DSI DANTECH

# DSI Dantech AAL A/S

Speditørvej 1
DK-9000 Aalborg

CVR no. 38 33 02 84

# Annual report 2022

The annual report was presented and adopted at the Company's annual general meeting

on ________________________________ 20 ____

____________________________________________
chairman of the annual general meeting

# Contents

# Statement by the Board of Directors and the Executive Board

The Board of Directors and the Executive Board have today discussed and approved the annual report of DSI Dantech AAL A/S for the financial year 1 January – 31 December 2022.

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

In our opinion, the financial statements give a true and fair view of the Company's assets, liabilities and financial position at 31 December 2022 and of the results of the Company's operations and cash flows for the financial year 1 January – 31 December 2022.

Further, in our opinion, the Management's review gives a fair review of the development in the Company's activities and financial matters, of the results for the year and of the Company's financial position.

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

Aalborg, 21 April 2023
Executive Board:

Michael Bohl Brinks

Board of Directors:

| | | |
|---|---|---|
| Klaus Beyer Nielsen<br>Chairman | Michael Bohl Brinks | Henrik Ziegler |

# Independent auditor's report

## To the shareholders of DSI Dantech AAL A/S

## Opinion

We have audited the financial statements of DSI Dantech AAL A/S for the financial year 1 January – 31 December 2022 comprising income statement, balance sheet, statement of changes in equity and notes, including accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Company's assets, liabilities and financial position at 31 December 2022and of the results of the Company's operations for the financial year 1 January – 31 December 2022 in accordance with the Danish Financial Statements Act.

## Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the financial statements" section of our report.

We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (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.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## Management's responsibility for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the Danish Financial Statements Act and for such internal control, that Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, Management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting in preparing the financial statements unless Management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

# Independent auditor's report

## 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 in Denmark will always detect a material misstatement when it exists. Misstatements may 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 financial statement users made on the basis of these financial statements.

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

- identify and assess the risks of material misstatement of the company financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- evaluate the overall presentation, structure and contents of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

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

# Independent auditor's report

## 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 Statement Act. We did not identify any material misstatement of the Management's review.

Aalborg, 21 April 2023
**KPMG**
Statsautoriseret Revisionspartnerselskab
CVR no. 25 57 81 98

Steffen S. Hansen
State Authorised
Public Accountant
mne32737

# Management's review

## Company details

DSI Dantech AAL A/S
Speditørvej 1
DK-9000 Aalborg

| | |
|---|---|
| Telephone: | +45 99 73 37 00 |
| Website: | www.dsidantech.com |
| E-mail: | info@dsidantech.com |
| CVR no. | 38 33 02 84 |
| Established: | 6 January 2017 |
| Registered office: | Aalborg |
| Financial year: | 1 January – 31 December |

### Board of Directors

Klaus Beyer Nielsen, Chair
Michael Bohl Brinks
Henrik Ziegler

### Executive Board

Michael Bohl Brinks

### Auditor

KPMG
Statsautoriseret Revisionspartnerselskab
Østre Havnegade 22D
DK-9000 Aalborg
CVR no. 25 57 81 98

### Annual general meeting

The annual general meeting will be held on 31 May 2023.

# Management's review

## Financial highlights

| DKK'000 | 2022 | 2021 | 2020 | 2019 | 2018 |
|---|---|---|---|---|---|
| Gross profit | 23,300 | 44,888 | 49,526 | 58,754 | 36,236 |
| Profit/loss before financial income and expenses | -18,227 | 13,245 | 18,766 | 17,324 | 6,713 |
| Profit/loss from financial income and expenses | 96 | 13 | -1,456 | -1,368 | -973 |
| Profit/loss for the year | -14,142 | 10,628 | 13,045 | 12,403 | 4,422 |
| Total assets | 130,365 | 109,957 | 88,987 | 81,492 | 78,269 |
| Investments in property, plant and equipment | 6,266 | 1,282 | 4,526 | 1,656 | 6,236 |
| Equity | -8,865 | 14,477 | 32,569 | 21,723 | 9,420 |
| Return on invested capital | Neg. | 13.4% | 22.0% | 21.7% | 10.5% |
| Return on equity | Neg. | 45.2% | 48.1% | 26.7% | 61.3% |
| Solvency ratio | Neg. | 13.2% | 36.6% | 26.7% | 12.0% |
| Average number of full-time employees | 65 | 47 | 48 | 35 | 26 |

The financial ratios have been calculated as follows:

Return on invested capital $$\frac{\text{Profit/loss before financial income and expenses x 100}}{\text{Average invested capital}}$$

Invested capital: Operational intangible assets and property, plant and equipment as well as net working capital

Return on equity $$\frac{\text{Profit after tax x 100}}{\text{Average equity}}$$

Solvency ratio $$\frac{\text{Equity ex. non-controlling interests at year end x 100}}{\text{Total equity and liabilities at year end}}$$

# Management's review

## Operating review

### Principal activities

The Company's activities are development, production and sale of freezers within the global food and feed industry.

### Development in activities and financial position

2022 was a difficult year for the Company, where in particular the impact of the sanctions towards Russia and the global turbulence on cost prices has had severe negative impact on both sales and cost levels. Furthermore earnings were impacted by one-off items relating to integration in Group.

The Company reported a loss of DKK 14.1 million for 2022.

Management considers results for the year dissatisfactory. However, to mitigate the loss-making activities the Company made several adjustments during 2022 in relation to organisation, structure and procedures, and the basis for a strong 2023 has thus been set.

Due to the loss, equity was negative at DKK 8.9 million end of 2022. Equity will be re-established through capital contribution during 2023 and/or positive earnings.

Equity at group level stood at DKK 67.5 million.

End of 2022, the Group´s capital resources were strengthened through shareholder loan and new bank agreement.

On that basis, Management considers current cash resources sufficient.

### Outlook

At the outset of 2023, the Company has a solid order backlog and a healthy pipeline of potential projects. However, uncertainty in the global business environment is still high, and we still experience high volatility in global supply chains that will continue to put pressure on margins.

Based on the initiatives taken in 2022, Management expects an increase in profitability for 2023 with a reported positive profit. Financial performance in Q1 2023 supports these expectations.

### Events after the balance sheet date

No events have occurred after the balance sheet date to this date that would influence the assessment and evaluation of this annual report in any material way.

### Operational and financial risks and instruments

The key risks in the business relate to the ability to deliver projects at a profitable margin. The Group has implemented project approval models and project execution models to ensure that all risks are identified and mitigated at an early stage.

The Group is financed through its own capital, as well as acquisition loan, overdraft facility, supplier credit, etc. Duration and interest risk are evaluated as appropriate for the Company and the Group.

Foreign exchange and credit risks relating to commercial activities are either naturally hedged or considered to be at an appropriately low level.

# Management's review

## Operating review

### Research and development activities

The Group is investing in both new product development and in continuous improvements of the existing product portfolio, both areas are driven by own ideas as well as by input from markets and customers. This is to ensure that the group keeps up with market demands and expectations. In 2022, several new development projects were completed, and one patent application filed.

Based on the on-going development activities, the group expects to commercially launch several new products and solutions in 2023.

### Intellectual capital

The DSI Group is a distinctly knowledge-based company. We have succeeded in continuous development and growth by attracting and retaining competent and highly educated talents, including engineers, developers, project managers, sales staff and administrative employees.

We continuously allocate considerable resources to process improvements aiming at increasing quality and efficiency. We invest in methods, processes as well as education of our employees. Accordingly, it is one of the goals of the Group to be and remain an attractive employer.

### Environmental matters

Overall, DSI Dantech is focusing on efficiency and reduction of energy consumption both within the production process and in our products' performance at customer site. This focus is also highlighted in our company purpose “We commit to optimizing your results and contribute to protecting our environment”.

We play an active role in minimizing our customers' environmental footprint by reducing energy, water, and chemical consumption. Our solutions are the fastest on the market.

When we reduce the freezing time by up to 50 %, we also reduce the energy consumption accordingly. Likewise, many of our solutions can run for 10 days without defrosting in contrast to common machinery that require defrosting every day or every second day. This is not only good for the production numbers, but it also minimizes wastewater as well as water and chemical consumption for cleaning.

It takes resources to produce thermal treatment equipment. Therefore, we focus on developing solutions that run for many years – and some of our freezers from the 1990s are still in service today. DSI Dantech's main raw materials are aluminium and steel which are both energy intensive materials and thus, has a high impact on our carbon footprint. Scrap steel and aluminium is sorted and is then either reused in production or sold as scrap metal.

Our site and production managers across the globe, as well as technical designers, have focus on continuous improvement of our products' carbon footprint. Moreover, in order to have a better overview, data for the year 2022 for scope 1 (company cars & vans, welding gas), 2 (electricity, oil, gas and district heating) and partly 3 (waster and water supply) has been collected for all sites. This data will be used for further optimization and awareness creation beyond the employees.

There have not been identified any specific environmental risks.

# Financial statements 1 January – 31 December

## Income statement

| DKK'000 | Note | 2022 | 2021 |
|---|---|---|---|
| **Gross profit** | | 23,300 | 44,888 |
| Staff costs | 2 | -37,095 | -28,626 |
| Depreciation/amortisation of and impairment losses on property, plant and equipment and intangible assets | | -4,432 | -2,891 |
| Other operating costs | | 0 | -126 |
| **Profit/loss before financial income and expenses** | | -18,227 | 13,245 |
| Other financial income | 3 | 764 | 350 |
| Other financial expenses | 4 | -668 | -337 |
| **Profit/loss before tax** | | -18,131 | 13,258 |
| Tax on profit/loss for the year | 5 | 3,989 | -2,630 |
| **Profit/loss for the year** | 6 | -14,142 | 10,628 |

# Financial statements 1 January – 31 December

## Balance sheet

| DKK'000 | Note | 31/12 2022 | 31/12 2021 |
|---|---|---|---|
| **ASSETS** | | | |
| **Fixed assets** | | | |
| **Intangible assets** | 7 | | |
| Completed development projects | | 4,691 | 2,862 |
| Goodwill | | 800 | 1,000 |
| Development projects in progress and prepayments for intangible assets | | 0 | 3,167 |
| | | 5,491 | 7,029 |
| **Property, plant and equipment** | 8 | | |
| Fixtures and fittings, tools and equipment | | 5,756 | 6,698 |
| Leasehold improvements | | 8,349 | 4,034 |
| | | 14,105 | 10,732 |
| **Investments** | | | |
| Deposits | | 1,212 | 1,182 |
| | | 1,212 | 1,182 |
| **Total fixed assets** | | 20,808 | 18,943 |
| **Current assets** | | | |
| **Inventories** | | | |
| Raw materials and consumables | | 11,463 | 9,658 |
| Work in progress | | 128 | 1,407 |
| | | 11,591 | 11,065 |
| **Receivables** | | | |
| Trade receivables | | 35,778 | 39,567 |
| Contract work in progress | 9 | 27,619 | 32,104 |
| Receivables from group entities | | 14,090 | 1,749 |
| Other receivables | | 6,844 | 5,311 |
| Prepayments | 10 | 354 | 336 |
| | | 84,685 | 79,067 |
| **Cash at bank and in hand** | | 13,281 | 882 |
| **Total current assets** | | 109,557 | 91,014 |
| **TOTAL ASSETS** | | 130,365 | 109,957 |

# Financial statements 1 January – 31 December

## Balance sheet

| DKK'000 | Note | 31/12 2022 | 31/12 2021 |
|---|---|---|---|
| **EQUITY AND LIABILITIES** | | | |
| **Equity** | | | |
| Contributed capital | 11 | 500 | 500 |
| Reserve for development costs | | 3,659 | 4,703 |
| Retained earnings | | -13,024 | 9,274 |
| **Total equity** | | -8,865 | 14,477 |
| **Provisions** | | | |
| Provisions for deferred tax | 12 | 9,389 | 11,100 |
| Other provisions | 13 | 2,891 | 691 |
| **Total provisions** | | 12,280 | 11,791 |
| **Liabilities other than provisions** | | | |
| **Non-current liabilities other than provisions** | 14 | | |
| Lease liabilities | | 215 | 414 |
| | | 215 | 414 |
| **Current liabilities other than provisions** | | | |
| Short-term part of long-term liabilities other than provisions | 14 | 189 | 168 |
| Contract work in progress | 9 | 62,590 | -28,999 |
| Trade payables | | 25,662 | 32,305 |
| Payables to group entities | | 31,851 | 15,725 |
| Other payables | | 6,443 | 6,078 |
| | | 126,735 | 83,275 |
| **Total liabilities other than provisions** | | 126,950 | 83,689 |
| **TOTAL EQUITY AND LIABILITIES** | | 130,365 | 109,957 |

# Financial statements 1 January – 31 December

## Statement of changes in equity

| DKK'000 | Contributed capital | Retained earnings | Reserve for development costs | Total equity |
|---|---|---|---|---|
| **Equity at 1 January 2022** | 500 | 9,274 | 4,703 | 14,477 |
| Distribution of loss | 0 | -13,098 | -1,044 | -14,142 |
| Proposed extraordinary dividends recognised under equity | 0 | -9,200 | 0 | -9,200 |
| **Equity at 31 December 2022** | 500 | -13,024 | 3,659 | -8,865 |

# Financial statements 1 January – 31 December

## Notes

### 1 Accounting policies

The annual report of DSI Dantech AAL A/S for 2022 has been prepared in accordance with the provisions applying to reporting class C medium-sized entities under the Danish Financial Statements Act.

The accounting policies used in the preparation of the financial statements are consistent with those of last year.

### 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 Freeze HoldCo ApS.

### Reporting currency

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

### 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.

# Financial statements 1 January – 31 December

## Notes

### 1 Accounting policies (continued)

## 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.

Income from construction contracts involving a high degree of customisation is recognised as revenue by reference to the stage of completion. Accordingly, revenue corresponds to the market value of the contract work performed during the year (percentage-of-completion method). This method is used where the total income and expenses and the degree of completion of the contract can be measured reliably.

Where income from a construction contract cannot be estimated reliably, contract revenue corresponding to the expenses incurred is recognised only in so far as it is probable that such expenses will be recoverable from the counterparty.

Revenue is measured at the fair value of the agreed consideration excluding VAT and taxes charged on behalf of third parties. All discounts and rebates granted are recognised in revenue.

### Gross profit/ loss

The items revenue, cost of sales, other operating income and external expenses have been aggregated into one item in the income statement called gross profit/ loss in accordance with section 32 of the Danish Financial Statements Act.

### Cost of sales

Cost of sales comprises costs incurred to generate revenue for the year. This item also comprises direct costs for goods for resale and changes to inventory of goods for resale.

# Financial statements 1 January – 31 December

## Notes

### 1 Accounting policies (continued)

#### Other operating income

Other operating income comprises items secondary to the activities of the Company, including gains on the disposal of intangible assets and property, plant and equipment.

#### Other external costs

Other external costs include the year's costs relating to the Company's core activities, including costs 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.

#### Other operating costs

Other operating costs comprise items secondary to the activities of the Group, including losses on the disposal of intangible assets and property, plant and equipment.

#### Amortisation/ depreciation

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

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

| | | |
|---|---|---|
| Completed development projects | 5 | years |
| Goodwill | 10 | years |
| Fixtures and fittings, other plant and equipment | 3-10 | years |
| Leasehold improvements | 3-20 | 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.

# Financial statements 1 January – 31 December

## Notes

### 1 Accounting policies (continued)

#### Financial income and expenses

Financial income and expenses are recognised in the income statement at the amounts that relate to the financial reporting period. The items comprise interest income and expenses, e.g., from group entities, realised and unrealised capital gains and losses relating to other securities and investments, exchange gains and losses and amortisation of financial assets and liabilities.

#### Tax on profit/loss for the year

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 entity is jointly taxed with other group entities. 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

Intangible assets include goodwill and development projects are amortised over the expected economic life of the asset.

Goodwill is amortised on a straight-line basis over the amortisation period, which is between 10 and 15 years. The amortisation period is fixed on the basis of the expected repayment horizon and is longest for strategically acquired entities with strong market positions and long-term earnings profiles.

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.

Development projects that are clearly defined and identifiable, where the technical feasibility, sufficient resources and a potential future market or development opportunities are identifiable 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 5 years.

#### 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.

# Financial statements 1 January – 31 December

## Notes

### 1 Accounting policies (continued)

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 Group 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 Group's aggregate liabilities relating to operating leases and other rent agreements are disclosed under "Contingent liabilities".

On initial recognition, leases for fixed assets that transfer substantially all risks and rewards incident to ownership to the Company (finance leases) are recognised in the balance sheet at the lower of fair value and the net present value of future lease payments. When the net present value is calculated, the interest rate implicit in the lease or the incremental borrowing rate is used as the discount factor. Assets held under finance leases are subsequently depreciated as the Company's other fixed assets.

The capitalised lease obligation is recognised in the balance sheet as a liability at amortised cost, allowing the interest element of the lease payment to be recognised in the income statement over the term of the lease.

All other leases are operating leases. Payments relating to operating leases and other leases are recognised in the income statement over the term of the lease. The Company's total obligation relating to operating leases and other leases is disclosed as contractual obligations and contingencies, etc.

#### Impairment of fixed assets

The carrying amount of intangible assets and property, plant and equipment as well as equity investments in subsidiaries and participating interests (including associates) is subject to an annual test for indications of impairment other than the decrease in value reflected by depreciation or amortisation.

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.

# Financial statements 1 January – 31 December

## Notes

### 1 Accounting policies (continued)

#### 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.

#### Receivables

Receivables are measured at amortised cost.

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

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.

#### Contract work in progress

Service supplies and contract work in progress for third parties are measured at the market value of the work performed less progress billings. The market value is calculated based on the stage of completion at the balance sheet date and the total expected income from the relevant contract. The stage of completion is calculated based on the expenses incurred relative to the expected total expenses relating to the relevant contract.

Where the outcome of contract work in progress cannot be estimated reliably, the market value is measured at the expenses incurred in so far as they are expected to be paid by the purchaser.

Where the total expenses relating to the work in progress are expected to exceed the total market value, the expected loss is recognised as a loss-making agreement under "Provisions" and is expensed in the income statement.

The value of work in progress less progress billings is classified as assets when the selling price exceeds progress billings and as liabilities when progress billings exceed the market value.

#### Prepayments

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

# Financial statements 1 January – 31 December

## Notes

### 1 Accounting policies (continued)

### Equity

*Dividends*

Dividends proposed for the year are 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".

*Reserve for development costs*

The reserve for development costs comprises recognised development costs. The reserve cannot be used to distribute dividends 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.

### Corporation tax and deferred tax

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.

### 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.

Warranty commitments include expenses for remedial action in respect of the contract work within the warranty period of 1-2 years. Provisions for warranty commitments are measured at net realisable value and recognised based on past experience.

# Financial statements 1 January – 31 December

## Notes

### 1 Accounting policies (continued)

#### Liabilities other than provisions

Financial liabilities are recognised at the date of borrowing at the net proceeds received less transaction costs paid. On subsequent recognition, financial liabilities are measured at amortised cost, corresponding to the capitalised value, using the effective interest rate. Accordingly, the difference between the proceeds and the nominal value is recognised in the income statement over the term of the loan.

Other liabilities are measured at net realisable value.

#### 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.

# Financial statements 1 January – 31 December

## Notes

### 2 Staff costs and incentive schemes

| DKK'000 | 2022 | 2021 |
|---|---|---|
| Wages and salaries | 32,851 | 25,825 |
| Pensions | 3,049 | 2,085 |
| Other social security costs | 1,195 | 716 |
| | 37,095 | 28,626 |
| Average number of full-time employees | 65 | 47 |

In accordance with section 98b(3)(ii) of the Danish Financial Statements Act, remuneration of the Company's Management is not disclosed.

| DKK'000 | 2022 | 2021 |
|---|---|---|

### 3 Other financial income

| | | |
|---|---|---|
| Interest income from group entities | 0 | 30 |
| Other interest income | 764 | 320 |
| | 764 | 350 |

### 4 Other financial expenses

| | | |
|---|---|---|
| Interest expense to subsidiaries | 542 | 97 |
| Other interest expense | 126 | 240 |
| | 668 | 337 |

### 5 Tax on profit/loss for the year

| | | |
|---|---|---|
| Current tax for the year | 0 | 0 |
| Deferred tax adjustment for the year | 3,989 | 1,491 |
| Tax adjustments, prior year | 0 | 1,139 |
| | 3,989 | 2,630 |

### 6 Profit appropriation/distribution of loss

| | | |
|---|---|---|
| Extraordinary dividends distributed in the year | 9,200 | 28,720 |
| Reserve for development costs | -1,044 | 3,175 |
| Retained earnings | -22,298 | -21,267 |
| | -14,142 | 10,628 |

# Financial statements 1 January – 31 December

## Notes

### 7 Intangible assets

| DKK'000 | Completed develop-ment projects | Goodwill | Development projects in progress and prepayments for intangible assets | Total |
|---|---|---|---|---|
| Cost at 1 January 2022 | 3,528 | 2,000 | 3,167 | 8,695 |
| Additions | 0 | 0 | 0 | |
| Transferred | 3,167 | 0 | -3,167 | 0 |
| Cost at 31 December 2022 | 6,695 | 2,000 | 0 | 8,695 |
| Amortisation and impairment losses at 1 January 2022 | -666 | -1,000 | 0 | -1,666 |
| Impairment losses | 0 | 0 | 0 | 0 |
| Amortisation | -1,338 | -200 | 0 | -1,538 |
| Reversed amortisation and impairment losses | 0 | 0 | 0 | 0 |
| Amortisation and impairment losses at 31 December 2022 | -2,004 | -1,200 | 0 | -3,204 |
| **Carrying amount at 31 December 2022** | 4,691 | 800 | 0 | 5,491 |

**Completed development projects**

Completed development projects include the Company’s development of new freezer functions, features and handling system with a carrying amount of DKK 4,691 thousand. In Management's opinion, the development progressed as planned. The features were completed and rolled out in 2020-21 and 2022 and is be amortised over 5 years.

# Financial statements 1 January – 31 December

## Notes

### 8 Property, plant and equipment

| DKK'000 | Fixtures and fittings, tools and equipment | Leasehold improvements | Total |
|---|---|---|---|
| Cost at 1 January 2022 | 12,162 | 6,878 | 19,040 |
| Additions | 1,172 | 5,094 | 6,266 |
| Transferred | 0 | 0 | 0 |
| Disposals | 0 | 0 | 0 |
| Cost at 31 December 2022 | 13,334 | 11,972 | 25,306 |
| Depreciation and impairment losses at 1 January 2022 | -5,464 | -2,844 | -8,308 |
| Impairment losses | 0 | 0 | 0 |
| Depreciation | -2,114 | -779 | -2,893 |
| Depreciation on disposals | 0 | 0 | 0 |
| Reversed depreciation and impairment losses | 0 | 0 | 0 |
| Depreciation and impairment losses at 31 December 2022 | -7,578 | -3,623 | -11,201 |
| **Carrying amount at 31 December 2022** | 5,756 | 8,349 | 14,105 |
| Assets held under finance leases | 781 | 0 | 781 |

# Financial statements 1 January – 31 December

## Notes

| DKK'000 | 2022 | 2021 |
|---|---|---|
| **9 Contract work in progress** | | |
| Selling price of work performed | 324,201 | 205,401 |
| Progress billings | -359,172 | -202,296 |
| | -34,971 | 3,105 |
| that can be specified as follows: | | |
| Contract work in progress (assets) | 27,619 | 32,104 |
| Contract work in progress (equity and liabilities) | -62,590 | -28,999 |
| | -34,971 | 3,105 |

### 10 Prepayments

Prepayments include accrual of expenses relating to subsequent financial years, including insurance policies, subscriptions and trade fair costs, etc.

### 11 Contributed capital

Contributed capital consists of:

A shares, 500,000 shares of nom. DKK 1 each.

All shares rank equally.

### 12 Deferred tax

| DKK'000 | 2022 | 2021 |
|---|---|---|
| Deferred tax at 1 January | 11,100 | 9,609 |
| Deferred tax adjustment for the year in the income statement | -3,989 | 1,491 |
| Adjustment joint taxation | 2,278 | 0 |
| | 9,389 | 11,100 |

# Financial statements 1 January – 31 December

## Notes

### 13 Other provisions

Other provisions relates to warranty.

Warranty period is usually up to 2 years and therefore provisions mainly relate to sold solutions during 2021 and 2022.

The Group expects to settle the majority of the liability over the next year.

### 14 Non-current liabilities other than provisions

Liabilities other than provisions can be specified as follows:

| DKK'000 | 2022 |
|---|---|
| Lease obligations: | |
| 0-1 years | 189 |
| 1-5 years | 215 |
| >5 years | 0 |
| | 404 |

### 15 Contractual obligations, contingencies, etc.

#### Contingent liabilities

The Company is jointly taxed with its parent, Freeze HoldCo ApS, which acts as management company, and is jointly and severally liable with other jointly taxed group entities for payment of income taxes as well as withholding taxes on interest, royalties and dividends.

#### Operating lease obligations

Rent and lease liabilities include a rent obligation and liabilities under operating leases for cars and IT equipment, totalling DKK 63,880 thousands, with remaining contract terms of 1-12 years.

### 16 Collateral

The Company has provided a company charge of DKK 5,500 thousand to credit institutions. As of 31 December 2022, the company charge comprises goodwill, tangible assets, inventories and receivables with a carrying amount of approx. DKK 60,000 thousand.

# Financial statements 1 January – 31 December

## Notes

### 17 Related party disclosures

Procuritas Capital Investors VI AB, Stockholm, Sweden controls the majority of the share capital in the Company through Freeze HoldCo ApS and Freeze BidCo ApS, Frederikshavn.

DSI Dantech AAL A/S is part of the consolidated financial statements of Freeze HoldCo ApS, Frederikshavn, which are the smallest and largest groups, respectively, in which the Company is included as a subsidiary.

The consolidated financial statements of Freeze HoldCo ApS can be obtained by contacting the company at the above address.

In addition to above parent companies DSI Dantech AAL A/S' related parties furthermore comprise sister companies controlled by above parent companies and its Executive Board and Board of directors as well as their close family members and controlled companies.

#### Related party transactions

| DKK'000 | 2022 |
|---|---|
| Sale of goods | 179 |
| Purchase of goods | 51,639 |
| Management fee | 20,611 |
| Interest from group entities | 0 |
| Interest to group entities | 542 |
| Dividends distributed | 9,200 |

Remuneration to the Parent Company's Executive Board and Board of Directors is disclosed in note 2.

Receivables from and payables to group entities are disclosed in the balance sheet, and interest expense is disclosed in note 4.

### 18 Events after the balance sheet date

No events have occurred after the balance sheet date to this date that would influence the assessment and evaluation of this annual report in any material way.