Polar Fox Holding I ApS

Marienlystvej 65, 7800

CVR no. 42 60 83 35

Annual report 2022

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

Chair of the meeting:

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Contents

Statement by the Board of Directors and the Executive Board

Today, the Executive Board has discussed and approved the annual report of Polar Fox Holding I ApS for the financial year 1 January - 31 December 2022.

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

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

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

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

Skive, 3 July 2023
Executive Board:

Bjarke Brøns CEO	Jakob Bonde Jessen Director

Independent auditor's report

To the shareholders of Polar Fox Holding I ApS

Opinion

We have audited the consolidated financial statements and the parent company financial statements of Polar Fox Holding I ApS for the financial year 1 January - 31 December 2022, which comprise income statement, balance sheet, statement of changes in equity and notes, including accounting policies, for the Group and the Parent Company, 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 2022, 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 2022 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the consolidated financial statements and the parent Company financial statements" (herinafter collectively referred to as "the financial statements") section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

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

Management's responsibilities for the financial statements

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

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

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

Management's review

Company details

Name	Polar Fox 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 Bonde Jessen, Director
Auditors	EY Godkendt Revisionspartnerselskab Værkmestergade 25, P.O. Box 330, 8100 Aarhus C, Denmark

Management's review

Financial highlights for the Group

DKK'000	2022 12 months	2021 5 months
Key figures		
Revenue	2,100,967	221,903
Earnings before interest, taxes, depreciation and amortisation (EBITDA)	264,641	-31,021
Adjusted EBITDA	319,743	26,248
Net financials	-130,917	-11,339
Profit/loss for the year	**-95,963**	**-64,759**
Total assets	4,209,542	2,522,316
Investments in property, plant and equipment	17,833	7,409
Equity	**1,592,822**	**1,179,596**
Cash flows from operating activities	-112,357	-378,091
Total cash flows	**-14,364**	**183,960**
Financial ratios		
Operating margin	4.1%	-21.7%
Gross margin	33.5%	32.0%
EBITDA-margin	12.6%	-14.0%
Return on assets	4.2%	0.4%
Current ratio	362.5%	276.6%
Equity ratio	37.8%	46.8%
Return on equity	-6.9%	-5.5%
Average number of full-time employees	**828**	**74**

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

Polar Fox Holding I ApS is holding company for the Dantherm Group 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

Polar Fox 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 Polar Fox Holding II A/S, which is 100% owned by Polar Fox Holding I ApS. Polar Fox Holding II A/S owns Dantherm Group A/S that has been merged with Dantherm Holding A/S, and with Dantherm Group A/S as the continuing company.

On May 24, 2022, Polar Fox 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

The annual report for 2021 only contains the result for the period November 17, 2021 – December 31, 2021, as it represents the period the company has owned Dantherm Group A/S.

We have during 2022 finalized the PPA from the acquisition in 2021 of the Dantherm Group A/S, and it has no major impact on the results. See note 1 for further details.

Consolidated revenue for 2022 amounted to DKK 2.101m including revenue for the Trotec Group in the owner period. Consolidated revenue for 2021 amounted to DKK 221,9m in the period November 17, 2021 – December 31, 2021.

Profit before interests, taxes, depreciation and amortisation and without non-recurring and integration costs (Adjusted EBITDA) amounted to DKK 319,7 m including Trotec Group in the owner period compared to Adjusted EBITDA of DKK 26,2m in 2021 (for the period November 17, 2021 – December 31).

In last year´s annual report, we stated that we expected a significantly higher revenue and earnings (EBITDA) due to the acquisition of Trotec Group GmbH in May 2022. This expectation have been meet, and therefore management considers the Adjusted EBITDA to be satisfactory.

Correction to comparative figures

Corrections have been made to the comparative figures in the consolidated financial statements and the parent company accounts for 2021 due to an incorrect reflection in the financial statements of the share capital increase by contribution in kind and the associated purchase price of the acquisition of Dantherm Holding A/S in November 2021. Comparative figures have been corrected in accordance with §121 in the Danish Financial Statement Act. Please refer to note 1 for further description of the correction.

Outlook

In 2023 management expects significantly higher revenue and earnings (Adjusted EBITDA) than in 2022. Trotec Group was acquired in May 2022, and will have a full-year effect included in 2023. In addition to this the market potential for the group is positive and a number of integration activities has been initiated and is expected to generate synergies that will increase earnings.

We expect revenue in 2023 to be in the range DKK 2.300m to 2.400 m and Adjusted EBITDA to be between DKK 350m and DKK 400m.

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 more than three million climate control products and solutions sold worldwide.

The development activities is mainly development and modifications of products within HVAC and dehumidification and amounts to DKK 19.801 k. We expect an increasing level in the next financial year as we also have development activities in the acquired company (Trotec Group) and where we will have activities in all 12 months. For the rest of the business, we expect development activities to be at the same level as this 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 LIBOR + a margin. The margin is adjusted according to leverage ratio between debt and profit. In 2023, the group has entered into an agreement to fix the interest rate on part of the interest-bearing debt in the group.

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

Data ethics

Data accountability

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

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

Policy on data ethics

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

Other policies in place

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

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

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

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

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 Polar Fox 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 Polar Fox 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 2022

During 2022, the group has conducted a materiality assessment and through this identified a number of non-financial KPI's within the areas of Environment, Social and Governance (ESG). From 2023 onwards, the group will track the development on these selected KPI's in order to continuously improve performance related to ESG.

In 2022, 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.

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 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.

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 2022, is that we have progressed on the construction of a 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.

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

Management's review

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 Group Supplier Code of Conduct, which is based on the global Sedex system.

In 2022, we have updated our Group Supplier Code of Conduct and 92%of our suppliers has agreed to live up to the Conduct.

Social- and employee conditions

The 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 2022, we have increased our focus on employee wellbeing and especially within the area of stress, where we have onboarded 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 in Denmark 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.

Anti-corruption

The group is committed to free and fair competition, and we support the antitrust andcompetition 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 2022, we have created a Trade Compliance Manual and a Gifts Policy and defined a Group Compliance organization, which will be implemented during 2023.

In 2022, we have not identified any cases of corruption or bribery in the Group.

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

Account of 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.

The Advisory Board is the highest management level for the company. The status on the gender distribution in the Advisory Board in Polar Fox Holding I ApS is that 17%are women and 83%are men. The gender distribution target for the Advisory Board is that min. 25%of the under-represented gender is represented at the end of 2025.

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

Management's review

Polar Fox Holding I ApS has not developed policies to increase the proportion of the underrepresented gender at the company's other management level, as the company had fewer than 50 employees during the financial year.

Events after the balance sheet date

There has been a capital injection of EUR 8.5 million after the balance sheet date. Beside this, there has not been any subsequent events, which has significant impact on the financial status as of December 31, 2022.

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

Income statement

Note	DKK'000	Group 2022 12 months	Group 2021 5 months	Parent company 2022 12 months	Parent company 2021 5 months
	Revenue	2,100,967	221,903	7,000	875
	Change in inventories of finished goods and work in progress	551,706	5,240	0	0
	Work performed for own account and capitalised	7,617	1,111	0	0
	Other operating income	497	0	0	0
	Raw materials and consumables	-1,662,243	-128,393	0	0
4	Other external expenses	-295,381	-28,873	-1,442	-165
	Gross profit	703,163	70,988	5,558	710
5	Staff costs	-383,420	-44,740	-10,396	-569
6	Amortisation/depreciation of intangible assets and property, plant and equipment	-177,496	-17,113	0	0
	Other operating expenses	-55,102	-57,269	-3,278	0
	Profit/loss before net financials	87,145	-48,134	-8,116	141
	Income from investments in group enterprises	0	0	-89,165	-64,899
7	Financial income	19,873	2,220	7	0
8	Financial expenses	-150,790	-13,559	-71	-1
	Profit/loss before tax	-43,772	-59,473	-97,345	-64,759
9	Tax for the year	-52,191	-5,286	1,382	0
	Profit/loss for the year	-95,963	-64,759	-95,963	-64,759

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

Balance sheet

		Group		Parent company	
Note	**DKK'000**	**2022**	**2021**	**2022**	**2021**
	ASSETS				
	Fixed assets				
10	**Intangible assets**				
	Completed development projects	41,641	33,916	0	0
	Acquired intangible assets	498,262	410,261	0	0
	Goodwill	1,856,724	1,094,234	0	0
	Development projects in progress and prepayments for intangible assets	25,383	18,166	0	0
		2,422,010	1,556,577	0	0
11	**Property, plant and equipment**				
	Land and buildings	119,543	114,463	0	0
	Plant and machinery	17,854	14,063	0	0
	Fixtures and fittings, other plant and equipment	21,980	13,828	0	0
	Leasehold improvements	4,504	5,890	0	0
	Prepayments for property, plant and equipment	480	532	0	0
		164,361	148,776	0	0
12	**Investments**				
	Investments in group enterprises	0	0	1,591,074	1,177,936
		0	0	1,591,074	1,177,936
	Total fixed assets	2,586,371	1,705,353	1,591,074	1,177,936
	Non-fixed assets				
	Inventories				
	Raw materials and consumables	308,620	151,920	0	0
	Work in progress	8,621	8,494	0	0
	Finished goods and goods for resale	762,868	230,281	0	0
	Prepayments for goods	23,239	4,120	0	0
		1,103,348	394,815	0	0
	to be carried forward	1,103,348	394,815	0	0

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

Balance sheet (continued)

		Group		Parent company	
Note	**DKK'000**	**2022**	**2021**	**2022**	**2021**
	brought forward	1,103,348	394,815	0	0
	Receivables				
	Trade receivables	272,944	196,354	0	0
	Receivables from group enterprises	0	0	16,980	1,094
13,16	Deferred tax assets	18,427	18,116	929	0
	Corporation tax receivable	23,872	0	420	0
	Joint taxation contribution receivable	0	0	484	0
	Other receivables	23,696	17,675	70	0
14	Prepayments	11,288	3,620	0	23
		350,227	235,765	18,883	1,117
	Cash	169,596	186,383	434	1,519
	Total non-fixed assets	1,623,171	816,963	19,317	2,636
	TOTAL ASSETS	4,209,542	2,522,316	1,610,391	1,180,572

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

Balance sheet

		Group		Parent company	
Note	**DKK'000**	**2022**	**2021**	**2022**	**2021**
	EQUITY AND LIABILITIES				
	Equity				
15	Share capital	17,527	12,443	17,527	12,443
	Retained earnings	1,548,827	1,167,153	1,548,827	1,167,153
	Dividend proposed	26,468	0	26,468	0
	Total equity	1,592,822	1,179,596	1,592,822	1,179,596
	Provisions				
16	Deferred tax	120,710	101,572	0	0
19	Other provisions	34,130	6,813	0	0
18	**Total provisions**	154,840	108,385	0	0
	Liabilities other than provisions				
17	**Non-current liabilities other than provisions**				
	Bank debt	2,010,309	924,380	0	0
	Other payables	3,804	14,646	0	0
		2,014,113	939,026	0	0
	Current liabilities other than provisions				
17	Short-term part of long-term liabilities other than provisions	74,365	2,423	0	0
	Lease liabilities	86	0	0	0
	Prepayments received from customers	12,269	2,785	0	0
	Trade payables	252,835	218,916	2,190	56
	Payables to group enterprises	0	0	10,651	481
	Corporation tax payable	29,535	11,814	0	0
	Other payables	78,677	59,371	4,728	439
		447,767	295,309	17,569	976
	Total liabilities other than provisions	2,461,880	1,234,335	17,569	976
	TOTAL EQUITY AND LIABILITIES	4,209,542	2,522,316	1,610,391	1,180,572

1 Accounting policies
2 Events after the balance sheet date
3 Special items
20 Contractual obligations and contingencies, etc.
21 Collateral
22 Related parties
23 Appropriation of profit/loss

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 18 August 2021	0	0	0	0
	Adjustment of equity through corrections of errors	0	66,072	0	66,072
	Capital increase	12,043	1,165,840	0	1,177,883
	Transfer through appropriation of loss	0	-64,759	0	-64,759
	Cash payments concerning formation of enterprise	400	0	0	400
	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 31 December 2022	17,527	1,548,827	26,468	1,592,822

		Parent company			
Note	DKK'000	Share capital	Retained earnings	Dividend proposed	Total
	Equity at 18 August 2021	0	0	0	0
	Adjustment of equity through corrections of errors	0	66,072	0	66,072
	Capital increase	12,043	1,165,840	0	1,177,883
23	Transfer, see "Appropriation of profit/loss"	0	-64,759	0	-64,759
	Cash payments concerning formation of enterprise	400	0	0	400
	Equity at 1 January 2022	12,443	1,167,153	0	1,179,596
	Capital increase	5,084	504,105	0	509,189
23	Transfer, see "Appropriation of profit/loss"	0	-122,431	26,468	-95,963
	Equity at 31 December 2022	17,527	1,548,827	26,468	1,592,822

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

Cash flow statement

		Group	
Note	DKK'000	2022 12 months	2021 5 months
	Profit/loss for the year	-95,963	-64,759
24	Adjustments	360,604	33,607
	Cash generated from operations (operating activities)	264,641	-31,152
25	Changes in working capital	-202,216	-325,484
	Cash generated from operations (operating activities)	62,425	-356,636
	Interest received, etc.	19,873	2,220
	Interest paid, etc.	-150,790	-13,559
	Income taxes paid	-43,865	-10,116
	Cash flows from operating activities	-112,357	-378,091
	Additions of intangible assets	-18,368	-152,631
	Disposals of intangible assets	0	94
	Additions of property, plant and equipment	-17,833	-104,331
	Disposals of property, plant and equipment	0	1,805
26	Acquisition of companies and activities	-705,829	-1,300,195
	Cash flows to investing activities	-742,030	-1,555,258
	Proceeds of debt to credit institutions	814,204	924,380
	Contracting of other long-term liabilities	0	14,646
	Cash capital increase	25,819	1,178,283
	Cash flows from financing activities	840,023	2,117,309
	Net cash flow	-14,364	183,960
	Cash and cash equivalents at 1 January	183,960	0
27	**Cash and cash equivalents at 31 December**	169,596	183,960

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

Notes to the financial statements

1 **Accounting policies**

The annual report of Polar Fox Holding I ApS for 2022 has been prepared in accordance with the provisions in the Danish Financial Statements Act applying to large reporting class C entities.

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

Material misstatements

Comparative figures for 2021 have been corrected for errors in the calculation of the purchase price in connection with the acquisition of Dantherm Holding A/S. The acquisition method has been used in connection with recognition and measurement of the investment in the subsidiary. The calculation of the purchase price has by mistake not taken into account the value of former minority shares, as this amount has been settled as vendor notes (non-cash) and reinvested in the Group. Comparative figures have been corrected in the annual report. The correction affects comparative figures for 2021 with the following: Total assets with 66,069 t.DKK (Group: goodwill and Parent: Investment in group enterprises) and Equity with 66,069 t.DKK. Profit before and after tax have decreased by 275 t.DKK.The correction has been made in accordance with section 52 of the Danish Financial Statements Act.

Completion of the purshase price allocation for the acquisition of Dantherm Holding A/S on 17 November 2021

In connection with acquisition of Dantherm Holding A/S in November 2021, the company has within the 12 month timelimit completed the identification and valuation of the acquired assets, liabilities and contingent liabilities, and the statements for 2021 have been adjusted retrospectively as required in §121 in the Danish Financial statement Act.

The restatement has the following effect on the comparable figures for 2021 (DKK'000):

Goodwill -353,421
Land and buildings 47,468
Acquired intangible assets 402,850
Deferred tax -99,070
Equity (Income statement) 2,173

Reporting currency

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

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

Notes to the financial statements

1 Accounting policies (continued)

Consolidated financial statements

Control

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

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

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

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

Preparation of consolidated financial statements

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

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

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

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

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

External business combinations

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

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

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

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

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

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

Notes to the financial statements

1 Accounting policies (continued)

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

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

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

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

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

Intra-group business combinations

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

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

Foreign currency translation

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

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

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

Notes to the financial statements

1 Accounting policies (continued)

Foreign group entities

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

Derivative financial instruments

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

Income statement

Revenue

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

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

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

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.

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.

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

Notes to the financial statements

1 Accounting policies (continued)

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.

Profit/loss from investments in subsidiaries

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

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

Financial income and expenses

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

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

Notes to the financial statements

1 Accounting policies (continued)

Tax

The parent company is covered by the Danish rules on mandatory joint taxation of the Group's Danish subsidiaries. Subsidiaries 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, cusomer 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.

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

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

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

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

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

Notes to the financial statements

1 Accounting policies (continued)

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 subsidiaries

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

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

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

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

Dividend received is deduced from the carrying amount.

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

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

Impairment of fixed assets

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

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

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

Notes to the financial statements

1 Accounting policies (continued)

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.

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.

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

Notes to the financial statements

1 Accounting policies (continued)

Equity

Reserve for net revaluation according to the equity method

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

Reserve for development costs

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

Translation reserve

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

Proposed dividends

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

Provisions

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

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

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.

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

Notes to the financial statements

1 Accounting policies (continued)

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 subsidiaries' income taxes vis à vis the tax authorities as the subsidiaries 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.

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.

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

Notes to the financial statements

1 Accounting policies (continued)

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 other operating expenses.

2 Events after the balance sheet date

There has been a capital injection of EUR 8.5 million after the balance sheet date. In addition, there has not been any subsequent events, which has significant impact on the financial status as of December 31, 2022.

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

Notes to the financial statements

3 Special items

Group

Special items for the year are specified below:

DKK'000	Group 2022 12 months	Group 2021 5 months	Parent company 2022 12 months	Parent company 2021 5 months
Income				
Gain on the disposal of property, plant and equipment	0	131	0	0
	0	131	0	0
Expenses				
Integrationcost	-31,908	-7,644	0	0
Impairment	0	-1,149	0	0
Acquisition costs	-23,194	-56,139	0	0
	-55,102	-64,932	0	0
Special items are recognised in the below items of the financial statements				
Other operating income	0	131	0	0
Other external expenses	0	-2,827	0	0
Staff costs	0	-4,859	0	0
Other operating expenses	-55,102	-57,246	0	0
Net profit/loss on special items	-55,102	-64,801	0	0

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

Notes to the financial statements

DKK'000	Group 2022 12 months	Group 2021 5 months	Parent company 2022 12 months	Parent company 2021 5 months
4 Fee to the auditors appointed in general meeting				
Total fees to EY (Beierholm 2021)	1,449	144	197	31
Statutory audit	503	70	17	31
Assurance engagements	0	2	0	0
Tax assistance	587	13	30	0
Other assistance	359	59	125	0
	1,449	144	172	31

DKK'000	Group 2022 12 months	Group 2021 5 months	Parent company 2022 12 months	Parent company 2021 5 months
5 Staff costs				
Wages/salaries	318,418	37,901	5,819	505
Pensions	14,785	1,676	457	51
Other social security costs	35,068	3,488	12	1
Other staff costs	15,149	1,675	4,108	12
	383,420	44,740	10,396	569

	Group 2022	Group 2021	Parent company 2022	Parent company 2021
Average number of full-time employees	828	74	2	2
Number of employees at the balance sheet date	927	595	2	2

Remuneration to members of Management:

	Group 2022	Group 2021	Parent company 2022	Parent company 2021
Executive Board	8,896	556	1,556	102
	8,896	556	1,556	102

DKK'000	Group 2022 12 months	Group 2021 5 months	Parent company 2022 12 months	Parent company 2021 5 months
6 Amortisation/depreciation of intangible assets and property, plant and equipment				
Amortisation of intangible assets	160,713	14,403	0	0
Depreciation of property, plant and equipment	16,783	2,710	0	0
	177,496	17,113	0	0

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

Notes to the financial statements

	DKK'000	Group 2022 12 months	Group 2021 5 months	Parent company 2022 12 months	Parent company 2021 5 months
7	**Financial income**				
	Exchange gain	17,444	2,220	5	0
	Other financial income	2,429	0	2	0
		19,873	2,220	7	0

	DKK'000	Group 2022 12 months	Group 2021 5 months	Parent company 2022 12 months	Parent company 2021 5 months
8	**Financial expenses**				
	Other interest expenses	4,700	0	0	0
	Exchange losses	20,282	2,029	58	0
	Other financial interests	125,808	11,530	13	1
		150,790	13,559	71	1

	DKK'000	Group 2022 12 months	Group 2021 5 months	Parent company 2022 12 months	Parent company 2021 5 months
9	**Tax for the year**				
	Estimated tax charge for the year	37,711	7,105	-484	0
	Deferred tax adjustments in the year	14,117	-1,759	-929	0
	Tax adjustments, prior years	363	-60	31	0
		52,191	5,286	-1,382	0

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

Notes to the financial statements

10 Intangible assets

	Group				
DKK'000	Completed development projects	Acquired intangible assets	Goodwill	Development projects in progress and prepayments for intangible assets	Total
Cost at 1 January 2022	152,688	433,192	1,101,473	18,537	1,705,890
Forreign exchange adjustments	-485	282	-341	-465	-1,009
Additions through mergers and business combinations	7,973	156,489	839,064	11,450	1,014,976
Additions	968	8,229	0	19,801	28,998
Disposals	-921	0	0	0	-921
Transferred	15,736	0	0	-23,940	-8,204
Cost at 31 December 2022	175,959	598,192	1,940,196	25,383	2,739,730
Impairment losses and amortisation at 1 January 2022	118,772	22,931	7,239	371	149,313
Foreign exchange adjustments	-162	752	-10	0	580
Impairment losses and amortisation of additions through mergers and business combinations	0	7,542	0	0	7,542
Amortisation for the year	15,765	68,705	76,243	0	160,713
Amortisation and impairment losses of disposals for the year	-197	0	0	0	-197
Transferred	140	0	0	-371	-231
Impairment losses and amortisation at 31 December 2022	134,318	99,930	83,472	0	317,720
Carrying amount at 31 December 2022	41,641	498,262	1,856,724	25,383	2,422,010

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

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

As at 31 December 2022, the accounting value totals DKK 25,383 thousand. The majority of ongoing development projects are expected to be completed in 2023. After which marketing and sales can begin. Management expects that development efforts in 2023 will continue in line with 2022.

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

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

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Notes to the financial statements

11 Property, plant and equipment

	Group					
DKK'000	**Land and buildings**	**Plant and machinery**	**Fixtures and fittings, other plant and equipment**	**Leasehold improvements**	**Prepayments for property, plant and equipment**	**Total**
Cost at 1 January 2022	228,107	136,499	46,088	7,887	532	419,113
Foreign exchange adjustments	-518	453	454	0	3	392
Additions on merger/corporate acquisition	0	1,951	31,006	10,660	0	43,617
Additions	4,800	6,009	6,890	134	0	17,833
Disposals	-604	-897	-2,657	0	0	-4,158
Transferred	5,840	840	1,345	-5,893	-55	2,077
Cost at 31 December 2022	237,625	144,855	83,126	12,788	480	478,874
Revaluations at 1 January 2022	0	0	0	0	0	0
Transferred	5,891	0	0	0	0	5,891
Revaluations at 31 December 2022	5,891	0	0	0	0	5,891
Impairment losses and depreciation at 1 January 2022	113,644	122,436	32,260	1,997	0	270,337
Foreign exchange adjustments	-190	228	-595	1	0	-556
Accumulated impairment losses and depreciation of additions through mergers and business combinations	0	373	22,410	5,741	0	28,524
Depreciation	5,488	3,600	7,150	545	0	16,783
Depreciation and impairment of disposals	-251	0	-1,665	0	0	-1,916
Reversal of accumulated depreciation and impairment of assets disposed	0	-791	0	0	0	-791
Transferred	5,282	1,155	1,586	0	0	8,023
Impairment losses and depreciation at 31 December 2022	123,973	127,001	61,146	8,284	0	320,404
Carrying amount at 31 December 2022	119,543	17,854	21,980	4,504	480	164,361

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Notes to the financial statements

12 Investments

DKK'000	Parent company Investments in group enterprises
Cost at 1 January 2022	1,240,662
Additions	502,300
Cost at 31 December 2022	1,742,962
Value adjustments at 1 January 2022	-62,726
Profit/loss for the year	-89,162
Value adjustments at 31 December 2022	-151,888
Carrying amount at 31 December 2022	1,591,074

Parent company

Name	Legal form	Domicile	Interest	Equity DKK'000	Profit/loss DKK'000
Polar Fox Holding II A/S	Aktieselskab	Skive	100.00%	1,591,074	-89,162

13 Deferred tax assets

Group

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

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

Parent company

As of 31 December 2022, the Company has recognised deferred tax assets totalling DKK 1 million. The deferred tax asset is composed of recoverable losses and unused tax deductions in the form of temporal differences.

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

14 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

DKK'000	Parent company 2022	Parent company 2021
15 Share capital		
Analysis of the share capital:		
41,537,101,000 A shares of DKK 0.074365 nominal value each	3,088,907	2,488,645
14,530,300,000 B shares of DKK 0.074365 nominal value each	1,080,546	622,161
154,627,203,000 C shares of DKK 0.074365 nominal value each	11,498,852	9,332,418
25,000,000,000 D shares of DKK 0.074365 nominal value each	1,859,125	0
	17,527,430	12,443,224

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 2 years:

DKK'000	2022	2021
Opening balance	12,443	400
Capital increase	5,084	12,043
	17,527	12,443

Capital increase in 2022 of EUR 683,750 was made with a rate of 10.000 each.

DKK'000	Group 2022	Group 2021	Parent company 2022	Parent company 2021
16 Deferred tax				
Analysis of the deferred tax				
Deferred tax assets	-18,427	-18,116	-929	0
Deferred tax liabililties	120,710	101,572	0	0
	102,283	83,456	-929	0

17 Non-current liabilities other than provisions

DKK'000	Group			
	Total debt at 31/12 2022	Repayment, next year	Long-term portion	Outstanding debt after 5 years
Bank debt	2,084,674	74,365	2,010,309	1,821,943
Other payables	3,804	0	3,804	3,804
	2,088,478	74,365	2,014,113	1,825,747

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

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

Notes to the financial statements

18 Provisions

Group

Other provisions comprise provisions for warranty commitments, totalling t.DKK 22,861, deferred tax totalling t.DKK 102,777, and other provisions, totalling t.DKK 11,160. 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 30,158 is expected to be utilised in the coming financial year. Other provisions is expected to be settled in the coming financial year.

	Group		Parent company	
DKK'000	**2022**	**2021**	**2022**	**2021**
19 Other provisions				
The provisions are expected to be payable in:				
0-1 year	30,158	6,813	0	0
1-5 year	3,609	0	0	0
> 5 year	363	0	0	0
	34,130	6,813	0	0

20 Contractual obligations and contingencies, etc.

Other contingent liabilities

Group

Other financial obligations

Other rent and lease liabilities:

	Group		Parent company	
DKK'000	**2022**	**2021**	**2022**	**2021**
Rent and lease liabilities	683,754	75,791	107	0

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 0 as at 31 December 2022. 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.

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Notes to the financial statements

21 Collateral

Group

The Group has a total credit facility amounting to EUR 330 millions (DKK 2,454 million) as per December 31, 2022, whereas EUR 40 millions (DKK 297,5 million) are the credit facilities to finance the operations.

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

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

•Granted security by all shares held inPolar Fox Holding II A/S, Dantherm 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, Polar Fox 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 A/S amounting to 75 mio DKK. The total carrying amount of these assets is DKK 277 mio and can be specified as debtors with a carrying value at 31 December 2022 of DKK 33 million, inventories with a carrying value at 31 December 2022 of DKK 143 million, intangible assets with a carrying value at 31 December 2022 of DKK 32 million and tangible assets with a carrying value at 31 December 2022 of DKK 69 million.

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

The 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 12.009.

Parent company

The Group has a total credit facility amounting to EUR 330 millions (DKK 2,454 million) as per December 31, 2022, whereas EUR 40 millions (DKK 297,5 million) are the credit facilities to finance the operations.

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

Notes to the financial statements

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

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Dantherm A/S has issued an unconditional jointly and severally guarantee for Dantherm UK Ltd.

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

22 Related parties

Group

Parent company

Parties exercising control

Related party	Domicile	Basis for control
Polar Fox International SARL B 265902	Luxemborg	Parent company

Transactions with related parties

The Parent company has carried out the following related party transactions in the financial year:

Related party	Amount DKK'000	Description of transaction
Polar Fox Holding II A/S	17,015	Receivable
Dantherm Group A/S	9,083	Payable
Dantherm A/S	1,151	Payable
Dantherm Group A/S	7,000	Management fee income

Information about remuneration to Management

Information about remuneration to Management appears from note 5, "Staff costs".

Information about security for loans relating to group entities

Information about security for loans relating to group entities appears from 21, "Collateral".

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

Notes to the financial statements

DKK'000	Parent company 2022 12 months	Parent company 2021 5 months
23 Appropriation of profit/loss		
Recommended appropriation of profit/loss		
Proposed dividend recognised under equity	26,468	0
Retained earnings/accumulated loss	-122,431	-64,759
	-95,963	-64,759

DKK'000	Group 2022 12 months	Group 2021 5 months
24 Adjustments		
Amortisation/depreciation and impairment losses	177,496	17,113
Financial income	-19,873	-2,220
Financial expenses	150,790	13,559
Tax for the year	52,191	5,286
Other adjustments	0	-131
	360,604	33,607

DKK'000	Group 2022 12 months	Group 2021 5 months
25 Changes in working capital		
Change in inventories	-193,109	-394,814
Change in receivables	-20,517	-217,649
Change in trade and other payables	-15,907	280,166
Other changes in working capital	27,317	6,813
	-202,216	-325,484

DKK'000	Group 2022 12 months	Group 2021 5 months
26 Acquisition of enterprises and activities		
Intangible assets	168,585	466,500
Property, plant and equipment	14,992	147,300
Inventories	515,424	384,100
Receivables	69,762	278,700
Cash	14,918	114,000
Bank debt	-327,206	0
Mortgage credit loans	0	-6,900
Other provisions	-18,874	-200
Deferred tax	-4,350	-101,500
Trade payables	-34,200	-190,100
Other payables	-33,658	-712,636
	365,393	379,264
Goodwill	838,726	1,101,000
Cost of acquisition	1,204,119	1,480,264
Cash	-14,918	-114,000
Treasury shares issued as consideration	-483,372	-66,069
Cost of acquisition paid in cash	705,829	1,300,195

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Notes to the financial statements

		Group	
	DKK'000	**2022**	**2021**
27	**Cash and cash equivalents at year-end**		
	Cash according to the balance sheet	169,596	186,383
	Securities included as cash and cash equivalents	0	-2,423
		169,596	183,960

The signatures in this document are legally binding. The document is signed using Penneo™ secure digital signature. The identity of the signers has been recorded, and are listed below.

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

Jakob Bonde Jessen
Director
On behalf of: Polar Fox Holding I ApS
Serial number: PID:9208-2002-2-422801954728
IP: 188.180.xxx.xxx
2023-07-03 16:13:32 UTC
NEM ID

Bjarke Brøns
CEO
On behalf of: Polar Fox Holding I ApS
Serial number: 73932e2b-e796-4aae-8d93-685b946fe5cb
IP: 80.62.xxx.xxx
2023-07-03 19:38:22 UTC
MitID

Steen Skorstengaard
State Authorised Public Accountant
On behalf of: EY Godkendt Revisionspartnerselskab
Serial number: CVR:30700228-RID:25486262
IP: 194.239.xxx.xxx
2023-07-03 19:41:32 UTC
NEM ID

Lone Nørgaard Eskildsen
State Authorised Public Accountant
On behalf of: EY Godkendt Revisionspartnerselskab
Serial number: CVR:30700228-RID:66193527
IP: 194.239.xxx.xxx
2023-07-03 20:15:52 UTC
NEM ID

Thomas Korfix Gjøl-Trønning
Chairman
On behalf of: Polar Fox Holding I ApS
Serial number: aa497ec6-bc65-499f-9ff1-4c14bebbcfe9
IP: 87.52.xxx.xxx
2023-07-03 20:26:06 UTC
MitID