DSI Freezing Solutions A/S

Parkvej 5, 9352 Dybvad

CVR no. 10 70 17 32

Annual report 2019

Approved at the Company's annual general meeting on June 9th 2020

Chairman:

Allan Reiche

Building a better working world

Contents

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 Freezing Solutions A/S 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.

Dybvad, 10 March 2020
Executive Board:

Lars Priess

Board of Directors:

Klaus Beyer Nielsen Chairman	Lars Priess	Allan Reiche Andersen

Independent auditor's report

To the shareholders of DSI Freezing Solutions A/S

Opinion

We have audited the financial statements of DSI Freezing Solutions A/S 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.

Aalborg, 10 March 2020
ERNST & YOUNG
Godkendt Revisionspartnerselskab
CVR no. 30 70 02 28

Søren V. Nejmann	Thomas S. Kallehauge
State Authorised Public Accountant	State Authorised Public Accountant
mne32775	mne35422

Management's review

Company details

Name	DSI Freezing Solutions 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.dsifreezing.com
E-mail	info@dsifreezing.com
Telephone	+45 98 86 42 99
Board of Directors	Klaus Beyer Nielsen, Chairman Lars Priess Allan Reiche Andersen
Executive Board	Lars Priess
Auditors	Ernst & Young Godkendt Revisionspartnerselskab Vestre Havnepromenade 1A, 9000 Aalborg, Denmark

Management's review

Financial highlights

DKK'000	2019	2018	2017	2016	2015
Key figures					
Gross margin	95,601	82,506	60,130	67,498	66,158
Earnings before interest, taxes, depreciation and amortisation (EBITDA)	34,411	43,484	33,336	38,840	38,861
Operating profit/loss	28,325	40,910	30,569	37,307	36,358
Net financials	-975	-154	-814	-571	-195
Profit before tax	22,808	40,078	29,755	36,736	36,163
Profit for the year	**16,298**	**31,106**	**23,233**	**28,652**	**27,717**
Fixed assets	47,324	46,516	53,426	16,309	17,608
Non-fixed assets	66,556	38,904	29,477	34,076	35,168
Total assets	**113,880**	**85,420**	**82,903**	**50,385**	**52,776**
Investment in property, plant and equipment	7,386	1,537	2,143	2,334	1,626
Equity	**37,350**	**51,561**	**30,455**	**29,003**	**28,070**
Financial ratios					
Financial gearing	71.3%	165.9%	134.5%	159.3%	183.5%
Equity ratio	32.8%	60.4%	36.7%	57.6%	53.2%
Return on equity	36.7%	75.9%	78.1%	100.4%	121.0%
Average number of employees	100	65	53	53	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 2015-2018 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.

Financial review

The income statement for 2019 shows a profit of DKK 16,298 thousand against a profit of DKK 31,106 thousand last year, and the balance sheet at 31 December 2019 shows equity of DKK 37,350 thousand. In the annual report for 2018, Management expected a satisfactory development of the company's commercial basis and earnings. The results for the year are less than expected.

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

The activity from DSI Solutions A/S contains production and sale of complete handling lines and palletizing facilities for frozen blocks within the food and feed industry which suplements the companies development, production and sale of plate freezers.

Events after the balance sheet date

No events materially affecting the Company's financial position have occurred subsequent to the financial year-end.

Outlook

Management expects a satisfactory development of the company's commercial basis and an increase in earnings in 2020.

Financial statements 1 January - 31 December

Income statement

Note	DKK'000	2019	2018
	Gross profit	95,601	82,506
2	Staff costs	-61,190	-39,022
	Depreciation and impairment of intangible assets, property, plant and equipment	-6,060	-2,576
	Profit before net financials	28,351	40,908
	Result from investments in group enterprises	-4,568	-676
3	Financial income	70	288
4	Financial expenses	-1,045	-442
	Profit before tax	22,808	40,078
5	Tax for the year	-6,510	-8,972
	Profit for the year	16,298	31,106

Financial statements 1 January - 31 December

Balance sheet

Note	DKK'000	2019	2018
	ASSETS		
	Fixed assets		
6	**Intangible assets**		
	Technologies	8,000	0
	Customer relationships	1,120	0
	Goodwill	16,583	0
		25,703	0
7	**Property, plant and equipment**		
	Land and buildings	11,078	9,618
	Fixtures and fittings, other plant and equipment	6,005	4,806
	Leasehold improvements	2,109	0
		19,192	14,424
8	**Investments**		
	Investments in group enterprises	1,229	32,062
	Receivables from group enterprises	655	0
	Deposits, investments	545	30
		2,429	32,092
	Total fixed assets	47,324	46,516
	Non-fixed assets		
	Inventories		
	Raw materials and consumables	4,707	3,998
	Work in progress	11,068	8,791
	Finished goods and goods for resale	781	2,294
		16,556	15,083
	Receivables		
	Trade receivables	9,002	12,937
9	Construction contracts	23,535	6,499
	Receivables from group enterprises	191	1,313
	Other receivables	3,046	227
10	Prepayments	508	277
		36,282	21,253
	Cash	13,718	2,568
	Total non-fixed assets	66,556	38,904
	TOTAL ASSETS	113,880	85,420

Financial statements 1 January - 31 December

Balance sheet

Note	DKK'000	2019	2018
	EQUITY AND LIABILITIES		
	Equity		
11	Share capital	500	500
	Retained earnings	36,850	21,061
	Dividend proposed	0	30,000
	Total equity	37,350	51,561
	Provisions		
12	Deferred tax	7,262	1,245
14	Other provisions	2,940	740
	Total provisions	10,202	1,985
	Liabilities other than provisions		
13	**Non-current liabilities other than provisions**		
	Mortgage debt	3,111	3,194
	Other payables	2,014	0
		5,125	3,194
	Current liabilities other than provisions		
13	Short-term part of long-term liabilities other than provisions	391	503
	Prepayments received from customers	4,110	10,494
9	Construction contracts	17,601	0
	Trade payables	14,059	3,818
	Payables to group enterprises	15,569	4,672
	Joint taxation contribution payable	2,997	1,789
	Other payables	5,814	7,404
	Deferred income	662	0
		61,203	28,680
	Total liabilities other than provisions	66,328	31,874
	TOTAL EQUITY AND LIABILITIES	113,880	85,420

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Statement of changes in equity

Note	DKK'000	Share capital	Retained earnings	Dividend proposed	Total
	Equity at 1 January 2018	500	19,955	10,000	30,455
19	Transfer, see "Appropriation of profit"	0	1,106	30,000	31,106
	Dividend distributed	0	0	-10,000	-10,000
	Equity at 1 January 2019	500	21,061	30,000	51,561
19	Transfer, see "Appropriation of profit"	0	16,298	0	16,298
	Adjustment of investments through forreign exchange adjustments	0	-41	0	-41
	Adjustment of hedging instruments at fair value	0	-468	0	-468
	Dividend distributed	0	0	-30,000	-30,000
	Equity at 31 December 2019	500	36,850	0	37,350

Financial statements 1 January - 31 December

Notes to the financial statements

1 **Accounting policies**

The annual report of DSI Freezing Solutions A/S for 2019 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.

The accounting policies used in the preparation of the financial statements are consistent with those of last year.

Change in the Company's activities, including effect of intra-group business combinations

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, cf. the Management's review. This method does not require restatement of comparative figures and consequently, comparative figures have not been restated in the financial statements.

The Company's activities underwent some changes in the financial year due to the intra-group business combination, see the Management's review.

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.

Derivative financial instruments

On initial recognition, derivative financial instruments are recognised at cost in the balance sheet and are subsequently measured at fair value. Positive and negative fair values of derivative financial instruments are included in "Other receivables" and "Other payables", respectively.

Financial statements 1 January - 31 December

Notes to the financial statements

1 **Accounting policies (continued)**

Fair value adjustments of derivative financial instruments designated as and qualifying for hedging of future assets or liabilities are recognised in other receivables or other payables, respectively, and in equity. If the hedged forecast transaction results in the recognition of assets or liabilities, amounts previously recognised in equity are transferred to the cost of the asset or liability, respectively. If the hedged forecast transaction results in income or expenses, amounts previously deferred in equity are transferred to the income statement in the period in which the hedged item affects the profit/loss for the year.

Fair value adjustments of derivative financial instruments that do not qualify for hedge accounting are recognised in the income statement on a current basis.

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".

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.

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

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

Financial statements 1 January - 31 December

Notes to the financial statements

1 **Accounting policies (continued)**

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.

Depreciation

The item comprises depreciation of 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:

Technologies	10 years
Customer relationships	5 years
Goodwill	10 years
Buildings	10-40 years
Fixtures and fittings, other plant and equipment	5-10 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, technologies and customer relationships and are amortised over the expected economic life of the asset.

Goodwill is amortised over the expected economic life of the asset, measured by reference to Management's experience in the individual business segments. Goodwill is amortised on a straight-line basis over the amortisation period, which is 10 years.

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

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.

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.

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 10 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).

Financial statements 1 January - 31 December

Notes to the financial statements

1 **Accounting policies (continued)**

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.

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.

Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

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.

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.

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.

Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

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 invested capital	$\frac{\text{Earnings before interest, taxes and amortisations (EBITA) x 100}}{\text{Average invested capital}}$
Invested capital	Intangible assets and property, plant and equipment used in operations plus net working capital
Equity ratio	$\frac{\text{Equity, year-end x 100}}{\text{Total equity and liabilities, year-end}}$
Return on equity	$\frac{\text{Profit/loss after tax x 100}}{\text{Average equity}}$

Financial statements 1 January - 31 December

Notes to the financial statements

DKK'000	2019	2018
2 Staff costs		
Wages/salaries	56,238	36,077
Pensions	4,011	2,352
Other social security costs	941	593
	61,190	39,022
Average number of full-time employees	100	65

Total remuneration to Management: DKK 1,730 thousand (2018: DKK 1,440 thousand)

	2019	2018
3 Financial income		
Interest receivable, group entities	40	0
Other financial income	30	288
	70	288
4 Financial expenses		
Interest expenses, group entities	291	277
Other financial expenses	754	165
	1,045	442
5 Tax for the year		
Estimated tax charge for the year	3,131	10,290
Deferred tax adjustments in the year	3,379	-1,318
	6,510	8,972

6 **Intangible assets**

DKK'000	Technologies	Customer relationships	Goodwill	Total
Additions on merger	10,000	1,600	20,747	32,347
Cost at 31 December 2019	10,000	1,600	20,747	32,347
Impairment losses and amortisation of additions on merger	1,000	160	2,091	3,251
Amortisation for the year	1,000	320	2,073	3,393
Impairment losses and amortisation at 31 December 2019	2,000	480	4,164	6,644
Carrying amount at 31 December 2019	8,000	1,120	16,583	25,703

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Notes to the financial statements

7 **Property, plant and equipment**

DKK'000	Land and buildings	Fixtures and fittings, other plant and equipment	Leasehold improvements	Total
Cost at 1 January 2019	20,122	23,070	0	43,192
Additions on merger	0	956	381	1,337
Additions	2,040	3,086	2,260	7,386
Disposals	0	-279	-381	-660
Cost at 31 December 2019	22,162	26,833	2,260	51,255
Impairment losses and depreciation at 1 January 2019	10,504	18,264	0	28,768
Accumulated impairment losses and depreciation of additions on merger	0	882	381	1,263
Depreciation	580	1,936	151	2,667
Reversal of accumulated depreciation and impairment of assets disposed	0	-254	-381	-635
Impairment losses and depreciation at 31 December 2019	11,084	20,828	151	32,063
Carrying amount at 31 December 2019	11,078	6,005	2,109	19,192

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Notes to the financial statements

8 **Investments**

DKK'000	Investments in group enterprises	Receivables from group enterprises	Deposits, investments	Total
Cost at 1 January 2019	37,738	0	30	37,768
Additions	2,737	2,496	515	5,748
Disposals from merger	-37,736	0	0	-37,736
Cost at 31 December 2019	2,739	2,496	545	5,780
Value adjustments at 1 January 2019	-5,676	0	0	-5,676
Foreign exchange adjustments	-41	0	0	-41
Profit/loss for the year	-4,568	0	0	-4,568
Reversal of value adjustments from merger	5,676	0	0	5,676
Transferred	3,099	-1,841	0	1,258
Value adjustments at 31 December 2019	-1,510	-1,841	0	-3,351
Carrying amount at 31 December 2019	1,229	655	545	2,429

Name	Domicile	Interest	Equity DKK'000	Profit/loss DKK'000
Subsidiaries				
DSI Freezing Solutions LLC	Delaware, USA	100.00%	-2,062	-2,062
OOO DSI Freezing Solutions	Moscow, Russia	100.00%	-1,038	-1,037
DSI Freezing Solutions INC.	Saha-gu, Busan, Korea	60.00%	2,238	-2,445

DKK'000	2019	2018
9 **Construction contracts**		
Selling price of work performed	46,830	8,002
Progress billings	-40,896	-1,503
	5,934	6,499
recognised as follows:		
Construction contracts(assets)	23,535	6,499
Construction contracts(liabilities)	-17,601	0
	5,934	6,499

10 **Prepayments**

Prepayments include accrual of expenses relating to subsequent financial years, including insurance policies, contingents and ads etc.

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Notes to the financial statements

DKK'000	2019	2018
11 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
	500	500

No shares are subject to special rights.

	2019	2018
12 Deferred tax		
Deferred tax at 1 January	1,245	2,562
Additions on merger	2,638	0
Deferred tax adjustments during the year	3,378	-1,317
Deferred tax at 31 December	7,261	1,245
Deferred tax relates to:		
Intangible assets	2,006	0
Property, plant and equipment	966	663
Receivables	4,826	730
Provisions	-531	-163
Liabilities	-6	15
	7,261	1,245

13 Non-current liabilities other than provisions

DKK'000	Total debt at 31/12 2019	Repayment, next year	Long-term portion	Outstanding debt after 5 years
Mortgage debt	3,502	391	3,111	1,561
Other payables	2,014	0	2,014	2,014
	5,516	391	5,125	3,575

Other payables contains the "frozen" provision for holiday payment due to new national legislation.

14 Other provisions

The provisions are expected to be payable in:

DKK'000	2019	2018
0-1 year	370	370
> 1 year	2,570	370
	2,940	740

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

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15 **Contractual obligations and contingencies, etc.**

Contingent liabilities

The company has guaranteed group entities' engagement with Danske Bank A/S. The guarantee has been maximised to DKK 127,823 thousand.

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

Other contingent liabilities

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 10,394 thousand, with remaining contract terms of 2-8 years.

16 **Collateral**

Land and buildings at a carrying amount of DKK 11,078 thousand at 31 December 2019 have been put up as security for debt to mortgage credit institutions, totalling DKK 3,502 thousand.

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

17 **Currency risks**

Forecast transactions

The Company uses forward exchange contracts to hedge expected currency risks relating to sale of goods in the coming year.

		Contractual value		Gains and losses recognised in equity	
DKK'000	Period	2019	2018	2019	2018
Forward exchange contracts (USD)	3-8 months	14,237	0	-600	0

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18 Related parties

DSI Freezing Solutions 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
DSI Freezing Solutions INC.	Sha-gu, Busan, Korea	Participating interest
DSI Freezing Solutions LLC	Delaware, USA	Participating interest
OOO DSI Freezing Solutions	Moscow, Russian	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 Freezing Solutions A/S was engaged in the below related party transactions:

DKK'000	2019	2018
Management fee income	1,361	1,935
Management fee costs	3,090	2,100
Interests to group enterprises	251	277
Dividend distributed	30,000	10,000
Receivables from group enterprises	3,737	1,313
Payables to group enterprises	15,569	4,672

19 Appropriation of profit

Recommended appropriation of profit		
Proposed dividend recognised under equity	0	30,000
Retained earnings	16,298	1,106
	16,298	31,106