,287</u>
	<b>TOTAL EQUITY AND LIABILITIES</b>	<u><u>1,274,940</u></u>	<u><u>15,497,560</u></u>

- 1 Accounting policies
- 2 Going concern uncertainties
- 6 Contractual obligations and contingencies, etc.
- 7 Collateral
- 8 Related parties



## Financial statements 1 January - 31 December

### Statement of changes in equity

DKK	Share capital	Retained earnings	Total
Equity at 1 January 2019	600,000	1,892,198	2,492,198
Adjustment of equity through corrections of errors	0	-901,925	-901,925
Adjusted equity at 1 January 2019	600,000	990,273	1,590,273
Transfer through appropriation of loss	0	-693,991	-693,991
<b>Equity at 31 December 2019</b>	<b>600,000</b>	<b>296,282</b>	<b>896,282</b>

## Financial statements 1 January - 31 December

### Notes to the financial statements

#### 1 Accounting policies

The annual report of Insituform A/S under frivillig likvidation 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 110(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.

#### Material misstatements

During the audit, it was established that legal fees for 2018 has not been recognized in the appropriate period, which impacts the Company's previous annual reports. As a result of the misstatement, gross loss in 2018 is recognized at too low an amount, and the financial statements do not give a true and fair view. Therefore, the error has been corrected as a material misstatement by restating the comparatives and opening equity figures in the current-year financial statements. In consequence of the restatement, gross loss for 2018 has been adversely affected by DKK 902 thousand. In total, the balance sheet total at December 2018 has been adversely affected by DKK. 902 thousand, and equity has been adversely affected by DKK. 902 thousand. The opening equity at January 2019 has been adversely affected by DKK. 902 thousand. Reference is also made to the comments in the Management's review.

#### Reporting currency

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

#### Foreign currency translation

On initial recognition, transactions denominated in foreign currencies are translated at the exchange rate at the transaction date. Foreign exchange differences arising between the exchange rates at the transaction date and the date of payment are recognised in the income statement as financial income or financial expenses.

Receivables and payables and other monetary items denominated in foreign currencies are translated at the exchange rate at the balance sheet date. 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 most recent financial statements is recognised in the income statement as financial income or financial expenses.

#### Income statement

##### Revenue

Income from the sale of goods for resale and finished goods, is recognised in revenue when the most significant rewards and risks have been transferred to the buyer and provided the income can be measured reliably and payment is expected to be received.

Income from construction contracts involving a high degree of customisation is recognised as revenue by reference to the stage of completion. Accordingly, revenue corresponds to the market value of the contract work performed during the year (percentage-of-completion method). This method is used where the total income and expenses and the degree of completion of the contract can be measured reliably.

Where income from a construction contract cannot be estimated reliably, contract revenue corresponding to the expenses incurred is recognised only in so far as it is probable that such expenses will be recoverable from the counterparty.

## Financial statements 1 January - 31 December

### Notes to the financial statements

#### 1 Accounting policies (continued)

##### Gross loss

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

##### Other operating expenses

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

##### Cost of sales

Cost of sales includes the cost of goods used in generating the year's revenue.

##### 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.

##### Depreciation

The item comprises depreciation of property, plant and equipment.

The basis of amortisation, which is calculated as cost less any residual value, is amortised on a straight line basis over the expected useful life. The expected useful lives of the assets are as follows:

Acquired intangible assets	10 years
Goodwill	10 years

Depreciation is based on the residual value of the asset and is reduced by impairment losses, if any. The depreciation period and the residual value are determined at the acquisition date and are reassessed annually. Where the residual value exceeds the carrying amount of the asset, no further depreciation charges are recognised.

In the case of changes in the depreciation period or the residual value, the effect on the depreciation charges is recognised prospectively as a change in accounting estimates.

The basis of depreciation, which is calculated as cost less any residual value, is depreciated on a straight line basis over the expected useful life. The expected useful lives of the assets are as follows:

Plant and machinery	1,5 - 10 years
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Depreciation is based on the residual value of the asset and is reduced by impairment losses, if any. The depreciation period and the residual value are determined at the acquisition date and are reassessed annually. Where the residual value exceeds the carrying amount of the asset, no further depreciation charges are recognised.

In the case of changes in the depreciation period or the residual value, the effect on the depreciation charges is recognised prospectively as a change in accounting estimates.

## Financial statements 1 January - 31 December

### Notes to the financial statements

#### 1 Accounting policies (continued)

##### Profit from investments in subsidiaries

A proportionate share of the underlying entities' profit/loss after tax is recognised in the income statement according to the equity method. Shares of profit/loss after tax in subsidiaries are presented as separate line items in the income statement. Full elimination of intra-group gains/losses is made for equity investments in subsidiaries.

The item includes dividend received from subsidiaries.

##### 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).

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

##### Investments in subsidiaries

Equity investments in subsidiaries and associates are measured according to the equity method.

On initial recognition, equity investments in subsidiaries are measured at cost, i.e. plus transaction costs. The cost is allocated in accordance with the acquisition method; see the accounting policies regarding business combinations.

The cost is adjusted by shares of profit/loss after tax calculated in accordance with the Group's accounting policies less or plus unrealised intra-group gains/losses.

Identified increases in value and goodwill, if any, compared to the underlying entity's net asset value are amortised in accordance with the accounting policies for the assets and liabilities to which they can be attributed. Negative goodwill is recognised in the income statement.

Dividend received is deduced from the carrying amount.

Equity investments in subsidiaries measured at net asset value are subject to impairment test requirements if there is any indication of impairment.

##### Impairment of fixed assets

The carrying amount of intangible assets, property, plant and equipment and investments in subsidiaries and associates is assessed for impairment on an annual basis.

Impairment tests are conducted on assets or groups of assets when there is evidence of impairment. The carrying amount of impaired assets is reduced to the higher of the net selling price and the value in use (recoverable amount).

## Financial statements 1 January - 31 December

### Notes to the financial statements

#### 1 Accounting policies (continued)

The recoverable amount is the higher of the net selling price of an asset and its value in use. The value in use is calculated as the present value of the expected net cash flows from the use of the asset or the group of assets and the expected net cash flows from the disposal of the asset or the group of assets after the end of the useful life.

Previously recognised impairment losses are reversed when the reason for recognition no longer exists. Impairment losses on goodwill are not reversed.

#### Receivables

Receivables are measured at amortised cost.

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.

#### Equity

Cancellation of debts from group companies are recognised under 'Retained Earnings in Equity' in the balance sheet.

#### Income taxes

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

Deferred tax is measured according to the liability method on all temporary differences between the carrying amount and the tax base of assets and liabilities. However, deferred tax is not recognised on temporary differences relating to goodwill which is not deductible for tax purposes and on office premises and other items where temporary differences, apart from business combinations, arise at the date of acquisition without affecting either profit/loss for the year or taxable income. Where alternative tax rules can be applied to determine the tax base, deferred tax is measured based on Management's intended use of the asset or settlement of the liability, respectively.

Deferred tax is measured according to the tax rules and at the tax rates applicable at the balance sheet date when the deferred tax is expected to crystallise as current tax. Deferred tax assets are recognised at the expected value of their utilisation; either as a set-off against tax on future income or as a set-off against deferred tax liabilities in the same legal tax entity. Changes in deferred tax due to changes in the tax rate are recognised in the income statement.

#### 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.

## Financial statements 1 January - 31 December

### Notes to the financial statements

#### 1 Accounting policies (continued)

Other liabilities are measured at net realisable value.

#### 2 Going concern uncertainties

The company's Liquidator is planning to wind up the company in 2020. In Liquidator's opinion, winding up the Company will not result in any significant changes to the measurements in the financial statements.

DKK	2019	2018
<b>3 Staff costs</b>		
Wages/salaries	336,507	17,845,347
Pensions	192,990	1,172,720
Other social security costs	-33,847	398,999
Other staff costs	5,049	2,510,574
	<u>500,699</u>	<u>21,927,640</u>
Average number of full-time employees	<u>3</u>	<u>26</u>
<b>4 Financial expenses</b>		
Interest expenses, group entities	0	280,596
Other financial expenses	25,320	300,458
	<u>25,320</u>	<u>581,054</u>

#### 5 Investments

DKK	Investments in group enterprises	Deposits, investments	Total
Cost at 1 January 2019	78,950	160,594	239,544
Disposals	-78,950	-160,594	-239,544
Value adjustments at 1 January 2019	52,565	0	52,565
Profit/loss for the year	10,312	0	10,312
Reversal of prior year impairment losses	-62,877	0	-62,877
<b>Carrying amount at 31 December 2019</b>	<u>0</u>	<u>0</u>	<u>0</u>

The subsidiary has been dissolved during the financial year.

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

##### Other contingent liabilities

As management company, the Company is jointly taxed with other Danish group entities and together with other jointly taxed group entities the Company has joint and several liability for the payment of income taxes as well as withholding taxes on interest, royalties and dividends.

## Financial statements 1 January - 31 December

### Notes to the financial statements

#### 7 Collateral

As security for the Company's performance liabilities to customers, the Company has provided performance guarantess for a total amount of DKK 827.748.

#### 8 Related parties

##### Information about consolidated financial statements

<u>Parent</u>	<u>Domicile</u>	<u>Requisitioning of the parent company's consolidated financial statements</u>
Aegion Corporation (Ultimate Parent)	17988 Edison Avenue, St. Louis, MO 63005, United States	<a href="http://www.aegion.com">www.aegion.com</a>
Insituform Rioolrenovatietechnieken B.V	Chroomstraat 91, Zoetermeer, Holland	

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## Jens Bang Liebst

### Likvidator

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## Jens Bang Liebst

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## Robert Christensen

### Statsautoriseret revisor

På vegne af: EY Godkendt Revisionspartnerselskab

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