

Arctiko A/S
Oddesundvej 39
6715 Esbjerg N
Business Registration No
26286077

Annual report 2018

The Annual General Meeting adopted the annual report on 23.05.2019

Chairman of the General Meeting

Name: Steen Møbjerg Christensen

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Entity details

Entity

Arctiko A/S
Oddesundvej 39
6715 Esbjerg N

Central Business Registration No (CVR): 26286077

Registered in: Esbjerg

Financial year: 01.01.2018 - 31.12.2018

Board of Directors

Lars Ole Møller Jensen
Birgitte Leisner Jensen
Steen Møbjerg Christensen
Dennis Vad Lauridsen

Executive Board

Jens Peter Rønn Laugesen

Auditors

Deloitte Statsautoriseret Revisionspartnerselskab
Dokken 8
Postbox 200
6701 Esbjerg

Statement by Management on the annual report

The Board of Directors and the Executive Board have today considered and approved the annual report of Arctiko A/S for the financial year 01.01.2018 - 31.12.2018.

The annual report is presented in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Entity's financial position at 31.12.2018 and of the results of its operations for the financial year 01.01.2018 - 31.12.2018.

We believe that the management commentary contains a fair review of the affairs and conditions referred to therein.

We recommend the annual report for adoption at the Annual General Meeting.

Esbjerg, 23.05.2019

Executive Board

Jens Peter Rønn Laugesen

Board of Directors

Lars Ole Møller Jensen

Birgitte Leisner Jensen

Steen Møbjerg Christensen

Dennis Vad Lauridsen

Independent auditor's extended review report

To the shareholders of Arctiko A/S

Conclusion

We have performed an extended review of the financial statements of Arctiko A/S for the financial year 01.01.2018 - 31.12.2018, which comprise the income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act.

Based on our extended review, in our opinion, the financial statements give a true and fair view of the Entity's financial position at 31.12.2018 and of the results of its operations for the financial year 01.01.2018 - 31.12.2018 in accordance with the Danish Financial Statements Act.

Basis for conclusion

We conducted our extended review in accordance with the assurance engagement standard for small enterprises as issued by the Danish Business Authority and the standard on extended review of financial statements prepared in accordance with the Danish Financial Statements Act as issued by FSR - Danish Auditors. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the extended review of the financial statements". We are independent of the Entity 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 requirements. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

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 Entity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern, and using the going concern basis of accounting unless Management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the extended review of the financial statements

Our responsibility is to express a conclusion on the financial statements. This requires that we plan and perform procedures to obtain limited assurance about our conclusion on the financial statements and that we also perform specifically required supplementary procedures for the purpose of obtaining additional assurance about our conclusion.

An extended review consists of making inquiries, primarily of management and, if appropriate, of other entity personnel, performing analytical and the specifically required supplementary procedures as well as evaluating the evidence obtained.

Independent auditor's extended review report

The procedures performed in an extended review are less in scope than in an audit, and accordingly we do not express an audit opinion on the financial statements.

Statement on the management commentary

Management is responsible for the management commentary.

Our opinion on the financial statements does not cover the management commentary, and we do not express any form of assurance conclusion thereon.

In connection with our extended review of the financial statements our responsibility is to read the management commentary and, in doing so, consider whether the management commentary is materially inconsistent with the financial statements or our knowledge obtained in the extended review or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether the management commentary provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we conclude that the management commentary is in accordance with financial statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement of the management commentary.

Esbjerg, 23.05.2019

Deloitte

Statsautoriseret Revisionspartnerselskab
Central Business Registration No (CVR)
33963556

Jesper Smedegaard Larsen
State Authorised Public Accountant
Identification No (MNE) mne18510

Anders Rasmussen
State Authorised Public Accountant
Identification No (MNE) mne34316

Management commentary

Primary activities

The company's activities consist of the delivery of cooling and freezing solutions in the pharmaceutical and laboratory segment. The greater part of the company's revenue is from exports under its own Arctiko label.

Development in activities and finances

Profit before taxes for the year was DKK 3,343 thousand, against profit last year of DKK 2,518 thousand before taxes.

The result is satisfactory.

The result for 2018 was significantly influenced by costs in connection with relocation to a new domicile and costs in connection with the global launch of a major expansion of the product platform.

The management expects continued growth and a result for 2019 at least in line with the result for 2018.

There is a pending dispute with a former subcontractor, for which during the financial year there have been considerable legal costs, etc. This is not considered to have a significant influence on the company's future operations.

Certification and investments

Arctiko A/S has ISO9001, ISO13485 and CE marking, which means that Arctiko A/S can market and sell blood bank units and plasma freezers, etc. to hospitals worldwide.

Vision and mission

Arctiko A/S will continue to be a strong and competitive global sales service partner in cooling and freezing solutions for hospitals and laboratories. Our products shall have environmental and technological foresight and be competitive in quality and price.

"The Cooling Specialists" is the company's mantra, which the management and employees seek to live up to daily.

Environmental performance

Arctiko A/S intends to continue to focus on green development and devotes considerable resources to constantly developing and improving our product and service platform.

Events after the balance sheet date

No events have occurred after the balance sheet date to this date, which would influence the evaluation of this annual report.

Income statement for 2018

	<u>Notes</u>	<u>2018 DKK</u>	<u>2017 DKK</u>
Gross profit		19.069.323	16.680.856
Staff costs	1	(14.824.890)	(13.137.650)
Depreciation, amortisation and impairment losses	2	<u>(710.673)</u>	<u>(789.678)</u>
Operating profit/loss		3.533.760	2.753.528
Other financial income	3	128.966	118.626
Other financial expenses	4	<u>(320.167)</u>	<u>(354.250)</u>
Profit/loss before tax		3.342.559	2.517.904
Tax on profit/loss for the year	5	<u>(738.169)</u>	<u>(563.445)</u>
Profit/loss for the year		<u>2.604.390</u>	<u>1.954.459</u>
Proposed distribution of profit/loss			
Ordinary dividend for the financial year		1.750.000	0
Retained earnings		<u>854.390</u>	<u>1.954.459</u>
		<u>2.604.390</u>	<u>1.954.459</u>

Balance sheet at 31.12.2018

	<u>Notes</u>	<u>2018 DKK</u>	<u>2017 DKK</u>
Other fixtures and fittings, tools and equipment		2.465.158	2.270.485
Leasehold improvements		<u>560.043</u>	<u>421.757</u>
Property, plant and equipment	6	<u>3.025.201</u>	<u>2.692.242</u>
Fixed assets		<u>3.025.201</u>	<u>2.692.242</u>
Manufactured goods and goods for resale		<u>12.709.034</u>	<u>9.195.090</u>
Inventories		<u>12.709.034</u>	<u>9.195.090</u>
Trade receivables		7.367.181	7.815.834
Receivables from group enterprises		6.228.746	4.067.188
Deferred tax	7	24.036	36.888
Other receivables		999.146	681.885
Prepayments		<u>551.995</u>	<u>663.222</u>
Receivables		<u>15.171.104</u>	<u>13.265.017</u>
Cash		<u>4.173.748</u>	<u>4.584.205</u>
Current assets		<u>32.053.886</u>	<u>27.044.312</u>
Assets		<u>35.079.087</u>	<u>29.736.554</u>

Balance sheet at 31.12.2018

	<u>Notes</u>	<u>2018</u> <u>DKK</u>	<u>2017</u> <u>DKK</u>
Contributed capital		500.000	500.000
Retained earnings		11.358.125	10.503.735
Proposed dividend		<u>1.750.000</u>	<u>0</u>
Equity		<u>13.608.125</u>	<u>11.003.735</u>
Finance lease liabilities		<u>243.577</u>	<u>636.585</u>
Non-current liabilities other than provisions	8	<u>243.577</u>	<u>636.585</u>
Current portion of long-term liabilities other than provisions	8	478.502	764.260
Bank loans		153.138	88.755
Prepayments received from customers		4.220.752	2.711.400
Trade payables		7.527.429	5.317.618
Payables to group enterprises		2.249.356	2.490.182
Income tax payable		725.317	586.583
Other payables		<u>5.872.891</u>	<u>6.137.436</u>
Current liabilities other than provisions		<u>21.227.385</u>	<u>18.096.234</u>
Liabilities other than provisions		<u>21.470.962</u>	<u>18.732.819</u>
Equity and liabilities		<u>35.079.087</u>	<u>29.736.554</u>
Unrecognised rental and lease commitments	9		
Contingent liabilities	10		

Statement of changes in equity for 2018

	Contributed capital DKK	Retained earnings DKK	Proposed dividend DKK	Total DKK
Equity beginning of year	500.000	10.503.735	0	11.003.735
Profit/loss for the year	<u>0</u>	<u>854.390</u>	<u>1.750.000</u>	<u>2.604.390</u>
Equity end of year	<u>500.000</u>	<u>11.358.125</u>	<u>1.750.000</u>	<u>13.608.125</u>

Notes

	2018	2017
	DKK	DKK
1. Staff costs		
Wages and salaries	13.043.480	11.600.576
Pension costs	1.592.718	1.366.701
Other social security costs	188.692	170.373
	14.824.890	13.137.650
Average number of employees	26	23
	2018	2017
	DKK	DKK
2. Depreciation, amortisation and impairment losses		
Depreciation of property, plant and equipment	783.234	789.678
Profit/loss from sale of intangible assets and property, plant and equipment	(72.561)	0
	710.673	789.678
	2018	2017
	DKK	DKK
3. Other financial income		
Financial income arising from group enterprises	15.395	20.041
Financial income from associates	113.530	98.305
Other interest income	41	280
	128.966	118.626
	2018	2017
	DKK	DKK
4. Other financial expenses		
Financial expenses from group enterprises	92.940	81.193
Other interest expenses	58.041	76.844
Exchange rate adjustments	169.186	196.213
	320.167	354.250

Notes

	2018	2017
	DKK	DKK
5. Tax on profit/loss for the year		
Current tax	725.317	586.583
Change in deferred tax	12.852	(23.138)
	738.169	563.445
	Other	Leasehold
	fixtures and	improve-
	fittings,	ments
	tools and	DKK
	equipment	DKK
	DKK	DKK
6. Property, plant and equipment		
Cost beginning of year	4.652.349	841.069
Additions	1.841.158	309.152
Disposals	(2.992.836)	0
Cost end of year	3.500.671	1.150.221
Depreciation and impairment losses beginning of year	(2.381.864)	(419.312)
Depreciation for the year	(612.368)	(170.866)
Reversal regarding disposals	1.958.719	0
Depreciation and impairment losses end of year	(1.035.513)	(590.178)
Carrying amount end of year	2.465.158	560.043
Recognised assets not owned by entity	775.455	-
	2018	2017
	DKK	DKK
7. Deferred tax		
Property, plant and equipment	28.972	41.824
Other deductible temporary differences	(4.936)	(4.936)
	24.036	36.888

Notes

	Due within 12 months 2018 DKK	Due within 12 months 2017 DKK	Due after more than 12 months 2018 DKK
8. Liabilities other than provisions			
Finance lease liabilities	478.502	764.260	243.577
	478.502	764.260	243.577

	2018 DKK	2017 DKK
9. Unrecognised rental and lease commitments		
Liabilities under rental or lease agreements until maturity in total	5.106.395	586.800

The Company has entered into a lease agreement to the end of 2023 and with a six months' notice, the annual rent amounting to DKK 900 thousand.

An agreement has been entered into for the rental of three containers with a 30-day notice.

10. Contingent liabilities

The Company has issued performance bonds with a guaranteed amount of DKK 329 thousand through Danske Bank.

Security has been provided for the bank debt of Lobi Ejendom ApS at Handelsbanken, the debt amounting to DKK 3.791 thousand at 31 December 2018.

The Entity participates in a Danish joint taxation arrangement where serves as the administration company. According to the joint taxation provisions of the Danish Corporation Tax Act, the Entity is therefore liable for income taxes etc for the jointly taxed entities.

Accounting policies

Reporting class

This annual report has been presented in accordance with the provisions of the Danish Financial Statements Act governing reporting class B enterprises with addition of certain provisions for reporting class C.

The accounting policies applied to these financial statements are consistent with those applied last year.

Foreign currency translation

On initial recognition, foreign currency transactions are translated applying the exchange rate at the transaction date. Receivables, payables and other monetary items denominated in foreign currencies that have not been settled at the balance sheet date are translated using the exchange rate at the balance sheet date. Exchange differences that arise between the rate at the transaction date and the rate in effect at the payment date, or the rate at the balance sheet date, are recognised in the income statement as financial income or financial expenses.

Income statement

Gross profit or loss

Gross profit or loss comprises revenue, changes in inventories of finished goods and work in progress and external expenses.

Revenue

Revenue from the sale of manufactured goods and goods for resale is recognised in the income statement when delivery is made and risk has passed to the buyer.

Other operating income

Other operating income comprises income of a secondary nature as viewed in relation to the Entity's primary activities.

Cost of sales

Cost of sales comprises goods consumed in the financial year measured at cost, adjusted for ordinary inventory writedowns.

Other external expenses

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

Staff costs

Staff costs comprise salaries and wages as well as social security contributions, pension contributions, etc for entity staff.

Depreciation, amortisation and impairment losses

Depreciation, amortisation and impairment losses relating to property, plant and equipment and intangible assets comprise depreciation, amortisation and impairment losses for the financial year, as well as gains and losses from the sale of intangible assets as well as property, plant and equipment.

Accounting policies

Other financial income

Other financial income comprises interest income, payables and transactions in foreign currencies.

Other financial expenses

Other financial expenses comprise interest income, payables and transactions in foreign currencies.

Tax on profit/loss for the year

Tax for the year, which consists of current tax for the year and changes in deferred tax, is recognised in the income statement by the portion attributable to the profit for the year and recognised directly in equity by the portion attributable to entries directly in equity.

The Entity is jointly taxed with all 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).

Balance sheet

Property, plant and equipment

Machinery as well as other fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation and impairment losses.

Cost comprises the acquisition price, costs directly attributable to the acquisition and preparation costs of the asset until the time when it is ready to be put into operation.

The basis of depreciation is cost less estimated residual value after the end of useful life. Straight-line depreciation is made on the basis of the following estimated useful lives of the assets:

Other fixtures and fittings, tools and equipment	5 years
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Estimated useful lives and residual values are reassessed annually.

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

Inventories

Inventories are measured at the lower of cost using the FIFO method and net realisable value.

The net realisable value of inventories is calculated as the estimated selling price less completion costs and costs incurred to execute sale.

Receivables

Receivables are measured at amortised cost, usually equalling nominal value less writedowns for bad and doubtful debts.

Accounting policies

Deferred tax

Deferred tax is recognised on all temporary differences between the carrying amount and the tax-based value of assets and liabilities, for which the tax-based value is calculated based on the planned use of each asset.

Deferred tax assets, including the tax base of tax loss carryforwards, are recognised in the balance sheet at their estimated realisable value, either as a set-off against deferred tax liabilities or as net tax assets.

Prepayments

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

Cash

Cash comprises cash in hand and bank deposits.

Dividend

Dividend is recognised as a liability at the time of adoption at the general meeting. Proposed dividend for the financial year is disclosed as a separate item in equity.

Finance lease liabilities

Lease commitments relating to assets held under finance leases are recognised in the balance sheet as liabilities other than provisions, and, at the time of inception of the lease, measured at the present value of future lease payments. Subsequent to initial recognition, lease commitments are measured at amortised cost. The difference between present value and nominal amount of the lease payments is recognised in the income statement as a financial expense over the term of the leases.

Other financial liabilities

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

Prepayments received from customers

Prepayments received from customers comprise amounts received from customers prior to delivery of the goods agreed or completion of the service agreed.

Income tax receivable or payable

Current tax receivable or payable is recognised in the balance sheet, stated as tax computed on this year's taxable income, adjusted for prepaid tax.