



Arctiko A/S

Oddesundvej 39
6715 Esbjerg N
CVR No. 26286077

Annual report 2019

The Annual General Meeting adopted the
annual report on 03.07.2020

Steen Møbjerg Christensen
Chairman of the General Meeting

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Entity details

Entity

Arctiko A/S
Oddesundvej 39
6715 Esbjerg N

CVR No.: 26286077
Registered office: Esbjerg
Financial year: 01.01.2019 - 31.12.2019

Board of Directors

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

Executive Board

Jens Peter Rønn Laugesen

Auditors

Deloitte Statsautoriseret Revisionspartnerselskab
Dokken 8
P. O. Box 200
6701 Esbjerg

Statement by Management

The Board of Directors and the Executive Board have today considered and approved the annual report of Arctiko A/S for the financial year 01.01.2019 - 31.12.2019.

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 31.12.2019 and of the results of its operations for the financial year 01.01.2019 - 31.12.2019.

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, 03.07.2020

Executive Board

Jens Peter Rønn Laugesen

Board of Directors

Lars Ole Møller Jensen
formand

Birgitte Leisner Jensen

Dennis Vad Lauridsen

Steen Møbjerg Christensen

Independent auditor's extended review report

To the shareholders of Arctiko A/S

Report on extended review of the financial statements

Conclusion

We have performed an extended review of the financial statements of Arctiko A/S for the financial year 01.01.2019 - 31.12.2019, 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 31.12.2019 and of the results of its operations for the financial year 01.01.2019 - 31.12.2019 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" section. 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.

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.

Violation of Danish criminal law or tax, duty and subsidy legislation

Without modifying our opinion, we found that the Company has failed to report VAT on time, for which the management may be held liable.

Esbjerg, 03.07.2020

Deloitte

Statsautoriseret Revisionspartnerselskab
CVR No. 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 865 thousand, against profit last year of DKK 3,343 thousand before taxes. The result is not satisfactory.

The company did, despite a periodic drop in sales level during summer 2019, keep a very high activity level especially related to research and development. Also the sales platform of the company was extended during 2019.

There is a pending dispute with a former subcontractor, for which during the financial year there have been considerable legal costs. This is not considered to have any significant influence on the company's future operations nor performance.

The level of inventory did increase over the year. The level at closing date is considered to be too high and measures are taken to reduce inventory-level through 2020

Certification and investments

Arctiko A/S has ISO9001, ISO13485 and CE marking, which means that Arctiko A/S can market and sell our products to our key channels worldwide; hospitals, research, pharma, life science.

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.

Outlook

A very high activity level through 2019, especially within R&D and sales structures and setting distribution network leads the company to aim for a significant better performance in 2020.

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

As the community was hit by the COVID-19, Arctiko like most others did implement new ways of working with home offices, distance keeping, online communication etc. This was initiated 12th of march, the day after governmental recommendations were presented. The initiatives did not have any negative impact on the company's daily operations and The Company so is well prepared in case a second wave would hit the community.

Income statement for 2019

	Notes	2019 DKK	2018 DKK
Gross profit/loss		20,072,582	19,621,340
Staff costs	1	(18,181,246)	(15,376,906)
Depreciation, amortisation and impairment losses	2	(810,484)	(710,673)
Operating profit/loss		1,080,852	3,533,761
Other financial income	3	81,382	128,966
Other financial expenses	4	(297,290)	(320,168)
Profit/loss before tax		864,944	3,342,559
Tax on profit/loss for the year	5	(196,610)	(738,169)
Profit/loss for the year		668,334	2,604,390
Proposed distribution of profit and loss			
Ordinary dividend for the financial year		300,000	1,750,000
Retained earnings		368,334	854,390
Proposed distribution of profit and loss		668,334	2,604,390

Balance sheet at 31.12.2019

Assets

	Notes	2019 DKK	2018 DKK
Other fixtures and fittings, tools and equipment		1,908,840	2,465,158
Leasehold improvements		515,454	560,043
Property, plant and equipment	6	2,424,294	3,025,201
Fixed assets		2,424,294	3,025,201
Manufactured goods and goods for resale		15,498,428	12,709,034
Inventories		15,498,428	12,709,034
Trade receivables		6,900,043	7,367,181
Receivables from group enterprises		4,684,713	6,228,746
Deferred tax	7	65,331	24,036
Other receivables		1,022,731	999,146
Prepayments		944,353	551,994
Receivables		13,617,171	15,171,103
Cash		39,895	4,173,749
Current assets		29,155,494	32,053,886
Assets		31,579,788	35,079,087

Equity and liabilities

	Notes	2019 DKK	2018 DKK
Contributed capital		500,000	500,000
Retained earnings		11,726,459	11,358,125
Proposed dividend		300,000	1,750,000
Equity		12,526,459	13,608,125
Other provisions	8	100,000	0
Provisions		100,000	0
Finance lease liabilities		154,601	243,577
Other payables		498,344	0
Non-current liabilities other than provisions	9	652,945	243,577
Current portion of non-current liabilities other than provisions	9	210,192	478,502
Bank loans		3,736,461	153,138
Prepayments received from customers		2,562,154	4,220,752
Trade payables		6,104,231	7,527,428
Payables to group enterprises		799,009	2,249,357
Income tax payable		0	725,317
Joint taxation contribution payable		237,905	0
Other payables		4,650,432	5,872,891
Current liabilities other than provisions		18,300,384	21,227,385
Liabilities other than provisions		18,953,329	21,470,962
Equity and liabilities		31,579,788	35,079,087
Unrecognised rental and lease commitments	10		
Contingent liabilities	11		

Statement of changes in equity for 2019

	Contributed capital DKK	Retained earnings DKK	Proposed dividend DKK	Total DKK
Equity beginning of year	500,000	11,358,125	1,750,000	13,608,125
Ordinary dividend paid	0	0	(1,750,000)	(1,750,000)
Profit/loss for the year	0	368,334	300,000	668,334
Equity end of year	500,000	11,726,459	300,000	12,526,459

Notes

1 Staff costs

	2019	2018
	DKK	DKK
Wages and salaries	14,979,027	13,043,480
Pension costs	2,007,193	1,592,718
Other social security costs	231,851	188,692
Other staff costs	963,175	552,016
	18,181,246	15,376,906
Average number of full-time employees	28	26

2 Depreciation, amortisation and impairment losses

	2019	2018
	DKK	DKK
Depreciation of property, plant and equipment	810,484	783,234
Profit/loss from sale of intangible assets and property, plant and equipment	0	(72,561)
	810,484	710,673

3 Other financial income

	2019	2018
	DKK	DKK
Financial income from group enterprises	26,308	15,395
Financial income from associates	54,728	113,530
Other interest income	346	41
	81,382	128,966

4 Other financial expenses

	2019	2018
	DKK	DKK
Financial expenses from group enterprises	39,204	92,940
Other interest expenses	200,882	58,042
Exchange rate adjustments	57,204	169,186
	297,290	320,168

5 Tax on profit/loss for the year

	2019 DKK	2018 DKK
Current tax	237,905	725,317
Change in deferred tax	(41,295)	12,852
	196,610	738,169

6 Property, plant and equipment

	Other fixtures and fittings, tools and equipment DKK	Leasehold improvements DKK
Cost beginning of year	3,500,671	1,150,221
Additions	219,333	190,244
Disposals	(783,785)	0
Cost end of year	2,936,219	1,340,465
Depreciation and impairment losses beginning of year	(1,035,513)	(590,178)
Depreciation for the year	(575,651)	(234,833)
Reversal regarding disposals	583,785	0
Depreciation and impairment losses end of year	(1,027,379)	(825,011)
Carrying amount end of year	1,908,840	515,454
Recognised assets not owned by entity	373,404	775,455

7 Deferred tax

	2019 DKK	2018 DKK
Property, plant and equipment	67,226	28,972
Other deductible temporary differences	(1,895)	(4,936)
Deferred tax	65,331	24,036

8 Other provisions

Other provisions include allocated legal costs for pending lawsuits.

9 Non-current liabilities other than provisions

	Due within 12 months 2019 DKK	Due within 12 months 2018 DKK	Due after more than 12 months 2019 DKK
Finance lease liabilities	210,192	478,502	154,601
Other payables	0	0	498,344
	210,192	478,502	652,945

10 Unrecognised rental and lease commitments

	2019 DKK	2018 DKK
Liabilities under rental or lease agreements until maturity in total	3,959,984	5,106,395

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 840 thousand.

11 Contingent liabilities

The Company has issued performance bonds with a guaranteed amount of DKK 500 thousand through Danske Bank.

Security has been provided for the bank debt of Arctiko International ApS and Arctiko Engineering ApS at Danske Bank, the debt amounting to DKK 2,502 thousand at 31 December 2019.

Security has been provided for the bank debt of LOBI Ejendom ApS at SparNord, the debt amounting to DKK 3,898 thousand at 31 December 2019.

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.

Recognition and measurement

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

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

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

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

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

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.

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**

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 epreciation 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.

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.

Other provisions

Other provisions are recognised and measured as the best estimate of the expenses required to settle the liabilities at the balance sheet date. Provisions that are estimated to mature more than one year after the balance sheet date are measured at their discounted value.

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.

Operating leases

Lease payments on operating leases are recognised on a straight-line basis in the income statement over the term of the lease.

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.

Joint taxation contributions payable or receivable

Current joint taxation contributions receivable or joint taxation contributions payable are recognised in the balance sheet, calculated as tax computed on the taxable income of the year, which has been adjusted for prepaid tax. For tax losses, joint taxation contributions receivable are only recognised if such losses are expected to be used under the joint taxation arrangement.