

DSI Dantech A/S

Parkvej 5, 9352 Dybvad

CVR no. 10 70 17 32

Annual report 2021

Approved at the Company's annual general meeting on 27 June 2022

Chair of the meeting:

.....
Lars Priess

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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 DSI Dantech A/S for the financial year 1 January - 31 December 2021.

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 2021 and of the results of the Company's operations for the financial year 1 January - 31 December 2021.

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.

Dybvad, 27 June 2022
Executive Board:

.....
Lars Priess

Board of Directors:

.....
Klaus Beyer Nielsen
Chair

.....
Lars Priess

.....
Michael Bohl Brinks

Independent auditor's report

To the shareholders of DSI Dantech A/S

Opinion

We have audited the financial statements of DSI Dantech A/S for the financial year 1 January - 31 December 2021, 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 2021 and of the results of the Company's operations for the financial year 1 January - 31 December 2021 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 ethical requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

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.

Aalborg, 27 June 2022
EY Godkendt Revisionspartnerselskab
CVR no. 30 70 02 28

Søren V. Nejmann
State Authorised Public Accountant
mne32775

Thomas S. Kallehauge
State Authorised Public Accountant
mne35422

Management's review

Company details

Name	DSI Dantech A/S
Address, Postal code, City	Parkvej 5, 9352 Dybvad
CVR no.	10 70 17 32
Established	1 January 1987
Registered office	Frederikshavn
Financial year	1 January - 31 December
Website	www.dsidantech.com
E-mail	info@dsidantech.com
Telephone	+45 98 86 42 99
Board of Directors	Klaus Beyer Nielsen, Chair Lars Priess Michael Bohl Brinks
Executive Board	Lars Priess
Auditors	EY Godkendt Revisionspartnerselskab Vestre Havnepromenade 1A, 9000 Aalborg, Denmark

Management's review

Financial highlights

DKK'000	2021	2020	2019	2018	2017
Key figures					
Gross profit	73,918	94,682	95,601	82,506	60,130
Earnings before interest, taxes, depreciation and amortisation (EBITDA)	4,343	31,839	34,411	43,484	33,336
Operating profit/loss	-2,648	25,096	28,326	40,910	30,569
Net financials	-4,773	-1,450	-975	-154	-814
Profit/loss before tax	-17,260	23,791	22,808	40,078	29,755
Profit/loss for the year	-17,673	17,501	16,298	31,106	23,233
Assets					
Fixed assets	380,343	48,592	47,324	46,516	53,426
Non-fixed assets	79,876	63,304	66,556	38,904	29,477
Total assets	460,219	111,896	113,880	85,420	82,903
Investments in property, plant and equipment	13,786	5,747	7,386	1,537	2,143
Equity	165,372	55,636	37,350	51,561	30,455
Financial ratios					
Return on assets	-0.9%	22.2%	28.4%	48.6%	45.9%
Equity ratio	35.9%	49.7%	32.8%	60.4%	36.7%
Return on equity	-16.0%	37.6%	36.7%	75.9%	78.1%
Average number of full-time employees					
	105	109	100	65	53

Financial ratios are calculated in accordance with the recommendations of the Danish Finance Society. For terms and definitions, please see the accounting policies.

The Company has carried out an intra-group merger with a 100% owned subsidiary with effect from 1 January 2019 applying the book value method. This method does not require restatement of comparative figures and consequently, comparative figures for 2017-2018 have not been restated. Profit for the year and equity are unaffected from the merger and comparable.

Management's review

Business review

The Company's activities are development, production and sale of plate freezers and production and sale of complete handling lines and palletizing facilities for frozen blocks within the global food and feed industry which supplements the companies development, production and sale of plate freezers.

Financial review

The income statement for 2021 shows a loss of DKK 17,673 thousand against a profit of DKK 17,501 thousand last year, and the balance sheet at 31 December 2021 shows equity of DKK 165,372 thousand.

The 2021 result is however affected by significant on-off expenses related to the acquisitions process and the subsequent integration effort. These costs amounted to DKK 23.8 million and has been disclosed in note 2 of the annual report.

2021 was a turbulent year characterized by significant uncertainties in global markets caused by Covid-19 pandemic and significant M&A activities resulting in the acquisition of two major companies.

The uncertainty has mainly been caused by the continued Covid-19 pandemic, which has resulted in significant challenges in relation to carrying out business development activities and completing project installations and commissioning. The pandemic has also affected the global supply chains, resulting in significant price increases on raw materials, shortage of certain components and extended delivery times.

In 2021 the Company completed two major acquisitions of Cryogenic Equipment and Services NV with production, sales and service facilities in Belgium and the US, Dantech Holding ApS and Dantech Freezing Systems Pte. Ltd. with main production, sales and service facilities in Aalborg, Singapore and Germany. By acquiring these companies, DSI Dantech has become the only global supplier offering both Mechanical, Cryogenic and Plate freezing technologies with associated handling systems.

The integration of the acquired companies has been successful, and the expected synergies have been achieved both from an operational as well as a market point of view, where customers have been positive towards the consolidation of the activities.

Following the acquisition, the company has revised its strategy towards 2024, and has set ambitious and specific growth targets.

In the annual report for 2020, Management expected a slightly positively development of the Company's commercial basis and earnings. The results for the year are down on expectations.

Despite the result for 2021 being below budget then, considering the challenges described above faced in 2021, management considers the result for the year as satisfactory.

Research and development activities

The Company is investing in both new product development and in continuous improvements of the existing product portfolio, both areas are driven by own ideas as well as by customer requests. This to ensure that the Company keeps up with market demands and expectations. In 2021 several new development projects have been completed resulting in 1 patent application being filed.

Based on the on-going development activities, the Company expect to commercially launch several new products and solutions in 2022.

Events after the balance sheet date

The recent tragic events in Ukraine might affect the 2022 result of the group negatively. Russia is identified as a key market in the group strategy and the company has a sales and service office in Moscow, however currently expectation is that all business activities in Russia will come to a standstill. Furthermore, the sanctions imposed on Russia is expected to further increase raw material prices. This and the overall uncertainty related to the situation might result in customers holding back major investments.

Despite this, no events materially affecting the Company's or any group company's financial position have occurred subsequent to the financial year end.

Management's review

Outlook

DSI Dantech is starting 2022 with a strong order backlog and a healthy pipeline of potential projects. However, uncertainty in the global business environment is still high, both due to continued effects of Covid-19 including travel restriction for some key markets and due to the continued volatile global supply chains. Due to the significant uncertainty management expects both order intake and margins to come under pressure in 2022, however based on the strong starting point in 2022 still believes that it is possible to deliver double digit growth on revenue as well as on profitability.

Based on this, management expects a positive EBITDA in the level of DKK 10-20 million.

Financial statements 1 January - 31 December

Income statement

Note	DKK'000	2021	2020
	Gross profit	73,918	94,682
3	Staff costs	-68,699	-62,843
	Depreciation and impairment of intangible assets, property, plant and equipment	-7,309	-6,745
	Other operating expenses	-876	0
	Profit/ loss before net financials	-2,966	25,094
	Result from investments in group enterprises	-9,521	147
4	Financial income	421	129
5	Financial expenses	-5,194	-1,579
	Profit/ loss before tax	-17,260	23,791
6	Tax for the year	-413	-6,290
	Profit/ loss for the year	-17,673	17,501

Financial statements 1 January - 31 December

Balance sheet

Note	DKK'000	2021	2020
	ASSETS		
	Fixed assets		
7	Intangible assets		
	Completed development projects	6,901	713
	Technologies	7,015	7,000
	Customer relationships	480	800
	Goodwill	12,433	14,508
	Development projects in progress and prepayments for intangible assets	1,358	758
		<u>28,187</u>	<u>23,779</u>
8	Property, plant and equipment		
	Land and buildings	11,807	12,518
	Fixtures and fittings, other plant and equipment	7,406	6,189
	Leasehold improvements	1,771	1,946
	Property, plant and equipment under construction	10,475	965
		<u>31,459</u>	<u>21,618</u>
9	Investments		
	Investments in group enterprises	318,830	304
	Receivables from group enterprises	1,285	2,346
	Deposits, investments	582	545
		<u>320,697</u>	<u>3,195</u>
	Total fixed assets	<u>380,343</u>	<u>48,592</u>
	Non-fixed assets		
	Inventories		
	Raw materials and consumables	7,181	3,394
	Work in progress	5,849	5,472
	Finished goods and goods for resale	54	7,022
		<u>13,084</u>	<u>15,888</u>
	Receivables		
	Trade receivables	4,983	15,406
10	Construction contracts	44,408	18,017
	Receivables from group enterprises	10,671	1,885
	Joint taxation contribution receivable	3	2
	Other receivables	3,049	3,385
11	Prepayments	1,524	1,162
		<u>64,638</u>	<u>39,857</u>
	Cash	<u>2,154</u>	<u>7,559</u>
	Total non-fixed assets	<u>79,876</u>	<u>63,304</u>
	TOTAL ASSETS	<u>460,219</u>	<u>111,896</u>

Financial statements 1 January - 31 December

Balance sheet

Note	DKK'000	2021	2020
	EQUITY AND LIABILITIES		
	Equity		
12	Share capital	500	500
	Reserve for development costs	5,383	1,147
	Retained earnings	159,489	53,989
	Total equity	165,372	55,636
	Provisions		
13	Deferred tax	16,697	13,684
15	Other provisions	817	1,398
	Total provisions	17,514	15,082
	Liabilities other than provisions		
14	Non-current liabilities other than provisions		
	Mortgage debt	2,337	2,725
	Bank debt	153,177	0
	Other payables	26,324	3,396
		181,838	6,121
	Current liabilities other than provisions		
14	Short-term part of long-term liabilities other than provisions	31,888	388
	Bank debt	19,026	0
	Prepayments received from customers	1,774	3,930
10	Construction contracts	3,572	2,418
	Trade payables	24,768	17,362
	Payables to group enterprises	6,367	0
	Other payables	7,940	10,502
	Deferred income	160	457
		95,495	35,057
		277,333	41,178
	TOTAL EQUITY AND LIABILITIES	460,219	111,896

- 1 Accounting policies
- 2 Special items
- 16 Contractual obligations and contingencies, etc.
- 17 Collateral
- 18 Related parties
- 19 Appropriation of profit/loss

Financial statements 1 January - 31 December

Statement of changes in equity

Note	DKK'000	Share capital	Reserve for development costs	Retained earnings	Total
	Equity at 1 January 2021	500	1,147	53,989	55,636
19	Transfer, see "Appropriation of profit/loss"	0	4,236	-21,909	-17,673
	Adjustment of investments through foreign exchange adjustments	0	0	-137	-137
	Contribution from group company	0	0	127,546	127,546
	Equity at 31 December 2021	500	5,383	159,489	165,372

Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies

The annual report of DSI Dantech A/S for 2021 has been prepared in accordance with the provisions in the Danish Financial Statements Act applying to medium-sized reporting class C entities.

In accordance with section 112(1) of the Danish Financial Statements Act, the Company has not prepared consolidated financial statements.

Effective from the financial year 2021, the Company has implemented amending act no. 1716 of 27 December 2018 to the Danish Financial Statements Act. The implementation of the amending act has not affected the Company's accounting policies on recognition and measurement of assets and liabilities but has solely entailed a requirement for further disclosures. 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 has been prepared. The Company's cash flows are reflected in the consolidated cash flow statement for the higher-ranking parent company Freeze HoldCo ApS.

Reporting currency

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

Intra-group business combinations

The book value method is applied to business combinations such as acquisition and disposal of investments, mergers, demergers, contributions of assets and share conversions, etc. in which entities controlled by the parent company are involved, provided that the combination is considered completed at the time of acquisition without any restatement of comparative figures. Differences between the agreed consideration and the carrying amount of the acquiree are recognised directly in equity.

Foreign currency translation

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

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

Income statement

Revenue

The Company has chosen IAS 11/IAS 18 as interpretation for revenue recognition.

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

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

Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

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

Revenue is measured at the fair value of the agreed consideration excluding VAT and taxes charged on behalf of third parties. All discounts and rebates granted are recognised in revenue.

Gross profit

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

Other operating income and operating expenses

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

Other external expenses

Other external expenses include the year's expenses relating to the Company's core activities, including expenses relating to distribution, sale, advertising, administration, premises, bad debts, payments under operating leases, etc.

Staff costs

Staff costs include wages and salaries, including compensated absence and pension to the Company's employees, as well as other social security contributions, etc. The item is net of refunds from public authorities.

Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

Amortisation/ depreciation

The item comprises amortisation/ depreciation of intangible assets and property, plant and equipment.

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

Completed development projects	5 years
Technologies	10 years
Customer relationships	5 years
Goodwill	10 years
Buildings	10-40 years
Fixtures and fittings, other plant and equipment	3-10 years
Leasehold improvements	5 years

Land is not depreciated.

Profit/ loss from investments in subsidiaries

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

Financial income and expenses

Financial income and expenses are recognised in the income statements at the amounts that concern the financial year. Net financials include interest income and expenses as well as allowances and surcharges under the advance-payment-of-tax scheme, etc.

Tax

Tax for the year includes current tax on the year's expected taxable income and the year's deferred tax adjustments. The portion of the tax for the year that relates to the profit/loss for the year is recognised in the income statement, whereas the portion that relates to transactions taken to equity is recognised in equity.

The entity is jointly taxed with other group entities. The total Danish income tax charge is allocated between profit/loss-making Danish entities in proportion to their taxable income (full absorption).

Jointly taxed entities entitled to a tax refund are reimbursed by the management company based on the rates applicable to interest allowances, and jointly taxed entities which have paid too little tax pay a surcharge according to the rates applicable to interest surcharges to the management company.

Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

Balance sheet

Intangible assets

Intangible assets include goodwill, development projects, technologies and customer relationships and are amortised over the expected economic life of the asset.

Goodwill is amortised on a straight-line basis over the amortisation period, which is between 10 and 15 years. The amortisation period is fixed on the basis of the expected repayment horizon and is longest for strategically acquired entities with strong market positions and long-term earnings profiles.

Intangible assets are measured at cost less accumulated amortisation and impairment losses.

Development costs comprise expenses, salaries and amortisation directly or indirectly attributable to development activities.

Development projects that are clearly defined and identifiable, where the technical feasibility, sufficient resources and a potential future market or development opportunities are identifiable 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 5 years.

Property, plant and equipment

Items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses. Cost includes the acquisition price and costs directly related to the acquisition until the time at which the asset is ready for use.

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

Leases

The Company has chosen IAS 17 as interpretation for classification and recognition of leases.

Leases that do not transfer substantially all the risks and rewards incident to the ownership to the Company are classified as operating leases. Payments relating to operating leases and any other rent agreements are recognised in the income statement over the term of the lease. The Company's aggregate liabilities relating to operating leases and other rent agreements are disclosed under "Contingent liabilities".

Investments in subsidiaries

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

On initial recognition, equity investments in subsidiaries are measured at cost, i.e. plus transaction costs. The cost is allocated in accordance with the acquisition method.

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

Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

Identified increases in value and goodwill, if any, compared to the underlying entity's net asset value are amortised in accordance with the accounting policies for the assets and liabilities to which they can be attributed. Goodwill is depreciated over an expected useful life of 15 years. Negative goodwill is recognised in the income statement.

Dividend received is deduced from the carrying amount.

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

Impairment of fixed assets

The carrying amount of intangible assets, property, plant and equipment and investments in subsidiaries 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. The net realisable value of inventories is calculated as the sales amount less costs of completion and expenses required to effect the sale and is determined taking into account marketability, obsolescence and development in the expected selling price.

The cost of raw materials and consumables comprises the cost of acquisition plus delivery costs.

The cost of finished goods and work in progress includes the cost of raw materials, consumables, direct labour and indirect production overheads.

Indirect production overheads include the indirect cost of material and labour as well as maintenance and depreciation of production machinery, buildings and equipment and expenses relating to plant administration and management. Borrowing costs are not recognised in the sales price.

Goods for resale are measured at cost, which comprises the cost of acquisition plus delivery costs as well as other expenses directly attributable to the acquisition.

Receivables

Receivables are measured at amortised cost.

The Company has chosen IAS 39 as interpretation for impairment of financial receivables.

An impairment loss is recognised if there is objective evidence that a receivable or a group of receivables is impaired. If there is objective evidence that an individual receivable has been impaired, an impairment loss is recognised on an individual basis.

Impairment losses are calculated as the difference between the carrying amount of the receivables and the present value of the expected cash flows, including the realisable value of any collateral received. The effective interest rate for the individual receivable or portfolio is used as discount rate.

Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

Construction contracts

Service supplies and contract work in progress for third parties are measured at the market value of the work performed less progress billings. The market value is calculated based on the stage of completion at the balance sheet date and the total expected income from the relevant contract. The stage of completion is calculated based on the expenses incurred relative to the expected total expenses relating to the relevant contract.

Where the outcome of contract work in progress cannot be estimated reliably, the market value is measured at the expenses incurred in so far as they are expected to be paid by the purchaser.

Where the total expenses relating to the work in progress are expected to exceed the total market value, the expected loss is recognised as a loss-making agreement under "Provisions" and is expensed in the income statement.

The value of work in progress less progress billings is classified as assets when the selling price exceeds progress billings and as liabilities when progress billings exceed the market value.

Prepayments

Prepayments recognised under "Assets" comprise prepaid expenses regarding subsequent financial reporting years.

Equity

Reserve for net revaluation according to the equity method

The net revaluation reserve according to the equity method includes net revaluations of investments in subsidiaries and associates relative to cost. The reserve can be eliminated in case of losses, realisation of investments or a change in accounting estimates. The reserve cannot be recognised at a negative amount.

Reserve for development costs

The reserve for development costs comprises recognised development costs. The reserve cannot be used to distribute dividend or cover losses. The reserve will be reduced or dissolved if the recognised development costs are amortised or are no longer part of the Company's operations by a transfer directly to the distributable reserves under equity.

Proposed dividends

Dividend proposed for the year is recognised as a liability once adopted at the annual general meeting (declaration date). Dividends expected to be distributed for the financial year are presented as a separate item under "Equity".

Provisions

Provisions comprise anticipated expenses relating to warranty commitments, onerous contracts, restructurings, etc. Provisions are recognised when the Company has a legal or constructive obligation at the balance sheet date as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation.

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

Warranty commitments include expenses for remedial action in respect of the contract work within the warranty period of 1-2 years. Provisions for warranty commitments are measured at net realisable value and recognised based on past experience. Provisions that are expected to mature more than one year after the balance sheet date are discounted at average bond yields.

Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

Income taxes

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

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

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

Liabilities

Financial liabilities are recognised at the date of borrowing at the net proceeds received less transaction costs paid. On subsequent recognition, financial liabilities are measured at amortised cost, corresponding to the capitalised value, using the effective interest rate. Accordingly, the difference between the proceeds and the nominal value is recognised in the income statement over the term of the loan.

Other liabilities are measured at net realisable value.

Deferred income

Deferred income recognised as a liability comprises payments received concerning income in subsequent financial reporting years.

Financial ratios

The financial ratios stated under "Financial highlights" have been calculated as follows:

Operating profit/loss	Profit/loss before financial items adjusted for other operating income and other operating expenses
Return on assets	$\frac{\text{Profit/loss from operating activities} \times 100}{\text{Average assets}}$
Equity ratio	$\frac{\text{Equity, year-end} \times 100}{\text{Total equity and liabilities, year-end}}$
Return on equity	$\frac{\text{Profit/loss after tax} \times 100}{\text{Average equity}}$

Financial statements 1 January - 31 December

Notes to the financial statements

2 Special items

Special items comprise significant income and expenses of a special nature relative to the Company's operating activities. Special items also comprise significant one-off items that, in Management's opinion, do not form part of the Company's operating activities.

Special items for the year are specified below just as are the items under which they are recognised in the income statement.

DKK'000	2021	2020
Expenses		
Acquisition costs	9,830	0
Integration costs	13,933	0
	<u>23,763</u>	<u>0</u>
Special items are recognised in the below items of the financial statements		
Staff costs	9,224	0
Other external costs	14,539	0
Net profit on special items	<u>23,763</u>	<u>0</u>
3 Staff costs		
Wages/salaries	63,105	57,440
Pensions	4,511	4,415
Other social security costs	1,083	988
	<u>68,699</u>	<u>62,843</u>
Average number of full-time employees	<u>105</u>	<u>109</u>
Total remuneration to Management: DKK 2,860 thousand (2020: DKK 2,278 thousand)		
4 Financial income		
Interest receivable, group entities	160	111
Other financial income	261	18
	<u>421</u>	<u>129</u>
5 Financial expenses		
Interest expenses, group entities	78	164
Other financial expenses	5,116	1,415
	<u>5,194</u>	<u>1,579</u>
6 Tax for the year		
Deferred tax adjustments in the year	3,013	6,422
Tax adjustments, prior years	-54	-132
Refund in joint taxation	-2,546	0
	<u>413</u>	<u>6,290</u>

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7 Intangible assets

DKK'000	Completed development projects	Technologies	Customer relationships	Goodwill	Development projects in progress and prepayments for intangible assets	Total
Cost at						
1 January 2021	744	10,000	1,600	20,749	758	33,851
Additions	5,881	1,015	0	0	1,064	7,960
Transferred	464	0	0	0	-464	0
Cost at						
31 December 2021	7,089	11,015	1,600	20,749	1,358	41,811
Impairment losses and amortisation at						
1 January 2021	31	3,000	800	6,241	0	10,072
Amortisation for the year	157	1,000	320	2,075	0	3,552
Impairment losses and amortisation at						
31 December 2021	188	4,000	1,120	8,316	0	13,624
Carrying amount at 31 December 2021	6,901	7,015	480	12,433	1,358	28,187

Completed development projects

Completed development projects include the Company's development of new freezer functions and features with a carrying amount of DKK 6,901 thousand.

The solutions is already being delivered to the first customers. Management has assessed that there are no indications of impairment in relation to the carrying amount.

Development projects in progress

Development projects in progress include the Company's development of a new freezer functions and features with a carrying amount of DKK 1,358 thousand.

8 Property, plant and equipment

DKK'000	Land and buildings	Fixtures and fittings, other plant and equipment	Leasehold improvements	Property, plant and equipment under construction	Total
Cost at 1 January 2021	24,300	28,794	2,561	965	56,620
Additions	72	3,858	346	9,510	13,786
Disposals	0	-1,385	0	0	-1,385
Cost at 31 December 2021	24,372	31,267	2,907	10,475	69,021
Impairment losses and depreciation at 1 January 2021	11,782	22,605	615	0	35,002
Depreciation	783	2,454	521	0	3,758
Depreciation and impairment of disposals	0	-1,198	0	0	-1,198
Impairment losses and depreciation at 31 December 2021	12,565	23,861	1,136	0	37,562
Carrying amount at 31 December 2021	11,807	7,406	1,771	10,475	31,459

Financial statements 1 January - 31 December

Notes to the financial statements

9 Investments

DKK'000	Investments in group enterprises	Receivables from group enterprises	Deposits, investments	Total
Cost at 1 January 2021	2,738	4,331	545	7,614
Additions	355,322	491	37	355,850
Disposals	0	-1,266	0	-1,266
Cost at 31 December 2021	358,060	3,556	582	362,198
Value adjustments at 1 January 2021	-2,434	-1,985	0	-4,419
Foreign exchange adjustments	-137	274	0	137
Dividend received	-28,720	0	0	-28,720
Profit/loss for the year	15,664	0	0	15,664
Value adjustments for the year	-25,185	0	0	-25,185
Transferred	1,582	-560	0	1,022
Value adjustments at 31 December 2021	-39,230	-2,271	0	-41,501
Carrying amount at 31 December 2021	318,830	1,285	582	320,697

The carrying amount of group enterprises comprises the entities' net asset value of DKK 63,481 thousand and goodwill and other excess values at a carrying amount of total DKK 255,349 thousand.

Of the total carrying amount, negative net assets in group entities, DKK 3,293 thousand, have been set off against receivables.

Name	Domicile	Interest
Subsidiaries		
DSI Freezing Solutions LLC	Delaware, USA	100.00%
OOO DSI Freezing Solutions	Moscow, Russia	100.00%
DSI Freezing Solutions INC.	Saha-gu, Busan, Korea	60.00%
Dantech Holding ApS	Aalborg	100.00%
Dantech Freezing Systems Pte. Ltd.	Singapore	100.00%
Cryogenic Equipment Services NV	Kortrijk, Belgium	100.00%

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Notes to the financial statements

DKK'000	2021	2020
10 Construction contracts		
Selling price of work performed	142,914	117,568
Progress billings	-102,078	-101,969
	<u>40,836</u>	<u>15,599</u>
recognised as follows:		
Construction contracts (assets)	44,408	18,017
Construction contracts (liabilities)	-3,572	-2,418
	<u>40,836</u>	<u>15,599</u>
11 Prepayments		
Prepayments include accrual of expenses relating to subsequent financial years, including insurance policies, subscriptions and trade fair costs, etc.		
12 Share capital		
Analysis of the share capital:		
1 A shares of DKK 250,000.00 nominal value each	250	250
1 A shares of DKK 245,000.00 nominal value each	245	245
1 A shares of DKK 5,000.00 nominal value each	5	5
	<u>500</u>	<u>500</u>
No shares are subject to special rights.		
13 Deferred tax		
Deferred tax at 1 January	13,684	7,261
Deferred tax adjustments during the year	3,013	6,423
Deferred tax at 31 December	<u>16,697</u>	<u>13,684</u>
Deferred tax relates to:		
Intangible assets	3,466	2,040
Property, plant and equipment	1,227	1,272
Receivables	13,497	13,231
Provisions	-180	-308
Liabilities	-120	-5
Tax loss	-1,193	-2,546
	<u>16,697</u>	<u>13,684</u>

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14 Non-current liabilities other than provisions

DKK'000	Total debt at 31/12 2021	Repayment, next year	Long-term portion	Outstanding debt after 5 years
Mortgage debt	2,725	388	2,337	796
Bank debt	184,677	31,500	153,177	0
Other payables	26,324	0	26,324	3,424
	<u>213,726</u>	<u>31,888</u>	<u>181,838</u>	<u>4,220</u>

Other payables contains the "frozen" provision for holiday payment due to new national legislation and a payable earn out of DKK 22,900 thousand from acquisitions in 2021. The earn out is expected to be paid out in 2023.

15 Other provisions

The provisions are expected to be payable in:

DKK'000	2021	2020
0-1 year	584	1,050
> 1 year	233	348
	<u>817</u>	<u>1,398</u>

Other provisions include liabilities relating to common warranties of delivered plant. The warranty period is usually up to 2 years.

16 Contractual obligations and contingencies, etc.

Contingent liabilities

The Company has guaranteed group entities' engagement with SEB Bank.

The Company is furthermore subject to common warranties on delivered plant.

Other contingent liabilities

The Company has through credit institutions provided guarantees of DKK 19,605 thousand as well as ordinary warranty for work done.

The Company is jointly taxed with its parent, Freeze HoldCo ApS, which acts as management company, and is jointly and severally liable with other jointly taxed group entities for payment of income taxes as well as withholding taxes on interest, royalties and dividends.

Other financial obligations

Rent and lease liabilities include a rent obligation and liabilities under operating leases for cars and IT equipment, totalling DKK 6,360 thousand, with remaining contract terms of 1-6 years.

17 Collateral

Land and buildings at a carrying amount of DKK 11,807 thousand at 31 December 2021 have been put up as security for debt to mortgage credit institutions, totalling DKK 2,725 thousand.

As security for bank debt, the company has issued owner's mortgages of DKK 4,000 thousand, providing security on land and buildings.

Shares in Dantech Holding ApS and Cryogenic Equipment Services NV, at a carrying amount of DKK 318,241 thousand at 31 December 2021, have been put up as security for the Group's engagements with SEB AB.

Financial statements 1 January - 31 December

Notes to the financial statements

18 Related parties

DSI Dantech A/S' related parties comprise the following:

Parties exercising control

Related party	Domicile	Basis for control
Procuritas Capital Investors VI AB	Biblioteksgatan 3, 11146 Stockholm, Sverige	Participating interest
Freeze HoldCo ApS	Parkvej 5, Dybvad	Participating interest
Freeze BidCo ApS	Parkvej 5, Dybvad	Participating interest

Information about consolidated financial statements

Parent	Domicile	Requisitioning of the parent company's consolidated financial statements
Freeze HoldCo ApS	Parkvej 5, Dybvad	www.cvr.dk

Related party transactions

DSI Dantech A/S was engaged in the below related party transactions:

DKK'000	2021	2020
Management fee income	5,834	1,050
Management fee costs	2,860	2,279
Interests from group enterprises	82	53
Sales provision	678	4,289
Revenue	2,368	1,931
Dividend received	28,720	0
Receivables from group enterprises	15,256	1,885
Payables to group enterprises	6,375	0

19 Appropriation of profit/loss

Recommended appropriation of profit/loss

Reserves for development costs	4,236	1,147
Retained earnings/accumulated loss	-21,909	16,354
	<u>-17,673</u>	<u>17,501</u>

ΠΕΝΝΕΟ

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"By my signature I confirm all dates and content in this document."

Lars Priess

Executive Board

On behalf of: DSI Dantech A/S

Serial number: PID:9208-2002-2-785322482169

IP: 213.237.xxx.xxx

2022-06-27 11:39:24 UTC

NEM ID 

Lars Priess

Chairman

On behalf of: DSI Dantech A/S

Serial number: PID:9208-2002-2-785322482169

IP: 213.237.xxx.xxx

2022-06-27 11:39:24 UTC

NEM ID 

Klaus Beyer Nielsen

Board of Directors

On behalf of: DSI Dantech A/S

Serial number: 19591101xxxx

IP: 212.98.xxx.xxx

2022-06-27 13:59:01 UTC



Michael Bohl Brinks

Board of Directors

On behalf of: DSI Dantech A/S

Serial number: PID:9208-2002-2-597345007735

IP: 94.189.xxx.xxx

2022-06-29 09:42:20 UTC

NEM ID 

Lars Priess

Board of Directors

On behalf of: DSI Dantech A/S

Serial number: PID:9208-2002-2-785322482169

IP: 46.246.xxx.xxx

2022-07-05 10:34:32 UTC

NEM ID 

Thomas Kallehaug

State Authorised Public Accountant

On behalf of: EY Godkendt Revisionspartnerselskab

Serial number: CVR:30700228-RID:16566788

IP: 145.62.xxx.xxx

2022-07-05 10:36:07 UTC

NEM ID 

Søren V. Nejmann

State Authorised Public Accountant

On behalf of: EY Godkendt Revisionspartnerselskab

Serial number: CVR:30700228-RID:65558931

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