LOGSTOR Denmark Holding ApS

Danmarksvej 11, 9670 Løgstør

Company reg. no. 35 37 56 27

Annual report

1 January - 31 December 2022

The annual report was submitted and approved by the general meeting on the 30 June 2023.

Line Dissing Mønster
Chairman of the meeting

Notes:
- To ensure the greatest possible applicability of this document, IAS/IFRS English terminology has been used.
- Please note that decimal points have not been used in the usual English way. This means that for instance DKK 146.940 means the amount of DKK 146,940, and that 23,5 % means 23.5 %.

Contents

Management's statement

The Board of Directors and the Executive Board have today discussed and approved the annual report of LOGSTOR Denmark Holding ApS for the financial year 1 January – 31 December 2022.

The annual report has been 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 2022 and of the results of the operations for the financial year 1 January – 31 December 2022.

Further, in our opinion, the Management's review gives a fair review of the development in the Company's operations and financial matters, the results for the year and the Company's financial position.

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

Løgstør, 30 June 2023

Executive Board

Terence Sarsfield Mc Givern

Board of directors

Patrick Alan Lawlor Chairman	Line Dissing Mønster	Ian McAuliffe

Terence Sarsfield Mc Givern

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 2022, which comprise a summary of significant accounting policies, income statement, balance sheet, statement of changes in equity and notes, for the Company. The financial statements are prepared under 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 2022, and of the results of the Company's operations for the financial year 1 January - 31 December 2022 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 are independent of the Company in accordance with the International Ethics Standards Board for Accountants’ International Code of Ethics for Professional Accountants (IESBA Code) and the additional ethical requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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 judgment and maintain professional skepticism 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.

- 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.

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.

Independent auditor's report

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 Financial Statements Act.

Based on the work we have performed, we conclude that 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 Management's Review.

Aalborg, 30 June 2023

EY Godkendt Revisionspartnerselskab

Company reg. no. 30 70 02 28

Hans B. Vistisen	Henrik K. Andersen
State Authorized Public Accountant	State Authorized Public Accountant
mne23254	mne36193

Company information

The company	LOGSTOR Denmark Holding ApS Danmarksvej 11 9670 Løgstør	
	Company reg. no.	35 37 56 27
	Financial year:	1 January - 31 December
Board of directors	Patrick Alan Lawlor, Chairman Line Dissing Mønster Ian McAuliffe Terence Sarsfield Mc Givern	
Managing Director	Terence Sarsfield Mc Givern	
Auditors	EY Godkendt Revisionspartnerselskab Østre Havnegade 65, 9000 Aalborg Denmark Aalborg	

Financial highlights

DKK in thousands.	2022	2021	2020	2019	2018
Income statement:					
Revenue	1.168.425	717.443	651.092	639.717	704.860
Gross profit	331.806	242.399	263.150	237.646	194.100
Profit from operating activities	143.712	36.694	99.139	58.045	16.767
Net financials	36.529	96.814	-153.922	500.099	172.157
Net profit or loss for the year	151.470	119.183	-70.497	553.610	183.118
Statement of financial position:					
Balance sheet total	1.292.537	1.119.197	990.046	1.042.835	1.079.123
Investments in property, plant and equipment	13.632	14.581	11.218	-16.386	-12.278
Equity	1.003.360	850.491	186.674	257.022	252.967
Employees:					
Average number of full-time employees	229	206	228	246	265
Key figures in %:					
Gross margin ratio	28,4	33,8	40,4	37,1	27,5
Profit margin (EBIT-margin)	12,3	5,1	15,2	9,1	2,4
Acid test ratio	254,8	218,7	227,7	138,4	201,5
Solvency ratio	77,6	76,0	18,9	24,6	23,4
Return on equity	16,3	23,0	-31,8	217,1	113,3

Logstor Denmark Holding ApS has merged with the subsidiary LOGSTOR A/S with effect from 1 January 2021. The accounting treatment for the merger is the group method used in accordance with the section "Intra-group business combinations" under accounting policies. Accordingly, the comparative figures for 2018-2020 in the financial highlights have been adjusted.

Calculations of key figures and ratios do, in all material respects, follow the recommendations of the Danish Association of Finance Analysts, only in a few respects deviating from the recommendations.

Financial highlights

The key figures and ratios shown in the statement of financial highlights have been calculated as follows:

Gross margin ratio

$$\frac{\text{Gross profit x 100}}{\text{Revenue}}$$

Profit margin (EBIT margin)

$$\frac{\text{Operating profit or loss (EBIT) x 100}}{\text{Revenue}}$$

Acid test ratio

$$\frac{\text{Current assets x 100}}{\text{Short term liabilities other than provisions}}$$

Solvency ratio

$$\frac{\text{Equity, closing balance x 100}}{\text{Total assets, closing balance}}$$

Return on equity

$$\frac{\text{Net profit or loss for the year x 100}}{\text{Average equity}}$$

Management´s review

Main Activity

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 a leading supplier of pre-insulated pipe systems, not only for district heating, but also for district cooling, the Oil and Gas sector, and various industrial verticals.

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 and United Kingdom.

Development in the year

Revenue in LOGSTOR Denmark Holding ApS reached DKK 1.168 million compared to DKK 717 million in 2021. The increase is mainly attributable to accelerated investment in District Heating solutions in the Danish market.

Operating Profit, before financial income and expenses, reached DKK 143.7 million compared to DKK 36.7 million last year. Profit after tax is DKK 151.5 million compared to DKK 119.2 million in 2021.

2022 was a year of strong growth for Logstor as high energy prices and international governmental policy drove demand for energy efficient District Heating solutions. We continue to benefit from our market position as one of the largest and most specialized manufacturers of pre-insulated pipe solutions. Global supply chain challenges eased towards the end of 2022 improving our ability to maintain high customer service standards and continuously focusing on optimizing our products to meet customer needs.

The company has reversed an impairment on investments in subsidiaries of DKK 37 million in 2022. Please refer to note 2 and 20.

Foreign branches

LOGSTOR has global production capability with our mobile plants and have delivered projects in India, Azerbaijan, UAE and Canada. Logstor is established as a branch in Indonesia and Canada.

Development Expectations

LOGSTOR Denmark Holding ApS currently expects 2023 sales growth to moderate to approximately 10% with profitability increasing proportionately.

Material uncertainty related to recognition and measurement (contingent asset)

LOGSTOR Denmark Holding ApS has inter-company receivables of TDKK 12.897 from LOGSTOR Green Technology (now a non-active subsidiary) in China. LOGSTOR Denmark Holding ApS has tried for a couple of years to have the cash transferred from China to Denmark by using external advisors, banks etc.

LOGSTOR Denmark Holding ApS has been in contact with multiple external advisors, banks etc. as well as internal personnel from Kingspan Group, without anyone being able provide a solution to have the cash transferred from China to Denmark. This receivable was written off in full during the previous financial year (2021).

It is uncertain if it will be possible to transfer the cash from China to Denmark in the future (contingent asset).

Subsequent events

No material subsequent events have been identified.

Research and development activities

Ensuring a continuous flow of new product developments has always been a core theme of the Company, and a key element of the Company's continued differentiation strategy. The Company will continue to invest in research and development through 2023.

Report on the company’s policy on data ethics according to section 99 d of the Danish Financial Statements Act

Throughout 2022, we have worked with protection of personal data, hereunder data ethics and have fully implemented the Data Protection policy of the Kingspan Group. The policy sets out how we take responsibility for and work with data ethics and data use. Data ethics will, like other business considerations, be taken into account when considering major strategic business decisions.

Our work with data ethics has been based on our "values and precepts" and the guidelines in the Data Ethics Compass issued by the Data Ethics Council. It has a special focus on data ethical principles, including accountability and decency. The policy deals with the customer data we collect and process, but also any other data that we may process, just as the policy also includes data ethical considerations related to our suppliers and business partners.

Our goal for data ethical behavior is to have a responsible and proper use of data at all times, and to create transparency in our data collection and data management. Our data ethical behaviour must contribute positively to our customers' security on the basis that the data the customer provides to us is the customer's own, and is processed within the applicable regulatory framework.

We protect the security of the processing of personal data and other data, collect only the data necessary to fulfill the required purpose, and ensure that this data is not stored for a longer period of time than is necessary for the purposes for which the data in question are collected and processed.

The Board of Directors is responsible for approving our Data Protection Policy. The day-to-day management of the Data Protection Policy is anchored with the Executive Board. Decisions on the use of data and new technology are also anchored by the Executive Board, which continuously evaluates our efforts and ensures that data ethical dilemmas are discussed at other management levels and with the involvement of relevant employees.

The Data Protection Policy is reviewed annually and updated accordingly if necessary.

Financial Risk Management

In the normal course of business, the Company has exposure to a variety of financial risks, including liquidity risk, foreign currency risk and credit risk. The Company’s focus is to understand these risks and to put in place policies that minimise the economic impact of an adverse event on the Company’s performance. Meetings are held on a regular basis to review the result of the risk assessment, approve recommended risk management strategies, and monitor the effectiveness of such policies.

Liquidity

In order to mitigate liquidity risk and to ensure that sufficient funds are available for ongoing operations and future developments, the Company operates a prudent approach to liquidity management to enable it to meet its liabilities when due.

Foreign Currency Risks

Covers the risk of financial impact due to exchange rate fluctuations. This is monitored carefully by the management, and mitigations put in place where reasonably possible.

Credit risk

Credit risk encompasses the risk of financial loss to the Company of counterparty default in relation to any of its financial assets. The Company’s principal financial assets are cash and cash equivalents and trade and other receivables. The Company’s trade receivables arise from a wide and varied customer base spread, and as such there is no significant concentration of credit risk. The Company’s credit risk management policy in relation to trade receivables involves periodically assessing the financial reliability of customers, taking into account their financial position, past experience, and other factors. The utilisation of credit limits is regularly monitored, and a significant element of credit risk is covered by credit insurance or other forms of collateral such as letters of credit or bank guarantees

Corporate social responsibility report pursuant to section 99 a of the Danish Financial Statements Act

LOGSTOR recognises the United Nations (UN) and the International Labour Organization’s (ILO) declarations regarding human rights, labour rights, environment, and anti-corruption. LOGSTOR has therefore chosen to structure the CSR work, including the policies, in accordance with the UN Global Compact guidelines. LOGSTOR works systematically with CSR and operate plants, which are certified in accordance with ISO 9001 (Quality Management), ISO 14001 (Environmental Management), and compliant with ISO 45001 (Occupational Health and Safety Standard). The management systems use a risk-based approach to ensure that the efforts are concentrated in the areas with the highest risk

The CSR policy is supported by LOGSTOR’s Code of Conduct, which contains the company’s demands to suppliers within the CSR area, including human rights and anti-corruption. Through the Code of Conduct, LOGSTOR requires that suppliers comply with the CSR demands in their own Supply Chain. During 2022, no breach of Code of Conduct has been recorded. External audits of the suppliers, as well as their sub-suppliers, were carried out in accordance with an audit plan. Sixty Two suppliers were audited during 2022. In 2022, Supply Management continued readdressing the Logstor guidelines Code of Conduct for Suppliers, Responsible Business Partner Policy, Anti-Trust Policy, and Anti-Corruption Policy to make sure they have been acknowledged by the supplier base. The internal anti-corruption guidelines have been extended to include the sales organization, which is especially relevant for new markets where LOGSTOR is currently expanding the business. To support the guidelines, LOGSTOR set-up a whistle-blower function in 2016, which is an externally administered hotline where the employees can report unethical behaviour anonymously. During 2022, two reports were received for the LOGSTOR Group, none of which related to LOGSTOR Denmark Holding ApS.

We have developed corporate social responsibility policies in most areas relevant to LOGSTOR’s business. The policies aim to ensure proper business conduct and optimum working, health and safety conditions for our employees. Management continuously follow up on compliance with these policies in practice.

During 2022, LOGSTOR held a number of e-learning courses, with mandatory attendance for all relevant employees. The courses included e-learning in anti-corruption and anti-bribery, anti-trust, GDPR and Cyber risk. Most courses include, in addition to a full-scope course, also annual updates/brush-ups, to ensure a continued high level of awareness.

Our corporate social responsibility policies currently comprise environmental and climate issues, social and working conditions, human rights and anti-bribery. Detailed information about each of the matters is continuously available from our website: https://www.logstor.com/about-us/hseq/csr.

Environmental issues – including climate change

We have assessed, that the largest environmental risk for LOGSTOR is the emission of green house gasses during production and product development.

LOGSTOR produces pre-insulated pipes, which are energy-efficient solutions and therefore reduce the world's emission of greenhouse gases. As a company we work on being as energy-efficient as possible in what we do every day. Outside our organisation, we want to contribute to efficiency improvements of the world's energy supply and reduce the global energy loss by using pre-insulated pipes and thereby help reducing the world's emission of greenhouse gases. LOGSTOR technologies are based on blowing agents all meeting the latest international requirements concerning ODP (ozone depletion potential) and GWP (global warming potential).

Inside our organisation, we wish to document and reduce emissions by optimising our own production and logistics. We also demand that our suppliers do their best to reduce the emission of greenhouse gases in cooperation with LOGSTOR, and develop products, which are recyclable or produced from recycled materials.

It is important for LOGSTOR to:

- Contribute to the limitation and reduction of our environmental impact, encourage cooperation with authorities, and communicate openly about our environmental conditions

- Observe the requirements of the international Business Charter for Sustainable Development (ICC)

- Minimize the consumption of resources and waste during production

- Priorities both optimization of production and the use of cleaner technology during product development

In 2022 LOGSTOR continued to contribute to the limitation and reduction of our environmental impact. LOGSTOR limited its environmental impact in 2022 through increased use of recycled material and adoption of Kingspan's Planet Passionate initiatives. In the coming years, LOGSTOR will focus on production optimisation and the use of cleaner technology during product development. A copy of Kingspan group's Planet Passionate Annual Report can be found at www.kingspan group.com/en/sustainability/planet-passionate/

Social issues and employee issues

The main risk that Logstor Denmark Holding ApS faces when trying to secure a healthy and safe working environment while ensuring our employee’s well-being, is their physical and mental well-being. With expanding government regulations and increasing societal expectations, the management team continued their increased focus on health, safety and environmental issues during 2022. This work was carried out with reference to the Health, Safety and Environment (HSE) Policy, which reaffirmed the organization's commitment to an Incident and Injury Free (IIF) workplace.

The HSEQ function has transformed into a true business partner in support of operations versus a separate silo function. The changes more closely integrate the site-based HSEQ resources through reporting and accountability relationships with the respective Plant Management, from which they receive their day-to-day direction. Functional direction is provided by Group HSEQ with a dotted line reporting relationship.

The Group Safety Leadership Team (GSLT) meets on a monthly basis, and membership includes the CEO and other key members of the management team. The GSLT is chartered to provide the leadership and commitment necessary for the organization’s IIF journey.

Key initiative in 2022 was continued high focus on HSE by leading strong commitment on different levels of organisation. LOGSTOR has continued a Safety Campaign project, as well as many technical improvements on our operational areas, including various investment projects.

During 2022 LOGSTOR Denmark Holding ApS recorded 6 Lost Time Accidents.

Human rights

Risk of human rights violations are reviewed across our supply chain. In our Code of Conduct, which has been circulated to our suppliers, we have published our zero-tolerance regarding forced labour, child labour, discrimination, freedom of association, workplace health and safety and conditions of employment.

Since 2015, we have obtained direct compliance confirmations from our suppliers and/or performed independent compliance reviews, if there is a specific suspicion of breach of our Code of Conduct.

Going forward we expect to continue to perform independent compliance audits on our suppliers.

In 2022 no breaches of the Code of Conduct has been recorded.

Fighting corruption and bribery

Risk of corruption has been identified in the interaction with suppliers and other business partners. A zero-tolerance policy regarding any kind of bribery has been adopted and implemented. All relevant employees with market-orientated activities have during 2022 received training in our policies. Such training will be continued in 2023.

A training program, which included basic knowledge and understanding of the Group’s “Anti-Corruption Policy” is fully in effect.

Report on gender composition in management according to section 99 b of the Danish Financial Statements Act

On a current basis, management of the LOGSTOR Group assess the composition of its members as well as how their internal processes work, including an appraisal of the cooperation between board and CEO. Further, a part of this assessment is a consideration of multitude, and the need for specific competencies. The boards are generally composed of business people, possessing a combination of professional competencies and practical experience, deemed to match the needs of the LOGSTOR Group.

In order to promote and facilitate an equal gender representation in management level positions at LOGSTOR, LOGSTOR have during 2022 pursued, and will continue to pursue the following objectives:

1 Target an equal gender representation at management level as vacancies arise, subject to identification of candidates with appropriate skills, and in this connection ensure that engaged search and selection firms are requested to identify at least one candidate of each gender for such positions. All internal and external searches for vacant positions are to include at least one candidate of each gender on a short list, subject to identification of candidates with appropriate skills.

2 Ensure appropriate level of participants from both genders at LOGSTOR programs intended to develop talent.

3 Ensure that targets are set for a potential under-represented gender, to ensure a more equal gender representation in the management of the company. The target is that by the end of year 2025, each gender shall represent at least 40% of all managers and board members.

Management shall with respect to the defined targets, include the Company’s Executive Committee, and all employees with direct reference to the Executive Committee.

The realized ratio in the LOGSTOR group was 24 % female managers as at the end of 2022, while for LOGSTOR Denmark Holding ApS it was 16% females in management positions. Consequently, current targets have not been achieved, which is something management will consider going forward, hereunder which measures to implement to achieve the targets.

By the end of 2022 three men and one woman constituted the general assembly Board of Directors in LOGSTOR Denmark Holding ApS. The realized ration was 25% female members of Board of Directors. This means that targets has been achieved.

Accounting policies

The annual report for LOGSTOR Denmark Holding ApS for 2022 has been submitted in accordance with the provisions of the Danish Financial Statements Act for Class C companies (large).

The accounting policies are unchanged from last year, and the annual report is presented in DKK.

No consolidated financial statements have been prepared pursuant to section 112 (2) of the Danish Financial Statements Act. The financial statements of LOGSTOR Denmark Holding ApS and its group enterprises are included in the consolidated financial statements for Kingspan Group plc., Ireland, Dublin.

Pursuant to section 86 (4) of the Danish Financial Statements Act, no statement of cash flows for the enterprise has been prepared, as the relevant information is included in the consolidated financial statements of Kingspan Group plc.

Intra-Group business combinations

In the case of business combinations such as the purchase and sale of shareholdings, mergers, divisions, transfers of assets and share exchanges, etc. by the participation of companies under the parent company's controlling influence the book value method is used, where the aggregation is considered carried out at the time of acquisition without adjustment of comparative figures. Differences between it agreed remuneration and the carrying amount of the acquired entity are recognised directly on equity.

Intra-group vertical mergers

Mergers carried out between the parent company and its subsidiary (vertical merger) is not considered a business combination, since no control is established in the transaction. Instead the previous control continues in a changed legal form. The merger is therefore carried out after the group method where consolidated financial statements are used as the continuing values of the continuing entity, regardless of whether the continuing business is the parent or subsidiary. If the parent included in the merger does not prepare consolidated financial statements, the following is instead prepared; statements, corresponding to the fact that the parent has constantly prepared a consolidated financial statement, which includes a purchase price allocation at the time of group establishment less depreciation of identified added value from the date of acquisition up to the accounting of the merger time of impact. The application of the group method therefore entails that the added value that would be recognised in consolidated financial statements or when measuring the share of capital of the subsidiary after the intrinsic value method, including goodwill, continues in the continuing business. The annual accounts of the continuing business is reflected as if the merger had been completed on the original date of acquisition, which means adjusting comparative figures and main and key figures summary back to this point. The exception on the adjustment of comparative figures in the book-value method is therefore not used.

Income statement

Revenue

The company has chosen to use IFRS 15 to interpret the provisions of the Danish Financial Statements Act for the recognition of revenue.

Revenue from sales of products

The Company's sales agreements are broken down into individually identifiable performance liabilities that are recognised and measured separately at fair value. Where a sales agreement includes several performance obligations, the total sales value of the sales agreement shall be allocated proportionately to the agreement’s delivery obligations. Revenue is recognised at one point of time when control over each identifiable performance obligation passes to the customer.

The revenue recognised is measured at the fair value of the agreed consideration excluding VAT and taxes collected on behalf of third parties. All kinds of discounts given are recognised in revenue.

The part of the total remuneration that is variable, for example in the form of discounts, bonus payments, etc., is first included in turnover, where it is reasonably certain that there will be no reversal thereof in subsequent periods, for example as consequence of lack of goal achievement, etc.

Sales of finished and commercial goods are recognised in turnover when control over each identifiable performance obligation in the sales agreement passes to the customer, which, according to the terms of sale, occurs at the time of delivery. Although a sales agreement concerning the sale of finished goods and commercial goods often contain several delivery obligations, they are treated as a single delivery obligation, as delivery typically takes place together at the same time.

The terms of payment in the Company's sales agreements with customers depend on the underlying delivery obligation and on the the underlying customer relationship. For the sale of goods where control is transferred at one specific time, the terms of payment will typically be running month + 1-3 months. The Company does not enter into sales agreements where the credit period exceeds 12 months, which is why the Company does not adjust the agreed contract price with a financing element.

Revenue from construction contracts

Construction contracts in which projects with a high degree of individual adaptation are supplied are recognised in the turnover as the production is carried out over time, whereby the turnover corresponds to the sales value of the works carried out for the year (percentage of completion method).

Where the result of a construction contract cannot be reliably estimated, revenue is recognised at the rate of costs involved only to the extent that it is likely that it will be recovered.

The percentage of completion is calculated on the basis of consumed costs compared to the latest cost estimate.

Accounting policies

Raw materials and consumables, etc.

Costs of raw materials and consumables comprise the consumption of raw materials and consumables for the financial year after adjustment for changes in inventories of these goods from the beginning to the end of the year. This item includes shrinkage, if any, and ordinary write-downs of the relevant inventories.

Changes in inventories of finished goods and work in progress comprise decreases or increases for the financial year in inventories of finished goods and work in progress. This item includes ordinary write-downs of such inventories. Changes in inventories of raw materials are included in costs of raw materials and consumables.

Other operating income

Other operating income contains accounting items of a secondary nature to the activities of the company, including profits from the disposal of intangible and tangible assets and management fees from other group companies.

Other external expenses

Other external expenses include expenses relating to the Company's ordinary activities, including expenses for premises, stationery and office supplies, marketing costs, etc. This item also includes write-downs of receivables recognised in current assets.

Other external expenses also include research costs and costs of development projects that do not meet the criteria for recognition in the balance sheet.

Staff costs

Staff costs include salaries and wages, including holiday allowances, pensions, and other social security costs, etc., for staff members.

Share-based payment

Employees of Logstor Denmark Holding ApS receive remuneration in the form of share-based payments, whereby employees render services as consideration for warrants granted by KINGSPAN Group. As Logstor Denmark Holding ApS does not have responsibility for settling the transaction, the arrangement is accounted for as an equity-settled share-based payment transaction.

A management recharge, based upon the grant date fair value of the warrants, is accrued over the vesting period of the share-based payment. As the recharge amount is directly based on the value of the underlying share-based payment, the recharge to KINGSPAN Group is charged directly to equity, provided it represents a return of the capital contribution received up to the amount of the contribution and a distribution thereafter.

Amortisation/depreciation

Amortisation, depreciation and impairment losses relating to intangible assets and property, plant and equipment comprise amortisation, depreciation and impairment losses for the financial year, calculated on the basis of the residual values and useful lives of the individual assets and impairment testing as well as gains and losses from the sale of intangible assets as well as 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:

Completed development projects	7 years
Acquired intangible assets	15 years
Goodwill	10-20 years
Land and buildings	25 years
Operating equipment	5-10 years
Transport vehicles	5 years
IT equipment	3 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.

Where individual components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items, which are depreciated separately.

Property, plant and equipment are written down to the lower of recoverable amount and carrying amount.

Gains and losses on the disposal of items of property, plant and equipment are calculated as the difference between the selling price less selling costs and the carrying amount at the date of disposal. Gains and losses are recognised in the income statement as other operating income or other operating expenses, respectively.

Other operating expenses

Other operating expenses comprise items of secondary nature as regards the principal activities of the enterprise, including losses on the disposal of intangible and tangible assets.

Results from investments in subsidiaries

Dividend from investments in subsidiaries is recognised in the financial year in which the dividend is declared.

Financial income and expenses

Financial income comprises interest income, including interest income on receivables from group enterprises, net capital gains on financial statement items in foreign currencies as well as tax relief under the Danish Tax Prepayment Scheme etc.

Financial expenses comprise interest expenses, net capital loss on financial statement items in foreign currencies as well as tax surcharge under the Danish Tax Prepayment Scheme etc.

Tax on net profit or loss for the year

Tax for the year comprises the current income tax for the year and changes in deferred tax and is recognised in the income statement with the share attributable to the net profit or loss for the year and directly in equity with the share attributable to entries directly in equity.

Balance sheet

Intangible assets

Goodwill is amortised straight-line over its estimated useful life which is fixed based on the experience gained by Management for each business area. In certain cases, the amortisation period is up to 10- 20 years for strategically acquired enterprises with a strong market position and a long-term earnings profile if the longer amortisation period is considered to give a better reflection of the benefit from the relevant sources.

Goodwill is amortised over 10-20 years. Goodwill is written down to the lower of recoverable amount and carrying amount.

Intellectual property rights etc comprise acquired licenses and patent and development projects relating to products intended to be produced and sold.

Acquired licenses and patents are measured at cost less accumulated amortisation. Acquired licenses and patent rights are amortised over 15 years as the investments made are expected to contribute to earnings during this period.

Development projects relating to products intended to be produced and sold are recognised as intangible assets. Other development costs are recognised as costs in the income statement as incurred. Development costs comprise costs that are directly or indirectly attributable to the development projects. Straight-line amortisation is provided on the basis of the useful life of the product, up to 7 years as the development costs are expected to contribute to earnings during this period. Development costs comprise expenses, salaries and amortisation charges directly attributable to the Company's development activities.

Development projects that are clearly defined and identifiable, and where the technical feasibility, sufficient resources, and a potential future market or development potential are evidenced, and where the Company intends to produce, market or use the project, are recognised as intangible assets provided that the cost can be measured reliably, and that there is sufficient assurance that future earnings can cover production costs, selling costs and administrative expenses and development costs. Other development costs are recognised in the income statement as incurred.

Development costs that are recognised in the balance sheet are measured at cost less accumulated amortisation and impairment losses.

On completion of a development project, development costs are amortised on a straight-line basis over the estimated useful life. The amortisation period is usually 7 years.

Gains and losses on the disposal of development projects, patents and licences are determined as the difference between the selling price less costs to sell and the carrying amount at the date of disposal. Gains or losses are recognised in the income statement as other operating income or other operating expenses, respectively.

Property, plant, and equipment

Land and buildings, plant and machinery as well as operating equipment are measured at cost less accumulated depreciation and impairment losses.

Land is not depreciated.

Cost comprises the purchase price and any costs directly attributable to the acquisition until the date when the asset is available for use. The cost of self-constructed assets comprises direct and indirect costs of materials, components, sub-suppliers, wages and salaries.

Individual components of property, plant and equipment that have different useful lives and where the individual component accounts for a significant part of total costs are accounted for as separate items, which are depreciated separately.

Leases

The company has chosen to use IFRS 16 to interpret the provisions of the Danish Financial Statements Act for the recognition of leases.

A lease asset and a lease liability are recognised in the balance sheet when, under a lease agreement entered into, the Company is in respect of a specifically identifiable asset is made available to the lease asset during the lease term and when the Company acquires entitlement to virtually all the economic benefits from the use of the identified asset and the right to decide over the use of the identified asset.

Lease liabilities are measured at initial recognition at the present value of future lease payments discounted by the Company's alternative loan rate. The following lease payments are recognised as part of the lease payment:

- Fixed payments
- Variable payments that change with changes in an index or interest rate, based on that index or interest rate
- Payments subject to an extension option that the Company is reasonably likely to expect to exercise
- The exercise price of purchase options that the Company is reasonably likely to expect to exercise
- Penalties related to a termination option, unless the Company is reasonably unlikely to expect to exercise the option

The lease liability is measured at amortised cost under the effective interest method. The lease liability is recalculated when there are changes in the underlying contractual cash flows from:

- Changes in an index or interest rate
- If there are changes in the Company's estimate or residual value guarantee
- If the Company changes its assessment of whether a purchase, extension or termi-nation option is reasonably likely to be expected utilised.

The lease asset is measured at initial recognition at cost, which corresponds to the value of the lease liability adjusted for prepaid lease payments plus direct related costs and estimated demolition, refurbishment costs or similar and deducted from discounts received or other types of incentive payments from the lessor.

Subsequently, the asset is measured at cost less accumulated depreciation and amortisation. The lease asset is depreciated over the shortest of the lease term and the useful life of the lease asset. The depreciation is recognised linearly in the income statement.

The lease asset is adjusted for changes in the lease liability as a result of changes in the terms of the lease agreement or changes in the cash flows of the contract in line with changes in an index or interest rate.

Lease assets are depreciated on a straight line basis over the expected rental period that constitutes:

- Cars: 3-5 years
- Properties: 5-15 years
- Production plant and machinery: 3-10 years

The Company presents the lease asset and lease liability separately in the balance sheet.

The Company has chosen not to recognise low-value lease assets and short-term leases in the balance sheet. Instead lease payments relating to those leases are recognised in a straight-line profit and loss account.

Investments

Investments in subsidiaries

Investments in subsidiaries are recognised and measured at cost. If the recoverable amount is lower than the cost price, it shall be written down for impairment to this lower value.

Impairment of Non-current assets

The carrying amount of intangible assets, property, plant and equipment, and investments in subsidiaries 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).

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.

Inventories

Inventories are measured at cost in accordance with the FIFO method.

Where the net realisable value is lower than cost, inventories are written down to this lower value.

Goods for resale and raw materials and consumables are measured at cost, comprising purchase price plus delivery costs and other costs directly related to the purchase.

Finished goods and work in progress are measured at cost, comprising the cost of raw materials, consumables, direct wages and salaries as well as indirect production overheads. Production overheads comprise costs of material and labour as well as maintenance of and depreciation on production machinery, buildings and equipment as well as costs relating to plant administration and management.

The net realisable value of inventories is determined as the selling price less any discounts, costs of completion and costs incurred to effect the sale, taking into account marketability, obsolescence and developments in the expected selling price.

Receivables

The Company has chosen to use IFRS 9 for interpretation for write-downs of financial assets measured at amortised cost.

Receivables are measured at amortised cost. Write-downs to counter losses are made after the simplified expected credit loss model, according to which the total loss is immediately recognised in the income statement at the same time as the receivable is recorded in the balance sheet on the basis of the expected loss in the total life of the receivable. The revenue transfer of interest on written-down receivables are calculated on the written down value with the effective interest rate for each receivable.

The financial asset is monitored on an ongoing basis in accordance with the Company's risk management until realisation. The write-down is calculated out from the expected loss rate, which is calculated for financial assets by geographical location. The loss rate is calculated on the basis of historical data corrected for estimates of the impact of expected changes in relevant parameters, such as the economic development of the market concerned.

For other loans and receivables, including receivables from affiliates, the general expected credit loss model is used. Under this model, write-downs are made according to an expectation-based model, which involves a financial asset being written down by an amount equal to the expected credit loss for 12 months at the time of initial withdrawal. If there is subsequently a significant increase in credit risk compared to the time of initial recognition, the asset is written down by an amount equal to the expected credit loss in the asset's remaining maturity. If the asset is found to be depreciated, the asset is written down by an amount equal to the expected credit loss in the remaining maturity of the asset, and interest income is recognised in the profit and loss account according to the method of the effective interest rate in relation to the amount written down.

Construction contracts

Contract work in progress is measured at the selling price of the work performed less payments received on account and anticipated losses..

Contract work in progress entail a significant degree of design customisation of produced goods. Moreover, before any work is commenced, a binding agreement must have been entered into, which will imply a penalty or damages on subsequent termination of the agreement.

The selling price is measured by reference to the percentage of completion at the end of the reporting period and the total expected income from the contract. The percentage of completion is determined on the basis of an assessment of the work performed, which is usually measured as the proportion of contract costs incurred for work performed to date relative to the total estimated contract costs.

When it is probable that the total contract costs will exceed the total contract revenue, the anticipated loss on the contract is immediately recognised as an expense and a provision.

When income and expenses on Contract work in progress cannot be determined reliably, the selling price is measured solely at the costs incurred in so far as they are likely to be recovered.

Where the selling price of work performed exceeds payments received on account and anticipated losses, the excess amount is recognised in contract work in progress . If payments received on account and anticipated losses exceed the selling price of Contract work in progress, the deficit is recognised in prepayments received from customers for contract work in progress .

Selling costs and costs incurred in securing contracts are recognised in the income statement when incurred. Prepayments received from customers are recognised in contract liabilities. Where payment has been received for later sales of goods but delivery has not yet taken place, deferred revenue is also recognised in contract liabilities.

Prepayments

Prepayments comprise incurred costs relating to subsequent financial years. Prepayments are measured at cost.

Cash

Cash comprises cash in hand and bank deposits.

Considering the nature of the scheme, account balances relating to the Group's cash pool scheme are not considered cash and cash equivalents, but are included in the financial statement item receivables from group entities.

Equity

Reserve for development costs

The reserve for development costs comprises recognised development costs less related deferred tax liabilities.

The reserve cannot be used as dividends or for covering losses.

The reserve is reduced or dissolved if the recognised development costs are amortised or abandoned. This is done by direct transfer to the distributable reserves of the equity.

Dividend

Dividend expected to be distributed for the year is recognised as a separate item under equity.

Income taxes and deferred taxes

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 in the Danish company and the foreign branches.

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 Management's intended use of the asset or settlement of the liability, respectively.

Deferred tax assets, including the tax value of tax loss carry-forwards, 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 and jurisdiction.

Provisions

Provisions comprise anticipated costs related to warranties, losses on contract work in progress, restructurings, etc.

Provisions are recognised when the Company has a legal or constructive obligation as a result of a past event at the balance sheet date, and it is probable that an outflow of the Company's resources embodying economic benefits will be required to settle the obligation.

Provisions are measured at net realisable value or fair value. If the obligation is expected to be settled far into the future, the obligation is measured at fair value.

Warranty commitments include expenses for remedial action in respect of the non-recourse guarantee commitments within the warranty period of 5 years. Provisions for warranty commitments are measured at net realisable value and recognised based on past experience. Provisions that are expected to mature after more than one year after the balance sheet date are discounted at average bond yields.

When it is probable that the total contract in work expenses will exceed the total contract revenue, a provision is made for the total anticipated loss on the contract.

Liabilities other than provision

The Company has chosen IAS 39 as interpretation for recognition and measurement of liabilities.

Financial liabilities are recognised at the date of borrowing at the 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 commitment in respect of finance leases.

Other liabilities are measured at net realisable value.

Segment information

Information is disclosed by activities and geographical markets.

Segment information is based on the Company's accounting policies, risks and management control.

Income statement 1 January - 31 December

DKK thousand.

Note		2022	2021
3	Revenue	1.168.425	717.443
	Change in inventories of finished goods and work in progress	18.774	60.052
4	Other operating income	29.740	30.355
	Costs of raw materials and consumables	-805.489	-507.011
	Other external expenses	-79.644	-58.440
	Gross profit	**331.806**	**242.399**
6	Staff costs	-160.938	-167.454
7	Depreciation, amortisation, and impairment	-25.063	-37.926
8	Other operating expenses	-2.093	-325
	Operating profit	**143.712**	**36.694**
	Income from investments in subsidiaries	37.063	115.330
9	Other financial income	944	3.869
10	Other financial expenses	-1.478	-22.385
	Pre-tax net profit or loss	**180.241**	**133.508**
11	Tax on net profit or loss for the year	-28.771	-14.325
12	**Net profit or loss for the year**	**151.470**	**119.183**

Balance sheet at 31 December

DKK thousand.

Note	Assets	2022	2021
	Non-current assets		
13	Completed development projects, including patents and similar rights arising from development projects	4.418	6.526
14	Goodwill	5.613	8.108
15	Development projects under construction and prepayments for intangible assets	1.969	1.969
	Total intangible assets	12.000	16.603
16	Land and buildings	44.906	50.158
17	Plant and machinery	35.807	30.515
18	Property, plant and equipment under construction	4.199	8.263
19	Right-of-use assets	7.925	13.342
	Total property, plant, and equipment	92.837	102.278
20	Investments in subsidiaries	548.711	511.648
	Total investments	548.711	511.648
	Total non-current assets	**653.548**	**630.529**
	Current assets		
	Raw materials and consumables	82.908	49.109
	Work in progress	7.013	5.736
	Manufactured goods and goods for resale	116.106	98.609
	Total inventories	206.027	153.454
	Trade receivables	69.850	44.191
21	Receivables from subsidiaries	342.917	102.027
22	Deferred tax assets	2.282	0
	Other receivables	2.779	4.558
23	Prepayments	3.652	2.711
	Total receivables	421.480	153.487
	Cash and cash equivalents	11.482	181.727
	Total current assets	**638.989**	**488.668**
	Total assets	**1.292.537**	**1.119.197**

Balance sheet at 31 December

DKK thousand.

Note	Equity and liabilities	2022	2021
	Equity		
24	Contributed capital	150	150
25	Reserve for development costs	4.485	5.951
	Retained earnings	728.725	844.390
	Proposed dividend for the financial year	270.000	0
	Total equity	**1.003.360**	**850.491**
	Provisions		
	Provisions for deferred tax	0	4.064
26	Other provisions	34.110	33.229
	Total provisions	**34.110**	**37.293**
	Liabilities other than provisions		
	Lease liabilities	4.303	7.945
27	Total long term liabilities other than provisions	4.303	7.945
27	Current portion of long term liabilities	3.747	5.525
28	Contract work in progress	100	1.331
	Trade payables	98.252	69.240
	Payables to subsidiaries	83.962	119.461
	Income tax payable	21.104	2.441
	Other payables	43.599	25.470
	Total short term liabilities other than provisions	250.764	223.468
	Total liabilities other than provisions	**255.067**	**231.413**
	Total equity and liabilities	**1.292.537**	**1.119.197**

1 Material uncertainty related to recognition and measurement (contingent asset)
2 Special items
5 Fees, auditor
29 Contingencies
30 Related parties

Statement of changes in equity

DKK thousand.

	Contributed capital	Reserve for development costs	Retained earnings	Proposed dividend for the financial year	Total
Equity 1 January 2022	150	5.951	844.390	0	850.491
Retained earnings for the year	0	-1.466	-117.064	270.000	151.470
Share options	0	0	1.399	0	1.399
	150	**4.485**	**728.725**	**270.000**	**1.003.360**

DKK thousand.

1. Material uncertainty related to recognition and measurement (contingent asset)

LOGSTOR Denmark Holding ApS has inter-company receivables of TDKK 12.897 as of December 31, 2022 from LOGSTOR Green Technology (now an non-active subsidiary) in China. LOGSTOR Denmark Holding ApS has tried for a couple of years to have the cash transferred from China to Denmark by using external advisors, banks etc.,

As LOGSTOR Denmark Holding ApS have been in contact with multiple external advisors, banks etc. as well as internal personnel from Kingspan Group, without anyone providing a solution to to have the cash transferred from China to Denmark, management has written off the intercompany receivable of TDKK 12.897 as of December 31, 2021. Accordingly, the carrying amount is TDKK 0 as of December 31, 2022.

It is uncertain if it will possible to transfer the cash from China to Denmark in the future (contingent asset).

2. Special items

Special items comprise significant income and expenses of a special nature relative to the Company's revenue-generating operating activities, e.g. expenses incurred for extensive structuring of processes and basic structural adjustments as well as any related disposal gains and losses, that have a material impact over time. Special items also comprise significant one-off items that, in Management's opinion, do not form part of the Company's operating activities.

As disclosed in the Management's review, the profit/loss for the year is affected by a number of matters that Management does not consider part of the operating activities.

Special items for the year are specified below, including the line items in which they are recognised in the income statement.

DKK thousand.

2. Special items (continued)

	2022	2021
Income:		
Reversal of impairment on investments in subsidiaries	37.063	115.330
	37.063	115.330
Costs		
Write-down of inventories due to new estimates, partly as a consequence of Kingspan Group plc acquisition of the Company	0	9.116
Provisions for guarantees due to new estimates, partly as a consequence of Kingspan Group plc acquisition of the Company	0	4.806
Write-down of inter-company receivables to not active Chinese subsidiary	0	12.897
Costs related to bonus etc. to the former management as a consequence of Kingspan Group plc acquisition of the Company	0	35.475
	0	62.294
Special items are recognised in the below line items		
Income from investments in subsidiaries	37.063	115.330
Staff costs	0	-9.116
Other external expenses	0	-36.155
Other external expenses	0	-17.023
Net profit/loss from special items	**37.063**	**53.036**

3. Revenue

Segmental statement

	Cooling	**Heating**	**Total**
2022			
Activities – primary segment:	2	1.168.423	1.168.425
2021			
Activities – primary segment:	73	717.370	717.443

	Nordic	**Rest of the World**	**Total**
2022			
Geographical – secondary segment:	872.763	295.662	1.168.425
2021			
Geographical – secondary segment:	489.785	227.658	717.443

Notes

DKK thousand.

		2022	2021
4.	**Other operating income**		
	Management fee	28.203	30.355
	Saleries and wages refunds	1.537	0
		29.740	**30.355**
5.	**Fees, auditor**		
	Total remuneration for EY Godkendt Revisionspartnerselskab	1.676	920
	Remuneration related to statutory audit	1.669	534
	Tax-related consulting	0	205
	Other services	7	181
		1.676	**920**
6.	**Staff costs**		
	Salaries and wages	148.722	155.418
	Pension costs	9.912	9.840
	Other costs for social security	1.733	1.744
	Other staff costs	571	452
		160.938	**167.454**
	Executive board	6.112	27.510
	Board of directors	0	0
	Executive board and board of directors	**6.112**	**27.510**
	Average number of employees	229	206

The salaries to Executive Board in 2021 includes bonus etc. to the former management as a consequence of Kingspan Group plc.´s acquisition of the Company in June 2021.

Notes

DKK thousand.

		2022	2021
7.	**Depreciation, amortisation, and impairment**		
	Amortisation of completed development projects	2.108	3.887
	Amortisation of goodwill	2.495	2.495
	Depreciation of land and buildings	6.266	6.962
	Depreciation of plant and machinery	8.472	18.248
	Depreciation of right of use assets	5.722	6.334
		25.063	**37.926**

		2022	2021
8.	**Other operating expenses**		
	Loss on the sale of property, plant, and equipment	2.093	325
		2.093	**325**

		2022	2021
9.	**Other financial income**		
	Interest income, group entities	911	3.869
	Other financial income	33	0
		944	**3.869**

		2022	2021
10.	**Other financial expenses**		
	Financial costs, group entities	1.337	14.896
	Other financial costs	141	7.489
		1.478	**22.385**

		2022	2021
11.	**Tax on net profit or loss for the year**		
	Tax on net profit or loss for the year	35.137	17.144
	Adjustment of deferred tax for the year	-3.191	-3.649
	Adjustment of tax for previous years	-3.175	830
		28.771	**14.325**

DKK thousand.

		2022	2021
12.	**Proposed distribution of net profit**		
	Dividend for the financial year	270.000	0
	Transferred to retained earnings	0	120.513
	Transferred to other reserves	-1.466	-1.330
	Allocated from retained earnings	-117.064	0
	Total allocations and transfers	**151.470**	**119.183**

		31/12 2022	31/12 2021
13.	**Completed development projects, including patents and similar rights arising from development projects**		
	Cost 1 January	58.901	57.485
	Transfers	0	1.416
	Cost 31 December	**58.901**	**58.901**
	Amortisation and writedown 1 January	-52.375	-47.784
	Amortisation and depreciation for the year	-2.108	-3.887
	Transfers	0	-1.416
	Adjustment amortisation of writedown 1 January 2021	0	712
	Amortisation and writedown 31 December	**-54.483**	**-52.375**
	Carrying amount, 31 December	**4.418**	**6.526**

Completed development projects

Completed development projects include development and test of new products and improvement on current projects. In Management's opinion, the development projects was rolled out as planned. Projects will be amortised over 7 years.

Management has assessed that there are no indications of impairment in relation to the carrying amount.

Notes

DKK thousand.

		31/12 2022	31/12 2021
14.	**Goodwill**		
	Cost 1 January	66.858	66.858
	Cost 31 December	**66.858**	**66.858**
	Amortisation and writedown 1 January	-58.750	-56.255
	Amortisation and depreciation for the year	-2.495	-2.495
	Amortisation and writedown 31 December	**-61.245**	**-58.750**
	Carrying amount, 31 December	**5.613**	**8.108**

The amortisation period is 20 years due to a strong market position and a long-term earnings profile, and the longer amortisation period is considered to give a better reflection of the benefit from the relevant acquisition.

DKK thousand.

		31/12 2022	31/12 2021
15.	**Development projects under construction and prepayments for intangible assets**		
	Cost 1 January	1.969	3.231
	Additions during the year	0	154
	Transfers	0	-1.416
	Cost 31 December	**1.969**	**1.969**
	Amortisation and writedown 1 January	0	-708
	Impairment loss for the year	0	-708
	Transfers	0	1.416
	Amortisation and writedown 31 December	**0**	**0**
	Carrying amount, 31 December	**1.969**	**1.969**

Development projects in progress

Development projects in progress include development and test of new improved couplings and other related items. The relating expenses primarily consist of internal expenses in the form of payroll costs and production overheads, which are recorded through the Company's internal project module.

The carrying amount totalled DKK 1.969 thousand at 31 December 2022. The development of the system is expected to be finalised in 2023 after which marketing and selling activities will be carried out. Management expects to spend DKK 200 thousand to complete the system.

The new systems are expected to result in competitive advantages and, thus, a increase in the Company's level of activity and results of operations from 2023.

Impairment testing

In 2022, Management carried out an impairment test of the carrying amount of development projects in progress. The recoverable amount in the form of the value in use is deemed to exceed the carrying amount. The value in use is calculated based on the expected net cash flows, which are based on budgets for the coming years as approved by Management.

DKK thousand.

		31/12 2022	31/12 2021
16.	**Land and buildings**		
	Cost 1 January	147.299	146.428
	Additions during the year	1.014	608
	Disposals during the year	0	-52
	Transfers	0	315
	Cost 31 December	**148.313**	**147.299**
	Depreciation and writedown 1 January	-97.141	-90.231
	Amortisation and depreciation for the year	-6.266	-6.962
	Depreciation, amortisation and impairment loss for the year, assets disposed of	0	52
	Depreciation and writedown 31 December	**-103.407**	**-97.141**
	Carrying amount, 31 December	**44.906**	**50.158**

		31/12 2022	31/12 2021
17.	**Plant and machinery**		
	Cost 1 January	257.736	255.040
	Additions during the year	8.320	4.764
	Disposals during the year	-21.163	-4.289
	Transfers	8.057	2.221
	Cost 31 December	**252.950**	**257.736**
	Depreciation and writedown 1 January	-227.221	-212.937
	Amortisation and depreciation for the year	-8.992	-18.248
	Reversal of depreciation, amortisation and impairment loss, assets disposed of	19.070	3.964
	Depreciation and writedown 31 December	**-217.143**	**-227.221**
	Carrying amount, 31 December	**35.807**	**30.515**

Notes

DKK thousand.

		31/12 2022	31/12 2021
18.	**Property, plant and equipment under construction**		
	Cost 1 January	8.263	3.353
	Additions during the year	3.993	7.448
	Transfers	-8.057	-2.538
	Cost 31 December	**4.199**	**8.263**
	Carrying amount, 31 December	**4.199**	**8.263**

		31/12 2022	31/12 2021
19.	**Right-of-use assets**		
	Cost 1 January	19.676	0
	Correction due to changes in accounting policies	0	16.839
	Translation at the exchange rate at the balance sheet date 31 December	0	1.076
	Additions during the year	305	1.761
	Cost 31 December	**19.981**	**19.676**
	Depreciation and writedown 1 January	-6.334	0
	Amortisation and depreciation for the year	-5.722	-6.334
	Depreciation and writedown 31 December	**-12.056**	**-6.334**
	Carrying amount, 31 December	**7.925**	**13.342**

DKK thousand.

		31/12 2022	31/12 2021
20.	**Investments in subsidiaries**		
	Cost 1 January	1.186.499	1.186.499
	Cost 31 December	**1.186.499**	**1.186.499**
	Revaluations, opening balance 1 January	-674.851	-788.693
	Reversal of prior revaluations	37.063	113.842
	Writedown 31 December	**-637.788**	**-674.851**
	Carrying amount, 31 December	**548.711**	**511.648**

Notes

DKK thousand.

Financial highlights for the enterprises according to the latest approved annual reports

DKK in thousands	**Equity interest**	**Equity**	**Results for the year**
Logstor Deutchland GmbH, Grosse Elbstrasse 145C, 22767 Hamburg, Germany	100 %	27.986	7.318
Logstor Sverige Holding AB, Fridhemsgaten 2, 802 32 Örebo	100 %	6.052	46
Logstor UK Ltd., The Nostell Estate, Office 10, Rear Walled Garden, Wakefield, West Yorkshire, WF4 1 AB, Great Britain	100 %	1.942	911
Logstor Schweiz AG, Adlikerstrasse 290, 8105 Regensdoft, Schweiz	100 %	8.993	1.767
Logstor Italia Srl, Piazza Luigi de Savoia n 22, 20124 Milano, Italy	100 %	5.317	-247
Logstor Finland OY, PO Bos 37, Rajalantie 5, 43101 Saarijärvi, Finland	100 %	63.513	17.469
Logstor Netherland BV, Debbemeerstraat 21; 2131 HE Hoofddorp, The Netherlands	100 %	15.663	11.513
Logstor France SAS, Immeuble Le Forum, 27, Rute M. Flandin, 69444 Luon Cedex 03, France	100 %	24.981	1.076
Logstor Austria GmbH, Gastgebgasse 27, 1230 Wien, Austria	100 %	7.078	2.861
UAB Logstor Lithuania, Gedimino g. 5-2, 44332 Kaunas, Lithuania	100 %	4.071	507
Logstor Green Technology Co Ltd, 38. Jinguang Road, Building 7, Langfand, Hebei Province, China	100 %	0	0
Logstor S.R.L, Central Business Park, Building A.2, 133 Calea Serban Voda, Bucuresti, Romania	100 %	-16.097	2.321

DKK thousand.

The company has reversed an impairment on investments in subsidiaries of DKK 37 million on 2022. Please refer to note 2.

Impairment test

The impairment test of investments in the subsidiaries is based on a stand-alone impairment test of each subsidiary. These impairment tests are based on the expected future cash flows in the individual countries, generated by the expected results that Management has set, in accordance with the current available market data and knowledge.

The main assumptions for the impairment test are sales growth, margin, discount rate and future growth expectations and can be summarised as follows. Growth rates in the budget period year 1 to year 5 are based on the current business plan. The discount rate used (WACC) is 8,48% after tax, the annual growth in the terminal period is 1%.

As the companies are sales companies, investments are expected to be immaterial. Due to the development in the historical financial performance and the performed sensitivity test, Management has concluded that the impairment test results in no further impairments being made for 2022.

Due to a generally more positive outlook in the entities, management has reversed a prior year impairment of DKK 37 million as of 31 December 2022.

The positive outlook origins from a strong growth in 2022, together with an updated business plan, expecting a growth to regain some of the revenue lost in prior year.

The estimates made are based on assumptions that management considers reasonable, but which are naturally subject to uncertainty. Such assumptions may be incomplete or inaccurate, and unexpected events or incidents may occur. Furthermore, the underlying businesses of individual subsidiaries are exposed to risks and uncertainties that may cause realised results to deviate from estimates.

21. Receivables from subsidiaries

LOGSTOR Denmark Holding ApS has concluded an agreement regarding a cash pool scheme with Danske Bank A/S, according to which Logstor Denmark Holding ApS is the sub-account holder together with the Group's other group entities. Under the terms agreed for the cash pool scheme, Danske Bank A/S is entitled to settle withdrawels and balances with each other whereby only the net balance of the total cash pool accounts makes up the Group balance with Danske Bank A/S.

LOGSTOR Denmark Holding ApS' account in the cash pool scheme, which is recognised as a receivable from group entities, made up an account balance of DKK 204.085 thousand at 31 December 2022 (at 31 December 2021: a liability of DKK 60.919 thousand).

Notes

DKK thousand.

		31/12 2022	31/12 2021
22.	**Deferred tax assets**		
	Deferred tax assets 1 January	-4.064	-7.707
	Deferred tax relating to the net profit or loss for the year	3.191	3.649
	Deferred tax adjustment prior year	3.155	0
	Deferred tax recognised directly in equity	0	-6
		2.282	**-4.064**
	The following items are subject to deferred tax:		
	Intangible assets	-2.635	-3.652
	Property, plant, and equipment	-783	225
	Inventories	1.447	-679
	Debtors	28	0
	Liabilities	4.225	42
		2.282	**-4.064**

23. Prepayments

Prepayments comprise incurred costs relating to subsequent financial years. Prepayments are measured at costs.

		31/12 2022	31/12 2021
24.	**Contributed capital**		
	Contributed capital 1 January	150	81
	Cash capital increase	0	69
		150	**150**

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

		31/12 2022	31/12 2021
25.	**Reserve for development costs**		
	Reserve for development costs 1 January	5.951	7.281
	Transferred from retained earnings	-1.466	-1.330
		4.485	**5.951**

DKK thousand.

		31/12 2022	31/12 2021
26.	**Other provisions**		
	Warranty provision 1 January 2021	33.229	11.280
	Utilised during the year	-6.943	-1.138
	Unutilised warranty provision, reversed	-511	-2.676
	Warranty provisions for the year	8.335	25.763
		34.110	**33.229**
	Short-term part hereof	3.760	748

27. Long term labilities other than provisions

	Total payables 31 Dec 2022	Current portion of long term payables	Long term payables 31 Dec 2022	Outstanding payables after 5 years
Lease liabilities	8.050	3.747	4.303	0
	8.050	**3.747**	**4.303**	**0**

Lease liabilities

The group has in measurement of lease liabilities used an average interest rate for discounting future cash payments of 1%.

In the financial year of 2022 the group has paid TDKK 5.836 related to leasing obligations, of which the interest payments related to lease obligations constitute TDKK 111, and repayments of lease obligations constitute TDKK 5.725.

DKK thousand.

		31/12 2022	31/12 2021
28.	**Contract work in progress**		
	Selling price of the production for the period	27.179	612
	Progress billings	-27.279	-1.943
	Contract work in progress, net	**-100**	**-1.331**
	The following is recognised:		
	Contract work in progress (short-term liabilities other than provision)	-100	-1.331
		-100	**-1.331**

29. Contingencies

On behalf of the company, banks have provided guarantees totalling DKK 40.701 thousand at 31 December 2022.

The Company is jointly taxed with its Danish group entities. As administration company, the Company has unlimited joint and several liability, together with the group entities, for payment of Danish corporation taxes and withholding taxes on dividends, interest and royalties within the joint taxation group. The jointly taxed entities' total known net liability in respect of corporation taxes and withholding taxes payable on dividend, interest and royalties amounted to DKK 21.104 thousand at 31 December 2022. Any subsequent corrections of income subject to joint taxation and withholding taxes, etc., may entail that the entities' liability will increase. The Group as a whole is not liable to any third parties.

DKK thousand.

30. Related parties

Controlling interest

LOGSTOR International Sp.z.o.o, Poland — Majority shareholder

The following shareholders are registrered in the Company's register of shareholders as holding minimum 5% of the share capital:
Kingspan Holding Netherlands B.V.
Holland

Transactions

The company has the following related party transactions:

	2022	2021
Sales of goods to group enterprises	403.521	302.825
Purchases from group enterprises	373.531	204.278
Interest income from group enterprises	911	3.869
Interest expenses from group enterprises	1.337	14.986
Intercompany fee from group enterprises	66.446	19.679
Intercompany fee to group enterprises	51.652	82.692
Receivables from group enterprises	342.917	102.027
Payables from group enterprises	83.962	119.461
Capital increase from the parent company	0	544.654
Loan forgiveness to subsidiary	0	101
Write-down of inter-company receivables to subsidiary	0	12.897
Repayment of debt to Langley Co-Invest S.a r.l.	0	196.317

Remuneration to the Company's Executive Board and Board of Directors is set out in note 5.

Consolidated financial statements

The company is included in the consolidated financial statements of Kingspan, Ireland, Dublin.
The Annual report can be required here:
https://www.kingspangroup.com/en/investors/reports-and-presentations/