Dantherm Group A/S

Marienlystvej 65, 7800

CVR no. 30 53 79 39

Annual report 2022

Approved at the Company's annual general meeting on 3 July 2023

Chair of the meeting:

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Contents

Statement by the Board of Directors and the Executive Board

Today, the Board of Directors and the Executive Board have discussed and approved the annual report of Dantherm Group A/S for the financial year 1 January - 31 December 2022.

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

In our opinion, the consolidated financial statements and the parent company financial statements give a true and fair view of the financial position of the Group and the Company at 31 December 2022 and of the results of the Group's and the Company's operations for the financial year 1 January - 31 December 2022.

Further, in our opinion, the Management's review gives a fair review of the matters discussed in the Management's review.

We recommend that the annual report be approved at the annual general meeting.

3 July 2023
Executive Board:

Bjarke Brøns

Board of Directors:

Torben Duer Chairman	Bjarke Brøns	Jakob Bonde Jessen

Independent auditor's report

To the shareholders of Dantherm Group A/S

Opinion

We have audited the consolidated financial statements and the parent company financial statements of Dantherm Group A/S for the financial year 1 January - 31 December 2022, which comprise income statement, balance sheet, statement of changes in equity and notes, including accounting policies, for the Group and the Parent Company. The consolidated financial statements and the parent company financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the consolidated financial statements and the parent company financial statements give a true and fair view of the financial position of the Group and the Parent Company at 31 December 2022, and of the results of the Group's and Parent 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 consolidated financial statements and the parent Company financial statements" (herinafter collectively referred to as "the financial statements") section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (IESBA Code) and the additional ethical requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

Management's responsibilities for the financial statements

Management is responsible for the preparation of consolidated financial statements and parent company 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 Group's and the Parent 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 Group or the Parent Company or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance as to whether the financial statements as a whole are free from material misstatement, whether due to fraud or error and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.

Independent auditor's report

- 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 Group's and the Parent 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 Group's and the Parent 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 Group and the Parent Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and contents of the financial statements, including the note disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Statement on the Management's review

Management is responsible for the Management's review.

Our opinion on the financial statements does not cover the Management's review, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the Management's review and, in doing so, consider whether the Management's review is materially inconsistent with the financial statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether the Management's review provides the information required under the Danish Financial Statements Act.

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

Aarhus, 3 July 2023
EY Godkendt Revisionspartnerselskab
CVR no. 30 70 02 28

Steen Skorstengaard State Authorised Public Accountant mne19709	Lone Nørgaard Eskildsen State Authorised Public Accountant mne32085

Management's review

Company details

Name	Dantherm Group A/S
Address, Postal code, City	Marienlystvej 65, 7800
CVR no.	30 53 79 39
Established	4 June 2014
Registered office	Skive
Financial year	1 January - 31 December
Telephone	+45 96 14 37 00
Board of Directors	Torben Duer, Chairman Bjarke Brøns Jakob Bonde Jessen
Executive Board	Bjarke Brøns
Auditors	EY Godkendt Revisionspartnerselskab Værkmestergade 25, P.O. Box 330, 8100 Aarhus C, Denmark

Financial highlights for the Group

DKK'000	2022	2021	2020	2019	2018
Key figures					
Revenue	1,487,752	1,381,656	955,968	960,530	937,587
Earnings before interest, taxes, depreciation and amortisation (EBITDA)	207,006	191,138	103,982	97,706	94,586
Profit before interest and tax (EBIT)	156,764	138,467	30,817	38,068	43,552
Adjusted EBITDA	228,785	206,356	103,982	97,706	43,552
Net financials	-53,847	-37,730	-26,181	-28,244	-16,941
Profit for the year	**61,080**	**78,501**	**-2,873**	**-29,135**	**12,794**
Total assets	1,372,458	1,219,865	1,047,143	899,716	878,841
Investments in property, plant and equipment	4,800	14,932	11,444	12,455	14,001
Equity	**350,711**	**287,420**	**207,194**	**225,878**	**251,706**
Financial ratios					
Operating margin	10.5%	10.0%	3.2%	4.0 %	4.6 %
Equity ratio	25.6%	23.6%	19.8%	25.1%	28.6%
Average number of full-time employees	**613**	**584**	**529**	**556**	**544**

For terms and definitions, please see the accounting policies.

Management's review

Business review

The Company has carried out an intra-group business combination with parent company Dantherm Holding A/S with Dantherm Group A/S as the continuing company. Comparative figures for 2021 have been restated as if the entities had been combined as from the earliest accounting period included in the financial statements.

Primary activities

The Dantherm Group is a leading provider of climate control products and solutions. The group companies have more than 60 years of experience in designing and manufacturing high-quality and energy-efficient solutions for heating, cooling, dehumidification and ventilation, and offers a wide product range of both mobile and installed products with many different applications covering a large number of market sectors. The Dantherm Group is headquartered in Skive, Denmark and has subsidiaries in Norway, Sweden, the United Kingdom, Germany, France, Switzerland, Italy, Spain, Poland, Russia and China.

Financial review

Consolidated revenue amounted to DKK 1.487,8m in 2022 against DKK 1.381,7m in 2021. Hence, the organic growth is app. 7,4%

Profit before depreciation, amortisation and impairment losses and write-downs (EBITDA) amounted to DKK 207,0 m in 2022 against DKK 191,1m in 2021. The profit has been negatively impacted by non-recurring costs and integration costs of DKK 21,8 m and was negatively impacted in 2021 by DKK 37,6 m. Excluding the non-recurring costs and integration costs, the EBITDA grew app 12%

The profit for the year was DKK 61,1 m in 2022 against a profit of DKK 78.5m in 2021.
2022 has been a good year where the activity level has increased in more of our business units including a successful integration of the recent acquired companies in previous years.

Management considers the result to be satisfactory, as revenue and EBITDA has been improved compared to 2021 and exceeds the outlook, we had in last year's annual report, where the expectations was higher revenue and EBITDA. Our revenue ended up DKK 100 m higher than the outlook and EBITDA DKK 8 m higher than the outlook.

Outlook

In 2023 management expects a revenue in the same level as 2022, i.e. between DKK 1.450 m to DKK 1.500 m and EBITDA between DKK 225 m to DKK 250 m, i.e. an improvement versus 2022 driven by cost and efficiency improvements.

Financial risks and use of financial instruments

Interest and currency risk

Financing of the company is through its parent company Polar Fox Holding II A/S, in which the bank debt has a variable interest rate. The interest rate is determined as LIBOR + a margin. The margin is adjusted according to leverage ratio between debt and profit. In 2023, the group has entered into an agreement to fix the interest rate on part of the interest-bearing debt in the group.

The main part of transactions in the group is in the local currency in the different legal entities or in EUR. Due to the close link between DKK and EUR no hedging of this is made. Other transactions in foreign currency is usually not hedged and no hedging is made of net assets in foreign currency in the subsidiaries in the group.

Management's review

Research and development activities

Dantherm devotes considerable resources to product development to remain at the forefront of technological developments and continually adapts its products to changing market demands and legislation. The Group has extensive knowledge, experience and expertise gained from supplying more than three million climate control products and solutions sold worldwide.

The development activities is mainly development and modifications of products within HVAC and dehumidification and amounts to DKK 14.668 k. We expect development activities to be at the same level in 2023.

Statutory CSR report

Regarding reporting on Corporate Social Responsibility in alignment with §99a, we refer to the annual report of Polar Fox Holding I ApS. (CVR-number of Polar Fox Holding I ApS is DK42608335).

Account of the gender composition of Management

Regarding reporting on gender composition of management in alignment with §99b. We believe that diversity among employees and management, including gender distribution, contributes positively to the working environment and strengthens the company performance and competitiveness.

The status on the gender distribution in the Board of Directors is that 0% are women and 100% are men.
The gender distribution target for the Board of Directors is that min. 33% of the under-represented gender is represented at the end of 2025.

Hence, the target for 2025 is currently not fulfilled. The current board members are found to be the most suitable representatives based on experience and competencies.

The status on the gender distribution in the other management positions in the group is that 29% are women and 71% are men. Other management positions are defined as selected employees with employee responsibility as well as selected specialists with direct reporting line to the group management.
The gender distribution target for the other management positions is that min. 25% of the under-represented gender is represented.

Hence, the target is currently fulfilled. When possible, the company makes sure that both genders are represented in the final stages of the recruitment process.

Data ethics

Data accountability

It is highly emphasized that our use of IT systems and personal data is done in a responsible manner. Protection of personal data about our employees, customers and suppliers create trust in us as a workplace, customer and supplier.
We therefore ensure that the processes in the group related to personal data about employees, customers, suppliers, and other persons is managed in accordance with the legislation on personal data protection and IT security requirements.

Policy on data ethics

The group does not have a formal policy, as the group only to a limited extent collects and processes data, does not apply new technologies for the Company's principal activities and does not make specific data analysis, evaluations or segmentations single-handedly or through external suppliers.

Management's review

Other policies in place

The group has a whistleblower setup, where employees safely can report behavior, which is against the rules.
The group has a data protection policy, where the objective is to determine our level of ambition and creates the framework for the safety initiatives that are necessary to follow when we as an organization need to meet the requirements of legislation and best practice.
In addition, the group also have a personal data protection policy, which lays down the framework for how we process personal data. It is to ensure that we comply with the General Data Protection Regulation (GDPR) and supplementary local rules in data protection legislation.
All the mentioned policies are available at our internal website, where all employees can access them.

Events after the balance sheet date

There has not been any subsequent events, which has significant impact on the financial status as of December 31, 2022

Consolidated financial statements and parent company financial statements 1 January - 31 December

Income statement

		Group		Parent company	
Note	**DKK'000**	**2022**	**2021**	**2022**	**2021**
	Revenue	1,487,752	1,381,656	0	0
	Change in inventories of finished goods and work in progress	122,396	42,502	0	0
	Work performed for own account and capitalised	5,621	8,853	0	0
	Other operating income	492	1,961	0	0
	Raw materials and consumables	-900,266	-788,259	0	0
4	Other external expenses	-169,524	-146,474	224	153
	Gross profit	546,471	500,239	224	153
5	Staff costs	-317,686	-293,883	-1,401	-10,251
6	Amortisation/depreciation and impairment of intangible assets and property, plant and equipment	-50,242	-52,672	-701	-183
	Other operating expenses	-21,779	-15,218	-3,066	-1,138
	Profit/loss before net financials	156,764	138,466	-4,944	-11,419
	Income from investments in group enterprises	0	0	90,512	103,703
7	Financial income	10,929	7,952	9,575	5,310
8	Financial expenses	-64,776	-45,682	-37,931	-28,963
	Profit before tax	102,917	100,736	57,212	68,631
9	Tax for the year	-41,837	-22,235	3,868	9,870
	Profit for the year	61,080	78,501	61,080	78,501

Consolidated financial statements and parent company financial statements 1 January - 31 December

Balance sheet

		Group		Parent company	
Note	**DKK'000**	**2022**	**2021**	**2022**	**2021**
	ASSETS				
	Fixed assets				
10	**Intangible assets**				
	Completed development projects	34,771	33,916	1,756	2,457
	Acquired intangible assets	10,632	7,410	0	0
	Goodwill	236,898	256,759	1,229	1,237
	Development projects in progress and prepayments for intangible assets	8,585	18,166	7,844	990
		290,886	316,251	10,829	4,684
11	**Property, plant and equipment**				
	Land and buildings	73,660	66,997	0	0
	Plant and machinery	16,594	14,063	0	0
	Fixtures and fittings, other plant and equipment	13,312	13,828	0	0
	Leasehold improvements	0	5,890	0	0
	Prepayments for property, plant and equipment	581	532	0	0
		104,147	101,310	0	0
12	**Investments**				
	Investments in group enterprises	0	0	773,743	721,489
	Receivables from associates	0	0	184,041	126,161
		0	0	957,784	847,650
	Total fixed assets	395,033	417,561	968,613	852,334
	Non-fixed assets				
	Inventories				
	Raw materials and consumables	213,782	151,920	0	0
	Work in progress	8,621	8,494	0	0
	Finished goods and goods for resale	352,550	230,281	0	0
	Prepayments for goods	3,737	4,120	0	0
		578,690	394,815	0	0
	Receivables				
	Trade receivables	202,658	196,354	0	0
	Receivables from group enterprises	11,070	0	13,973	34,734
13,16	Deferred tax assets	18,428	18,116	12,740	11,510
	Corporation tax receivable	5,722	0	4,140	8,582
	to be carried forward	578,690	394,815	0	0

Consolidated financial statements and parent company financial statements 1 January - 31 December

Balance sheet (continued)

		Group		Parent company	
Note	**DKK'000**	**2022**	**2021**	**2022**	**2021**
	brought forward	578,690	394,815	0	0
	Joint taxation contribution receivable	0	0	2,702	0
	Other receivables	13,612	18,049	1,525	663
14	Prepayments	3,371	3,620	425	340
		254,861	236,139	35,505	55,829
	Cash	143,874	171,350	676	2,430
	Total non-fixed assets	977,425	802,304	36,181	58,259
	TOTAL ASSETS	1,372,458	1,219,865	1,004,794	910,593

Consolidated financial statements and parent company financial statements 1 January - 31 December

Balance sheet

		Group		Parent company	
Note	**DKK'000**	**2022**	**2021**	**2022**	**2021**
	EQUITY AND LIABILITIES				
	Equity				
15	Share capital	1,000	1,000	1,000	1,000
	Net revaluation reserve according to the equity method	0	0	207,796	127,669
	Reserve for development costs	7,488	0	7,488	0
	Retained earnings	315,755	286,420	107,959	158,751
	Dividend proposed	26,468	0	26,468	0
	Total equity	350,711	287,420	350,711	287,420
	Provisions				
16	Deferred tax	1,376	2,502	0	0
19	Other provisions	11,926	6,813	0	0
18	**Total provisions**	13,302	9,315	0	0
	Liabilities other than provisions				
17	**Non-current liabilities other than provisions**				
	Other credit institutions	807	983	0	0
	Other payables	3,890	14,646	3,804	3,881
		4,697	15,629	3,804	3,881
	Current liabilities other than provisions				
	Bank debt	20,827	2,423	0	0
	Prepayments received from customers	2,523	2,785	0	0
	Trade payables	190,784	209,153	2,961	4,269
	Payables to group enterprises	718,516	631,979	647,057	614,844
	Corporation tax payable	25,743	11,814	0	0
	Other payables	45,355	49,347	261	179
		1,003,748	907,501	650,279	619,292
	Total liabilities other than provisions	1,008,445	923,130	654,083	623,173
	TOTAL EQUITY AND LIABILITIES	1,372,458	1,219,865	1,004,794	910,593

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2 Events after the balance sheet date
3 Special items
13 Deferred tax assets
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21 Collateral
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Consolidated financial statements and parent company financial statements 1 January - 31 December

Statement of changes in equity

Note	DKK'000	Group: Share capital	Group: Reserve for development costs	Group: Retained earnings	Group: Dividend proposed	Group: Total
	Equity at 1 January 2021	600	0	175,956	0	176,556
	Additions on merger/corporate acquisition	400	0	30,238	0	30,638
	Transfer through appropriation of profit	0	0	78,501	0	78,501
	Adjustment of investments through forreign exchange adjustments	0	0	1,725	0	1,725
	Equity at 1 January 2022	1,000	0	286,420	0	287,420
	Transfer through appropriation of profit	0	7,488	27,124	26,468	61,080
	Adjustment of investments through forreign exchange adjustments	0	0	2,211	0	2,211
	Equity at 31 December 2022	1,000	7,488	315,755	26,468	350,711

Note	DKK'000	Parent company: Share capital	Parent company: Net revaluation reserve according to the equity method	Parent company: Reserve for development costs	Parent company: Retained earnings	Parent company: Dividend proposed	Parent company: Total
	Equity at 1 January 2021	600	29,503	0	146,453	0	176,556
	Additions on merger/corporate acquisition	400	0	0	30,238	0	30,638
23	Transfer, see "Appropriation of profit"	0	96,441	0	-17,940	0	78,501
	Adjustment of investments through forreign exchange adjustments	0	1,725	0	0	0	1,725
	Equity at 1 January 2022	1,000	127,669	0	158,751	0	287,420
23	Transfer, see "Appropriation of profit"	0	77,916	7,488	-50,792	26,468	61,080
	Adjustment of investments through forreign exchange adjustments	0	2,211	0	0	0	2,211
	Equity at 31 December 2022	1,000	207,796	7,488	107,959	26,468	350,711

Consolidated financial statements and parent company financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies

The annual report of Dantherm Group A/S for 2022 has been prepared in accordance with the provisions in the Danish Financial Statements Act applying to large reporting class C entities.

Effective from the financial year 2022, the Company has implemented amending act no. 1716 of 27 December 2018 to the Danish Financial Statements Act. The implementation of the amending act has not affected the Company's accounting policies on recognition and measurement of assets and liabilities but has solely entailed a requirement for further disclosures. The accounting policies used in the preparation of the financial statements are consistent with those of last year.

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

The Company has carried out an intra-group business combination with parent company Dantherm Holding A/S with Dantherm Group A/S as the continuing company. The Company has applied the group method. Subsequently, the comparative figures have been restated as if the entities had been combined as from the earliest accounting period included in the financial statements.

Omission of a cash flow statement

With reference to section 86(4) of the Danish Financial Statements Act, no cash flow statement has been prepared. The Company's cash flows are reflected in the consolidated cash flow statement for the higher-ranking parent company Polar Fox Holding I ApS, CVR no 42 60 83 35.

Reporting currency

The financial statements are presented in Danish kroner (DKK'000).

Consolidated financial statements

Control

The consolidated financial statements comprise the Parent Company and subsidiaries controlled by the Parent Company.

Control means a parent company's power to direct a subsidiary's financial and operating policy decisions. Besides the above power, the parent company should also be able to yield a return from its investment.

In assessing if the parent company controls an entity, de facto control is taken into consideration as well.

The existence of potential voting rights which may currently be exercised or converted into additional voting rights is considered when assessing if an entity can become empowered to direct another entity's financial and operating decisions.

Preparation of consolidated financial statements

The consolidated financial statements are prepared as a consolidation of the parent company's and the individual subsidiaries' financial statements, which are prepared according to the group's accounting policies. On consolidation, intra-group income and expenses, shareholdings, intra-group balances and dividends, and realised and unrealised gains on intra-group transactions are eliminated. Unrealised gains on transactions with associates are eliminated in proportion to the group's interest in the entity. Unrealised losses are eliminated in the same way as unrealised gains if they do not reflect impairment.

In the consolidated financial statements, the accounting items of subsidiaries are recognised in full. Non-controlling interests' share of the profit/loss for the year and of the equity of subsidiaries which are not wholly-owned are included in the group's profit/loss and equity, respectively, but are disclosed separately.

Acquisitions and disposals of non-controlling interests which are still controlled are recognised directly in equity as a transaction between shareholders.

Consolidated financial statements and parent company financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

Investments in associates and joint ventures are recognised in the consolidated financial statements using the equity method.

The group's activities in joint operations are recognised on a line-by-line basis.

External business combinations

Recently acquired entities are recognised in the consolidated financial statements from the date of acquisition. Entities sold or otherwise disposed of are recognised up to the date of disposal. Comparative figures are not restated to reflect newly acquired entities. Discontinued operations are presented separately, see below.

The date of acquisition is the date when the group actually obtains control of the acquiree.

The acquisition method is applied to the acquisition of new entities of which the group obtains control. The acquirees' identifiable assets, liabilities and contingent liabilities are measured at fair value at the date of acquisition. Identifiable intangible assets are recognised if they are separable or arise from a contractual right. Deferred tax related to the revaluations is recognised.

Positive differences (goodwill) between, on the one hand, the consideration for the acquiree, the value of non-controlling interests in the acquired entity and the fair value of any previously acquired equity investments and, on the other hand, the fair value of the assets, liabilities and contingent liabilities acquired are recognised as goodwill under "Intangible assets". Goodwill is amortised on a straight-line basis in the income statement based on an individual assessment of the economic life of the asset.

Negative differences (negative goodwill) are recognised in the income statement at the date of acquisition.

Upon acquisition, goodwill is allocated to the cash-generating units, which subsequently form the basis for impairment testing. Goodwill and fair value adjustments in connection with the acquisition of a foreign entity with a functional currency different from the presentation currency used in the consolidated financial statements are accounted for as assets and liabilities belonging to the foreign entity and are, on initial recognition, translated into the foreign entity's functional currency using the exchange rate at the transaction date.

The consideration paid for an entity consists of the fair value of the agreed consideration in the form of assets transferred, liabilities assumed and equity instruments issued. If part of the consideration is contingent on future events or compliance with agreed terms, such part of the consideration is recognised at fair value at the date of acquisition. Subsequent adjustments of contingent considerations are recognised in the income statement.

Expenses incurred to acquire entities are recognised in the income statement in the year in which they are incurred.

Where, at the date of acquisition, the identification or measurement of acquired assets, liabilities or contingent liabilities or the determination of the consideration is associated with uncertainty, initial recognition will take place on the basis of provisional amounts. If it turns out subsequently that the identification or measurement of the consideration transferred, acquired assets, liabilities or contingent liabilities was incorrect on initial recognition, the statement will be adjusted retrospectively, including goodwill, until 12 months after the acquisition, and comparative figures will be restated. Hereafter, any adjustments are recognised as misstatements.

Gains or losses from disposal of subsidiaries which result in loss of control are calculated as the difference between, on the one hand, the fair value of the selling price less selling expenses and, on the other hand, the carrying amount of net assets.

Consolidated financial statements and parent company financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

Intra-group business combinations

The book value method is applied to business combinations such as acquisition and disposal of investments, mergers, demergers, contributions of assets and share conversions, etc. in which entities controlled by the parent company are involved, provided that the combination is considered completed at the time of acquisition without any restatement of comparative figures. Differences between the agreed consideration and the carrying amount of the acquiree are recognised directly in equity.

For vertical and downstream intra-group mergers the group method is applied for the combination of the entities. Thereby, the entities are combined at the revaluation value recognised in the consolidated financial statements or which would have been recognised in the consolidated financial statements for the parent company included in the merger. The group method is applied as if the entities had been combined from the date when the parent company acquired the equity investments in the entities included in the merger, and therefore, the comparative figures were restated.

Foreign currency translation

On initial recognition, transactions denominated in foreign currencies are translated at the exchange rate at the transaction date. Foreign exchange differences arising between the exchange rates at the transaction date and the date of payment are recognised in the income statement as financial income or financial expenses.

Receivables and payables and other monetary items denominated in foreign currencies are translated at the exchange rate at the balance sheet date. The difference between the exchange rates at the balance sheet date and the date at which the receivable or payable arose or was recognised in the most recent financial statements is recognised in the income statement as financial income or financial expenses.

Foreign group entities

Foreign subsidiaries and associates are considered separate entities. Items in such entities' income statements are translated at an average exchange rate for the month, and balance sheet items are translated at closing rates. Foreign exchange differences arising on translation of the opening equity of foreign subsidiaries to closing rates and on translation of the income statements from average exchange rates to closing rates are taken directly to equity.

Derivative financial instruments

On initial recognition, derivative financial instruments are recognised at cost in the balance sheet and are subsequently measured at fair value. Positive and negative fair values of derivative financial instruments are presented as separate items in the balance sheet.

Income statement

Revenue

The Company has chosen IAS 11/IAS 18 as interpretation for revenue recognition.

Income from the sale of goods for resale and finished goods, is recognised in revenue when the most significant rewards and risks have been transferred to the buyer and provided the income can be measured reliably and payment is expected to be received. The date of the transfer of the most significant rewards and risks is based on standardised terms of delivery based on Incoterms® 2020.

Income from the rendering of services is recognised as revenue as the services are rendered. Accordingly, revenue corresponds to the market value of the services rendered during the year (percentage-of-completion method).

Consolidated financial statements and parent company financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

Other operating income

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

Cost of sales

Cost of sales includes the cost of goods used in generating the year's revenue.

Other external expenses

Other external expenses include the year's expenses relating to the Company's core activities, including expenses relating to distribution, sale, advertising, administration, premises, bad debts, payments under operating leases, etc.

Staff costs

Staff costs include wages and salaries, including compensated absence and pension to the Company's employees, as well as other social security contributions, etc. The item is net of refunds from public authorities.

Amortisation/depreciation and impairment

The item comprises amortisation/depreciation and impairment of intangible assets and property, plant and equipment.

The cost net of the expected residual value for completed development projects and acquired IP rights is amortised over the expected useful life. Acquired IP rights include patents, rights and licences.

Goodwill is amortised over 20 years. The useful life has been determined in consideration of the expected future net earnings of the enterprice or activity to which the goodwill relates.

The basis of amortisation, which is calculated as cost less any residual value, is amortised on a straight line basis over the expected useful life. The expected useful lives of the assets are as follows:

Completed development projects	3-5 years
Acquired intangible assets	3-20 years
Goodwill	20 years

Depreciation is based on the residual value of the asset and is reduced by impairment losses, if any. The depreciation period and the residual value are determined at the acquisition date and are reassessed annually. Where the residual value exceeds the carrying amount of the asset, no further depreciation charges are recognised.

In the case of changes in the depreciation period or the residual value, the effect on the depreciation charges is recognised prospectively as a change in accounting estimates.

The basis of depreciation, which is calculated as cost less any residual value, is depreciated on a straight line basis over the expected useful life. The expected useful lives of the assets are as follows:

Buildings	15-30 years
Plant and machinery	5-8 years
Fixtures and fittings, other plant and equipment	5-8 years
Leasehold improvements	3-10 years

Land is not depreciated.

Consolidated financial statements and parent company financial statements 1 January - 31 December

Notes to the financial statements

1 **Accounting policies (continued)**

Other operating expenses

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

Profit/loss from investments in subsidiaries

The income statement includes the proportional share of the underlying companies' profit or loss after elimination of internal profit/loss and after tax. In subsidiaries, the full elimination of internal profit and loss is carried out without regard to ownership shares.

The proportionate share of the individual subsidiaries' profit/loss after tax after full elimination of internal gains/losses are recognised in the parent company's income statement.

Financial income and expenses

Financial income and expenses are recognised in the income statements at the amounts that concern the financial year. Net financials include interest income and expenses as well as allowances and surcharges under the advance-payment-of-tax scheme, etc.

Tax

Tax for the year includes current tax on the year's expected taxable income and the year's deferred tax adjustments. The portion of the tax for the year that relates to the profit/loss for the year is recognised in the income statement, whereas the portion that relates to transactions taken to equity is recognised in equity.

The Company and its Danish group entities are jointly taxed. The total Danish income tax charge is allocated between profit/loss-making Danish entities in proportion to their taxable income (full absorption).

Jointly taxed entities entitled to a tax refund are reimbursed by the management company based on the rates applicable to interest allowances, and jointly taxed entities which have paid too little tax pay a surcharge according to the rates applicable to interest surcharges to the management company.

Balance sheet

Intangible assets

Goodwill is amortised over the expected economic life of the asset, measured by reference to Management's experience in the individual business segments. Goodwill is amortised on a straight-line basis over the amortisation period, which is 20 years. The amortisation period is based on the expected future net earnings of the enterprise or activity to which the goodwill relates.

Other intangible assets include development projects and other acquired intangible rights, including software licences, distribution rights and development projects.

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

Development costs comprise expenses, salaries and amortisation directly or indirectly attributable to development activities.

Consolidated financial statements and parent company financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

Development projects that are clearly defined and identifiable, where the technical feasibility, sufficient resources and a potential future market or development opportunities areidentifiable and where the Company intends to produce, market or use the project, are recognised as intangible assets provided that the cost can be measured reliably and that there is sufficient assurance that future earnings can cover production costs, selling costs and administrative expenses and development costs. Other development costs are recognised in the income statement as incurred.

Development costs that are recognised in the balance sheet are measured at cost less accumulated amortisation and impairment losses.

On completion of a development project, development costs are amortised on a straight-line basis over the estimated useful life. The amortisation period is usually # years and cannot exceed # years.

Patents and licences are measured at cost less accumulated amortisation and impairment losses. Patents are amortised on a straight line basis over the remaining term of the patent, and licences are amortised over the term of the licence, but not exceeding # years.

Gains and losses on the sale of intangible assets are recognised in the income statement under "Other operating income" or "Other operating expenses", respectively. Gains and losses are calculated as the difference between the selling price less selling expenses and the carrying amount at the time of sale.

Property, plant and equipment

Items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses. Cost includes the acquisition price and costs directly related to the acquisition until the time at which the asset is ready for use.

The cost of self constructed assets includes the cost of direct materials and labour, etc. directly used in the production process and a portion of the relating production overheads.

Gains or losses are calculated as the difference between the selling price less selling costs and the carrying amount at the date of disposal. Gains and losses from the disposal of property, plant and equipment are recognised in the income statement as other operating income or other operating expenses.

Leases

The Company has chosen IAS 17 as interpretation for classification and recognition of leases.

Leases that do not transfer substantially all the risks and rewards incident to the ownership to the Company are classified as operating leases. Payments relating to operating leases and any other rent agreements are recognised in the income statement over the term of the lease. The Company's aggregate liabilities relating to operating leases and other rent agreements are disclosed under "Contingent liabilities".

Investments in subsidiaries

Equity investments in subsidiaries are measured according to the equity method. Equity investments in joint ventures are also measured according to the equity method in the consolidated financial statements.

On initial recognition, equity investments in subsidiaries are measured at cost, i.e. plus transaction costs. The cost is allocated in accordance with the acquisition method; see the accounting policies regarding business combinations.

The cost is adjusted by shares of profit/loss after tax calculated in accordance with the Group's accounting policies less or plus unrealised intra-group gains/losses.

Identified increases in value and goodwill, if any, compared to the underlying entity's net asset value are amortised in accordance with the accounting policies for the assets and liabilities to which they can be attributed. Negative goodwill is recognised in the income statement.

Consolidated financial statements and parent company financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

Dividend received is deduced from the carrying amount.

Equity investments in subsidiaries measured at net asset value are subject to impairment test requirements if there is any indication of impairment.

Gains and losses on disposal of subsidiaries and associates are made up as the difference between the sales price and the carrying amount of net assets at the date of disposal including non-amortised goodwill and anticipated costs of disposal. Gains or losses are recognised in the income statement as financial income or financial expenses.

Impairment of fixed assets

The carrying amount of intangible assets, property, plant and equipment and investments in subsidiaries and associates is assessed for impairment on an annual basis.

Impairment tests are conducted on assets or groups of assets when there is evidence of impairment. The carrying amount of impaired assets is reduced to the higher of the net selling price and the value in use (recoverable amount).

The recoverable amount is the higher of the net selling price of an asset and its value in use. The value in use is calculated as the present value of the expected net cash flows from the use of the asset or the group of assets and the expected net cash flows from the disposal of the asset or the group of assets after the end of the useful life.

Previously recognised impairment losses are reversed when the reason for recognition no longer exists. Impairment losses on goodwill are not reversed.

Inventories

Inventories are measured at cost in accordance with the FIFO method. Where the net realisable value is lower than cost, inventories are written down to this lower value. The net realisable value of inventories is calculated as the sales amount less costs of completion and expenses required to effect the sale and is determined taking into account marketability, obsolescence and development in the expected selling price.

The cost of raw materials and consumables comprises the cost of acquisition plus delivery costs.

The cost of finished goods and work in progress includes the cost of raw materials, consumables, direct labour and indirect production overheads.

Indirect production overheads include the indirect cost of material and labour as well as maintenance and depreciation of production machinery, buildings and equipment and expenses relating to plant administration and management. Borrowing costs are not recognised in the sales price.

Goods for resale are measured at cost, which comprises the cost of acquisition plus delivery costs as well as other expenses directly attributable to the acquisition.

Receivables

The Company has chosen IAS 39 as interpretation for impairment write-down of financial receivables.

Receivables are measured at amortised cost.

An impairment loss is recognised if there is objective evidence that a receivable or a group of receivables is impaired. If there is objective evidence that an individual receivable has been impaired, an impairment loss is recognised on an individual basis.

Receivables in respect of which there is no objective evidence of individual impairment are tested for objective evidence of impairment on a portfolio basis. The portfolios are primarily based on the debtors' domicile and credit ratings in line with the Company's risk management policy. The objective evidence applied to portfolios is determined based on historical loss experience.

Consolidated financial statements and parent company financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

Impairment losses are calculated as the difference between the carrying amount of the receivables and the present value of the expected cash flows, including the realisable value of any collateral received. The effective interest rate for the individual receivable or portfolio is used as discount rate.

Prepayments

Prepayments recognised under "Assets" comprise prepaid expenses regarding subsequent financial reporting years.

Cash

Cash includes deposits in bank accounts as well as operating cash.

Equity

Reserve for net revaluation according to the equity method

The net revaluation reserve according to the equity method includes net revaluations of investments in subsidiaries and associates relative to cost. The reserve can be eliminated in case of losses, realisation of investments or a change in accounting estimates. The reserve cannot be recognised at a negative amount.

Reserve for development costs

The reserve for development costs comprises recognised development costs. The reserve cannot be used to distribute dividend or cover losses. The reserve will be reduced or dissolved if the recognised development costs are amortised or are no longer part of the Company's operations by a transfer directly to the distributable reserves under equity.

Translation reserve

The translation reserve comprises the share of foreign exchange differences arising on translation of financial statements of entities that have a functional currency other than DKK, foreign exchange adjustments of assets and liabilities considered part of the Company's net investments in such entities and foreign exchange adjustments regarding hedging transactions that hedge the Company's net investments in such entities. The reserve is dissolved on the sale of foreign entities or if the conditions for effective hedging no longer exist. When equity investments in subsidiaries and associates in the parent company financial statements are subject to the limitation requirement in the net revaluation reserve according to the equity method, foreign exchange adjustments will be included in this equity reserve instead.

Proposed dividends

Dividend proposed for the year is recognised as a liability once adopted at the annual general meeting (declaration date). Dividends expected to be distributed for the financial year are presented as a separate item under "Equity".

Provisions

Provisions comprise anticipated expenses relating to warranty commitments, onerous contracts, restructurings, etc. Provisions are recognised when the Company has a legal or constructive obligation at the balance sheet date as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation.

Provisions are measured at net realisable value or at fair value if the obligation is expected to be settled far into the future.

Consolidated financial statements and parent company financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

Warranty commitments include expenses for remedial action in respect of the contract work within the warranty period of # years. Provisions for warranty commitments are measured at net realisable value and recognised based on past experience. Provisions that are expected to mature more than one year after the balance sheet date are discounted at average bond yields.

Income taxes

Current tax payables and receivables are recognised in the balance sheet as the estimated income tax charge for the year, adjusted for prior-year taxes and tax paid on account.

Deferred tax is measured according to the liability method on all temporary differences between the carrying amount and the tax base of assets and liabilities. However, deferred tax is not recognised on temporary differences relating to goodwill which is not deductible for tax purposes and on office premises and other items where temporary differences, apart from business combinations, arise at the date of acquisition without affecting either profit/loss for the year or taxable income. Where alternative tax rules can be applied to determine the tax base, deferred tax is measured based on Management's intended use of the asset or settlement of the liability, respectively.

Deferred tax is measured according to the tax rules and at the tax rates applicable at the balance sheet date when the deferred tax is expected to crystallise as current tax. Deferred tax assets are recognised at the expected value of their utilisation; either as a set-off against tax on future income or as a set-off against deferred tax liabilities in the same legal tax entity. Changes in deferred tax due to changes in the tax rate are recognised in the income statement.

Lease liabilities

Lease liabilities are measured at the net present value of the remaining lease payments including any guaranteed residual value based on the interest rate implicit in the lease.

Prepayments received from customers

Prepayments received from customers comprise amounts received from customers prior to the time and date of delivery of the agreed product or completion of the agreed service.

Special items

Special items include significant income and expenses that are of a special nature in relation to the company's and the group's revenue-generating operating activities.

Special items may include costs for large-scale process restructuring and fundamental structural adjustments, as well as any associated divestment gains and losses, which are significant over time. Special items also include other significant amounts of a one-off nature which, in the management's assessment, are not part of the company's and the group's primary operations and which are not assumed to be recurring.

Segment information

The allocation of revenue to activities and geographical markets is disclosed where these activities and markets differ significantly in the organisation of sales of goods and services.

The company's revenue is all in the same business segment (heat, ventilation, cooling and dehumidifying systems) and within the same geographical area (Western Europe). Thus, no disclosure has been made regarding the split of revenue into business segment and geographical area in accordance with §96,1 of the Danish Financial Statement Act.

Consolidated financial statements and parent company financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

Financial ratios

Financial ratios are calculated in accordance with the Danish Finance Society's guidelines.

2 Events after the balance sheet date

There has not been any subsequent events, which has significant impact on the financial status as of December 31, 2022

Consolidated financial statements and parent company financial statements 1 January - 31 December

Notes to the financial statements

3 Special items

	Group		Parent company	
DKK'000	**2022**	**2021**	**2022**	**2021**
Expenses				
Integration cost	-20,218	-34,729	-3,066	-321
Acquisition csts	-1,562	-2,884	0	0
	-21,780	-37,613	-3,066	-321
Special items are recognised in the below items of the financial statements				
Other external expenses	0	-7,114	0	0
Staff costs	0	-12,397	0	0
Writedown	0	-2,884	0	0
Other operating expenses	-21,780	-15,218	0	-321
	0	0	-3,066	0
Net loss on special items	-21,780	-37,613	-3,066	-321

	Group		Parent company	
DKK'000	**2022**	**2021**	**2022**	**2021**
4 Fee to the auditors appointed in general meeting				
Total fees to EY (2021 Beierholm)	1,164	922	696	115
Statutory audit	448	320	83	115
Assurance engagements	0	17	0	0
Tax assistance	557	105	557	0
Other assistance	159	480	56	0
	1,164	922	696	115

Consolidated financial statements and parent company financial statements 1 January - 31 December

Notes to the financial statements

		Group		Parent company	
	DKK'000	**2022**	**2021**	**2022**	**2021**
5	**Staff costs**				
	Wages/salaries	271,225	249,906	1,387	9,441
	Pensions	14,327	12,367	147	330
	Other social security costs	26,545	25,316	16	73
	Other staff costs	5,589	6,294	-149	407
		317,686	293,883	1,401	10,251
	Average number of full-time employees	613	584	2	2

Group

Total remuneration to group Management : t.DKK 5,399 (2021: t.DKK 8,351)

Parent company

Total remuneration to Management: t.DKK 3,704 (2021: t.DKK 3,340)

		Group		Parent company	
	DKK'000	**2022**	**2021**	**2022**	**2021**
6	**Amortisation/depreciation and impairment of intangible assets and property, plant and equipment**				
	Amortisation of intangible assets	38,078	35,846	701	183
	Impairment of intangible assets	0	2,884	0	0
	Depreciation of property, plant and equipment	12,164	13,942	0	0
		50,242	52,672	701	183

		Group		Parent company	
	DKK'000	**2022**	**2021**	**2022**	**2021**
7	**Financial income**				
	Interest receivable, group entities	0	0	9,516	894
	Other interest income	23	37	0	0
	Exchange adjustments	10,691	7,879	58	0
	Other financial income	215	36	1	4,416
		10,929	7,952	9,575	5,310

Consolidated financial statements and parent company financial statements 1 January - 31 December

Notes to the financial statements

		Group		Parent company	
	DKK'000	2022	2021	2022	2021
8	**Financial expenses**				
	Interest expenses, group entities	39,911	0	36,603	0
	Other interest expenses	331	17,774	6	0
	Exchange adjustments	14,738	5,707	1,139	0
	Other financial interests	9,796	22,201	183	28,963
		64,776	45,682	37,931	28,963

		Group		Parent company	
	DKK'000	2022	2021	2022	2021
9	**Tax for the year**				
	Estimated tax charge for the year	36,650	25,809	-2,702	-8,711
	Deferred tax adjustments in the year	4,820	-2,322	-1,872	0
	Tax adjustments, prior years	367	-1,252	706	-1,159
		41,837	22,235	-3,868	-9,870

10 Intangible assets

	Group				
DKK'000	Completed development projects	Acquired intangible assets	Goodwill	Development projects in progress and prepayments for intangible assets	Total
Cost at 1 January 2022	152,688	25,792	402,416	18,537	599,433
Forreign exchange adjustments	-257	282	0	-354	-329
Additions	8,299	7,021	0	6,369	21,689
Disposals	-921	0	0	-7,330	-8,251
Transferred	8,406	0	0	-8,406	0
Cost at 31 December 2022	168,215	33,095	402,416	8,816	612,542
Impairment losses and amortisation at 1 January 2022	118,772	18,382	145,657	371	283,182
Foreign exchange adjustments	-162	755	0	0	593
Amortisation for the year	14,891	3,326	19,861	0	38,078
Reversal of accumulated amortisation and impairment of assets disposed	-197	0	0	0	-197
Transferred	140	0	0	-140	0
Impairment losses and amortisation at 31 December 2022	133,444	22,463	165,518	231	321,656
Carrying amount at 31 December 2022	34,771	10,632	236,898	8,585	290,886

Consolidated financial statements and parent company financial statements 1 January - 31 December

Notes to the financial statements

10 Intangible assets (continued)

Completed development projects include development and testing of HVAC and dehumidification finished products. In management's view, development has proceeded according to plan. Dantherm Group has a constant portfolio of development projects that are currently being initiated and completed. The completed development projects are depreciated over 5 years. A large share of turnover and gross margin consists of products developed in Dantherm's development department.

Management has not identified any indication of impairment in relation to the carrying amount of the system.

Development projects in progress include development and testing of new HVAC and Dehumidification finished products. The costs consist essentially of internal costs in the form of direct receipts and purchased materials and other external services, which are registered through the company's internal project module.

As at 31 December 2022, the accounting value totals DKK 8,585 thousand. The majority of ongoing development projects are expected to be completed in 2023. After which marketing and sales can begin. Management expects that development efforts in 2023 will continue in line with 2022.

The new systems are expected to result in significant competitive advantages and thus constitute a significant part of earnings and profit for the company also in 2023.

In 2022, management has conducted an impairment test of the carrying value of the ongoing development projects. It is considered that the recoverable value in terms of utility exceeds the carrying value. The utility is calculated on the basis of expected cash flows based on budgets for the next three years on the newly developed products.

	Parent company			
DKK'000	**Completed development projects**	**Goodwill**	**Development projects in progress and prepayments for intangible assets**	**Total**
Cost at 1 January 2022	2,688	1,237	990	4,915
Additions	0	0	6,854	6,854
Disposals	0	-8	0	-8
Cost at 31 December 2022	2,688	1,229	7,844	11,761
Impairment losses and amortisation at 1 January 2022	231	0	0	231
Amortisation for the year	701	0	0	701
Impairment losses and amortisation at 31 December 2022	932	0	0	932
Carrying amount at 31 December 2022	1,756	1,229	7,844	10,829

Completed development projects include development and testing of HVAC and dehumidification finished products. In management's view, development has proceeded according to plan. Dantherm Group A/S has a constant portfolio of development projects that are currently being initiated and completed. The completed development projects are depreciated over 5 years. A large share of turnover and gross margin consists of products developed in Dantherm's development department.Management has not identified any indication of impairment in relation to the carrying amount of the system.

Development projects in progress include development and testing of new HVAC and Dehumidification finished products. The costs consist essentially of internal costs in the form of direct receipts and purchased materials and other external services, which are registered through the company's internal project module.

Consolidated financial statements and parent company financial statements 1 January - 31 December

Notes to the financial statements

10 Intangible assets (continued)

As at 31 December 2022, the accounting value totals DKK 7,844 thousand. The majority of ongoing development projects are expected to be completed in 2023. After which marketing and sales can begin. Management expects that development efforts in 2023 will continue in line with 2022.

The new systems are expected to result in significant competitive advantages and thus constitute a significant part of earnings and profit for the company also in 2023.

In 2022, management has conducted an impairment test of the carrying value of the ongoing development projects. It is considered that the recoverable value in terms of utility exceeds the carrying value. The utility is calculated on the basis of expected cash flows based on budgets for the next three years on the newly developed products.

11 Property, plant and equipment

	Group					
DKK'000	**Land and buildings**	**Plant and machinery**	**Fixtures and fittings, other plant and equipment**	**Leasehold improvements**	**Prepayments for property, plant and equipment**	**Total**
Cost at 1 January 2022	186,045	136,499	46,088	7,887	532	377,051
Foreign exchange adjustments	-518	453	-70	0	0	-135
Additions	4,800	5,930	5,007	0	105	15,842
Disposals	-604	-897	-2,587	0	-56	-4,144
Transferred	13,724	840	1,345	-7,887	0	8,022
Cost at 31 December 2022	203,447	142,825	49,783	0	581	396,636
Impairment losses and depreciation at 1 January 2022	119,048	122,436	32,260	1,997	0	275,741
Foreign exchange adjustments	-190	-14	-545	0	0	-749
Depreciation	3,901	3,445	4,818	0	0	12,164
Depreciation and impairment of disposals	-251	-791	-1,648	0	0	-2,690
Transferred	7,279	1,155	1,586	-1,997	0	8,023
Impairment losses and depreciation at 31 December 2022	129,787	126,231	36,471	0	0	292,489
Carrying amount at 31 December 2022	73,660	16,594	13,312	0	581	104,147

Consolidated financial statements and parent company financial statements 1 January - 31 December

Notes to the financial statements

12 Investments

	Parent company		
DKK'000	**Investments in group enterprises**	**Receivables from associates**	**Total**
Cost at 1 January 2022	592,416	126,161	718,577
Additions	18	57,880	57,898
Disposals	-26,487	0	-26,487
Cost at 31 December 2022	565,947	184,041	749,988
Value adjustments at 1 January 2022	129,073	0	129,073
Foreign exchange adjustments	2,211	0	2,211
Dividend received	-14,000	0	-14,000
Profit/loss for the year	90,512	0	90,512
Value adjustments at 31 December 2022	207,796	0	207,796
Carrying amount at 31 December 2022	773,743	184,041	957,784

Parent company

Name	**Legal form**	**Domicile**	**Interest**
Dantherm A/S	A/S	Skive, Danmark	100.00%
Dantherm AS	AS	Skallested, Norge	100.00%
Dantherm AB	AB	Norrköping, Sverige	100.00%
Dantherm GmbH	GmbH	Norderstedt, Tyskland	100.00%
Dantherm Ltd.	Ltd.	Maldon, Storbritannien	100.00%
Dantherm S.p.A.	S.p.A	Verona, Italien	100.00%
Dantherm SAS	SAS	Lyon, Frankrig	100.00%
Termigo S.L.	S.L.	Valencia, Spanien	100.00%
Aircenter AG	AG	Baden, Schweiz	100.00%
Dantherm Desiccant AB	AB	Sverige	100.00%

13 Deferred tax assets

Group

As of 31 December 2022, the Group has recognised deferred tax assets totalling DKK 18 million. The deferred tax asset is composed of recoverable losses and unused tax deductions in the form of temporal differences.

Based on the budgets 2023-2027, management has assessed it likely that future taxable income will be available in which unused tax losses and unused tax deductions can be utilized.

Parent company

As of 31 December 2022, the Company has recognised deferred tax assets totalling DKK 12 million. The deferred tax asset is composed of recoverable losses and unused tax deductions in the form of temporal differences.

Consolidated financial statements and parent company financial statements 1 January - 31 December

Notes to the financial statements

Based on the budgets 2023-2027, management has assessed it likely that future taxable income will be available in which unused tax losses and unused tax deductions can be utilized.

14 Prepayments

Group

Prepayments include accrual of expenses relating to subsequent financial years, including rent.

	Parent company	
DKK'000	**2022**	**2021**
15 Share capital		
Analysis of the share capital:		
1,000 A shares of DKK 1,000.00 nominal value each	1,000	1,000
	1,000	1,000

The share capital is not divided into different classes of shares. In connection with merger Dantherm Holding A/S 16 August 2022 capital has increased DKK 400 thousand. According to accounting policies the comparative figures have been restated.

Analysis of changes in the share capital over the past 2 years:

DKK'000	**2022**	**2021**
Opening balance	1,000	600
Capital increase	0	400
	1,000	1,000

16 Deferred tax

Analysis of the deferred tax

	Group		Parent company	
DKK'000	**2022**	**2021**	**2022**	**2021**
Deferred tax assets	-18,428	-18,116	-12,740	-11,510
Deferred tax liabililties	1,376	2,502	0	0
	-17,052	-15,614	-12,740	-11,510

Consolidated financial statements and parent company financial statements 1 January - 31 December

Notes to the financial statements

17 Non-current liabilities other than provisions

	Group			
DKK'000	**Total debt at 31/12 2022**	**Repayment, next year**	**Long-term portion**	**Outstanding debt after 5 years**
Other credit institutions	807	0	807	807
Other payables	3,890	0	3,890	3,890
	4,697	0	4,697	4,697

	Parent company			
DKK'000	**Total debt at 31/12 2022**	**Repayment, next year**	**Long-term portion**	**Outstanding debt after 5 years**
Other payables	3,804	0	3,804	3,804
	3,804	0	3,804	3,804

18 Provisions

Group

Other provisions comprise provisions for warranty commitments, totalling t.DKK 7,954 and other provisions, totalling t.DKK 3,972. Totalling of t.DKK 11.926. Warranty provisions relate to expected warranty expenses in accordance with usual guarantee commitments applicable to the sale of goods. The obligation is expected to be settled over the warranty period, which is up to five years. T.DKK
8,101 is expected to be utilised in the coming financial year. Other provisions is expected to be settled in the coming financial year.

19 Other provisions

The provisions are expected to be payable in:

	Group	Parent company
DKK'000	**2022**	**2022**
0-1 year	8,101	0
1-5 year	3,499	0
> 5 year	326	0
	11,926	0

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Notes to the financial statements

20 Contractual obligations and contingencies, etc.

Other financial obligations

Other rent and lease liabilities:

	Group		Parent company	
DKK'000	**2022**	**2021**	**2022**	**2021**
Rent and lease liabilities	64,315	75,791	20	0

Parent company

The Company is jointly taxed with its parent, Polar Fox Holding I ApS, which acts as management company, and other Danish group entities. The Company is jointly and severally with other jointly taxed group entities for payment of income taxes and withholding taxes falling due for paymentin the group of jointly taxed entities.

21 Collateral

Group

The Group participate in Polar Fox Holding I ApS's total credit facility amounting to EUR 330 millions (DKK 2,454 million) as per December 31, 2022, whereas EUR 40 millions (DKK 297,5 million) are the credit facilities to finance the operations.The credit facilities are subject to the following collaterals and pledges:

•Irrevocalby and unconditional jointly and severally guarantee for any payments, however limited with the limitation under the Danish Company Act, section 206 to 212 regarding unlawful financial assistance.

•Granted security by all shares held in Dantherm A/S, Aircenter AG, Dantherm GmbH, Dantherm SAS, Dantherm S.P.A., Dantherm sp.z o.o., intercompany loans and bank accounts.

•Floating charge issued by Dantherm A/S amounting to 75 mio DKK. The total carrying amount of these assets is DKK 277 mio and can be specified as debtors with a carrying value at 31 December 2022 of DKK 33 million, inventories with a carrying value at 31 December 2022 of DKK 143 million, intangible assets with a carrying value at 31 December 2022 of DKK 32 million and tangible assets with a carrying value at 31 December 2022 of DKK 69 million.

The debt structure is subject to general conditions as well as financial covenants. The Companies comply with all financial covenants for 2022 except for a supplemental leverage test for Q3, for which the group, prior to yearend, received a full waiver. For Q1 2023 the group failed the same covenant and this has now been remediated with an Equity Cure on capital increase of EUR 8.5 million (DKK 63.2 million) as described under subsequent events. Based on the current budgets and cash flow forecasts, management expects to pass the covenant tests for the remainder of 2023.

The company has issued an unconditional jointly and severally guarantee for Dantherm UK Ltd.

Guarantee commitments consist of a guarantee provided in respect of third party commitments. The guarantee commitment is maximally tDKK 12.009.

Parent company

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Consolidated financial statements and parent company financial statements 1 January - 31 December

Notes to the financial statements

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Consolidated financial statements and parent company financial statements 1 January - 31 December

Notes to the financial statements

22 Related parties

Group

Dantherm Group A/S' related parties comprise the following:

Parties exercising control

Related party	Domicile	Basis for control
Polar Fox Holding II A/S	Skive, Denmark	Participating interest

Information about consolidated financial statements

Parent	Domicile	Requisitioning of the parent company's consolidated financial statements
Polar Fox Holding I ApS	Skive, Denmark	CVR no. 42 60 83 35

Related party transactions

DKK'000	2022	2021
Group		
Sale of services to group entities	7,000	0
Interest expenses to group entities	39,911	0
Receivables from group entities	11,070	0
Payables to group entities	718,516	631,979
Parent Company		
Interest income from group entites	9,516	894
Sale of services to group entites	7,000	0
Interest expenses to group entities	36,603	0
Receivables from group entities	13,973	34,734
Payables to group entities	647,057	614,844

	Parent company	
DKK'000	2022	2021
23 Appropriation of profit		
Recommended appropriation of profit		
Proposed dividend recognised under equity	26,468	0
Net revaluation reserve according to the equity method	77,916	96,441
Other statutory reserves	7,488	0
Retained earnings/accumulated loss	-50,792	-17,940
	61,080	78,501

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Bjarke Brøns
Executive Board
On behalf of: Dantherm Group A/S
Serial number: 73932e2b-e796-4aae-8d93-685b946fe5cb
IP: 80.62.xxx.xxx
2023-07-03 15:15:21 UTC

Bjarke Brøns
Board of Directors
On behalf of: Dantherm Group A/S
Serial number: 73932e2b-e796-4aae-8d93-685b946fe5cb
IP: 80.62.xxx.xxx
2023-07-03 15:19:37 UTC

Jakob Bonde Jessen
Board of Directors
On behalf of: Dantherm Group A/S
Serial number: PID:9208-2002-2-422801954728
IP: 188.180.xxx.xxx
2023-07-03 16:13:00 UTC

Torben Duer
Chairman
On behalf of: Dantherm Group A/S
Serial number: PID:9208-2002-2-392077630823
IP: 85.1.xxx.xxx
2023-07-03 17:16:29 UTC

Lone Nørgaard Eskildsen
State Authorised Public Accountant
On behalf of: EY Godkendt Revisionspartnerselskab
Serial number: CVR:30700228-RID:66193527
IP: 194.239.xxx.xxx
2023-07-03 17:18:52 UTC

Steen Skorstengaard
State Authorised Public Accountant
On behalf of: EY Godkendt Revisionspartnerselskab
Serial number: CVR:30700228-RID:25486262
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Thomas Korfix Gjøl-Trønning
Chairman
On behalf of: Dantherm Group A/S
Serial number: aa497ec6-bc65-499f-9ff1-4c14bebbcfe9
IP: 87.52.xxx.xxx
2023-07-03 20:23:42 UTC