



Arctiko A/S

Oddesundvej 39
6715 Esbjerg N
CVR No. 26286077

Annual report 2020

The Annual General Meeting adopted the
annual report on 01.07.2021

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: 01.01.2020 - 31.12.2020

Board of Directors

Steen Møbjerg Christensen

Lars Ole Møller Jensen, formand

Dennis Vad Lauridsen

Birgitte Leisner Jensen

Executive Board

Jens Peter Rønn Laugesen

Auditors

Deloitte Statsautoriseret Revisionspartnerselskab

Dokken 8

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 01.01.2020 - 31.12.2020.

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 31.12.2020 and of the results of its operations for the financial year 01.01.2020 - 31.12.2020.

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, 01.07.2021

Executive Board

Jens Peter Rønn Laugesen

Board of Directors

Steen Møbjerg Christensen

Lars Ole Møller Jensen
formand

Dennis Vad Lauridsen

Birgitte Leisner Jensen

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 01.01.2020 - 31.12.2020, 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 31.12.2020 and of the results of its operations for the financial year 01.01.2020 - 31.12.2020 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.

Esbjerg, 01.07.2021

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 1.743 thousand, against profit last year of DKK 865 thousand before taxes. The result is not satisfactory.

Through 2020 the company over a longer period was affected by the covid19 pandemic that resulted in general shut downs slowing down business levels significantly. The pandemic lead though to an increasing demand for cooling and freezing solutions to support the roll out of global vaccine programmes. Effect of this happened only late 2020.

The Company is involved in a lawsuit with a former sub supplier about breach in certain (IP) rights. The lawsuit was again associated with significant costs, which have a negative effect on the result for 2020. Developments of the lawsuit have now reached a point where court hearings are scheduled for October 2021, after which a decision on any damages is expected.

The former sub supplier has advanced a claim for considerable damages. The managements opinion on the lawsuit, is that there are no major losses expected.

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 2021

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

Arctiko having partners world wide expect to play a key role in the cold chain supply chain as part of the fight against Covid19 - and as result of this a significant growth is expected in 2021.

Environmental performance

Arctiko A/S intends to continue to focus on green developments and devotes considerable resources to constantly developing and improving our product and service platform. In 2020 the Company launched the first series of Ultra Low Temperature appliances with own developed Green Gas Technology "GG20" - (Pat. Pending).

Income statement for 2020

	Notes	2020 DKK	2019 DKK
Gross profit/loss		21,534,595	20,072,582
Staff costs	1	(18,766,778)	(18,181,246)
Depreciation, amortisation and impairment losses	2	(617,900)	(810,484)
Operating profit/loss		2,149,917	1,080,852
Other financial income	3	45,332	81,382
Other financial expenses	4	(451,851)	(297,290)
Profit/loss before tax		1,743,398	864,944
Tax on profit/loss for the year	5	(389,222)	(196,610)
Profit/loss for the year		1,354,176	668,334
Proposed distribution of profit and loss			
Ordinary dividend for the financial year		500,000	300,000
Retained earnings		854,176	368,334
Proposed distribution of profit and loss		1,354,176	668,334

Balance sheet at 31.12.2020

Assets

	Notes	2020 DKK	2019 DKK
Completed development projects	7	257,645	0
Intangible assets	6	257,645	0
Other fixtures and fittings, tools and equipment		1,445,042	1,908,840
Leasehold improvements		469,849	515,454
Property, plant and equipment	8	1,914,891	2,424,294
Fixed assets		2,172,536	2,424,294
Manufactured goods and goods for resale		11,435,683	15,498,428
Inventories		11,435,683	15,498,428
Trade receivables		12,311,841	6,900,043
Receivables from group enterprises		4,162,994	4,684,713
Deferred tax	9	31,492	65,331
Other receivables		631,292	1,022,731
Prepayments		1,407,749	944,353
Receivables		18,545,368	13,617,171
Cash		873,903	39,895
Current assets		30,854,954	29,155,494
Assets		33,027,490	31,579,788

Equity and liabilities

	Notes	2020 DKK	2019 DKK
Contributed capital		500,000	500,000
Retained earnings		12,580,635	11,726,459
Proposed dividend		500,000	300,000
Equity		13,580,635	12,526,459
Other provisions	10	0	100,000
Provisions		0	100,000
Lease liabilities		0	154,601
Other payables		1,173,549	498,344
Non-current liabilities other than provisions	11	1,173,549	652,945
Current portion of non-current liabilities other than provisions	11	154,570	210,192
Bank loans		166,720	3,736,461
Deposits		5,000	0
Prepayments received from customers		3,549,595	2,562,154
Trade payables		8,135,374	6,104,231
Payables to group enterprises		1,055,273	799,009
Joint taxation contribution payable		355,383	237,905
Other payables		4,851,391	4,650,432
Current liabilities other than provisions		18,273,306	18,300,384
Liabilities other than provisions		19,446,855	18,953,329
Equity and liabilities		33,027,490	31,579,788
Unrecognised rental and lease commitments	12		
Contingent liabilities	13		
Assets charged and collateral	14		

Statement of changes in equity for 2020

	Contributed capital DKK	Retained earnings DKK	Proposed dividend DKK	Total DKK
Equity beginning of year	500,000	11,726,459	300,000	12,526,459
Ordinary dividend paid	0	0	(300,000)	(300,000)
Profit/loss for the year	0	854,176	500,000	1,354,176
Equity end of year	500,000	12,580,635	500,000	13,580,635

Notes

1 Staff costs

	2020	2019
	DKK	DKK
Wages and salaries	15,482,463	14,979,027
Pension costs	2,091,659	2,007,193
Other social security costs	215,732	231,851
Other staff costs	976,924	963,175
	18,766,778	18,181,246
Average number of full-time employees	29	28

2 Depreciation, amortisation and impairment losses

	2020	2019
	DKK	DKK
Amortisation of intangible assets	2,911	0
Depreciation of property, plant and equipment	635,906	810,484
Profit/loss from sale of intangible assets and property, plant and equipment	(20,917)	0
	617,900	810,484

3 Other financial income

	2020	2019
	DKK	DKK
Financial income from group enterprises	45,318	81,036
Other interest income	14	346
	45,332	81,382

4 Other financial expenses

	2020	2019
	DKK	DKK
Financial expenses from group enterprises	25,827	39,204
Other interest expenses	262,946	200,882
Exchange rate adjustments	163,078	57,204
	451,851	297,290

5 Tax on profit/loss for the year

	2020 DKK	2019 DKK
Current tax	355,383	237,905
Change in deferred tax	33,839	(41,295)
	389,222	196,610

6 Intangible assets

	Completed development projects DKK
Additions	260,556
Cost end of year	260,556
Amortisation for the year	(2,911)
Amortisation and impairment losses end of year	(2,911)
Carrying amount end of year	257,645

7 Development projects

Completed development projects consist of the development of an environmentally friendly refrigerant and verification of performance of products.

8 Property, plant and equipment

	Other fixtures and fittings, tools and equipment DKK	Leasehold improvements DKK
Cost beginning of year	2,936,219	1,340,465
Additions	149,330	75,006
Disposals	(208,740)	0
Cost end of year	2,876,809	1,415,471
Depreciation and impairment losses beginning of year	(1,027,379)	(825,011)
Depreciation for the year	(515,295)	(120,611)
Reversal regarding disposals	110,907	0
Depreciation and impairment losses end of year	(1,431,767)	(945,622)
Carrying amount end of year	1,445,042	469,849
Recognised assets not owned by entity	155,040	0

9 Deferred tax

	2020	2019
	DKK	DKK
Intangible assets	(56,682)	0
Property, plant and equipment	88,278	67,226
Other deductible temporary differences	(104)	(1,895)
Deferred tax	31,492	65,331

10 Other provisions

Other provisions include allocated legal costs for pending lawsuits.

11 Non-current liabilities other than provisions

	Due within 12	Due within 12	Due after
	months	months	more than 12
	2020	2019	months
	DKK	DKK	2020
			DKK
Lease liabilities	154,570	210,192	0
Other payables	0	0	1,173,549
	154,570	210,192	1,173,549

12 Unrecognised rental and lease commitments

	2020	2019
	DKK	DKK
Liabilities under rental or lease agreements until maturity in total	3,096,386	3,959,984

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.

13 Contingent liabilities

The Company's involvement in a lawsuit with a former business partner about breaching rights to some designs is subject to uncertainty. Developments of the lawsuit have now reached a point where court hearings are scheduled for October 2021, after which a decision on any damages is expected. The former business partner has advanced a claim for considerable damages. Management has informed us that no major losses are expected from the lawsuit.

The Company has issued performance bonds with a guaranteed amount of DKK 332 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 1,703 thousand at 31 December 2020.

Security has been provided for the bank debt of LOBI Ejendom ApS at SparNord, the debt amounting to DKK 793 thousand at 31 December 2020.

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.

14 Assets charged and collateral

Bank loans are secured by way of a deposited mortgage deed registered to the mortgagor of DKK 6,000 thousand nominal.

Mortgage deed includes intangible assets, property, plant and equipment, inventories and trade receivables. The carrying amount of mortgaged assets is DKK 25.920 thousand.

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**Intellectual property rights etc**

Intellectual property rights etc comprise development projects completed and in progress with related intellectual property rights, acquired intellectual property rights and prepayments for intangible assets.

Development projects on clearly defined and identifiable products and processes, for which the technical rate of utilisation, adequate resources and a potential future market or development opportunity in the enterprise can be established, and where the intention is to manufacture, market or apply the product or process in question, are recognised as intangible assets. Other development costs are recognised as costs in the income statement as incurred. When recognising development projects as intangible assets, an amount equalling the costs incurred less deferred tax is taken to equity under Reserve for development costs that is reduced as the development projects are amortised and written down.

Completed development projects are amortised on a straight-line basis using their estimated useful lives which are determined based on a specific assessment of each development project. If the useful life cannot be estimated reliably, it is fixed at 10 years. For development projects protected by intellectual property rights,

the maximum period of amortisation is the remaining duration of the relevant rights. The amortisation periods used are 3 years.

Intellectual property rights etc are written down to the lower of recoverable amount and carrying amount.

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 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.

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.

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.

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.