
AH Industries Holding A/S

Industrivej 4, DK-6760 Ribe

Annual Report for 1 January - 31 December 2017

CVR No 30 79 93 48

The Annual Report was
presented and adopted at
the Annual General
Meeting of the Company on
1 /6 2018

Kim Kronborg Christiansen
Chairman

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Management's Statement

The Executive Board and Board of Directors have today considered and adopted the Annual Report of AH Industries Holding A/S for the financial year 1 January - 31 December 2017.

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 at 31 December 2017 of the Company and of the results of the Company operations for 2017.

In our opinion, Management's Review includes a true and fair account of the matters addressed in the Review.

We recommend that the Annual Report be adopted at the Annual General Meeting.

Ribe, 1 June 2018

Executive Board

Kim Kronborg Christiansen
CEO

Board of Directors

Adrian Roy Willetts

Kim Kronborg Christiansen

Thomas Thomsen

Thomas Nørgaard Poulsen
Staff Representative

Lars Wahlqvist
Staff Representative

Independent Auditor's Report

To the Shareholders of AH Industries Holding A/S

Opinion

In our opinion, the Financial Statements give a true and fair view of the financial position of the Company at 31 December 2017 and of the results of the Company's operations for the financial year 1 January - 31 December 2017 in accordance with the Danish Financial Statements Act.

We have audited the Financial Statements of AH Industries Holding A/S for the financial year 1 January - 31 December 2017, which comprise income statement, balance sheet and notes, including a summary of significant accounting policies ("the Financial Statements").

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 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 requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We refer to note 1 to the Financial Statements disclosing that the Company has realised a loss of DKK 116,886k in the financial year ended at 31 December 2017 and that the budget for the year ahead also shows a loss. This together with the other circumstances mentioned in note 1 indicate that material uncertainty exists which may cast doubt on the Company's ability to continue as a going concern. Our opinion has not been modified in respect of this matter.

Statement on Management's Review

Management is responsible for Management's Review.

Our opinion on the Financial Statements does not cover 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 Management's Review and, in doing so, consider whether 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 Management's Review provides the information required under the Danish Financials Statements Act.

Independent Auditor's Report

Based on the work we have performed, in our view, Management's Review is in accordance with the Financial Statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement in Management's Review.

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 about whether the Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Financial Statements.

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- 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 Management.

Independent Auditor's Report

- 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 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.

Trekantområdet, 1 June 2018

PricewaterhouseCoopers

Statsautoriseret Revisionspartnerselskab

CVR No 33 77 12 31

Jan Bunk Harbo Larsen

statsautoriseret revisor

mne30224

Lasse Berg

statsautoriseret revisor

mne35811

Company Information

The Company

AH Industries Holding A/S
Industrivej 4
DK-6760 Ribe

Telephone: + 45 75 57 70 00
E-mail: info@ah-industries.com
Website: www.ah-industries.com

CVR No: 30 79 93 48
Financial period: 1 January - 31 December
Municipality of reg. office: Esbjerg

Board of Directors

Adrian Roy Willetts
Kim Kronborg Christiansen
Thomas Thomsen
Thomas Nørgaard Poulsen
Lars Wahlqvist

Executive Board

Kim Kronborg Christiansen

Auditors

PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
Herredsvej 32
DK-7100 Vejle

Management's Review

Financial Statements of AH Industries Holding A/S for 2017 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to enterprises of reporting class B.

The Annual Report has been prepared under the same accounting policies as last year.

No consolidated financial statements have been prepared for AH Industries Holding A/S as the Company is included in the Consolidated Financial Statements of Aurelius Equity Opportunities SE & Co KGaA.

Key activities

The purpose of the company is to trade, manufacture, investing and related business in the opinion of the Board.

Development in the year

The income statement of the Company for 2017 shows a loss of TDKK 116,886, and at 31 December 2017 the balance sheet of the Company shows equity of TDKK 110.

The loss is mainly due to impairment write-down on goodwill amounting to TDKK 92,802.

Capital resources

To cover the capital and liquidity need of the AH Industries Group, credit facilities with Nordea totalling DKK 173,000k have been agreed. Of this amount, DKK 38,000k constitutes a revolving facility and DKK 135,000k is bullet facilities with no amortisation during 2018 and 2019. The budget for 2018 and 2019 shows that the facilities are adequate to secure the planned operations.

The credit facility is subject to financial covenants. These are determined based on the Group's 2018 and 2019 budgeted EBITDA although the financial covenants do not require a full achievement of the 2018 and 2019 earnings expectations.

Please also refer to extended description of capital resources and ability to going concern in note 1 of the financial statements.

Subsequent events

As of February 1, 2018, Aurelius signed an agreement with Kim Kronborg Christiansen and Adrian Willetts on the sale of 100% of the shares in AH Industries Holding A / S.

No other events materially affecting the assessment of the Annual Report have occurred after the balance sheet date.

Income Statement 1 January - 31 December

	Note	2017 TDKK	2016 TDKK
Gross profit/loss		12.511	19.212
Staff expenses	2	-18.548	-18.045
Depreciation, amortisation and impairment of intangible assets and property, plant and equipment	3	-35	-652
Resultat før finansielle poster		-6.072	515
Income from investments in subsidiaries		-114.792	-63.263
Financial income	4	12.032	11.656
Financial expenses	5	-6.508	-12.116
Resultat før skat		-115.340	-63.208
Tax on profit/loss for the year	6	-1.546	-171
Net profit/loss for the year		-116.886	-63.379

Distribution of profit

Proposed distribution of profit

Retained earnings		-116.886	-63.379
		-116.886	-63.379

Balance Sheet 31 December

Assets

	Note	2017 TDKK	2016 TDKK
Completed development projects		0	0
Intangible assets		0	0
Other fixtures and fittings, tools and equipment		32	67
Property, plant and equipment		32	67
Investments in subsidiaries	7	98.888	219.763
Fixed asset investments		98.888	219.763
Fixed assets		98.920	219.830
Receivables from group enterprises		69.533	85.272
Other receivables		233	62
Deferred tax asset		134	173
Corporation tax		3.804	1.056
Prepayments	8	228	25
Receivables		73.932	86.588
Cash at bank and in hand		400	4.028
Currents assets		74.332	90.616
Assets		173.252	310.446

Balance Sheet 31 December

Liabilities and equity

	<u>Note</u>	<u>2017</u> TDKK	<u>2016</u> TDKK
Share capital		28.073	28.073
Reserve for net revaluation under the equity method		0	-367
Retained earnings		<u>-27.963</u>	<u>71.128</u>
Equity	9	<u>110</u>	<u>98.834</u>
Credit institutions		159.166	203.149
Trade payables		4.662	1.247
Payables to group enterprises		4.570	0
Corporation tax		0	707
Other payables		<u>4.744</u>	<u>6.509</u>
Short-term debt		<u>173.142</u>	<u>211.612</u>
Debt		<u>173.142</u>	<u>211.612</u>
Liabilities and equity		<u>173.252</u>	<u>310.446</u>
Going concern	1		
Contingent assets, liabilities and other financial obligations	10		
Related parties	11		
Accounting Policies	12		

Notes to the Financial Statements

1 Going concern

The Annual Report for 2017 is prepared under the assumption of going concern.

AH Industries Holding A/S has in 2017 realised a loss of DKK 116,886k. Equity of the Company amounts to DKK 110k at 31 December 2017. The Company has lost more than 50% of its share capital and is thus comprised by the rules on capital loss of the Danish Companies Act.

In the first 4 months of 2018, the Company has also realised a loss and hence the equity of the Company has been lost.

The budgeted figures for 2018 and 2019, which both shows expected loss, have been prepared on the basis of several assumptions of positive developments, where improved profitability is the main target. As the assumptions rely on expectations for the future they may be subject to uncertainty.

To cover the capital and liquidity need of the AH Industries Group, credit facilities with Nordea totalling DKK 173,000k have been agreed. Of this amount, DKK 38,000k constitutes a revolving facility and DKK 135,000k is bullet facilities with no amortisation during 2018 and 2019. The budget for 2018 and 2019 shows that the facilities are adequate to secure the planned operations.

The credit facility is subject to financial covenants. These are determined based on the Group's 2018 and 2019 budgeted EBITDA although the financial covenants do not require a full achievement of the 2018 and 2019 earnings expectations.

Management expects that the budget will be realised and that the required financing is available. Consequently, the Financial Statements are prepared under the assumption of going concern. However, the above-mentioned circumstances indicate that uncertainty exists which may cast doubt on the Company continuing as a going concern.

Notes to the Financial Statements

	<u>2017</u> TDKK	<u>2016</u> TDKK
2 Staff expenses		
Wages and salaries	16.915	15.975
Pensions	770	747
Other social security expenses	123	99
Other staff expenses	740	1.224
	<u>18.548</u>	<u>18.045</u>
Including remuneration to the Executive Board and Board of Directors of:		
Executive Board	5.748	4.307
Supervisory Board	163	718
	<u>5.911</u>	<u>5.025</u>
Average number of employees	<u>18</u>	<u>18</u>

Notes to the Financial Statements

	2017 <u>TDKK</u>	2016 <u>TDKK</u>
3 Depreciation, amortisation and impairment of intangible assets and property, plant and equipment		
Amortisation of intangible assets	0	322
Depreciation of property, plant and equipment	<u>35</u>	<u>330</u>
	<u>35</u>	<u>652</u>
4 Financial income		
Interest received from group enterprises	<u>12.032</u>	<u>11.656</u>
	<u>12.032</u>	<u>11.656</u>
5 Financial expenses		
Other financial expenses	6.166	12.221
Exchange loss	<u>342</u>	<u>-105</u>
	<u>6.508</u>	<u>12.116</u>
6 Tax on profit/loss for the year		
Current tax for the year	0	707
Deferred tax for the year	39	-134
Adjustment of tax concerning previous years	<u>1.507</u>	<u>-402</u>
	<u>1.546</u>	<u>171</u>

Notes to the Financial Statements

	2017 <u>TDKK</u>	2016 <u>TDKK</u>
7 Investments in subsidiaries		
Cost at 1 January	908.178	908.178
Cost at 31 December	908.178	908.178
Value adjustments at 1 January	-688.415	-621.319
Exchange adjustment	-6.083	-3.727
Net profit/loss for the year	-21.990	3.168
Amortisation of goodwill	-92.802	-66.537
Value adjustments at 31 December	-809.290	-688.415
Carrying amount at 31 December	98.888	219.763
Remaining positive difference included in the above carrying amount at 31 December	0	92.802

Investments in subsidiaries are specified as follows:

<u>Name</u>	<u>Place of registered office</u>	<u>Share capital</u>	<u>Votes and ownership</u>	<u>Equity</u>	<u>Net profit/loss for the year</u>
AH Industries A/S	Ribe, Danmark	10.000.000	100%	37.053	-12.263
AHI Group China ApS	Ribe, Danmark	1.375.000	100%	54.271	-11.225
AHI Ejendomme ApS	Ribe, Danmark	125.000	100%	7.564	1.013

8 Prepayments

Prepayments consist of prepaid expenses concerning rent, insurance premiums, subscriptions and interest as well.

Notes to the Financial Statements

9 Equity

	Share capital TDKK	Retained earnings TDKK	Total TDKK
Equity at 1 January	28.073	70.760	98.833
Contribution from group	0	24.246	24.246
Exchange adjustments relating to foreign entities	0	-6.083	-6.083
Net profit/loss for the year	0	-116.886	-116.886
Equity at 31 December	28.073	-27.963	110

The share capital has developed as follows:

	2017 TDKK	2016 TDKK	2015 TDKK	2014 TDKK	2013 TDKK
Share capital at 1 January	28.073	28.073	8.283	8.282	1.750
Capital increase	0	0	19.790	0	6.532
Capital decrease	0	0	0	0	0
Share capital at 31 December	28.073	28.073	28.073	8.282	8.282

Notes to the Financial Statements

	2017 TDKK	2016 TDKK
10 Contingent assets, liabilities and other financial obligations		
Charges and security		
The following assets have been placed as security with bankers:		
Shares in subsidiaries with a carrying amount of	101.749	219.763

Contingent liabilities

The group companies are jointly and severally liable for tax on the jointly taxed incomes etc of the Group. The total amount of corporation tax payable is disclosed in the Annual Report of Conaxess Trade Denmark A/S, which is the management company of the joint taxation purposes.

AH Industries Holding A/S has joined all subsidiaries of the Group in a joint cash pool scheme under which AH Industries Holding A/S is formally registered as the owner of deposits or amounts drawn from the facility.

Each subsidiary is liable for the withdrawals made by the other enterprises from the facility.

11 Related parties

Basis

Controlling interest

AHI Holding ApS, Industrivej 4, 6760 Ribe	Main shareholder
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Transactions

The company has omitted information of transaction with related parties in according with the Danish Financial Statements Act section 98c, stk. 7.

Consolidated Financial Statements

The company is included in the Group Annual report off the ultimate parent company

Name	Place of registered office
AURELIUS Equity Opportunities SE & Co KGaA	Grünwald, Germany.

Notes to the Financial Statements

11 Related parties (continued)

The Group Annual Report of AURELIUS Equity Opportunities SE & Co KGaA may be obtained at the following address:

Ludwig-Ganghofer-Straße 6
82031 Grünwald
Germany

In accordance with section 112 of the Danish Financial Statements Act, the company has omitted preparing a consolidated Financial Statement

Notes to the Financial Statements

12 Accounting Policies

The Annual Report of AH Industries Holding A/S for 2017 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to enterprises of reporting class B.

The accounting policies applied remain unchanged from last year.

The Financial Statements for 2017 are presented in TDKK.

Consolidated financial statements

With reference to section 112 of the Danish Financial Statements Act and to the consolidated financial statements of AURELIUS Equity Opportunities SE & Co KGaA, 82031 Grünwald, Germany, the Company has not prepared consolidated financial statements.

Recognition and measurement

Revenues are recognised in the income statement as earned. Furthermore, value adjustments of financial assets and liabilities measured at fair value or amortised cost are recognised. Moreover, all expenses incurred to achieve the earnings for the year are recognised in the income statement, including depreciation, amortisation, impairment losses and provisions as well as reversals due to changed accounting estimates of amounts that have previously been recognised in the income statement.

Assets are recognised in the balance sheet when it is probable that future economic benefits attributable to the asset will flow to the Company, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when it is probable that future economic benefits will flow out of the Company, and the value of the liability can be measured reliably.

Assets and liabilities are initially measured at cost. Subsequently, assets and liabilities are measured as described for each item below.

Translation policies

Transactions in foreign currencies are translated at the exchange rates at the dates of transaction. Exchange differences arising due to differences between the transaction date rates and the rates at the dates of payment are recognised in financial income and expenses in the income statement. Where foreign exchange transactions are considered hedging of future cash flows, the value adjustments are recognised directly in equity.

Receivables, payables and other monetary items in foreign currencies that have not been settled at the balance sheet date are translated at the exchange rates at the balance sheet date. Any differences between the exchange rates at the balance sheet date and the rates at the time when the receivable or the debt arose are recognised in financial income and expenses in the income statement.

Notes to the Financial Statements

12 Accounting Policies (continued)

Derivative financial instruments

Derivative financial instruments are initially recognised in the balance sheet at cost and are subsequently remeasured at their fair values. Positive and negative fair values of derivative financial instruments are classified as "Other receivables" and "Other payables", respectively.

Changes in the fair values of derivative financial instruments are recognised in the income statement unless the derivative financial instrument is designated and qualify as hedge accounting.

Income Statement

Revenue

Revenue from the sale of goods is recognised when the risks and rewards relating to the goods sold have been transferred to the purchaser, the revenue can be measured reliably and it is probable that the economic benefits relating to the sale will flow to the Company.

Revenue is measured at the consideration received and is recognised exclusive of VAT and net of discounts relating to sales.

Other external expenses

Other external expenses comprise indirect production costs and expenses for premises, sales and distribution as well as office expenses, etc.

Gross profit

With reference to section 32 of the Danish Financial Statements Act, revenue has not been disclosed in the Annual Report.

Staff expenses

Staff expenses comprise wages and salaries as well as payroll expenses other than production wages.

Amortisation, depreciation and impairment losses

Amortisation, depreciation and impairment losses comprise amortisation, depreciation and impairment of intangible assets and property, plant and equipment.

Other operating income and expenses

Other operating income and other operating expenses comprise items of a secondary nature to the main activities of the Company, including gains and losses on the sale of intangible assets and property, plant and equipment.

Notes to the Financial Statements

12 Accounting Policies (continued)

Income from investments in subsidiaries

The item "Income from investments in subsidiaries" in the income statement includes the proportionate share of the profit for the year.

Financial income and expenses

Financial income and expenses are recognised in the income statement at the amounts relating to the financial year.

Tax on profit/loss for the year

Tax for the year consists of current tax for the year and changes in deferred tax for the year. The tax attributable to the profit for the year is recognised in the income statement, whereas the tax attributable to equity transactions is recognised directly in equity.

The Company is jointly taxed with Danish and foreign subsidiaries. The tax effect of the joint taxation is allocated to enterprises in proportion to their taxable incomes.

Balance Sheet

Property, plant and equipment

Property, plant and equipment are measured at cost less accumulated depreciation and less any accumulated impairment losses.

Cost comprises the cost of acquisition and expenses directly related to the acquisition up until the time when the asset is ready for use.

Depreciation based on cost reduced by any residual value is calculated on a straight-line basis over the expected useful lives of the assets, which are:

Other fixtures and fittings, tools and equipment	2-5	years
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Depreciation period and residual value are reassessed annually.

Impairment of fixed assets

The carrying amounts of intangible assets and property, plant and equipment are reviewed on an annual basis to determine whether there is any indication of impairment other than that expressed by amortisation and depreciation.

If so, the asset is written down to its lower recoverable amount.

Notes to the Financial Statements

12 Accounting Policies (continued)

Investments in subsidiaries

Investments in subsidiaries are recognised and measured under the equity method.

The item “Investments in subsidiaries” in the balance sheet include the proportionate ownership share of the net asset value of the enterprises calculated on the basis of the fair values of identifiable net assets at the time of acquisition with deduction or addition of unrealised intercompany profits or losses and with addition of the remaining value of any increases in value and goodwill calculated at the time of acquisition of the enterprises.

The total net revaluation of investments in subsidiaries is transferred upon distribution of profit to “Reserve for net revaluation under the equity method” under equity. The reserve is reduced by dividend distributed to the Parent Company and adjusted for other equity movements in the subsidiaries.

Subsidiaries with a negative net asset value are recognised at DKK 0. Any legal or constructive obligation of the Parent Company to cover the negative balance of the enterprise is recognised in provisions.

Receivables

Receivables are measured in the balance sheet at the lower of amortised cost and net realisable value, which corresponds to nominal value less provisions for bad debts.

Prepayments

Prepayments comprise prepaid expenses concerning rent, insurance premiums, subscriptions and interest.

Deferred tax assets and liabilities

Deferred income tax is measured using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes on the basis of the intended use of the asset and settlement of the liability, respectively.

Deferred tax assets are measured at the value at which the asset is expected to be realised, either by elimination in 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 will be effective under the legislation at the balance sheet date when the deferred tax is expected to crystallise as current tax. Any changes in deferred tax due to changes to tax rates are recognised in the income statement or in equity if the deferred tax relates to items recognised in equity.

Notes to the Financial Statements

12 Accounting Policies (continued)

Current tax receivables and liabilities

Current tax liabilities and receivables are recognised in the balance sheet as the expected taxable income for the year adjusted for tax on taxable incomes for prior years and tax paid on account. Extra payments and repayment under the on-account taxation scheme are recognised in the income statement in financial income and expenses.

Financial debts

Loans, such as mortgage loans and loans from credit institutions, are recognised initially at the proceeds received net of transaction expenses incurred. Subsequently, the loans are measured at amortised cost; the difference between the proceeds and the nominal value is recognised as an interest expense in the income statement over the loan period.

Other debts are measured at amortised cost, substantially corresponding to nominal value.