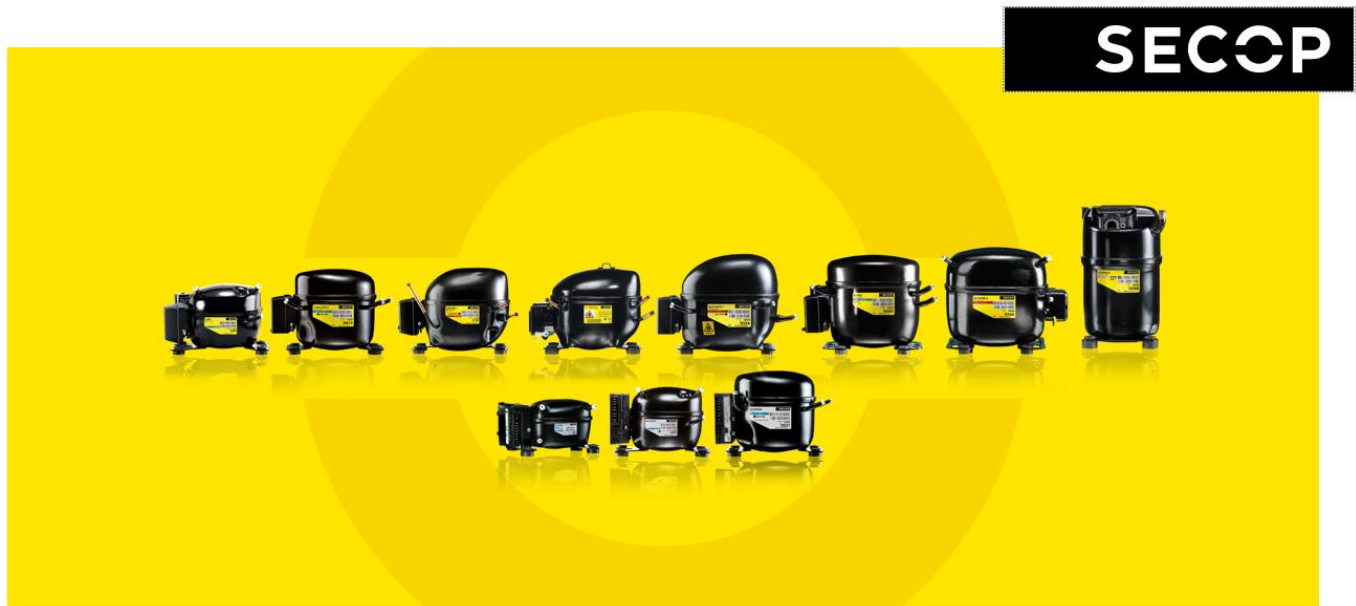


Secop Group Holding GmbH

FINANCIAL STATEMENT
Q3 2021



MANAGEMENT COMMENTARY

The Secop Group

Secop Group belongs to the ESSVP IV fund since September 2019, advised by Orlando Management AG, a leading investor in industrial businesses. Since the acquisition the company re-focused the strategic plan to the core business: design and manufacture of hermetic compressors and electronic controls for refrigeration solutions used in Stationary and Mobile Cooling applications.

During the year 2020 a transformation process shaped the improved structure of the group, as part of the strategic plan to relocate valuable resources and development funds to Light Commercial and Mobile Cooling developments, limiting the household segment only to niche applications where Secop's experience and technology can differentiate with premium solutions. Final steps of the transformation process executed in year 2020 have been the closure of the plant in Austria, a production facility focused on the domestic appliances segment, the consolidation of operations in Slovakia and China, and the establishment of a new R&D center in Austria.

Secop is committed to deliver advanced refrigeration compressors and controls, providing customers tailored sustainable solutions for light commercial, battery driven and special cooling applications.

Secop's "Stationary Cooling" business segment (AC-supply compressors for static applications) provides compressors for light commercial applications in food retail, food services, merchandisers, medical, and special applications and also for selected residential applications.

Secop's "Mobile Cooling" business segment (Battery-Driven DC-supply for mobile applications) is the global leader in high-performance hermetic DC compressors, for pharma/vaccines, automotive & trucks, recreational vehicles, portable boxes, solar fridges, and other mobile applications. Secop has a long track record of successful projects for energy efficient and green refrigerants adoption projects, using innovative solutions for both compressors and control electronics. Secop can count on solid knowhow and reliable solutions to support refrigeration applications in core refrigeration segments like medical refrigeration, solar vaccine coolers and medical mobile solutions.

Business Highlights in Q3 2021

Q3 2021 has been a good quarter in terms of customer demand and order intake levels, confirming the trend of previous quarters. We have evidenced a solid and outstanding demand in all the core application segments: Food Retail, Food Services, Medical, Automotive, Leisure.

For our stationary cooling area we have seen an overall commercial refrigeration market growth. The Food Services market experienced a good demand from Ho.Re.Ca, pushed by a good high season level for Hotels, Restaurants and Catering segments demand, recovering from the demand decrease caused by Covid-19 effects. The Medical segment continued with a strong demand level, boosted by medical projects worldwide for both vaccine cold-chain and pharma-labs storage. Our Food Retail segment kept a positive demand level as a result of good investments in food and drinks markets. Also other segments like bottle coolers, freezers and beverage dispensers showed a positive demand level in Q3, supported by a strong end user demand, confirmed also by the distribution network good order level. The commercial refrigeration market experienced a shortage of compressors and control electronics supply, and this supply shortage from other sources generated an additional demand for Secop with an increase in market share.

Our Mobile cooling segment kept showing a positive demand pattern in Q3. Our Automotive segment kept the high order level already seen in Q2, for both cars and trucks applications. Leisure industries had a good demand level for recreation vehicles and portable cooling solutions, confirming positive trends generated by new food and drink consumption habits in mobility conditions.

On the other side we were facing constrains from the external supply chains, especially for certain electronic components. Roadblocks for electronic availability and related longer than past lead-times negatively impacted the possibility to satisfy the higher demand level. Due to supply shortages we have not been able to satisfy the full demand in Q3. Furthermore, Q3 deliveries have been complicated by transportation roadblocks for goods made in China, due to a shortage of containers. Secop was able to mitigate many of these adverse effects with an accurate planning of deliveries of products from China.

During Q3 adverse commodity cost trends have been confirmed and in some cases even increased with a further impact on Secop's cost of finished products. Also transportation costs increased significantly, especially with a negative impact on deliveries of goods and components from China. Secop reacted to such materials and transportation cost increases with price adjustments to the customer base whilst maintaining a well perceived general service and delivery reliability level.

Net Sales by Region:	Q3 2020 (in k EUR)	Q3 2021 (in k EUR)	Deviation in %
AMERICAS	3.912	6.845	75,0%
SEA (incl. CHINA)	28.465	32.193	13,1%
EUROPE, SAMEO	21.065	38.353	82,1%
Total result:	53.443	77.391	44,8%

CONSOLIDATED INCOME STATEMENT

EUR M	Note	Q3 2020 *	Q3 2021 *	Q1-Q3 2020 *	Q1-Q3 2021 *
Net Sales		53,4	77,4	162,0	233,7
Raw materials & consumables		-34,5	-54,9	-105,3	-163,2
Labor production		-2,9	-4,3	-10,3	-12,9
Sales variable costs (incl. royalty fees)		-0,9	-2,5	-2,5	-6,2
All other direct costs		-0,3	-0,4	-0,9	-1,6
Contribution margin		14,9	15,2	43,0	49,9
As percent of Net Sales		27,8%	19,7%	26,6%	21,3%
Fixed costs		-11,7	-8,3	-35,5	-27,8
As percent of Net Sales		-21,9%	-10,8%	-21,9%	-11,9%
Currency impact	G1	-1,5	-0,2	-0,6	-1,5
All extraordinary	G2	-5,0	-0,2	-17,6	-1,0
Depreciation & Amortization **	G1	-2,2	-2,9	-7,2	-7,8
EBIT		-5,5	3,8	-17,9	11,8
As percent of Net Sales		-10,3%	5,0%	-11,1%	5,0%
Interest expense		-2,3	-2,3	-7,4	-6,7
Profit before Tax		-7,8	1,6	-25,3	5,1
Tax		-1,1	-0,3	-2,1	-1,5
Profit / loss for the period		-8,9	1,2	-27,4	3,6
Memo:					
Leases according to IFRS 16		-0,3	-0,3	-0,8	-0,8
EBITDA Reported ***		-3,2	6,2	13,3	18,7
As percent of total turnover		-6,1%	8,0%	8,2%	8,0%
Adjustments		9,1	0,7	4,1	5,4
EBITDA Adjusted (R&D capitalized)		5,9	6,9	17,4	24,1
As percent of total turnover		11,0%	9,0%	10,7%	0,3%

* Note: Secop CORE Business

** Note: D&A for the complete business

*** As defined in T's & C's

G1 Secop restructuring efforts after acquisition

In 2020/21 Secop has successfully concluded several key changes to simplify and rationalize its operations in response to the fast-changing market, accelerating inflation and increasing competition. The newly created Secop Group has two modern production plants in Slovakia and China. Research and Development continues to be based in mainly Austria and in Germany. Some group functions are based in Flensburg, Germany. Since late 2020 Secop focuses on its Light Commercial and Mobile Cooling business as well as selected Household niches.

G2 Close of the acquisition process of Secop Group

In the process of restructuring Secop's Austrian operations Escrow receivables were impaired and hence associated receivables were waived.

In addition to external sale of assets, assets have been shifted from Secop Austria to Slovakia. This activity was concluded in 2020.

G3 Refinancing the business

Outstanding Bonds on 30.09.2021 were at a nominal value of 50.0m EUR. Bonds held by the company on 30.09.2021 have a nominal value of 12,5m EUR.

G4 Vendor loan Nidec

At the end of September 2021 there was a vendor loan to Nidec (former shareholder of the Secop business) in place with non-cash interest being accrued.

In 2021, Nidec has started an arbitration procedure and both contract parties have open claims to each other. This arbitration is still ongoing. A final solution is expected by management only in 2023.

G5 Equity

Including all shareholder loans of the Group, the equity of the group amounts to 102,7m EUR.

CONSOLIDATED BALANCE SHEET (IFRS)

EUR M	Note	Q3 2020 *	Q3 2021 *
ASSETS:			
Intangible assets		55,7	58,9
Tangible assets	G1	91,9	86,4
Total fixed assets		147,6	145,3
Deferred tax assets		3,9	1,4
Total non-current financial assets		151,5	146,7
Inventories	G1	29,9	41,2
Trade receivables		42,3	62,6
Current financial assets	G2	11,3	4,0
Cash and bank balance	G3	41,8	18,8
Current non-financial assets		12,2	10,2
Total current assets		137,5	136,7
Total assets		288,9	283,5
EQUITY AND LIABILITIES			
Equity	G1, G2, G5	45,9	39,0
Non-current provisions for pensions & similar		4,4	4,6
Other provisions		2,0	2,7
Non-current provisions		6,4	7,3
Non-current financial liabilities	G3	5,5	43,2
Non-current payables	G5	99,1	63,7
Deferred tax liabilities		29,7	20,0
Non current liabilities		134,4	126,9
Non-current non-financial liabilities		-	0,8
Current payables from income taxes		1,1	-
Current payables from VAT		0,3	-
Current payables HR		7,1	5,7
All other current payables		1,8	3,5
Current non-financial liabilities		10,3	9,2
Current financial liabilities	G4	20,4	20,5
Short-term loan payables	G5	12,6	-
Accounts payables		42,1	70,1
Current provisions		14,9	9,4
Other current liabilities		1,8	0,4
Current liabilities		91,9	100,4
Total equity and liabilities		288,9	283,5

* Note: Entire Secop Group Business

CONSOLIDATED CASH FLOW STATEMENT

EUR M	Note	Q3 2020 *	Q3 2021 *	Q1-Q3 2020 *	Q1-Q3 2021 *
EBIT	-	5,5	3,6	- 15,0	11,1
Correction for non-cash Items		5,5	3,6	11,0	6,7
Subtotal cash flow from Operations excluding WC	-	0,0	7,2	- 4,1	17,8
Change in Working Capital	-	0,5	6,1	0,6	10,8
Subtotal Cash generated from Operating activities	-	0,6	1,0	- 3,5	7,0
Net cash used for investment activities	-	8,5	5,9	3,8	14,4
Net cash from financing activities	G3	- 18,1	5,2	12,5	- 1,2
Net cash from tax	-	1,6	0,9	- 2,0	- 1,9
Net increase / decrease in Cash	-	28,7	- 0,5	3,2	- 10,5

* Note: Entire Secop Group Business

GENERAL INFORMATION

Secop Group Holding, HRB 14025, District Court Flensburg, is a limited liability company registered in Germany with its registered office in Flensburg. The address of the head office is Mads-Claussen-Strasse 7, 24939 Flensburg, Germany. The operations of the Secop Group Holding GmbH (the "Parent Company") and its subsidiaries (the "Group") comprise of development, manufacturing and sale of compressor products and related activities. ties. Unless stated otherwise, all amounts are presented in millions of EUR (m EUR).

G5: KEY RISKS AND UNCERTAINTIES

The Group's key risks and uncertainties relate to fluctuations in demand and prices of steel, copper and semiconductor products as well as other commodity material prices. For a more detailed description of key risks and uncertainties, please refer to Secop Group's latest Annual Report 2020.

In Q3 the global shortage of semiconductor components as well as the impact of the surge of commodity pricing such as copper, steel and aluminum imposes a risk to the year 2021/22. All measures to secure semiconductor supplies and limit the impact of surging commodity pricing have been started and partly taken already. However, certain shortages which may affect the ability to produce and sell cannot be predicted easily given the current status of the world economies.

The impact from COVID-19 on the Group has been limited until the date of the publishing of this report. Given the uncertainty related to the spread of the virus and its associated effects, it is difficult for the Group to estimate future impact from the outbreak. Key operational risks are for example associated to plant, property and staff and our availability and access to raw materials and components as well as to logistics services.

G6: DEFINITION OF KEY INDICATORS

EBITDA Reported

EBITDA is calculated as the profit of the Group before interest, tax, depreciation and amortization for the relevant period, including IFRS 16 lease costs and after adding back any amount attributable to the amortization, depreciation, depletion or non-cash write-down of assets of members of the Group, according to T's and C's.

EBITDA Adjusted (R&D capitalized)

EBITDA Adjusted (R&D capitalized) is calculated as the profit of the Group before interest, tax, depreciation and

amortization including R&D capitalization improving the cost base for relevant items that are capitalized according to IFRS for the relevant period excluding all adjustments that are non-recurring, restructuring and / or acquisition related (enabling a like for like comparison of the real business performance excluding other items), including IFRS 16 lease costs and after adding back any amount attributable to the amortization, depreciation, depletion or non-cash write-down of assets of members of the Group.

Pro-forma adjustments as part of reflected EBITDA Adjusted (R&D capitalized)

Pro-forma adjustments reflected are mainly the anticipated fixed costs reduction of the Austrian business restructuring. The adjustment is calculated for the relevant period on a proforma basis (as if the Group in its state of the end of the relevant period had been in existence for the full relevant period of the executed cost reductions).

COMPANY INFORMATION

Name: Secop Group Holding GmbH

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Registration: HRB 14025

Financial year: January 1 – December 31

Website: <https://www.secop.com>

Executive Management:

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Frank Elsen

Philipp Stietencron

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