

Svedan Industri Køleanlæg A/S

Håndværkerbyen 8, 2670 Greve

CVR no. 27 01 34 73

Annual report 2023

Approved at the Company's annual general meeting on 28 May 2024

Chair of the meeting:

.....
Lars Brinkmann

The following is a translation of an original Danish document. The original Danish document is the governing document for all purposes, and in case of any discrepancy, the Danish wording will be applicable.

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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 Svedan Industri Køleanlæg A/S for the financial year 1 January - 31 December 2023.

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

In our opinion, the financial statements give a true and fair view of the financial position of the Company at 31 December 2023 and of the results of the Company's operations for the financial year 1 January - 31 December 2023.

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.

Greve, 28 May 2024
Executive Board:

.....
Peter Gotholdt Anskjær

Board of Directors:

.....
Lars Brinkmann
Chairman

.....
Søren Gram

.....
Jesper Fritze Helveg

.....
Peter Gotholdt Anskjær

Independent auditor's report

To the shareholders of Svedan Industri Køleanlæg A/S

Opinion

We have audited the financial statements of Svedan Industri Køleanlæg A/S for the financial year 1 January - 31 December 2023, which comprise 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 financial position of the Company at 31 December 2023 and of the results of the Company's operations for the financial year 1 January - 31 December 2023 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 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 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.

Management's responsibilities for the financial statements

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

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

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance 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.
- ▶ 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.

Independent auditor's report

- ▶ 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 note disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

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

Statement on 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.

Copenhagen, 28 May 2024
EY Godkendt Revisionspartnerselskab
CVR no. 30 70 02 28

Robert Christensen
State Authorised Public Accountant
mne16653

Management's review

Company details

Name	Svedan Industri Køleanlæg A/S
Address, Postal code, City	Håndværkerbyen 8, 2670 Greve
CVR no.	27 01 34 73
Established	13 February 2003
Registered office	Greve
Financial year	1 January - 31 December
Website	www.svedan.com
Board of Directors	Lars Brinkmann, Chairman Søren Gram Jesper Fritze Helveg Peter Gotholdt Anskjær
Executive Board	Peter Gotholdt Anskjær
Auditors	EY Godkendt Revisionspartnerselskab Dirch Passers Allé 36, P.O. Box 250, 2000 Frederiksberg, Denmark
Bankers	Sydbank A/S

Management's review

Business review

The most important activities of the Company are to provide efficient and good services as well as new cooling plants for our corporate customers and to extend our activities within industrial heat pumps.

Financial review

The income statement for 2023 shows a profit of DKK 8,288,748 against a profit of DKK 5,110,849 last year, and the balance sheet at 31 December 2023 shows equity of DKK 18,747,375.

Events after the balance sheet date

No events materially affecting the Company's financial position have occurred subsequent to the financial year-end.

Financial statements 1 January - 31 December

Income statement

Note	DKK	2023	2022
	Gross profit	25,096,795	21,868,859
2	Staff costs	-14,671,141	-14,608,657
	Amortisation/depreciation and impairment of intangible assets and property, plant and equipment	-224,718	-175,923
	Other operating expenses	0	-17,417
	Profit before net financials	10,200,936	7,066,862
	Income from investments in group entities	480,000	0
	Financial income	68,387	47,705
3	Financial expenses	-255,693	-532,491
	Profit before tax	10,493,630	6,582,076
4	Tax for the year	-2,204,882	-1,471,227
	Profit for the year	8,288,748	5,110,849
	Recommended appropriation of profit		
	Proposed dividend recognised under equity	6,000,000	4,500,000
	Retained earnings	2,288,748	610,849
		8,288,748	5,110,849

Financial statements 1 January - 31 December

Balance sheet

Note	DKK	2023	2022
	ASSETS		
	Fixed assets		
5	Intangible assets		
	Acquired intangible assets	10,277	51,340
		<u>10,277</u>	<u>51,340</u>
6	Property, plant and equipment		
	Other fixtures and fittings, tools and equipment	495,713	629,371
		<u>495,713</u>	<u>629,371</u>
7	Investments		
	Investments in group entities	320,000	320,000
	Investments in participating interests	10,000	10,000
		<u>330,000</u>	<u>330,000</u>
	Total fixed assets	<u>835,990</u>	<u>1,010,711</u>
	Non-fixed assets		
	Inventories		
	Raw materials and consumables	852,496	628,715
		<u>852,496</u>	<u>628,715</u>
	Receivables		
	Trade receivables	25,021,857	17,822,561
8	Contract work in progress	9,080,340	8,218,819
	Receivables from group entities	13,308	0
	Other receivables	101,705	269,211
	Retained earnings	62,063	168,228
		<u>34,279,273</u>	<u>26,478,819</u>
	Cash	<u>5,591,304</u>	<u>1,739,645</u>
	Total non-fixed assets	<u>40,723,073</u>	<u>28,847,179</u>
	TOTAL ASSETS	<u><u>41,559,063</u></u>	<u><u>29,857,890</u></u>

Financial statements 1 January - 31 December

Balance sheet

Note	DKK	2023	2022
	EQUITY AND LIABILITIES		
	Equity		
	Share capital	1,000,000	1,000,000
	Retained earnings	11,747,375	9,458,627
	Dividend proposed for the year	6,000,000	4,500,000
	Total equity	18,747,375	14,958,627
	Provisions		
	Deferred tax	2,183,644	1,896,222
	Total provisions	2,183,644	1,896,222
	Liabilities other than provisions		
	Current liabilities other than provisions		
8	Contract work in progress	6,459,855	5,657,239
	Trade payables	8,840,138	4,323,113
	Payables to group entities	0	559,876
	Joint taxation contribution payable	1,917,460	403,211
	Other payables	3,410,591	2,059,602
		20,628,044	13,003,041
	Total liabilities other than provisions	20,628,044	13,003,041
	TOTAL EQUITY AND LIABILITIES	41,559,063	29,857,890

- 1 Accounting policies
- 9 Contractual obligations and contingencies, etc.
- 10 Security and collateral

Financial statements 1 January - 31 December

Statement of changes in equity

DKK	Share capital	Retained earnings	Dividend proposed for the year	Total
Equity at 1 January 2022	1,000,000	8,847,778	1,200,000	11,047,778
Transfer through appropriation of profit	0	610,849	4,500,000	5,110,849
Dividend distributed	0	0	-1,200,000	-1,200,000
Equity at 1 January 2023	1,000,000	9,458,627	4,500,000	14,958,627
Transfer through appropriation of profit	0	2,288,748	6,000,000	8,288,748
Dividend distributed	0	0	-4,500,000	-4,500,000
Equity at 31 December 2023	1,000,000	11,747,375	6,000,000	18,747,375

Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies

The annual report of Svedan Industri Køleanlæg A/S for 2023 has been prepared in accordance with the provisions in the Danish Financial Statements Act applying to reporting class B entities and elective choice of certain provisions applying to reporting class C entities.

Pursuant to section 110(1) of the Danish Financial Statements Act, the Company has not prepared consolidated financial statements.

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

Reporting currency

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

Foreign currency translation

On initial recognition, transactions denominated in foreign currencies are translated at the exchange rates at the transaction date.

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.

Income statement

Revenue

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

Income from the sale of commercial goods and goods for resale is recognised in revenue at the time of delivery and when the risk passes to the buyer, provided that the income can be made up reliably. Revenue is measured net of VAT and other indirect taxes and discounts/rebates granted.

Income from construction contracts is recognised in revenue on an ongoing basis as production is carried out. Accordingly, revenue corresponds to the selling price of work performed during the year.

Gross profit

With reference to section 32 of the Danish Financial Statements Act, the items 'Revenue', 'Cost of sale', 'Other external expenses' and 'Other operating income' are consolidated into one item designated 'Gross profit'.

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.

Other external expenses

Other external expenses include 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 pensions, as well as other social security contributions, etc. made to the entity's employees. The item is net of refunds made by public authorities.

Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

Amortisation/depreciation

The item comprises amortisation/depreciation 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 on a straight-line basis over the expected useful life. Acquired IP rights include licences.

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:

Acquired intangible assets	3 years
Other fixtures and fittings, tools and equipment	5 years

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 group entities and participating interests

The item includes dividend received from group entities and participating interests in so far as the dividend does not exceed the accumulated earnings in the group entity and participating interest in the period of ownership.

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, financial expenses relating to finance leases, realised and transactions denominated in foreign currencies as well as surcharges and allowances under the advance-payment-of-tax scheme, etc.

Tax

Tax for the year comprises current tax for the year on expected taxable income and deferred tax adjustment for the year less the tax expense for the year relating to changes in equity.

Current and deferred tax relating to changes in equity is recognised directly in equity.

The entity and its Danish group entities are taxed on a joint basis. The Danish income tax charge is allocated between profit-making and loss-making Danish entities in proportion to their taxable income (full allocation method).

Balance sheet

Intangible assets

Other intangible assets include acquired intangible rights.

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

Property, plant and equipment

Property, plant and equipment comprises fixtures and fittings, tools and equipment. Items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses.

Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

Investments in group entities and participating interests

Investments in group entities and participating interests are measured at cost, which includes the cost of acquisition calculated at fair value plus direct costs of acquisition. If there is evidence of impairment, an impairment test is conducted. Where the carrying amount exceeds the recoverable amount, a write-down is made to such lower value.

Impairment of fixed assets

The carrying amount of intangible assets, property, plant and equipment and investments in group entities and participating interests 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.

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.

Receivables

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

Receivables are measured at amortised cost, which usually corresponds to the nominal value. The value is reduced by provisions for anticipated bad debt losses.

Contract work in progress

Ongoing construction contracts are measured at the market value of the work performed. The market value is calculated on the basis of the percentage of completion at the balance sheet date and the total expected income from the relevant contract. The percentage of completion is made up based on costs incurred relative to the expected, total expenses.

The value of the individual services in progress less progress billings is classified as receivables provided that the amounts are positive and as liabilities provided that the amounts are negative.

Deduction for losses is calculated as the total expected loss on the contract irrespective of the portion actually performed.

Prepayments

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

Cash

Cash comprises cash and short-term securities that are readily convertible into cash and subject only to minor risks of changes in value.

Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

Equity

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".

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.

Provisions for deferred tax are calculated of all temporary differences between carrying amounts and tax values, with the exception of temporary differences occurring at the time of acquisition of assets and liabilities neither affecting the results of operations nor the taxable income, as well as temporary differences on non-amortisable goodwill.

Deferred tax assets are recognised at the value at which they are expected to be utilised, either through elimination against tax on future earnings or through a set-off against deferred tax liabilities.

Liabilities

The Company has chosen IAS 39 as interpretation for liabilities.

Financial liabilities are recognised on the raising of the loan at the proceeds received net of transaction costs incurred. Interest-bearing debt is subsequently measured at amortised cost, using the effective interest rate method. Other payables are measured subsequently at amortised cost, corresponding to the nominal outstanding debt.

Financial statements 1 January - 31 December

Notes to the financial statements

DKK	2023	2022
2 Staff costs		
Wages/salaries	13,213,824	13,272,905
Pensions	756,030	684,814
Other social security costs	120,534	107,336
Other staff costs	580,753	543,602
	<u>14,671,141</u>	<u>14,608,657</u>
Average number of full-time employees	<u>24</u>	<u>24</u>
3 Financial expenses		
Interest expenses, group entities	0	80,192
Other financial expenses	255,693	452,299
	<u>255,693</u>	<u>532,491</u>
4 Tax for the year		
Estimated tax charge for the year	1,917,460	403,211
Deferred tax adjustments in the year	287,422	1,057,740
Tax adjustments, prior years	0	10,276
	<u>2,204,882</u>	<u>1,471,227</u>
5 Intangible assets		
DKK		<u>Acquired intangible assets</u>
Cost at 1 January 2023		273,950
Cost at 31 December 2023		<u>273,950</u>
Impairment losses and amortisation at 1 January 2023		222,610
Amortisation in the year		<u>41,063</u>
Impairment losses and amortisation at 31 December 2023		263,673
Carrying amount at 31 December 2023		<u>10,277</u>

Financial statements 1 January - 31 December

Notes to the financial statements

6 Property, plant and equipment

DKK	Other fixtures and fittings, tools and equipment
Cost at 1 January 2023	1,719,115
Additions in the year	49,997
Cost at 31 December 2023	1,769,112
Impairment losses and depreciation at 1 January 2023	1,089,744
Depreciation in the year	183,655
Impairment losses and depreciation at 31 December 2023	1,273,399
Carrying amount at 31 December 2023	495,713

7 Investments

DKK	Investments in group entities	Investments in participating interests	Total
Cost at 1 January 2023	320,000	10,000	330,000
Cost at 31 December 2023	320,000	10,000	330,000
Carrying amount at 31 December 2023	320,000	10,000	330,000

Group entities

Name	Domicile	Interest	Equity DKK	Profit/loss DKK
Svedan Marine Industriservice A/S	Greve	64.00%	1,693,954	1,252,260

Participating interests

NVPT Holding ApS	Holstebro	25.00%	110,606	88,546
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The annual report of NVPT Holding ApS for 2023 has not yet been published, why the figures disclosed in the note are from the financial year 2022.

DKK	2023	2022
8 Contract work in progress		
Selling price of work performed	99,312,758	92,517,239
Progress billings	-96,692,273	-89,955,659
	2,620,485	2,561,580
recognised as follows:		
Contract work in progress (assets)	9,080,340	8,218,819
Contract work in progress (liabilities)	-6,459,855	-5,657,239
	2,620,485	2,561,580

Financial statements 1 January - 31 December

Notes to the financial statements

9 Contractual obligations and contingencies, etc.

Other contingent liabilities

DKK	2023	2022
Other financial obligations		
Other rent and lease liabilities:		
Rent and lease liabilities	920,327	802,188

Rent and lease liabilities include a rent obligation totalling DKK 200 thousand (2022: DKK 185 thousand) in interminable rent agreements. Furthermore, the Company has liabilities under operating leases for cars and IT equipment, totalling DKK 720 thousand (2022: DKK 617 thousand) with remaining contract terms of 1-5 years.

10 Security and collateral

Performance guarantees and payment guarantees

As security for the Company's work in progress, the Company has provided security for at total amount of DKK 6,188 thousand (2022: DKK 7,972 thousand).