Tel.: +45 75 18 16 66
esbjerg@bdo.dk
www.bdo.dk

BDO Statsautoriseret revisionsaktieselskab
John Tranums Vej 23, 1. sal
DK-6705 Esbjerg Ø
CVR no. 20 22 26 70

ARCTIKO A/S

ODDESUNDVEJ 39, 6715 ESBJERG N

ANNUAL REPORT

1 JANUARY - 31 DECEMBER 2022

The Annual Report has been presented and adopted at the Company's Annual General Meeting on 10 July 2023

Jens Peter Rønn Laugesen

The English part of this document is an unofficial translation of the original Danish text, and in case of any discrepancy between the Danish text and the English translation, the Danish text shall prevail.

CVR NO. 26 28 60 77

CONTENTS

COMPANY DETAILS

Company	ARCTIKO A/S Oddesundvej 39 6715 Esbjerg N	
	CVR No.:	26 28 60 77
	Established:	8 October 2001
	Municipality:	Esbjerg
	Financial Year:	1 January - 31 December
Board of Directors	Carleton Earl Saunders IV Robert Walker Martin, chairman John Daniel Sedlacek	
Executive Board	Jens Peter Rønn Laugesen	
Auditor	BDO Statsautoriseret revisionsaktieselskab John Tranums Vej 23, 1. sal 6705 Esbjerg Ø	

MANAGEMENT'S STATEMENT

Today the Board of Directors and Executive Board have discussed and approved the Annual Report of ARCTIKO A/S for the financial year 1 January - 31 December 2022.

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 Company's assets, liabilities and financial position at 31 December 2022 and of the results of the Company's operations for the financial year 1 January - 31 December 2022.

The Management Commentary includes in our opinion a fair presentation of the matters dealt with in the Commentary.

We recommend the Annual Report be approved at the Annual General Meeting.

Esbjerg, 10 July 2023

Executive Board

Jens Peter Rønn Laugesen

Board of Directors

Carleton Earl Saunders IV	Robert Walker Martin Chairman	John Daniel Sedlacek

INDEPENDENT AUDITOR'S REPORT

To the Shareholder of ARCTIKO A/S

Opinion
We have audited the Financial Statements of ARCTIKO A/S for the financial year 1 January - 31 December 2022, which comprise income statement, Balance Sheet, statement of changes in equity, notes and a summary of significant 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 assets, liabilities and financial position of the Company at 31 December 2022 and of the results of the Company's operations for the financial year 1 January - 31 December 2022 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 are independent of the Company in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), together with the ethical requirements that are relevant to our audit of the financial statements in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

Other matter
With effect for the current financial year, the company has switched from an extended review to an audit according to international standards. The comparative figures are not audited according to international standards, but audited according to the disclosure standard for small businesses (extended review).

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 about 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 these Financial Statements.

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgment and maintain professional skepticism 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.
- 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 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 Management Commentary
Management is responsible for Management Commentary.

Our opinion on the Financial Statements does not cover Management Commentary, 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 Management Commentary and, in doing so, consider whether Management Commentary 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 Management Commentary provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we conclude that Management Commentary is in accordance with the 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 Management Commentary.

Esbjerg, 10 July 2023

BDO Statsautoriseret revisionsaktieselskab
CVR no. 20 22 26 70

Anders Noe
State Authorised Public Accountant
MNE no. mne41367

MANAGEMENT COMMENTARY

Principal activities
The company's activities consist of the delivery of cooling and freezing solutions to the pharmaceutical and laboratory segment. The greater part of the company's revenue is from world wide exports under its own trade mark Arctiko.

Development in activities and financial and economic position
Profit for the year was minus DKK 4.824 thousand, against profit last year of DKK 8.716 thousand. The result is not satisfactory.

The company was through 2022 very negative impacted from a post Covid19 situation where the demand for its product offering dropped significantly on the global market. Market's all seemed over saturated.

Significant events after the end of the financial year
No events have occurred after the end of the financial year of material importance for the Company's financial position.

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. This focus will be heavily enforced through the period to come due to an ambitious development plan for especially new low energy product introductions.

Certification and investments
Arctiko A/S holds 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 within 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 stated as the company's mantra, which the management and employees seek to live up to daily

Future expectations
We expect markets to stabilize during 2023, though at a moderate level compared to peak periods experienced during the Covid19 period.

Company has taken hard initiatives to adapt cost structures short termed reflecting the reduced market potentials .

INCOME STATEMENT 1 JANUARY - 31 DECEMBER

	Note	2022 DKK	2021 DKK
GROSS PROFIT		**11.321.587**	**30.757.853**
Staff costs	1	-15.151.222	-18.257.835
Depreciation, amortisation and impairment losses		-698.317	-673.262
OPERATING LOSS		**-4.527.952**	**11.826.756**
Other financial income	2	70.507	88.831
Other financial expenses	3	-639.417	-697.809
LOSS BEFORE TAX		**-5.096.862**	**11.217.778**
Tax on profit/loss for the year	4	272.400	-2.501.987
LOSS FOR THE YEAR		**-4.824.462**	**8.715.791**

PROPOSED DISTRIBUTION OF PROFIT

		2022	2021
Extraordinary dividend		0	6.781.617
Retained earnings		-4.824.462	1.934.174
TOTAL		**-4.824.462**	**8.715.791**

BALANCE SHEET AT 31 DECEMBER

ASSETS	Note	2022 DKK	2021 DKK
Development projects completed		768.278	454.487
Intangible assets	5	**768.278**	**454.487**
Other plant, machinery tools and equipment		4.620.064	1.076.369
Leasehold improvements		356.147	355.050
Property, plant and equipment	6	**4.976.211**	**1.431.419**
NON-CURRENT ASSETS		**5.744.489**	**1.885.906**
Finished goods and goods for resale		21.707.170	15.839.453
Inventories		**21.707.170**	**15.839.453**
Trade receivables		4.536.748	8.035.706
Receivables from group enterprises		3.830.275	5.194.375
Deferred tax assets		296.020	23.620
Other receivables		410.267	2.688.823
Prepayments		732.590	359.035
Receivables		**9.805.900**	**16.301.559**
Cash and cash equivalents		**213.776**	**1.993.828**
CURRENT ASSETS		**31.726.846**	**34.134.840**
ASSETS		**37.471.335**	**36.020.746**

BALANCE SHEET AT 31 DECEMBER

EQUITY AND LIABILITIES	Note	2022 DKK	2021 DKK
Share capital		500.000	500.000
Reserve for development costs		599.256	354.500
Retained earnings		9.091.092	14.160.310
EQUITY		**10.190.348**	**15.014.810**
Frozen holiday pay		1.175.258	1.137.438
Non-current liabilities	7	**1.175.258**	**1.137.438**
Subordinate loan capital		1.118.958	0
Bank debt		1	138.923
Prepayments from customers		1.698.462	3.093.818
Trade payables		3.768.291	6.499.439
Debt to Group companies		18.743.137	6.362.025
Corporation tax payable		0	2.380.954
Joint tax contribution payable		0	113.161
Other liabilities		771.880	1.275.178
Deposits		5.000	5.000
Current liabilities		**26.105.729**	**19.868.498**
LIABILITIES		**27.280.987**	**21.005.936**
EQUITY AND LIABILITIES		**37.471.335**	**36.020.746**

Contingencies etc.	8		
Charges and securities	9		

EQUITY

	Share capital	Reserve for development costs	Retained earnings	Total
Equity at 1 January 2022	500.000	354.500	14.160.310	15.014.810
Proposed profit allocation			-4.824.462	-4.824.462
Other legal bindings				
Capitalized development costs		401.550	-401.550	0
Transfers				
Depreciations		-156.794	156.794	0
Equity at 31 December 2022	**500.000**	**599.256**	**9.091.092**	**10.190.348**

NOTES

			Note
Staff costs			1
Average number of employees	32	31	
Wages and salaries	12.621.657	15.196.357	
Pensions	2.115.023	2.369.678	
Social security costs	-326.796	356.518	
Other staff costs	741.338	335.282	
	15.151.222	**18.257.835**	
Other financial income			2
Group enterprises	70.507	88.831	
	70.507	**88.831**	
Other financial expenses			3
Group enterprises	0	44.945	
Other interest expenses	639.417	652.864	
	639.417	**697.809**	
Tax on profit/loss for the year			4
Calculated tax on taxable income of the year	0	2.494.115	
Adjustment of deferred tax	-272.400	7.872	
	-272.400	**2.501.987**	

Intangible assets 5

	Development projects completed
Cost at 1 January 2022	603.055
Additions	514.809
Cost at 31 December 2022	**1.117.864**
Amortisation at 1 January 2022	148.568
Amortisation for the year	201.018
Amortisation at 31 December 2022	**349.586**
Carrying amount at 31 December 2022	**768.278**

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

NOTES

Note

Property, plant and equipment 6

	Other plant, machinery tools and equipment	Leasehold improvements
Cost at 1 January 2022	2.627.354	1.415.471
Additions	3.929.991	112.100
Cost at 31 December 2022	**6.557.345**	**1.527.571**
Depreciation and impairment losses at 1 January 2022	1.807.080	1.060.421
Reversal of depreciation of assets disposed of	-293.590	0
Depreciation for the year	423.791	111.003
Depreciation and impairment losses at 31 December 2022	**1.937.281**	**1.171.424**
Carrying amount at 31 December 2022	**4.620.064**	**356.147**

Long-term liabilities 7

	31/12 2022 total liabilities	Debt outstanding after 5 years	31/12 2021 total liabilities
Frozen holiday pay	1.175.258	0	1.137.438
	1.175.258	**0**	**1.137.438**

Contingencies etc. 8

Contingent assets

The company has a deffered tax asset of T.DKK 833 which has not been recognized.

Contingent liabilities

The Company has entered into lease agreements with a 8-48 months' notice, the annual rent amounting to DKK ('000) 1.481.

Liabilities under rental or lease agreements until maturity amount to DKK ('000) 2.791.

Joint liabilities

The Danish companies of the group is jointly and severally liable for tax on the group's jointly taxed income and for certain possible withholding taxes such as dividend tax and royalty tax, and for the joint registration of VAT.

Tax payable of the group's jointly taxed income amounts to DKK ('000) 0 at the Balance Sheet date.

Charges and securities 9

None.

ACCOUNTING POLICIES

The Annual Report of ARCTIKO A/S for 2022 has been presented in accordance with the provisions of the Danish Financial Statements Act for enterprises in reporting class B and certain provisions applying to reporting class C.

The Annual Report is prepared consistently with the accounting principles applied last year.

INCOME STATEMENT

Net revenue
Net revenue from the sale of merchandise and finished goods is recognised in the Income Statement if supply and risk transfer to purchaser has taken place before the end of the year and if the income can be measured reliably and is expected to be received.

Net revenue is recognised exclusive of VAT and less duties and discounts related to the sale.

Other operating income
Other operating income includes items of a secondary nature in relation to the Group’s and the Company’s activities. In addition, profit from sale of intangible and tangible fixed assets as well as business interruption and conflict compensations are included. Compensations are recognised when the income is deemed to be realisable.

Cost of sales
Cost of sales comprise costs incurred to achieve the net revenue for the year, including direct and indirect costs of raw materials and consumables.

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 wages and salaries, including holiday pay and pensions, and other costs of social security etc., for the Company's employees. Repayments from public authorities are deducted from staff costs.

Financial income and expenses
Financial income and expenses comprises interest income, payables and transactions in foreign currencies.

Tax
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

Intangible fixed assets
Development projects comprise costs, including wages and salaries, and amortisation, which directly or indirectly can be related to the Company’s development activities and which fulfil the criteria for recognition in the Balance Sheet.

The accounting item is measured at the lower of the capitalised costs less accumulated amortisation and recoverable amount.

ACCOUNTING POLICIES

Capitalised development costs are amortised on a straight-line basis over the estimated useful life after completion of the development work. The amortisation period is normally 5 years. The amortisation periods used are 3 years

Intangible fixed assets are generally written down to the recoverable amount if this is lower than the carrying amount.

Tangible fixed assets
Other fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation and impairment losses.

The depreciation base is cost less estimated residual value after end of useful life.

The cost includes the acquisition price and costs incurred directly in connection with the acquisition until the time when the asset is ready to be used.

Straight-line depreciation is provided on the basis of an assessment of the expected useful lives of the assets and their residual value:

	Useful life	Residual value
Other plant, fixtures and equipment...	5 years	32 %
Leasehold improvements..	5 years	11 %

Profit or loss on sale of tangible fixed assets is stated as the difference between the sales price less selling costs and the carrying amount at the date of sale. Profit or loss is recognised in the Income Statement as other operating income or other operating expenses.

Lease contracts
Lease contracts relating to tangible fixed assets
for which the Company bears all material risks and benefits attached to the ownership (finance lease, see IAS 17) are recognised as assets in the Balance Sheet. The assets are at the initial recognition measured at the lower of cost stated at fair value and the and present value of the future lease payments. The internal interest rate of the lease contract, or alternatively the Company's loan interest, is used as discounting factor when calculating the present value. Finance lease assets are hereafter treated as the Group's and the Company's other similar tangible fixed assets.

The capitalised residual lease liability is recognised in the Balance Sheet as a liability and the interest portion of the lease payment is recognised in the Income Statement over the contract period.

All other lease contracts are considered to be operating leases. Payments related to operating leases and other rental agreements are recognised in the Income Statement over the contract period. The Company's total liability relating to operating leases and rental agreements is disclosed as contingencies etc.

Impairment of fixed assets
The carrying amount of intangible fixed and tangible assets, are assessed annually for indications of impairment other than that reflected by amortisation and depreciation.

In the event of impairment indications, an impairment test is made for each asset or group of assets, respectively. If the recoverable amount is lower than the carrying amount, the asset is written down to the recoverable amount.

ACCOUNTING POLICIES

Inventories
Inventories are measured at cost using the FIFO-principle. If the net realisable amount is lower than cost, the inventories are written down to the lower amount.

The net realisable value of inventories is stated at the expected sales price less direct completion costs and costs incurred to execute the sale and is determined with due regard to marketability, obsolescence and development in expected sales price of the inventories.

Receivables
Receivables are measured at amortised cost which usually corresponds to nominal value. The value is written down to meet expected losses.

Accruals, assets
Accruals recognised as assets include costs incurred relating to the subsequent financial year.

Cash and cash equivalents
Cash and cash equivalents include cash at bank.

Tax payable and deferred tax
Current tax liabilities and receivable current tax are recognised in the Balance Sheet as the calculated tax on the taxable income for the year, adjusted for tax on the taxable income for previous years and taxes paid on account.

The Company is subject to joint taxation with Danish Group companies. The current corporation tax is distributed among the joint taxable companies in proportion to their taxable income and with full allocation and refund related to tax losses. The joint taxable companies are included in the tax-on-account scheme. Joint taxation contributions receivable and payable are recognised in the Balance Sheet under current assets and liabilities, respectively.

Deferred tax is measured on the temporary differences between the carrying amount and the tax value of assets and liabilities.

Deferred tax assets, including the tax value of tax loss carryforwards, are measured at the amount at which the asset is expected to be used within a reasonable number of years, either by setoff against tax on future earnings or by setoff against deferred tax liabilities within the same legal tax entity.

Liabilities
Financial liabilities are recognised at the time of borrowing by the amount of proceeds received less transaction costs. In subsequent periods, the financial liabilities are measured at amortised cost equal to the capitalised value when using the effective interest, the difference between the proceeds and the nominal value being recognised in the Income Statement over the loan period.

The amortised cost of current liabilities corresponds usually to the nominal value.

Foreign currency translation
Transactions in foreign currencies are translated at the rate of exchange on the transaction date. Exchange differences arising between the rate on the transaction date and the rate on the payment date are recognised in the Income Statement as a financial income or expense.

Receivables, payables and other monetary items in foreign currencies that are not settled on the Balance Sheet date are translated at the exchange rate on the Balance Sheet date. The difference between the exchange rate on the Balance Sheet date and the exchange rate at the date when the receivables or payables come into existence recognised in the Income Statement as financial income or expenses.

Fixed assets acquired in foreign currencies are translated at the rate of exchange on the transaction date.