

Dant herm Group Holding I ApS

Marienlystvej 65, 7800

CVR no. 42 60 83 35

Annual report 2023

Approved at the Company's annual general meeting on 19 July 2024

Chair of the meeting:

.....
Thomas Gjøl-Trønning

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Statement by the Executive Board

Today, the Executive Board has discussed and approved the annual report of Dantherm Group Holding I ApS 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 consolidated financial statements and the parent company financial statements give a true and fair view of the financial position of the Group and the Company at 31 December 2023 and of the results of the Group's and the Company's operations and of the consolidated cash flows 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.

Skive, 19 July 2024

Executive Board:

.....
Bjarke Brøns
CEO

.....
Jakob Bonde Jessen
Director

.....
Stefan Liedtke
Director

Independent auditor's report

To the shareholders of Dantherm Group Holding I ApS

Opinion

We have audited the consolidated financial statements and the parent company financial statements of Dantherm Group Holding I ApS 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, for the Group and the Parent Company, and a consolidated cash flow statement. The consolidated financial statements and the parent company financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the consolidated financial statements and the parent company financial statements give a true and fair view of the financial position of the Group and the Parent Company at 31 December 2023, and of the results of the Group's and Parent Company's operations as well as the consolidated cash flows 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 consolidated financial statements and the parent Company financial statements" (hereinafter collectively referred to as "the financial statements") section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

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

Management's responsibilities for the financial statements

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

Independent auditor's report

- ▶ 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 Group's and the Parent Company's internal control.
- ▶ Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- ▶ Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Parent Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and the Parent Company to cease to continue as a going concern.
- ▶ Evaluate the overall presentation, structure and contents of the financial statements, including the note disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.
- ▶ Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

Statement on the Management's review

Management is responsible for the Management's review.

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

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

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

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

Aarhus, 19 July 2024

EY Godkendt Revisionspartnerselskab
CVR no. 30 70 02 28

Steen Skorstengaard
State Authorised Public Accountant
mne19709

Lone Nørgaard Eskildsen
State Authorised Public Accountant
mne32085

Management's review

Company details

Name Dantherm Group Holding I ApS
Address, Postal code, City Marienlystvej 65, 7800

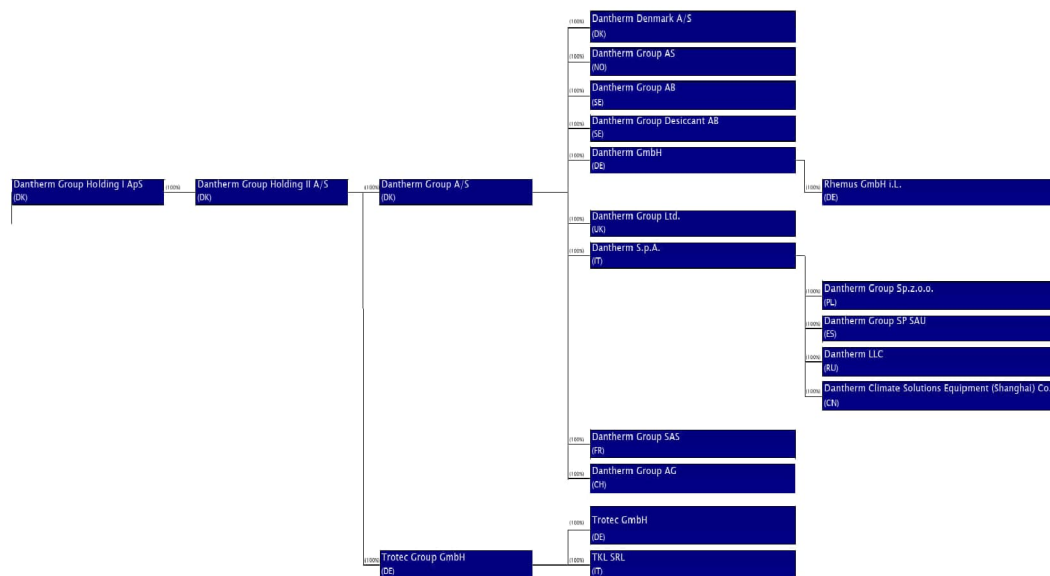
CVR no. 42 60 83 35
Established 18 August 2021
Registered office Skive
Financial year 1 January - 31 December

Executive Board Bjarke Brøns, CEO
Jakob Bønde Jessen, Director
Stefan Liedtke, Director

Auditors EY Godkendt Revisionspartnerselskab
Værkmestergade 25, P.O. Box 330, 8100 Aarhus C,
Denmark

Management's review

Group chart



Dantherm

Management's review

Financial highlights for the Group

| DKK'000 | 2023 | 2022 | 2021 |
|---|-----------|-----------|-----------|
| Key figures | | | |
| Revenue | 2,294,141 | 2,100,967 | 221,903 |
| Earnings before interest, taxes, depreciation and amortisation (EBITDA) | 274,977 | 264,640 | -31,021 |
| Adjusted EBITDA | 348,183 | 319,743 | 26,248 |
| Net financials | -233,544 | -130,917 | -11,339 |
| Profit/loss for the year | -150,462 | -95,963 | -64,759 |
| Balance sheet | | | |
| Total assets | 4,066,089 | 4,209,541 | 2,522,316 |
| Investments in property, plant and equipment | 56,901 | 17,833 | 7,409 |
| Equity | 1,495,259 | 1,592,822 | 1,179,596 |
| Cash flows | | | |
| Cash flows from operating activities | 118,555 | -112,357 | -378,091 |
| Total cash flows | 38,848 | -14,364 | 183,960 |
| Financial ratios | | | |
| Operating margin | 3.3% | 4.1% | -21.7% |
| Gross margin | 32.8% | 33.5% | 32.0% |
| EBITDA-margin | 12.0% | 12.6% | -14.0% |
| Return on assets | 3.0% | 4.2% | 0.4% |
| Current ratio | 352.7% | 366.8% | 276.6% |
| Equity ratio | 36.8% | 37.8% | 46.8% |
| Return on equity | -9.7% | -6.9% | -5.5% |

For terms and definitions, please see the accounting policies.

Comparable figures for 2021 is for first annual report financial year 18.08.2021 to 31.12.2021.

Management's review

Business review

Primary activities

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

Financial review

Dantherm Group Holding I ApS has been established in 2021, and the company acquired Dantherm Holding A/S on the 17th of November 2021 via the holding company Dantherm Group Holding II A/S, which is 100% owned by Dantherm Group Holding I ApS. Dantherm Group Holding II A/S owns Dantherm Group A/S 100%

On May 24, 2022, Dantherm Group Holding II A/S acquired the Trotec Group based in Germany. Dantherm Group and Trotec both have a European leading position in designing and manufacturing heating, cooling, drying, ventilation and air purification products and solutions for a wide range of applications and industries for the B2B market. In addition, Trotec has a strong online market platform and a large range of similar products for the B2C market.

The annual report for 2022 includes Trotec Group from the acquisition date on May 24, 2022 and to December 31, 2022. For 2023, Trotec Group is included for all 12 months.

Consolidated revenue for 2023 amounted to DKK 2.294,1 m compared to DKK 2.101,0 m in 2022, but with Trotec Group included in the owner period. If Trotec Group had been included for all months in 2022, revenue for 2022 would have amounted to DKK 2.463,8 m. The higher revenue in 2022 is due to high sales of electrical heaters in Germany as a consequence of the gas crisis and sale of air cleaners due to Corona.

Profit before interests, taxes, depreciation and amortisation and without non-recurring and integration costs (Adjusted EBITDA) amounted to DKK 348,2 m compared to Adjusted EBITDA of DKK 319,7 m in 2022. If Trotec Group had been included for all months in 2022, the Adjusted EBITDA would have amounted to DKK 354,6 m.

In 2023 a number of integration activities has been executed in the group including close of sites and consolidation of several warehouses into one new warehouse in Germany, change of sales structure and upgrade of the E-commerce platform and setup with support from an external consultant. As a consequence of this integration and one-off costs as well as investments is higher in 2023. These integration activities is expected to result in increased revenue and earnings going forward, but with limited positive impact in 2023.

In addition to above, the result for the year has been negatively impacted by increasing interest rates and thus financial expenses that has increased DKK 90,4 m from 2022 to 2023.

In last year's annual report, management expected significantly higher revenue and earnings (EBITDA) in 2023 compared to 2022 due to the acquisition of Trotec Group GmbH in May 2022 and the results is thus in line with these expectations.

Outlook

In 2024 management expects higher revenue and earnings (Adjusted EBITDA) than in 2023. The market potential for the group is positive and the integration activities described above is expected to result in higher revenue and increased earnings.

We expect revenue in 2024 to be in the range of DKK 2.350 m to 2.450 m and Adjusted EBITDA to be between DKK 350 m and DKK 400 m.

Management's review

Research and development activities

The group devotes considerable resources to product development to remain at the forefront of technological developments and continually adapts its products to changing market demands and legislation. The Group has extensive knowledge, experience and expertise gained from supplying climate control products and solutions for more than 60 years sold worldwide.

The development activities are mainly development and modifications of products within HVAC and dehumidification and amounts to DKK 37.066 k. We expect a similar level in the next financial year.

Financial risks and use of financial instruments

Interest and currency risk

Debt in the group has a variable interest rate. The interest rate is determined as EURIBOR + a margin. The margin is adjusted according to the leverage ratio between debt and profit. In 2023, the group has entered into an agreement to fix the interest rate on part of the interest-bearing debt in the group. The part with a fixed interest rate has been further increased in the beginning of 2024.

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

Data ethics

Data accountability

It is highly emphasized that our use of IT systems and personal data is done in a responsible manner. Protection of personal data about our employees, customers and suppliers create trust in us as a workplace, customer and supplier.

We therefore ensure that the processes in the group related to personal data about employees, customers, suppliers, and other persons are managed in accordance with the legislation on personal data protection and IT security requirements.

Policy on data ethics

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

Other policies in place

The group has a whistleblower setup, where employees can safely report behavior, which is against the rules.

The group has a data protection policy, where the objective is to determine our level of ambition and creates the framework for the safety initiatives that are necessary to follow when we as an organization need to meet the requirements of legislation and best practice.

In addition, the group also has a personal data protection policy, which lays down the framework for how we process personal data. It is to ensure that we comply with the General Data Protection Regulation (GDPR) and supplementary local rules in data protection legislation.

All the mentioned policies are available at our internal website, where all employees can access them.

Statutory CSR report

Our corporate responsibility work is based on the 10 principles on human rights, labour rights, the environment and anti-corruption of the United Nations Global Compact without having formally entered the agreement. The principles are derived from:

Management's review

- The Universal Declaration of Human Rights
- The International Labour Organisation's Declaration on Fundamental Principles and Rights at Work
- The Rio Declaration on Environment and Development
- The United Nations Convention Against Corruption

This section constitutes Dantherm Group Holding I ApS non-financial reporting on corporate responsibility in alignment with §99a.

The group's primary activity includes manufacturing and sales of portable and installed climate control solutions in the subsidiaries Dantherm Group Holding II A/S, Trotec Group GmbH and Dantherm Group A/S. It is assessed that the most significant impact on society occurs through the activities of before mentioned subsidiaries, and a summary of the subsidiary reporting is therefore provided.

General activities in 2023

During 2023, the group started to track the development of selected KPI's within the areas of Environment, Social and Governance (ESG). The KPI's were derived based on a materiality assessment conducted during 2022, and the development is tracked on a quarterly basis for all major sites.

In 2023, we initiated the preparation to ensure compliance with the Corporate Sustainability Reporting Directive (CSRD). The group is obliged to report on CSRD compliance from 2025 onwards.

In 2023, several activities within the areas of Environment, Social and Governance has been initiated. Some examples of these activities are described in the following sections.

Human Rights

We support and respect the protection of internationally proclaimed human rights, and we respect the freedom of association for all employees. We treat colleagues, customers and other business partners with respect and fairness, and we respect our employees' privacy.

The most material risk related to human rights lie within our supply chain. The risks associated with human rights are i.e. child labor and denial of labor rights. We recognize that unethical behavior may present a risk, when dealing with third parties while operating in a global setting.

Our Group Code of Conduct has been made available to all employees on our intranet, and we encourage all new employees to carefully read the Code of Conduct.

In the current financial period, there were no human rights violations. In the future we aim to increase our focus on human rights e.g. through closer auditing of our suppliers. In order to facilitate these audits, we have in 2023 signed up for a membership of EcoVadis.

Environment and climate

Being a responsible company, we recognise our duty to contribute to a sustainable development. This includes developing and marketing energy-optimising products and solutions that benefit customers and the environment. At the same time, we strive to manufacture and distribute our products and solutions in a sustainable way.

We support a precautionary approach to environmental challenges in the countries in which we are present. We want to behave as a responsible company in relation to the internal and external environment.

Our primary risk within environment and climate is the negative impact in the form of CO₂-emission due to our production.

All Dantherm Group production facilities continuously work to reduce adverse environmental effects of our operations by maintaining an environmentally sound chemical and waste management, while aiming to reduce energy consumption and production waste generation through recycling and reuse.

Management's review

We support environmental responsibility through our innovative product development and production methods, and most of our products support our customers in reducing the environmental effects of their operations.

We promote operational practices that reduce any environmental burden associated with our activities and encourage the development of environmentally friendly technologies.

One of the main environment and climate activities in the group in 2023, is that we have inaugurated our new 55,000 m² logistics center in Heinsberg (DE), which is self-sufficient in terms of energy consumption through 50,000 m² of roof-mounted solar panels.

Additionally, we have in 2023 switched the heating source from gas to district heating at our production site in Skive (DK), whereby reducing CO₂-emissions.

Further elaboration on our environment and climate guidelines is available in the Dantherm Group Code of Conduct.

In the following year, our ambition is to strengthen our ESG strategic framework and define additional ESG KPI's with established baselines and targets. This strategic framework will outline our overarching ambitions and commitment to sustainable development including environmental and climate matters.

Responsible sourcing

We consider our suppliers as partners and therefore cooperate closely with them to ensure they meet our ethical, environmental and sustainability standards.

Consequently, all suppliers are asked to sign our Dantherm Group Supplier Code of Conduct, which is based on the global Sedex system.

In 2023, 92% of our suppliers has agreed to live up to our Group Supplier Code of Conduct.

As previously mentioned, we will increase focus on auditing our suppliers via the EcoVadis platform, which we have signed a membership with during 2023.

Social- and employee conditions

Dantherm Group is committed to providing a safe physical and healthy psychosocial working environment and strives to obtain a zero-accident working environment. This means providing proper working conditions for all employees, including appropriate health and safety standards and training opportunities relevant to the function of each employee. Maintaining a safe and healthy work environment, however, also relies on the choices and behavior of individuals and thus becomes a collective responsibility.

We aim to promote inclusive and sustainable economic growth, employment and decent work for everyone working in the group.

Our primary risk related to social- and employee conditions is if we have work-related accidents. An unhealthy and unsafe working environment could have an impact on our ability to attract and retain employees.

In 2023, we have continued our focus on employee wellbeing and especially within the area of stress, where we have engaged an external coach in Denmark to help us prevent severe stress-cases and support the recovery of employees who are affected by stress. Furthermore, our extended leadership team has been trained in how to prevent and handle stress cases among their respective employees. We will continue our work with ensuring a positive and healthy working environment for all our employees.

As a result of our efforts, we have had less severe stress-cases among our employees in 2023.

Management's review

Anti-corruption

The group is committed to free and fair competition, and we support the antitrust and competition laws that exist in the countries in which we operate. We convince all stakeholders by our products and our performance as a company. We do not accept or offer any type of bribery to or from another person or entity aiming to influence or promote a certain act or omission which would have been inappropriate under normal conditions.

We acknowledge that when working across countries and cultures, there is a risk that the employees can be exposed to situations involving corruption, bribery or questions about facilitation payment.

In 2023, we have implemented a new Group Compliance organization. Additionally, we have rolled out online compliance trainings, which is mandatory for all white-collar employees. In 2024, we will increase our focus on compliance by additionally offering face-to-face trainings for our sales employees.

In 2023, we have not identified any cases of corruption or bribery in Dantherm Group.

Further elaboration on our anti-corruption guidelines is available in the Dantherm Group Code of Conduct, Trade Compliance Manual, Business Partner Compliance Policy and Gifts Policy.

Report on the gender composition of Management

We believe that diversity among employees and management, including gender distribution, contributes positively to the working environment and strengthens the company performance and competitiveness.

Overview

| | 2023 |
|---|------|
| <i>Supreme governing body</i> | |
| Total number of members | 6 |
| Underrepresented gender in % | 17 |
| Target figure in % | 33 |
| Year in which the target figure is expected to be met | 2025 |
| <i>Other levels of management</i> | |
| Total number of members | 35 |
| Underrepresented gender in % | 6 |
| Target figure in % | 40 |
| Year in which the target figure is expected to be met | 2030 |

Supreme governing body

The Advisory Board is the highest management level for the company. The status on the gender distribution in the Advisory Board in Dantherm Group Holding I ApS is 6 members in which 17% are women and 83% are men.

The gender distribution target for the Advisory Board is that min. 33% of the under-represented gender is represented at the end of 2025.

Hence, the target for 2025 is currently not fulfilled.

Despite our efforts to achieve a more equal gender distribution, the current board members were found to be the most suitable representatives based on experience and competencies although we did not achieve an equal distribution.

In 2023, no changes were made to the Advisory Board. However, we prepared our gender policy and considered what initiatives we can make for the next Advisory Board election.

Management's review

Other levels of management

The extended management team included Group management and managers and other key staff reporting into Group Management. The status on the gender distribution in the extended management team is 35 members in which 6% are women and 94% are men.

The gender distribution target for the extended management team is that min. 40% of the under-represented gender is represented at the end of 2030.

Hence, the target for 2030 is currently not fulfilled.

The first level of other levels of management is our extended management team including Group management. The second level of other levels of management is managers and other key staff reporting to Group Management.

We strive to achieve gender balance across all levels of management, including other levels of management, with a goal to increase the representation of the underrepresented gender.

To increase the representation of the underrepresented gender, we implemented targeted recruitment strategies in the financial year, ensuring diverse candidate pools for managerial positions through proactive sourcing and partnerships with gender-focused professional networks.

No changes to the managerial composition occurred in the current financial year. The existing members of management, selected based on experience, expertise, and competencies relevant to the roles, remained unchanged. The current extended management team members are found to be the most suitable representatives based on experience and competencies.

Events after the balance sheet date

The debt structure is subject to general conditions as well as financial covenants that is tested quarterly. The company complies with all financial covenants for 2023 but failed the covenant test for Q1 and Q2 2024. This has been remediated by a waiver from the lenders and an equity cure guaranteed by the shareholders.

Beside this, there has not been any subsequent events, which has significant impact on the financial status as of December 31, 2023.

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

Income statement

| Note | DKK'000 | Group | | Parent company | |
|------|--|------------|------------|----------------|---------|
| | | 2023 | 2022 | 2023 | 2022 |
| | Revenue | 2,294,141 | 2,100,967 | 12,396 | 7,000 |
| | Change in inventories of finished goods and work in progress | -56,438 | 551,706 | 0 | 0 |
| | Work performed for own account and capitalised | 10,196 | 7,617 | 0 | 0 |
| | Other operating income | 11,110 | 497 | 0 | 0 |
| | Raw materials and consumables | -1,066,928 | -1,662,243 | 0 | 0 |
| 4 | Other external expenses | -439,422 | -295,382 | -1,600 | -1,442 |
| | Gross profit | 752,659 | 703,162 | 10,796 | 5,558 |
| 5 | Staff costs | -418,911 | -383,420 | -5,711 | -10,396 |
| 6 | Amortisation/depreciation of intangible assets and property, plant and equipment | -200,140 | -177,495 | 0 | 0 |
| | Other operating expenses | -58,771 | -55,102 | -8,582 | -3,278 |
| | Profit/ loss before net financials | 74,837 | 87,145 | -3,497 | -8,116 |
| | Income from investments in group enterprises | 0 | 0 | -147,509 | -89,165 |
| 7 | Financial income | 7,660 | 19,873 | 22 | 7 |
| 8 | Financial expenses | -241,204 | -150,790 | -18 | -71 |
| | Profit/ loss before tax | -158,707 | -43,772 | -151,002 | -97,345 |
| 9 | Tax for the year | 8,245 | -52,191 | 540 | 1,382 |
| | Profit/ loss for the year | -150,462 | -95,963 | -150,462 | -95,963 |

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

Balance sheet (continued)

| Note | DKK'000 | Group | | Parent company | |
|-------|--|------------------|------------------|------------------|------------------|
| | | 2023 | 2022 | 2023 | 2022 |
| | brought forward | 998,209 | 1,103,348 | 0 | 0 |
| | Receivables | | | | |
| | Trade receivables | 274,839 | 272,944 | 0 | 0 |
| | Receivables from group enterprises | 0 | 0 | 4,465 | 16,980 |
| 14,18 | Deferred tax assets | 5,240 | 18,427 | 20 | 929 |
| | Corporation tax receivable | 14,881 | 23,872 | 1,933 | 420 |
| | Joint taxation contribution receivable | 0 | 0 | 0 | 484 |
| | Other receivables | 41,434 | 23,696 | 0 | 70 |
| 15 | Prepayments | 17,584 | 11,288 | 0 | 0 |
| | | <u>353,978</u> | <u>350,227</u> | <u>6,418</u> | <u>18,883</u> |
| 16 | Cash | <u>222,146</u> | <u>169,596</u> | <u>397</u> | <u>434</u> |
| | Total non-fixed assets | <u>1,574,333</u> | <u>1,623,171</u> | <u>6,815</u> | <u>19,317</u> |
| | TOTAL ASSETS | <u>4,066,089</u> | <u>4,209,541</u> | <u>1,501,795</u> | <u>1,610,390</u> |

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

Statement of changes in equity

| | | Group | | | |
|------|--|----------------|-------------------|-------------------|------------------|
| Note | DKK'000 | Share capital | Retained earnings | Dividend proposed | Total |
| | Equity at | | | | |
| | 1 January 2022 | 12,443 | 1,167,153 | 0 | 1,179,596 |
| | Capital increase | 5,084 | 504,105 | 0 | 509,189 |
| | Transfer through appropriation of loss | 0 | -122,431 | 26,468 | -95,963 |
| | Equity at 1 January 2023 | 17,527 | 1,548,827 | 26,468 | 1,592,822 |
| | Capital increase | 444 | 64,348 | 0 | 64,792 |
| | Transfer through appropriation of loss | 0 | -150,462 | 0 | -150,462 |
| | Adjustment of investments through foreign exchange adjustments | 0 | 14,575 | 5 | 14,580 |
| | Dividend distributed | 0 | 0 | -26,473 | -26,473 |
| | Equity at 31 December 2023 | 17,971 | 1,477,288 | 0 | 1,495,259 |
| | | Parent company | | | |
| Note | DKK'000 | Share capital | Retained earnings | Dividend proposed | Total |
| | Equity at | | | | |
| | 1 January 2022 | 12,443 | 1,167,153 | 0 | 1,179,596 |
| | Capital increase | 5,084 | 504,105 | 0 | 509,189 |
| 10 | Transfer, see "Appropriation of profit/loss" | 0 | -122,431 | 26,468 | -95,963 |
| | Equity at 1 January 2023 | 17,527 | 1,548,827 | 26,468 | 1,592,822 |
| | Capital increase | 444 | 64,348 | 0 | 64,792 |
| 10 | Transfer, see "Appropriation of profit/loss" | 0 | -150,462 | 0 | -150,462 |
| | Adjustment of investments through foreign exchange adjustments | 0 | 14,575 | 5 | 14,580 |
| | Dividend distributed | 0 | 0 | -26,473 | -26,473 |
| | Equity at 31 December 2023 | 17,971 | 1,477,288 | 0 | 1,495,259 |

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

Cash flow statement

| Note | DKK'000 | Group | |
|------|---|-----------------|-----------------|
| | | 2023 | 2022 |
| | Profit/loss for the year | -150,462 | -95,963 |
| 26 | Adjustments | 425,439 | 360,604 |
| | Cash generated from operations (operating activities) | 274,977 | 264,641 |
| 27 | Changes in working capital | 83,554 | -202,216 |
| | Cash generated from operations (operating activities) | 358,531 | 62,425 |
| | Interest received, etc. | 7,660 | 19,873 |
| | Interest paid, etc. | -241,204 | -150,790 |
| | Income taxes paid | -6,432 | -43,865 |
| | Cash flows from operating activities | 118,555 | -112,357 |
| | Additions and disposals of intangible assets, net | -51,124 | -18,368 |
| | Additions and disposals of property, plant and equipment, net | -52,007 | -17,833 |
| 28 | Acquisition of companies and activities | 0 | -705,829 |
| | Cash flows to investing activities | -103,131 | -742,030 |
| | Dividends paid | -26,473 | 0 |
| | Proceeds of debt to credit institutions | 33,568 | 814,204 |
| | Proceeds of debt, finance leases | 26,066 | 0 |
| | Repayments, long-term liabilities | -74,529 | 0 |
| | Cash capital increase | 64,792 | 25,819 |
| | Cash flows from financing activities | 23,424 | 840,023 |
| | Net cash flow | 38,848 | -14,364 |
| | Cash and cash equivalents at 1 January | 169,596 | 183,960 |
| | Foreign exchange adjustments | 13,702 | 0 |
| 29 | Cash and cash equivalents at 31 December | 222,146 | 169,596 |

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

Notes to the financial statements

1 Accounting policies

The annual report of Dantherm Group Holding I ApS for 2023 has been prepared in accordance with the provisions in the Danish Financial Statements Act applying to large reporting class C entities.

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'000).

Consolidated financial statements

Control

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

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

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

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

Preparation of consolidated financial statements

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

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

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

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

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

External business combinations

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

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

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

Notes to the financial statements

1 Accounting policies (continued)

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

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

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

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

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

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

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

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

Intra-group business combinations

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

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

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

Notes to the financial statements

1 Accounting policies (continued)

Foreign currency translation

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

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

Foreign group entities

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

Derivative financial instruments

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

Income statement

Revenue

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

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

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

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.

Other operating income

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

Cost of sales

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

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

Notes to the financial statements

1 Accounting policies (continued)

Other external expenses

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

Staff costs

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

Amortisation/ depreciation

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 over the expected useful life. Acquired IP rights include patents, rights and licences.

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

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

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

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

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

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

| | |
|--|-------------|
| Land and buildings | 15-30 years |
| Plant and machinery | 5-8 years |
| Fixtures and fittings, other plant and equipment | 5-8 years |
| Leasehold improvements | 3-10 years |
| Other plant, fixtures and fitting, tools and equipment | 3-5 years |

Land is not depreciated.

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.

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

Notes to the financial statements

1 Accounting policies (continued)

Profit/loss from investments in group entities

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

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

Financial income and expenses

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

Tax

The parent company is covered by the Danish rules on mandatory joint taxation of the Group's Danish group entities. Group entities are included in the joint taxation arrangement from the date at which they are included in the consolidated financial statements and up to the date when they are no longer consolidated.

The parent company acts as management company for the joint taxation arrangement and consequently settles all corporate income tax payments with the tax authorities.

On payment of joint taxation contributions, the Danish corporate income tax charge is allocated between the jointly taxed entities in proportion to their taxable income. Entities with tax losses receive joint taxation contributions from entities that have been able to use the tax losses to reduce their own taxable income.

Tax for the year, which comprises the current income tax charge, joint taxation contributions and deferred tax adjustments, including adjustments arising from changes in tax rates, is recognised in the income statement as regards the portion that relates to the profit/loss for the year and directly in equity as regards the portion that relates to entries directly in equity.

Balance sheet

Intangible assets

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

Other intangible assets include development projects and other acquired intangible rights, including brand, customer relationship, technology and knowhow.

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

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

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

Notes to the financial statements

1 Accounting policies (continued)

Development projects that are clearly defined and identifiable, where the technical feasibility, sufficient resources and a potential future market or development opportunities 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 3-5 years.

Patents and licences are measured at cost less accumulated amortisation and impairment losses. Patents are amortised on a straight line basis over the remaining term of the patent, and licences are amortised over the term of the licence.

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

Property, plant and equipment

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

As regards self-produced assets, the cost includes the cost of materials and labour, etc. directly relating to the production.

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

Leases

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

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

Investments in group entities

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

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

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

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

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

Notes to the financial statements

1 Accounting policies (continued)

Dividend received is deduced from the carrying amount.

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

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

Impairment of fixed assets

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

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

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

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

Inventories

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

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

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

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

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

Receivables

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

Receivables are measured at amortised cost.

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

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

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

Notes to the financial statements

1 Accounting policies (continued)

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

Prepayments

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

Cash

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

Equity

Reserve for net revaluation according to the equity method

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

Reserve for development costs

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

Translation reserve

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

Proposed dividends

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

Provisions

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

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

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

Notes to the financial statements

1 Accounting policies (continued)

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

Income taxes

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

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

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

As management company for all the entities in the joint taxation arrangement, the parent company is liable for payment of the group entities' income taxes vis à vis the tax authorities as the group entities pay their joint taxation contributions. Joint taxation contributions payable or receivable are recognised in the balance sheet as income tax receivables or payables.

Lease liabilities

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

Prepayments received from customers

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

Special items

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

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

Cash flow statement

The cash flow statement shows the Company's net cash flows broken down according to operating, investing and financing activities, the year's changes in cash and cash equivalents as well as the cash and cash equivalents at the beginning and the end of the year.

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

Notes to the financial statements

1 Accounting policies (continued)

Cash flows from operating activities are calculated as the profit/loss for the year adjusted for non cash operating items, changes in working capital and paid corporate income tax.

Cash flows from investing activities comprise payments in connection with acquisitions and disposals of entities and activities and of intangible assets, property, plant and equipment and investments.

Cash flows from financing activities comprise changes in the size or composition of the Company's share capital and related expenses as well as raising of loans, repayment of interest bearing debt and payment of dividends to shareholders.

Cash and cash equivalents comprise cash, short term bank loans and short term securities which are readily convertible into cash and which are subject only to insignificant risks of changes in value.

Segment information

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

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

Financial ratios

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

Adjusted EBITDA is calculated as EBITDA before special items.

2 Events after the balance sheet date

The debt structure is subject to general conditions as well as financial covenants that is tested quarterly. The company comply with all financial covenants for 2023 but failed the covenant test for Q1 and Q2 2024. This has been remediated by a waiver from the lenders and an equity cure guaranteed by the shareholders.

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

Notes to the financial statements

3 Special items

Group

Special items for the year are specified below just as are the items under which they are recognised in the income statement.

| DKK'000 | Group | | Parent company | |
|--|-----------------------|-----------------------|----------------------|-----------------|
| | 2023 | 2022 | 2023 | 2022 |
| Expenses | | | | |
| Integration costs | -63,196 | -31,908 | -2,743 | 0 |
| Acquisition costs | -7,387 | -23,194 | -5,128 | 0 |
| Insurance case UK | -1,763 | 0 | 0 | 0 |
| Discontinued business Russia | -860 | 0 | 0 | 0 |
| | <u>-73,206</u> | <u>-55,102</u> | <u>-7,871</u> | <u>0</u> |
| Special items are recognised in the below items of the financial statements | | | | |
| Revenue | 2,738 | 0 | 0 | 0 |
| Raw materials and consumables | -9,722 | 0 | 0 | 0 |
| Staff costs | -7,066 | 0 | 0 | 0 |
| Other external expenses | -385 | 0 | 0 | 0 |
| Other operating expenses | -58,771 | -55,102 | -7,871 | 0 |
| Net profit/ loss on special items | <u><u>-73,206</u></u> | <u><u>-55,102</u></u> | <u><u>-7,871</u></u> | <u><u>0</u></u> |

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

Notes to the financial statements

| DKK'000 | Group | | Parent company | |
|---|-------|-------|----------------|------|
| | 2023 | 2022 | 2023 | 2022 |
| 4 Fee to the auditors appointed in general meeting | | | | |
| Total fees to EY | 4,117 | 1,449 | 129 | 172 |
| Statutory audit | 1,131 | 503 | 16 | 17 |
| Assurance engagements | 430 | 0 | 49 | 0 |
| Tax assistance | 959 | 587 | 16 | 30 |
| Other assistance | 1,597 | 359 | 48 | 125 |
| | 4,117 | 1,449 | 129 | 172 |

| DKK'000 | Group | | Parent company | |
|-----------------------------|---------|---------|----------------|--------|
| | 2023 | 2022 | 2023 | 2022 |
| 5 Staff costs | | | | |
| Wages/salaries | 350,134 | 322,518 | 5,100 | 9,919 |
| Pensions | 15,517 | 14,785 | 590 | 457 |
| Other social security costs | 39,440 | 35,068 | 19 | 12 |
| Other staff costs | 13,820 | 11,049 | 2 | 8 |
| | 418,911 | 383,420 | 5,711 | 10,396 |

| | Group | | Parent company | |
|---|-------|------|----------------|------|
| | 2023 | 2022 | 2023 | 2022 |
| Average number of full-time employees | 803 | 756 | 3 | 2 |
| Number of employees at the balance sheet date | 882 | 927 | 3 | 2 |

Remuneration to members of Management:

| | Group | | Parent company | |
|-----------------|--------|-------|----------------|-------|
| | 2023 | 2022 | 2023 | 2022 |
| Executive Board | 13,516 | 8,896 | 2,395 | 1,556 |
| | 13,516 | 8,896 | 2,395 | 1,556 |

| DKK'000 | Group | | Parent company | |
|--|---------|---------|----------------|------|
| | 2023 | 2022 | 2023 | 2022 |
| 6 Amortisation/ depreciation of intangible assets and property, plant and equipment | | | | |
| Amortisation of intangible assets | 174,103 | 159,179 | 0 | 0 |
| Depreciation of property, plant and equipment | 26,037 | 18,316 | 0 | 0 |
| | 200,140 | 177,495 | 0 | 0 |

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

Notes to the financial statements

| | Group | | Parent company | |
|---------------------------|--------------|---------------|----------------|----------|
| | 2023 | 2022 | 2023 | 2022 |
| DKK'000 | | | | |
| 7 Financial income | | | | |
| Exchange gain | 4,574 | 17,444 | 3 | 5 |
| Other financial income | 3,086 | 2,429 | 19 | 2 |
| | <u>7,660</u> | <u>19,873</u> | <u>22</u> | <u>7</u> |

| | Group | | Parent company | |
|-----------------------------|----------------|----------------|----------------|-----------|
| | 2023 | 2022 | 2023 | 2022 |
| DKK'000 | | | | |
| 8 Financial expenses | | | | |
| Other interest expenses | 6,932 | 4,700 | 0 | 0 |
| Exchange losses | 16,786 | 20,282 | 5 | 58 |
| Other financial interests | 217,486 | 125,808 | 13 | 13 |
| | <u>241,204</u> | <u>150,790</u> | <u>18</u> | <u>71</u> |

| | Group | | Parent company | |
|--------------------------------------|---------------|---------------|----------------|---------------|
| | 2023 | 2022 | 2023 | 2022 |
| DKK'000 | | | | |
| 9 Tax for the year | | | | |
| Estimated tax charge for the year | 9,789 | 37,711 | -1,449 | -484 |
| Deferred tax adjustments in the year | -13,610 | 14,117 | 909 | -929 |
| Tax adjustments, prior years | -4,424 | 363 | 0 | 31 |
| | <u>-8,245</u> | <u>52,191</u> | <u>-540</u> | <u>-1,382</u> |

| | Parent company | |
|--|-----------------|----------------|
| | 2023 | 2022 |
| DKK'000 | | |
| 10 Appropriation of profit/ loss | | |
| Recommended appropriation of profit/ loss | | |
| Proposed dividend recognised under equity | 0 | 26,468 |
| Retained earnings/ accumulated loss | -150,462 | -122,431 |
| | <u>-150,462</u> | <u>-95,963</u> |

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

Notes to the financial statements

11 Intangible assets

| | Group | | | | |
|--|--------------------------------|----------------------------|------------------|--|------------------|
| | Completed development projects | Acquired intangible assets | Goodwill | Development projects in progress and prepayments for intangible assets | Total |
| DKK'000 | | | | | |
| Cost at 1 January 2023 | 175,960 | 598,192 | 1,940,196 | 25,382 | 2,739,730 |
| Foreign exchange adjustments | 224 | 10,796 | 2,462 | 38 | 13,520 |
| Additions | 127 | 21,034 | 0 | 37,066 | 58,227 |
| Disposals | -2,240 | -3,243 | 0 | -4,605 | -10,088 |
| Transferred | 7,210 | 328 | 0 | -7,551 | -13 |
| Cost at 31 December 2023 | 181,281 | 627,107 | 1,942,658 | 50,330 | 2,801,376 |
| Impairment losses and amortisation at 1 January 2023 | 134,319 | 99,930 | 83,472 | 0 | 317,721 |
| Foreign exchange adjustments | 205 | 10,346 | 716 | 0 | 11,267 |
| Amortisation for the year | 14,326 | 59,465 | 100,312 | 0 | 174,103 |
| Amortisation and impairment losses of disposals for the year | 0 | -2,985 | 0 | 0 | -2,985 |
| Transferred | -2,829 | 0 | 0 | 0 | -2,829 |
| Impairment losses and amortisation at 31 December 2023 | 146,021 | 166,756 | 184,500 | 0 | 497,277 |
| Carrying amount at 31 December 2023 | 35,260 | 460,351 | 1,758,158 | 50,330 | 2,304,099 |

Completed development projects

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

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

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Notes to the financial statements

11 Intangible assets (continued)

Development projects in progress

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

As at 31 December 2023, the accounting value totals DKK 50,330. The majority of ongoing development projects are expected to be completed in 2024. After which marketing and sales can begin. Management expects that development efforts in 2024 will continue in line with 2023.

The new systems are expected to result in significant competitive advantages and thus constitute a significant part of earnings and profit for the company also in 2024. In 2023, management has conducted an impairment test of the carrying value of the ongoing development projects. It is considered that the recoverable value in terms of utility exceeds the carrying value. The utility is calculated on the basis of expected cash flows based on budgets for the next three years on the newly developed products.

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

Notes to the financial statements

12 Property, plant and equipment

| DKK'000 | Group | | | | | Total |
|---|--------------------|---------------------|--|------------------------|---|----------------|
| | Land and buildings | Plant and machinery | Fixtures and fittings, other plant and equipment | Leasehold improvements | Prepayments for property, plant and equipment | |
| Cost at 1 January 2023 | 243,517 | 144,857 | 83,127 | 12,788 | 477 | 484,766 |
| Foreign exchange adjustments | -145 | 471 | 195 | 0 | 4 | 525 |
| Additions | 134 | 7,122 | 38,055 | 4,739 | 6,851 | 56,901 |
| Disposals | -59 | -3,041 | -12,387 | -1,454 | -1,745 | -18,686 |
| Transferred | -237 | 1,405 | 171 | 0 | -1,339 | 0 |
| Cost at 31 December 2023 | 243,210 | 150,814 | 109,161 | 16,073 | 4,248 | 523,506 |
| Impairment losses and depreciation at 1 January 2023 | 123,974 | 127,001 | 61,146 | 8,284 | 0 | 320,405 |
| Foreign exchange adjustments | -180 | 395 | 167 | 0 | 0 | 382 |
| Depreciation | 4,500 | 4,375 | 13,549 | 3,613 | 0 | 26,037 |
| Depreciation and impairment of disposals | 0 | -2,398 | -10,572 | -822 | 0 | -13,792 |
| Transferred | 0 | -170 | -120 | 3,107 | 0 | 2,817 |
| Impairment losses and depreciation at 31 December 2023 | 128,294 | 129,203 | 64,170 | 14,182 | 0 | 335,849 |
| Carrying amount at 31 December 2023 | 114,916 | 21,611 | 44,991 | 1,891 | 4,248 | 187,657 |
| Property, plant and equipment include finance leases with a carrying amount totalling | 0 | 0 | 26,830 | 0 | 0 | 26,830 |

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

Notes to the financial statements

13 Investments

| DKK'000 | <u>Parent company</u> <u>Investments in</u> <u>group</u> <u>enterprises</u> |
|--|--|
| Cost at 1 January 2023 | 1,735,262 |
| Additions | 63,303 |
| Cost at 31 December 2023 | <u>1,798,565</u> |
| Value adjustments at 1 January 2023 | -144,189 |
| Foreign exchange adjustments | 14,581 |
| Dividend received | -26,468 |
| Profit/loss for the year | <u>-147,509</u> |
| Value adjustments at 31 December 2023 | <u>-303,585</u> |
| Carrying amount at 31 December 2023 | <u>1,494,980</u> |

Parent company

| <u>Name</u> | <u>Legal form</u> | <u>Domicile</u> | <u>Interest</u> | <u>Equity</u> <u>DKK'000</u> | <u>Profit/loss</u> <u>DKK'000</u> |
|--|-------------------|-----------------|-----------------|---------------------------------|--------------------------------------|
| Dantherm Group Holding II A/S | Aktieselskab | Skive | 100.00% | 1,494,980 | -147,509 |

14 Deferred tax assets

Group

As of 31 December 2023, the Group has recognised deferred tax assets totalling DKK 5 million. The deferred tax asset is composed of recoverable losses and unused tax deductions in the form of temporal differences.

Based on the budgets 2024-2028, management has assessed it likely that future taxable income will be available in which unused tax losses and unused tax deductions can be utilized.

Parent company

As of 31 December 2023, the Company has recognised deferred tax assets totalling DKK 20 thousand. The deferred tax asset is composed of recoverable losses and unused tax deductions in the form of temporal differences.

Based on the budgets 2024-2028, management has assessed it likely that future taxable income will be available in which unused tax losses and unused tax deductions can be utilized.

15 Prepayments

Group

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

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

Notes to the financial statements

16 Cash

Group

As of 31 December 2023, cash in Russian subsidiary amounts 8,1 mio. DKK. Due to geopolitical situation, there can be difficulties connected with moving this cash to other countries.

| DKK'000 | Parent company | |
|---|-------------------|-------------------|
| | 2023 | 2022 |
| 17 Share capital | | |
| Analysis of the share capital: | | |
| 43,010,478,000 A shares of DKK 0.074365 nominal value each | 3,198,474 | 3,088,907 |
| 13,903,266,000 B shares of DKK 0.074365 nominal value each | 1,033,916 | 1,080,546 |
| 159,739,803,000 C shares of DKK 0.074365 nominal value each | 11,879,050 | 11,498,852 |
| 25,000,000,000 D shares of DKK 0.074365 nominal value each | 1,859,125 | 1,859,125 |
| | <u>17,970,565</u> | <u>17,527,430</u> |

Each A share carries 0,01 voting rights and each B, C and D share carries none voting right.

Analysis of changes in the share capital over the past 3 years:

| DKK'000 | 2023 | 2022 | 2021 |
|------------------|---------------|---------------|---------------|
| Opening balance | 17,527 | 12,443 | 0 |
| Capital increase | 444 | 5,084 | 12,043 |
| | <u>17,971</u> | <u>17,527</u> | <u>12,043</u> |

Capital increase in 2023 was made of EUR: 42,501 with a rate of 11.218 each, 15,088.43 with a rate of 24,737 each and 2,000 with a rate of 10,000 each.

| DKK'000 | Group | | Parent company | |
|------------------------------|----------------|----------------|----------------|-------------|
| | 2023 | 2022 | 2023 | 2022 |
| 18 Deferred tax | | | | |
| Analysis of the deferred tax | | | | |
| Deferred tax assets | -5,240 | -18,427 | -20 | -929 |
| Deferred tax liabilities | 105,961 | 120,710 | 0 | 0 |
| | <u>100,721</u> | <u>102,283</u> | <u>-20</u> | <u>-929</u> |

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

Notes to the financial statements

19 Non-current liabilities other than provisions

| DKK'000 | Group | | | |
|-------------------|--------------------------|--------------------|-------------------|--------------------------------|
| | Total debt at 31/12 2023 | Short-term portion | Long-term portion | Outstanding debt after 5 years |
| Bank debt | 2,039,900 | 90,795 | 1,949,105 | 0 |
| Lease liabilities | 26,152 | 2,335 | 23,817 | 14,355 |
| Other payables | 20,064 | 3,813 | 16,251 | 16,251 |
| | <u>2,086,116</u> | <u>96,943</u> | <u>1,989,173</u> | <u>30,606</u> |

| DKK'000 | Parent company | | | |
|---------|--------------------------|--------------------|-------------------|--------------------------------|
| | Total debt at 31/12 2023 | Short-term portion | Long-term portion | Outstanding debt after 5 years |
| | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> |

20 Provisions

Group

Provisions comprise provisions for warranty commitments, totalling t.DKK 22,585, deferred tax totalling t.DKK 105,961, and other provisions, totalling t.DKK 6,603.

Warranty provisions relate to expected warranty expenses in accordance with usual guarantee commitments applicable to the sale of goods. The obligation is expected to be settled over the warranty period, which is five years. T.DKK 25,082 is expected to be utilised in the coming financial year.

Other provisions t.DKK 6,603 is expected to be settled in the coming financial year.

| DKK'000 | Group | | Parent company | |
|---|---------------|---------------|----------------|----------|
| | 2023 | 2022 | 2023 | 2022 |
| 21 Other provisions | | | | |
| The provisions are expected to be payable in: | | | | |
| 0-1 year | 25,082 | 30,158 | 0 | 0 |
| 1-5 year | 4,188 | 3,609 | 0 | 0 |
| > 5 year | 11 | 363 | 0 | 0 |
| | <u>29,281</u> | <u>34,130</u> | <u>0</u> | <u>0</u> |

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

Notes to the financial statements

22 Derivative financial instruments

Group

The Group uses hedging instruments such as interest swaps to hedge recognised and non-recognised transactions.

The Group has entered into an interest rate swap on variable interest on debt of EUR 110 million with a CAP of 3.5% and Floor of 2.75%. The agreement runs until 23 February 2025.

Group

Recognised transactions

Hedging of recognised transactions primarily includes interest on loans.

Group

Interest rate risks

The Group uses interest rate swaps to hedge interest rate risks, whereby floating interest payments are rescheduled into a cap of interest payments.

23 Contractual obligations and contingencies, etc.

Other financial obligations

Other rent and lease liabilities:

| DKK'000 | Group | | Parent company | |
|----------------------------|---------|---------|----------------|------|
| | 2023 | 2022 | 2023 | 2022 |
| Rent and lease liabilities | 675,371 | 683,754 | 475 | 107 |

Parent company

The parent company is jointly taxed with other Danish group entities. As a management company, the company is jointly and severally liable with the other Danish group entities undertakings for Danish corporation taxes and withholding taxes on dividends, interest and royalties within the joint taxation. The total known net liability of the joint taxation companies on corporate taxes due and withholding taxes on dividends, interest and royalties amounts to T.DKK 864 as at 31 December 2023. Any subsequent corrections to co-taxation income or withholding taxes, etc. may result in the liability of the companies amounting to a larger amount. The Group as a whole is not liable to others.

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

Notes to the financial statements

24 Security and collateral

Group

The Group has a total credit facility amounting to EUR 320 millions (DKK 2,385 million) as per December 31, 2023, whereas EUR 40 millions (DKK 298 million) are the credit facilities to finance the operations.

The credit facilities are subject to the following collaterals and pledges:

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

- Granted security by all shares held in Dantherm Group Holding II A/S, Dantherm Denmark A/S, Aircenter AG, Dantherm Group A/S, Dantherm GmbH, Dantherm SAS, Dantherm S.P.A., Dantherm sp.z o.o., Trotec Group GmbH and Trotec GmbH, intercompany loans and bank accounts. Further, Dantherm Group Holding II A/S has granted security over claims under the due diligence reports prepared for the acquisition of Dantherm and the related SPA.

- Floating charge issued by Dantherm Denmark A/S amounting to 75 mio DKK. The total carrying amount of these assets is DKK 279 mio and can be specified as debtors with a carrying value at 31 December 2023 of DKK 35 million, inventories with a carrying value at 31 December 2023 of DKK 143 million, intangible assets with a carrying value at 31 December 2023 of DKK 32 million and tangible assets with a carrying value at 31 December 2023 of DKK 69 million.

The debt structure is subject to general conditions as well as financial covenants that is tested quarterly. The company comply with all financial covenants for 2023 but failed the covenant test for Q1 and Q2 2024. This has been remediated by a waiver from the lenders and an equity cure guaranteed by the shareholders.

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

Guarantee commitments consist of a guarantee provided in respect of third party commitments. The guarantee commitment is maximally tDKK 10.509.

Parent company

Reference to disclosure for the group above.

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"By my signature I confirm all dates and content in this document."

Bjarke Brøns

CEO

On behalf of: Dantherm Group Holding I ApS

Serial number: 73932e2b-e796-4aae-8d93-685b946fe5cb

IP: 49.231.xxx.xxx

2024-07-19 11:50:47 UTC



Jakob Bonde Jessen

Director

On behalf of: Dantherm Group Holding I ApS

Serial number: bb16fd54-94b7-491f-b169-a0d22bd51ab5

IP: 87.49.xxx.xxx

2024-07-19 14:00:58 UTC



Stefan Liedtke

Director

On behalf of: Dantherm Group Holding I ApS

Serial number: stefan.liedtke@danthermgroup.com

IP: 80.187.xxx.xxx

2024-07-19 15:10:42 UTC

Steen Skorstengaard

EY Godkendt Revisionspartnerselskab CVR: 30700228

State Authorised Public Accountant

On behalf of: EY Godkendt Revisionspartnerselskab

Serial number: 46c3b475-55f1-4e18-bb1d-e4a1d2024657

IP: 37.96.xxx.xxx

2024-07-19 15:55:59 UTC



Lone Nørgaard Eskildsen

EY Godkendt Revisionspartnerselskab CVR: 30700228

State Authorised Public Accountant

On behalf of: EY Godkendt Revisionspartnerselskab

Serial number: c716d8d8-6538-4f61-be2f-1f10c5cbb305

IP: 165.225.xxx.xxx

2024-07-19 16:19:03 UTC



Thomas Korfix Gjøel-Trønning

Chairman

On behalf of: Dantherm Group Holding I ApS

Serial number: aa497ec6-bc65-499f-9ff1-4c14bebbcf9

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