DS Triple A/S

F.L.Smidths Vej 9, 8600 Silkeborg

Company reg. no. 37 96 34 61

Annual report

1 January - 31 December 2019

The annual report was submitted and approved by the general meeting on the 20 May 2020.

Carl Erik Skovgaard

Chairman of the meeting

Contents

Notes to users of the English version of this document:

- *This document is a translation of a Danish version of the document. In the event of any dispute regarding the interpretation of any part of the document, the Danish version of the document shall prevail.*
- *To ensure the greatest possible applicability of this document, IAS/IFRS British English terminology has been used.*
- *Please note that decimal points remain unchanged from Danish version of the document. This means that DKK 146.940 corresponds to the English amount of DKK 146,940, and that 23,5 % corresponds to 23.5 %.*

Management's report

Today, the board of directors and the managing director have presented the annual report of DS Triple A/S for the financial year 1 January - 31 December 2019 of DS Triple A/S.

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

We consider the accounting policies appropriate and, in our opinion, the financial statements provide a fair presentation of the company’s assets, equity and liabilities, and financial position at 31 December 2019 and of the company’s results of activities in the financial year 1 January – 31 December 2019.

We are of the opinion that the management commentary presents a fair account of the issues dealt with.

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

Silkeborg, 20 May 2020

Managing Director

Karsten Haubjerg Olesen
Director

Board of directors

Carl Erik Skovgaard *Chairmann*	Søren Sten Rasmussen	John Bo Christensen
Karl Klaus Bruno Dam		

To the shareholders of DS Triple A/S

Opinion

We have audited the financial statements of DS Triple A/S for the financial year 1 January - 31 December 2019, which comprise accounting policies, income statement, statement of financial position and notes. The financial statements have been prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements present a fair view of the company's assets, equity and liabilities, and financial position at 31 December 2019 and of the results of the company's activities for the financial year 1 January - 31 December 2019 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with international standards on auditing and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the section “Auditor’s responsibilities for the audit of the financial statements”. We are independent of the company in accordance with international ethical requirements for auditors (IESBA’s Code of Ethics), and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of management and those charged with governance for the financial statements

The management is responsible for the preparation of financial statements that provide a fair view in accordance with the Danish Financial Statements Act. The management is also responsible for such internal control as the 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, the 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 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 including an opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with international standards on auditing, 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 international standards on auditing, and the additional requirements applicable in Denmark, we exercise professional judgment 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.

- Obtain an understanding of the 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 the management.

- Conclude on the appropriateness of the management’s preparation of the financial statements using the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists arising from 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 disclosures in notes, and whether the financial statements reflect the underlying transactions and events in a manner that presents a 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 the internal control that we identify during our audit.

Statement on the management commentary

The management is responsible for the management commentary.

Our opinion on and the financial statements does not cover the management commentary, and we express no assurance opinion thereon.

In connection with our audit of the financial statements, it is our responsibility to read the management commentary and to consider whether the management commentary is materially inconsistent with the financial statements or the evidence obtained during the audit, or whether it otherwise appears to contain material misstatement.

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

Based on the work we have performed, we believe that management commentary is consistent with the financial statements and that it has been prepared in accordance with the provisions of the Danish Financial Statement Act. We did not discover any material misstatement in the management commentary.

Silkeborg, 20 May 2020

Revisionshuset Tal & Tanker
Statsautoriseret revisionspartnerselskab
Company reg. no. 37 31 56 64

Martin Brinch Therkelsen
State Authorised Public Accountant
mne35449

Company information

The company	DS Triple A/S F.L.Smidths Vej 9 8600 Silkeborg
	Company reg. no. 37 96 34 61 *Established:* *24 August 2016* *Domicile:* *Silkeborg* *Financial year:* *1 January - 31 December* *3rd financial year*
Board of directors	Carl Erik Skovgaard, Chairmann, *Chairmann* Søren Sten Rasmussen John Bo Christensen Karl Klaus Bruno Dam
Managing Director	Karsten Haubjerg Olesen, Director, *Director*
Auditors	Revisionshuset Tal & Tanker, Statsautoriseret revisionspartnerselskab Stagehøjvej 22 8600 Silkeborg
Bankers	Danske Bank, Erhvervscenter Aarhus, Kannikegade 4-6, 8000 Aarhus C

The principal activities of the company

The main activity is development and manufacturing of thermal heat treatment plants for the Dairy, Food and Beverage industri and undertaking other activities that, in the opinion of the Board is related.

Development in activities and financial matters

The gross profit for the year totals DKK 7.899.000 against DKK 7.429.000 last year. Income or loss from ordinary activities after tax totals DKK -334.000 against DKK 1.138.000 last year. Management considers the net profit or loss for the year unsatisfactory.

During the fiscal year the company has spent resources on development projects with the objective of strengthening the position in the market. In the process we have taken out patents on a number of the projects and as result of this, costs of DKK 965.000 have been incurred.

Special risks and going concerns

The global outbreak of COVID-19 caused by the novel Coronavirus has brought new challenges as well risks for the company. Hence, we have taken a number of steps in order to ensure the health and safety of our staff. In addition to the risks in terms of health risks, the pandemic has caused some uncertainty along with instability, be it politically or in the society in general, as well as for the company. Current and any future political or financial actions that may be taken, may mean that financial risks relating to the company's operation may possibly limit the level of activity based on those actions.

It is expected that the company's level of activity, will remain heavily reduced for a period of time, solely based on the current political and economic actions, at the time of submitting the annual report. The current bank credits will be necessary in order to continue the operations of the company, and whereas these must be renegotiated on an annual basis, which in earlier years has happened with unchanged conditions. The current crisis caused the by the Corona virus may warrant increased concerns in this respect, however at this time, we have no indications that the necessary credit lines will not be extended. The management is of the considered opinion that the political actions, which are known at the time of issuing the annual report, along with an expectation that the necessary credit facilities are made available provides an adequate base for providing the annual report under the premise of a continued operation.

The annual report for DS Triple A/S has been presented in accordance with the Danish Financial Statements Act regulations concerning reporting class B enterprises.

The accounting policies are unchanged from last year, and the annual report is presented in DKK.

Income statement

Gross profit

Gross profit comprises the revenue, changes in inventories of finished goods, and work in progress, work performed for own account and capitalised, other operating income, and external costs.

Revenue is recognised in the income statement if delivery and passing of risk to the buyer have taken place before the end of the year and if the income can be determined reliably and inflow is anticipated. Recognition of revenue is exclusive of VAT and taxes and less any discounts relating directly to sales.

Cost of sales comprises costs concerning purchase of raw materials and consumables less discounts and changes in inventories.

Other external costs comprise costs incurred for distribution, sales, advertising, administration, premises, loss on receivables, and operational leasing costs.

Staff costs

Staff costs include salaries and wages, including holiday allowances, pensions, and other social security costs, etc., for staff members. Staff costs are less government reimbursements.

Depreciation, amortisation, and writedown for impairment

Depreciation, amortisation, and writedown for impairment comprise depreciation on, amortisation of, and writedown for impairment of intangible and tangible assets, respectively.

Financial income and expenses

Financial income and expenses comprise interest, realised and unrealised capital gains and losses concerning financial assets and liabilities, amortisation of financial assets and liabilities, additions and reimbursements under the Danish tax prepayment scheme, etc. Financial income and expenses are recognised in the income statement with the amounts concerning the financial year.

Tax on net profit or loss for the year

Tax for the year comprises the current income tax for the year and changes in deferred tax and is recognised in the income statement with the share attributable to the net profit or loss for the year and directly in equity with the share attributable to entries directly in equity.

Statement of financial position

Intangible assets

Development projects, patents, and licences

Development costs comprise e.g. salaries, wages, and amortisation directly and indirectly attributable to development activities.

Clearly defined and identifiable development projects are recognised as intangible assets provided that they are proven to be technically practicable, that sufficient resources and a potential market or development opportunity exist, and insofar as the intention is to produce, market or utilise the project. It is, however, a condition that the cost can be reliably calculated and that a sufficiently high degree of certainty indicates that future earnings will cover the costs of production, sales, and administration. Other development costs are recognised in the income statement concurrently with their realisation.

Development costs recognised in the statement of financial position are measured at cost less accrued amortisations and writedowns for impairment.

After completion of the development work, capitalised development costs are amortised on a straight-line basis over the estimated useful economic life. The amortisation period is usually 10 years.

Patents and licenses are measured at cost less accrued amortisation. Patents are amortised on a straightline basis over the remaining patent period and licenses are amortised over the contract period, however, for a maximum of 10 years.

Profit and loss from the sale of development projects, patents, and licenses are measured as the difference between the sales price less sales costs and the carrying amount at the time of sale. Profit or loss are recognised in the income statement as other operating income or other operating expenses, respectively.

Property, plant, and equipment

Property, plant, and equipment are measured at cost less accrued depreciation and writedown for impairment.

The depreciable amount is cost less any expected residual value after the end of the useful life of the asset. The amortisation period and the residual value are determined at the acquisition date and reassessed annually. If the residual value exceeds the carrying amount, the depreciation is discontinued.

If the amortisation period or the residual value is changed, the effect on amortisation will, in future, be recognised as a change in the accounting estimates.

The cost comprises acquisition cost and costs directly associated with the acquisition until the time when the asset is ready for use.

The cost of a total asset is divided into separate components. These components are depreciated separately when the useful lives of each individual components differ.

Depreciation is done on a straight-line basis according to an assessment of the expected useful life:

	Useful life
Other fixtures and fittings, tools and equipment	3-5 years

Minor assets with an expected useful life of less than 1 year are recognised as costs in the income statement in the year of acquisition.

Profit or loss derived from the disposal of property, land, and equipment is measured as the difference between the sales price less selling costs and the carrying amount at the date of disposal. Profit or loss is recognised in the income statement as other operating income or other operating expenses.

Inventories

Inventories are measured at cost according to the FIFO method. In cases when the net realisable value of the inventories is lower than the cost, the latter is written down for impairment to this lower value.

Costs of goods for resale, raw materials, and consumables comprise acquisition costs plus delivery costs.

Costs of manufactured goods and work in progress comprise the cost of raw materials, consumables, direct wages, and indirect production costs. Indirect production costs comprise indirect materials and wages, maintenance and depreciation of machinery, factory buildings, and equipment used in the production process, and costs for factory administration and factory management. Borrowing expenses are not recognised in cost.

The net realisable value for inventories is recognised as the market price less costs of completion and selling costs. The net realisable value is determined with due consideration of negotiability, obsolescence, and the development of expected market prices.

Receivables

Receivables are measured at amortised cost which usually corresponds to face value. In order to meet expected losses, they are written down for impairment to the net realisable value.

Contract work in progress

Contract work in progress is measured at the selling price of the work performed less invoicing on account and expected losses. Contract work in progress is characterised by the goods manufactured having a high degree of individualised design. Furthermore, it is a requirement to enter into a binding contract prior to commencing the work which, if cancelled, will result in penalties or damages.

The selling price is measured on the basis of the stage of completion on the reporting date and the total expected income from the individual contracts. The stage of completion is determined on the basis of an assessment of the work performed, usually determined as the ratio of the costs incurred to the total expected cost of the contract in question.

When it seems probable that the total contract costs will exceed the total contract revenue, the expected contract loss is immediately recognised as costs and provisions.

When the results of a contract cannot be assessed reliably, the selling price is recognised solely on a cost basis to the extent that it seems probable that the costs will be recovered.

Contracts, for which the selling price of the work performed exceeds the invoicing on account and expected losses, are recognised as trade receivables. Contracts, for which invoicing on account and expected losses exceed the selling price, are recognised as liabilities.

Prepayments from customers are recognised as liabilities.

Costs in connection with sales work and the procurement of contracts are recognised in the income statement when incurred.

Prepayments and accrued income

Prepayments and accrued income recognised under assets comprise incurred costs concerning the following financial year.

Cash on hand and demand deposits

Cash on hand and demand deposits comprise cash at bank and on hand.

Equity

Reserve for development costs

The reserve for development costs comprises recognised development costs less related deferred tax liabilities. The reserve cannot be used as dividends or for covering losses. The reserve is reduced or dissolved if the recognised development costs are amortised or abandoned. This is done by direct transfer to the distributable reserves of the equity.

Income tax and deferred tax

Current tax receivables and tax liabilities are recognised in the statement of financial position with the amount calculated on the basis of the expected taxable income for the year adjusted for tax on previous years' taxable income and prepaid taxes. Tax receivables and tax liabilities are offset to the extent that a legal right of set-off exists and the items are expected to be settled net or simultaneously.

Deferred tax is tax on all temporary differences in the carrying amount and tax base of assets and liabilities measured on the basis of the planned application of the asset and disposal of the liability, respectively.

Deferred tax assets, including the tax value of tax losses eligible for carryforward, are recognised at their expected realisable value, either by settlement against tax of future earnings or by setoff in deferred tax liabilities within the same legal tax unit. Any deferred net tax assets are measured at net realisation value.

Deferred tax is measured on the basis of the tax rules and tax rates of applicable legislation at the reporting date and prevailing when the deferred tax is expected to be released as current tax.

Other provisions

Provisions comprise expected costs of warranty commitments, loss on work in progress, restructuring, etc. Provisions are recognised when the company has a legal or actual commitment resulting from a previously occurred event and when it is probable that the settlement of the liability will result in consumption of the financial resources of the company.

If the settlement of the commitment is expected to take place in some remote future, provisions are measured at the net realisable value or at fair value.

Liabilities other than provisions

Other liabilities other than provisions are measured at amortised cost which usually corresponds to the nominal value.

Income statement 1 January - 31 December

All amounts in DKK.

Note		2019	2018
	Gross profit	**7.899.385**	**7.429.445**
2	*Staff costs*	-7.737.929	-5.801.246
	Depreciation, amortisation, and impairment	-315.859	-125.229
	Operating profit	**-154.403**	**1.502.970**
	Other financial income	0	12.224
	Other financial costs	-266.943	-52.011
	Pre-tax net profit or loss	**-421.346**	**1.463.183**
	Tax on net profit or loss for the year	87.742	-325.206
	Net profit or loss for the year	**-333.604**	**1.137.977**
	Proposed appropriation of net profit:		
	Transferred to retained earnings	0	1.137.977
	Allocated from retained earnings	-333.604	0
	Total allocations and transfers	**-333.604**	**1.137.977**

Statement of financial position at 31 December

All amounts in DKK.

Note	***Assets***	2019	2018
	Non-current assets		
3	*Completed development projects, including patents and similar rights arising from development projects*	964.766	0
	Total intangible assets	964.766	0
4	*Other fixtures and fittings, tools and equipment*	904.336	743.874
	Total property, plant, and equipment	904.336	743.874
	Total non-current assets	**1.869.102**	**743.874**
	Current assets		
	Manufactured goods and goods for resale	2.000.022	2.000.022
	Total inventories	2.000.022	2.000.022
	Trade receivables	6.721.943	4.002.559
	Contract work in progress	1.876.777	7.190.632
	Income tax receivables	169.982	0
	Other receivables	940.385	2.008.932
	Prepayments and accrued income	134.527	98.202
	Total receivables	9.843.614	13.300.325
	Cash on hand and demand deposits	207.286	1.314.966
	Total current assets	**12.050.922**	**16.615.313**
	Total assets	**13.920.024**	**17.359.187**

Statement of financial position at 31 December

All amounts in DKK.

Note	***Equity and liabilities***	2019	2018
	Equity		
5	*Contributed capital*	3.000.000	3.000.000
6	*Reserve for development costs*	752.517	0
7	*Retained earnings*	42.103	1.128.224
	Total equity	**3.794.620**	**4.128.224**
	Provisions		
	Provisions for deferred tax	123.925	41.685
	Other provisions	500.000	0
	Total provisions	**623.925**	**41.685**
	Liabilities other than provisions		
	Other payables	212.742	0
	Total long term liabilities other than provisions	212.742	0
	Bank loans	33.817	0
	Contract work in progress	5.279.304	4.125.344
	Trade payables	2.353.309	5.182.648
	Payables to shareholders and management	1.002.603	2.500.000
	Other payables	619.704	1.381.286
	Total short term liabilities other than provisions	9.288.737	13.189.278
	Total liabilities other than provisions	**9.501.479**	**13.189.278**
	Total equity and liabilities	**13.920.024**	**17.359.187**

1 ***Uncertainties concerning the enterprise's ability to continue as a going concern***

8 ***Charges and security***

9 ***Contingencies***

All amounts in DKK.

		2019	2018
1.	***Uncertainties concerning the enterprise's ability to continue as a going concern***		

The global outbreak of COVID-19 caused by the novel Coronavirus has brought new challenges as well risks for the company. Hence, we have taken a number of steps in order to ensure the health and safety of our staff. In addition to the risks in terms of health risks, the pandemic has caused some uncertainty along with instability, be it politically or in the society in general, as well as for the company. Current and any future political or financial actions that may be taken, may mean that financial risks relating to the company's operation may possibly limit the level of activity based on those actions.

It is expected that the company's level of activity, will remain heavily reduced for a period of time, solely based on the current political and economic actions, at the time of submitting the annual report. The current bank credits will be necessary in order to continue the operations of the company, and whereas these must be renegotiated on an annual basis, which in earlier years has happened with unchanged conditions. The current crisis caused the by the Corona virus may warrant increased concerns in this respect, however at this time, we have no indications that the necessary credit lines will not be extended. The management is of the considered opinion that the political actions, which are known at the time of issuing the annual report, along with an expectation that the necessary credit facilities are made available provides an adequate base for providing the annual report under the premise of a continued operation.

		2019	2018
2.	***Staff costs***		
	Salaries and wages	6.459.168	5.048.232
	Pension costs	1.163.901	679.595
	Other costs for social security	47.144	32.376
	Other staff costs	67.716	41.043
		7.737.929	**5.801.246**
	Average number of employees	14	10
3.	***Completed development projects, including patents and similar rights arising from development projects***		
	Additions during the year	964.766	0
	Cost 31 December 2019	**964.766**	**0**
	Carrying amount, 31 December 2019	**964.766**	**0**
	Interest costs are included in the cost price	0	0

Notes

All amounts in DKK.

		31/12 2019	31/12 2018
4.	***Other fixtures and fittings, tools and equipment***		
	Cost 1 January 2019	910.373	114.052
	Additions during the year	476.321	796.321
	Cost 31 December 2019	**1.386.694**	**910.373**
	Amortisation and writedown 1 January 2019	-166.499	-41.270
	Amortisation and depreciation for the year	-315.859	-125.229
	Amortisation and writedown 31 December 2019	**-482.358**	**-166.499**
	Carrying amount, 31 December 2019	**904.336**	**743.874**

5.	***Contributed capital***		
	Contributed capital 1 January 2019	3.000.000	3.000.000
		3.000.000	**3.000.000**

6.	***Reserve for development costs***		
	Transferred from retained earnings	752.517	0
		752.517	**0**

7.	***Retained earnings***		
	Retained earnings 1 January 2019	1.128.224	-9.753
	Retained earnings for the year	-333.604	1.137.977
	Transferred to development costs	-752.517	0
		42.103	**1.128.224**

8. Charges and security

For the security of the company's rent contract, DKK 180.000 is deposited in a security account, and DKK 360.000 is bank guarantee. The deposited amount is included in the item Cash on hand and demand deposits.

Notes

All amounts in DKK.

8. Charges and security (continued)

For bank debts, DKK 34.000, the company has provided security in company assets representing a nominal value of DKK 4.000.000. This security comprises the below assets, stating the book values:

	DKK in thousands
Inventories	2.002
Other fixtures and fittings, tools and equipment	904
Receivable from sales and services	6.722

9. Contingencies

Contingent liabilities

Leasing and rental liabilities

In addition to financial leasing and rental contracts, the company has entered into operational leasing contracts with an average annual leasing payment of DKK 129.000. The leasing contracts total outstanding leasing payment is DKK 591.000.

Rental obligations

The company has a rental obligation of 48 months rent equivalent to DKK 3.402.000.

Other obligations

The company has a currency loan obligation to EKF on a contracttual sum of 10% equivalent to DKK 748.000.