

LOGSTOR Denmark Holding ApS

Danmarksvej 11, DK-9670 Løgstør

CVR no. 35 37 56 27

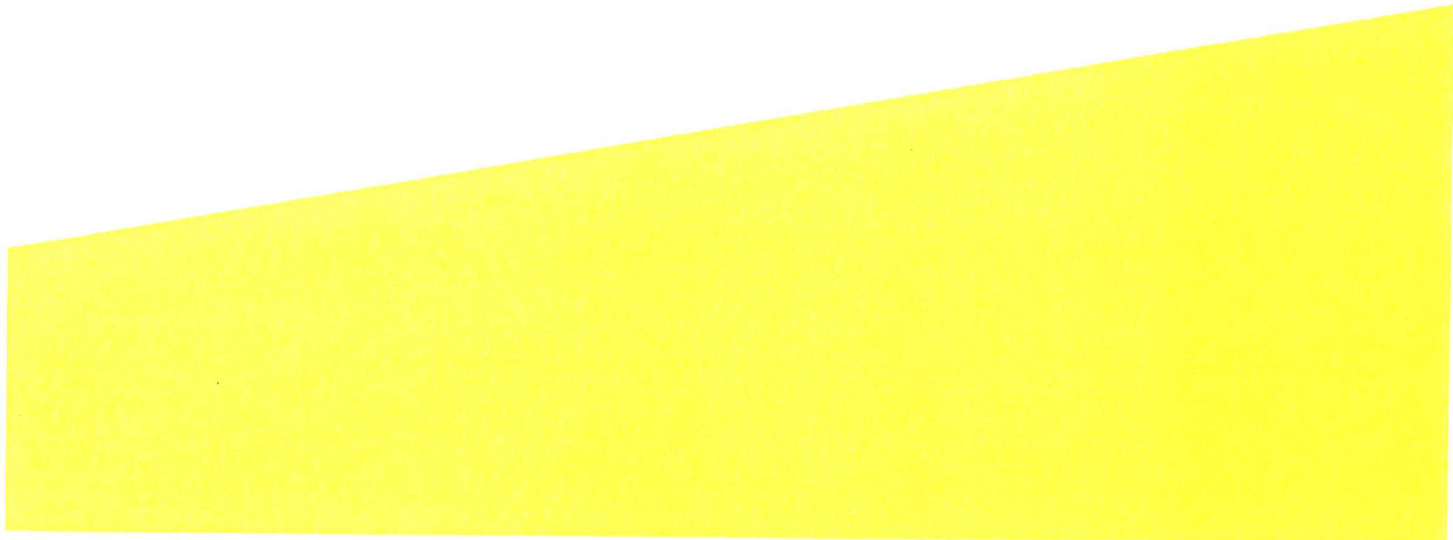
Annual report 2017

Approved at the Company's annual general meeting on 29 May 2018

Chairman:



.....





Contents

Statement by the Board of Directors and the Executive Board	2
Independent auditor's report	3
Management's review	5
Financial statements 1 January - 31 December	7
Income statement	7
Balance sheet	8
Statement of changes in equity	10
Notes to the financial statements	11

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 Denmark Holding ApS 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 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.

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, 29 May 2018
Executive Board:



Kim Christensen
CEO



Henning Bejer Beck
CFO

Board of Directors:



Miguel Kohlmann
Chairman



Johan Daniel Pernvi



Gustaf Backemar



Per Johan Agebäck



Independent auditor's report

To the shareholders of LOGSTOR Denmark Holding ApS

Opinion

We have audited the financial statements of LOGSTOR Denmark Holding ApS for the financial year 1 January - 31 December 2017, 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 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.

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, 29 May 2018
ERNST & YOUNG
Godkendt Revisionspartnerselskab
CVR no. 30 70 02 28



Steen Skorstengaard
State Authorised Public Accountant
MNE no.: mne19709



Søren Jensen
State Authorised Public Accountant
MNE no.: mne34132



Management's review

Company details

Name	LOGSTOR Denmark Holding ApS
Address, Postal code, City	Danmarksvej 11, DK-9670 Løgstør
CVR no.	35 37 56 27
Established	12 June 2013
Registered office	Vesthimmerlands Kommune
Financial year	1 January - 31 December
Board of Directors	Miguel Kohlmann, Chairman Johan Daniel Pernvi Gustaf Backemar Per Johan Agebäck
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, Poland and Romania as well as sales to more than 50 markets through resellers and own sales companies in Germany, the Netherlands, Switzerland, Austria, France, Lithuania, Italy and United Kingdom.

Group Financing

Going into 2017 LOGSTOR's loan agreement with the main bank Nordea was only running until 31 March 2018, so 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. (In November 2017, a new plan was announced - "Back to Black" - the plan included that 17% of all white-collar employees was dismissed to adjust the cost base going forward and bringing LOGSTOR back in profit.) The new finance structure is signed as of May 9, 2018 and includes element of both 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 in funding amounting to DKK 160 millions and based on the current budgets and forecasts will provide LOGSTOR with sufficient liquidity and a solid platform for the future growth.

For LOGSTOR Denmark Holding ApS the adjusted equity as per 31.12.2017 would have been DKK 235,7 millions (after a debt forgiveness of existing loans amounting to DKK 200 millions) and in the Group debt are reduced with DKK 360 million had the agreement been valid of 31.12.2017 everything else equal.

Financial review

The income statement for 2017 shows a loss of DKK 7,626 thousand against a loss of DKK 31,691 thousand last year, and the balance sheet at 31 December 2017 shows equity of DKK 35,731 thousand.

Events after the balance sheet date

As described under "Group Finance" LOGSTOR has, as of 9 May 2018, signed a long term financing agreement with Nordea and the shareholders.

Besides the events mentioned above, 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	2017	2016
	Gross margin	18,512	15,026
3	Staff costs	-20,749	-18,230
	Profit/loss before net financials	-2,237	-3,204
	Income/loss from investments in group enterprises	0	-22,700
4	Financial income	1,752	1,923
5	Financial expenses	-9,279	-10,253
	Profit/loss before tax	-9,764	-34,234
6	Tax for the year	2,138	2,543
	Profit/loss for the year	-7,626	-31,691
	Recommended appropriation of profit/loss		
	Retained earnings/accumulated loss	-7,626	-31,691
		-7,626	-31,691



Financial statements 1 January - 31 December

Balance sheet

Note	DKK'000	2017	2016
	ASSETS		
	Fixed assets		
7	Investments		
	Investments in group enterprises	192,780	192,780
		<u>192,780</u>	<u>192,780</u>
	Total fixed assets	<u>192,780</u>	<u>192,780</u>
	Non-fixed assets		
	Receivables		
	Receivables from group enterprises	58,817	85,595
	Deferred tax assets	4,750	4,036
	Corporation tax receivable	965	134
	Other receivables	452	937
		<u>64,984</u>	<u>90,702</u>
	Cash	86	0
	Total non-fixed assets	<u>65,070</u>	<u>90,702</u>
	TOTAL ASSETS	<u>257,850</u>	<u>283,482</u>



Financial statements 1 January - 31 December

Balance sheet

Note	DKK'000	<u>2017</u>	<u>2016</u>
	EQUITY AND LIABILITIES		
	Equity		
8	Share capital	81	81
	Retained earnings	<u>35,650</u>	<u>43,276</u>
	Total equity	<u>35,731</u>	<u>43,357</u>
	Liabilities other than provisions		
9	Non-current liabilities other than provisions		
	Bank debt	<u>0</u>	<u>210,772</u>
		<u>0</u>	<u>210,772</u>
	Current liabilities other than provisions		
	Bank debt	215,576	24,815
	Trade payables	219	1,644
	Other payables	<u>6,324</u>	<u>2,894</u>
		<u>222,119</u>	<u>29,353</u>
	Total liabilities other than provisions	<u>222,119</u>	<u>240,125</u>
	TOTAL EQUITY AND LIABILITIES	<u><u>257,850</u></u>	<u><u>283,482</u></u>

- 1 Accounting policies
- 2 Going Concern
- 10 Contractual obligations and contingencies, etc.
- 11 Collateral
- 12 Related parties



Financial statements 1 January - 31 December

Statement of changes in equity

DKK'000	Share capital	Retained earnings	Total
Equity at 1 January 2017	81	43,276	43,357
Transfer through appropriation of loss	0	-7,626	-7,626
Equity at 31 December 2017	81	35,650	35,731



Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies

The annual report of LOGSTOR Denmark Holding ApS for 2017 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.

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.



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.

Staff costs

Staff costs comprise wages and salaries, including holiday allowance and pensions, and other social security costs, etc., for the Company's employees.

Income 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 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.

Other payables

Other payables are measured at amortised cost, which usually corresponds to nominal value.

2 Going Concern

Going into 2018, LOGSTOR group's loan agreement with the main bank Nordea was only running until 31 March 2018. In order to ensure a going concern for the LOGSTOR group, the Company, the owners and the bank have negotiated a new long term solution in place for the coming 5-6 years. The refinance will ensure LOGSTOR Denmark Holding sufficient cash to run the business and execute on the Back to Black plan.

The new finance structure has been signed on 9 May 2018 and includes elements of both sufficient liquidity and a rebalance of the solidity of the Company.

Due to the refinance agreement, the Financial Statements for 2017 has been presented as going concern.



Financial statements 1 January - 31 December

Notes to the financial statements

DKK'000	2017	2016
3 Staff costs		
Wages/salaries	19,762	17,193
Pensions	938	963
Other social security costs	49	74
	<u>20,749</u>	<u>18,230</u>
4 Financial income		
Interest receivable, group entities	1,744	1,923
Other financial income	8	0
	<u>1,752</u>	<u>1,923</u>
5 Financial expenses		
Other financial expenses	9,279	10,253
	<u>9,279</u>	<u>10,253</u>
6 Tax for the year		
Estimated tax charge for the year	-965	-144
Deferred tax adjustments in the year	-1,173	-2,399
	<u>-2,138</u>	<u>-2,543</u>

7 Investments

DKK'000	Investments in group enterprises
Cost at 1 January 2017	<u>215,480</u>
Cost at 31 December 2017	<u>215,480</u>
Value adjustments at 1 January 2017	<u>-22,700</u>
Value adjustments at 31 December 2017	<u>-22,700</u>
Carrying amount at 31 December 2017	<u>192,780</u>

8 Share capital

The share capital consists of shares of DKK 1. The shares are not divided into classes.

The Company's share capital has remained DKK 81 thousand over the past 4 years.

9 Non-current liabilities other than provisions

Of the long-term liabilities, DKK 215,576 thousand falls due 31 March 2018 and DKK 0 falls due for payment after more than 5 years after the balance sheet date.



Financial statements 1 January - 31 December

Notes to the financial statements

10 Contractual obligations and contingencies, etc.

Contingent liabilities

The Company has entered into a contingent consideration agreement. Further payments in connection to the acquisition, up to an amount of DKK 50 million plus interests from 2 September 2013, can be liable after a future sale of LOGSTOR Holding A/S. After the balance sheet date the agreement has been cancelled.

The Company serves as an administration company in a Danish joint taxation arrangement. According to the joint taxation provisions of the Danish Corporation Tax Act, the Company is therefore liable from the financial year 2013 for income taxes etc. for the jointly taxed companies and also for obligations, if any, relating to the withholding of tax on interest, royalties and dividends for these companies.

Other financial obligations

Other rent and lease liabilities:

DKK'000	2017	2016
Rent and lease liabilities	1,511	2,163

11 Collateral

As security for the Group's bank debt the shares in group enterprises have been pledged. Current value is DKK 192,780 thousand and DKK 192,780 thousand at 31 December 2016.

As security for the Group's bank debt the receivable from group enterprises have been pledged. Current value is DKK 48,621 thousand and DKK 73,621 thousand at 31 December 2016.

Guarantee for fulfilment of any obligation incurred by the Group towards banks, a maximum of DKK 862,278 thousand. Of this amount debt in the other companies which have signed this guarantee amounts to DKK 588,335 thousand at 31 December 2017 and DKK 432,155 thousand at 31 December 2016.

Guarantee provided to third party for subsidiaries guarantees is DKK 31,983 thousand at 31 December 2017 and DKK 25,757 thousand at 31 December 2016.

12 Related parties

Information about consolidated financial statements

Parent	Domicile	Requisitioning of the parent company's consolidated financial statements
LOGSTOR International Holding S.à r.l.	Luxembourg	The consolidated financial statements are available at www.cvr.dk