

LOGSTOR Denmark Holding ApS

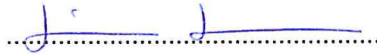
Danmarksvej 11, DK-9670 Løgstør

CVR no. 35 37 56 27

Annual report 2019

Approved at the Company's annual general meeting on 03.03.2020

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	8
Income statement	8
Balance sheet	9
Statement of changes in equity	11
Notes to the financial statements	12

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 2019.

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 2019 and of the results of the Company's operations for the financial year 1 January - 31 December 2019.

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

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

Løgstør, 3 March 2020

Executive Board:

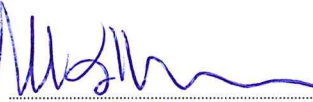


Kim Christensen
CEO



Henning Bejer Beck
CFO

Board of Directors:



Miguel Kohlmann
Chairman



Joakim Olof Olsson



Gustaf Backemar

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 2019, which comprise income statement, balance sheet, statement of changes in equity and notes, including accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the financial position of the Company at 31 December 2019 and of the results of the Company's operations for the financial year 1 January - 31 December 2019 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the financial statements" section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these rules and requirements.

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.
- ▶ 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.

Independent auditor's report

- ▶ 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, 3 March 2020
ERNST & YOUNG
Godkendt Revisionspartnerselskab
CVR no. 30 70 02 28



Steen Skorstengaard
State Authorised Public Accountant
mne19709



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 Joakim Olof Olsson Gustaf Backemar
Executive Board	Kim Christensen, CEO Henning Bejer Beck, CFO
Auditors	Ernst & Young Godkendt Revisionspartnerselskab Værkmestergade 25, P.O. Box 330, 8100 Aarhus C, Denmark

Management's review

Financial highlights

DKK'000	2019	2018	2017	2016	2015
Key figures					
Gross margin	20,968	19,996	18,512	15,026	20,692
Operating profit/loss	750	-99	-2,237	-3,204	2,063
Profit for the year	208,487	190,837	-7,626	-31,691	96,572
Balance sheet					
Fixed assets	375,480	352,780	192,780	192,780	215,480
Non-fixed assets	530,532	561,534	65,070	90,702	99,160
Total assets	906,012	914,314	257,850	283,482	314,640
Share capital	81	81	81	81	81
Equity	178,218	226,568	35,731	43,357	75,048
Provisions	0	0	0	0	0
Non-current liabilities other than provisions	503,398	480,405	0	210,772	208,271
Current liabilities other than provisions	224,396	207,341	222,119	29,353	31,321
Financial ratios					
Return on assets	0.1%	0.0%	-0.8%	-1.1%	0.7%
Current ratio	236.4%	270.8%	29.3%	309.0%	316.6%
Return on equity	103.0%	145.5%	-19.3%	-53.5%	128.7%
Average number of employees	8	7	7	7	7

The financial ratios stated in the survey of financial highlights have been calculated as follows:

Return on assets	$\frac{\text{Profit/loss from operating activities} \times 100}{\text{Average assets}}$
Current ratio	$\frac{\text{Current assets} \times 100}{\text{Current liabilities}}$
Return on equity	$\frac{\text{Profit/loss after tax} \times 100}{\text{Average equity}}$

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 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, Romania and United Kingdom.

Group Financing

The current loan agreement with Nordea - which is subject to financial covenants - is in place until 2024. It provides the company with enough liquidity to execute on the internal business plan.

Financial review

The income statement for 2019 shows a profit of DKK 208,487 thousand against a profit of DKK 190,837 thousand last year, and the balance sheet at 31 December 2019 shows equity of DKK 178,218 thousand.

Events after the balance sheet date

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

Outlook

2020 has started well with continuing focus on execution on profitable growth and increased customer focus. The results for 2020 are developing as expected. Due to the macro-economic situation prevailing in our main markets in Europe it is not possible to give an accurate forecast of the financial performance for 2020. However, as a result of performance enhancements in 2019, profitability is expected to improve in 2020 compared to 2019.



Financial statements 1 January - 31 December

Income statement

Note	DKK'000	2019	2018
	Gross profit	20,968	19,996
2	Staff costs	-20,218	-20,095
	Profit/loss before net financials	750	-99
	Income/loss from investments in group enterprises	212,700	0
3	Financial income	23,464	213,188
4	Financial expenses	-29,596	-19,067
	Profit before tax	207,318	194,022
5	Tax for the year	1,169	-3,185
	Profit for the year	208,487	190,837

Financial statements 1 January - 31 December

Balance sheet

Note	DKK'000	<u>2019</u>	<u>2018</u>
	ASSETS		
	Fixed assets		
6	Investments		
	Investments in group enterprises	375,480	352,780
		<u>375,480</u>	<u>352,780</u>
	Total fixed assets	<u>375,480</u>	<u>352,780</u>
	Non-fixed assets		
	Receivables		
	Receivables from group enterprises	403,419	557,974
7	Deferred tax assets	52	121
	Corporation tax receivable	8,406	0
	Other receivables	1,965	330
		<u>413,842</u>	<u>558,425</u>
	Cash	<u>116,690</u>	<u>3,109</u>
	Total non-fixed assets	<u>530,532</u>	<u>561,534</u>
	TOTAL ASSETS	<u><u>906,012</u></u>	<u><u>914,314</u></u>

Financial statements 1 January - 31 December

Balance sheet

Note	DKK'000	<u>2019</u>	<u>2018</u>
	EQUITY AND LIABILITIES		
	Equity		
8	Share capital	81	81
	Retained earnings	<u>178,137</u>	<u>226,487</u>
	Total equity	<u>178,218</u>	<u>226,568</u>
	Liabilities other than provisions		
9	Non-current liabilities other than provisions		
	Bank debt	321,660	312,129
	Payables to group enterprises	<u>181,738</u>	<u>168,276</u>
		<u>503,398</u>	<u>480,405</u>
	Current liabilities other than provisions		
	Bank debt	30,995	100,804
	Trade payables	675	362
	Payables to group enterprises	184,450	96,502
	Other payables	<u>8,276</u>	<u>9,673</u>
		<u>224,396</u>	<u>207,341</u>
	Total liabilities other than provisions	<u>727,794</u>	<u>687,746</u>
	TOTAL EQUITY AND LIABILITIES	<u>906,012</u>	<u>914,314</u>

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

Financial statements 1 January - 31 December

Statement of changes in equity

Note	DKK'000	Share capital	Retained earnings	Total
	Equity at 1 January 2019	81	226,487	226,568
13	Transfer, see "Appropriation of profit"	0	208,487	208,487
	Proposed extraordinary dividend recognised under equity	0	-256,837	-256,837
	Equity at 31 December 2019	81	178,137	178,218

Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies

The annual report of LOGSTOR Denmark Holding ApS for 2019 has been prepared in accordance with the definitions in the Danish Financial Statements Act applying to Medium-sized reporting class C entities.

In the financial year 2019, the entity has transitioned to prepare the annual report in accordance with the definitions in the Danish Financial Statements Act applying to Medium-sized Class C entities. This change has not affected the entity's profit before tax, profit for the year, balance sheet total or equity in either way current or previous fiscal year. The change has only affected the presentation and disclosure requirements in the annual report.

Apart from the above changed presentation and disclosure requirements as a result of the transition of accounting class, the annual report has been presented in accordance with the same accounting policies as last year.

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.

Omission of a cash flow statement

With reference to section 86(4) of the Danish Financial Statements Act, no cash flow statement is prepared for the parent company, as its cash flows are reflected in the consolidated cash flow statement.

Basis of recognition and measurement

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

Liabilities are recognised in the balance sheet when the Company has a legal or constructive obligation as a result of a prior event, and it is probable that future economic benefits will flow out of the Company, and the value of the liability can be measured reliably.

On initial recognition, assets and liabilities are measured at cost. Measurement subsequent to initial recognition is effected as described below for each financial statement item.

Anticipated risks and losses that arise before the time of presentation of the annual report and that confirm or invalidate affairs and conditions existing at the balance sheet date are considered at recognition and measurement.

Income is recognised in the income statement when earned, whereas costs are recognised by the amounts attributable to this financial year.

Reporting currency

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

Foreign currency translation

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

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

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 profit

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.

Profit from investments in subsidiaries

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

Financial income and expenses

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

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

Tax

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

The Company is jointly taxed with 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.

Financial statements 1 January - 31 December

Notes to the financial statements

DKK'000	2019	2018
2 Staff costs		
Wages/salaries	19,483	19,409
Pensions	680	635
Other social security costs	55	51
	<u>20,218</u>	<u>20,095</u>
Average number of full-time employees	<u>8</u>	<u>7</u>
Remuneration to members of Management:		
Executive Board	10,394	11,120
	<u>10,394</u>	<u>11,120</u>
3 Financial income		
Interest receivable, group entities	23,464	13,132
Other financial income	0	200,056
	<u>23,464</u>	<u>213,188</u>
4 Financial expenses		
Interest expenses, group entities	13,564	8,290
Other financial expenses	16,032	10,777
	<u>29,596</u>	<u>19,067</u>
5 Tax for the year		
Estimated tax charge for the year	-1,238	0
Deferred tax adjustments in the year	69	3,185
	<u>-1,169</u>	<u>3,185</u>
6 Investments		Investments in group enterprises
DKK'000		
Cost at 1 January 2019		<u>375,480</u>
Cost at 31 December 2019		<u>375,480</u>
Value adjustments at 1 January 2019		-22,700
Value adjustments for the year		<u>22,700</u>
Carrying amount at 31 December 2019		<u>375,480</u>
7 Deferred tax assets		
Deferred tax assets regards to temporary differences between the carrying amount and the tax base of loan costs.		

Financial statements 1 January - 31 December

Notes to the financial statements

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 5 years.

9 Non-current liabilities other than provisions

Of the long-term liabilities, DKK 0 thousand falls due in 2020 and DKK 0 thousand falls due for payment after more than 5 years after the balance sheet date.

10 Contractual obligations and contingencies, etc.

Contingent liabilities

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	2019	2018
Rent and lease liabilities	1,119	1,042

11 Collateral

As security for the Group's bank debt the shares in group enterprises have been pledged. Current value is DKK 352,780 thousand (DKK 352,780 thousand at 31 December 2018).

As security for the Group's bank debt the receivable from group enterprises have been pledged. Current value is DKK 329,411 thousand (DKK 331,754 thousand at 31 December 2018).

Guarantee for fulfilment of any obligation incurred by the Group towards banks, amounts a maximum of DKK 358,500 thousand at 31 December 2019 (2018: DKK 358,500 thousand). The Company is liable for other group companies' balances with a bank. Other group companies' net balances with banks were positive as of 31 December 2019. Guarantees in the other companies, which have signed this guarantee, amount to DKK 15,536 thousand at 31 December 2019 (2018: DKK 15,118 thousand).

Financial statements 1 January - 31 December

Notes to the financial statements

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

Related party transactions

LOGSTOR Denmark Holding ApS was engaged in the below related party transactions:

DKK'000	2019	2018
Interest income from group enterprises	23,464	13,132
Interest expenses from group enterprises	13,564	8,290
Intercompany fee from group enterprises	498	314
Intercompany fee to group enterprises	26,081	24,048
Receivables from group enterprises	403,419	557,974
Payables to group enterprises	366,188	264,778

Ownership

The following shareholders are registered in the Company's register of shareholders as holding minimum 5% of the share capital:

Name	Domicile
Logstor International Sp. z.o.o.	Poland

DKK'000	2019	2018
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13 Appropriation of profit

Recommended appropriation of profit

Extraordinary dividend distributed in the year	256,837	0
Retained earnings/accumulated loss	-48,350	190,837
	208,487	190,837