



MULTISTACK INTERNATIONAL LIMITED  
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## **Multistack International Limited (ASX:MSI)**

### **ASX Announcement – Settlement with Danfoss**

As previously advised to the market in June 2020, Multistack International Limited (ASX:MSI) (Company) acquired certain assets from Verdicorp Inc (a US company), which assets included the contractual rights held by Verdicorp pursuant to a Technology Licence Agreement and a separate Supply Agreement entered into by Verdicorp with US based subsidiaries of Danfoss AS (a Danish multinational company).

After several years of discussions with Danfoss seeking performance of its obligations to provide know-how and engineering support under the above two agreements, the Company referred the dispute to arbitration in the US (as required by the agreements) in early 2024.

The Company is pleased to announce that the parties have now finalised and executed a Settlement Agreement, thereby ending the arbitration. Under the terms of the settlement, Danfoss has agreed to do the following:

- Danfoss will make an immediate cash payment to the Company of US\$1.90 million (Cash Amount);
- Danfoss will provide a one-off credit of US\$100,000 to be used for the purchase of goods from Danfoss;
- Danfoss has appointed the Company under a Turbocor Approved Service Provider Agreement (TASP) as an approved company authorised to provide product support and on-site repairs and service for Danfoss products (which rights are exclusive in Hong Kong and non-exclusive in Australia, New Zealand, Singapore, Thailand, Vietnam, Indonesia, South Korea, China (includes Macau), Taiwan, Egypt, Iraq, Jordan, Kuwait, Lebanon, Oman, Palestine, Qatar, Saudi Arabia, Turkey, United Arab Emirates and Malaysia in various territories. The agreement has a term of 5 years.
- Separately, Danfoss has also appointed the Company under a Compressor Service Centre Agreement (CSCA) as its exclusive agent in Hong Kong for the repair and servicing of Danfoss products which are no longer warrantied by Danfoss. Again, the agreement has a term of 5 years.
- The Settlement Agreement, TASP and CSCA also provide the Company with discounts on purchases of Danfoss products and parts and, importantly, access to engineering and other technical with components for ORC products.

- There are provisions in both the TASP and CSCA permitting the assignment of these agreements (if requested by the Company) to Super Link Company Ltd (a related party of SW Yan and S Leung) (SuperLink). For completeness, SW Yan and S Leung are substantial shareholders in the Company and they are also Directors of the Company.

Completion of the settlement (including payment to the Company of US\$1.9million) is expected to occur around 7 March 2025.

As detailed in earlier announcements, the US lawyers undertaking the arbitration on behalf of the Company were engaged on the basis that the total fees payable to that firm would be capped at US\$150,000 (which amount has been paid) plus a 25% success fee. That fee will be paid from the Cash Amount, with the net outcome to the Company from payment of the Cash Amount being US\$1,425million.

The settlement with Danfoss, when finalised, will facilitate further discussion, and potentially resolution, of the Company's outstanding loan currently due and payable to SuperLink (Loan). The Loan (US\$1.8million) was provided by SuperLink to the Company to enable it to complete the initial acquisition of the Verdicorp assets (including the original agreements with Danfoss) in June 2020. The loan is interest bearing at 5.00% per annum, and with interest accrued to date, the current amount outstanding is circa A\$3.5million.

It is also relevant to the discussions with SuperLink that (in order to secure the Loan and its repayment):

- SuperLink holds first ranking security over the ORC technology assets acquired by the Company from Verdicorp; and
- SuperLink has an option under an Asset Sale Deed to acquire those ORC technology assets in return for a complete discharge of the Company's obligations to repay the Loan (and accrued interest).

The security and the Asset Sale Deed (including exercise by SuperLink of the option under that Deed) were approved by the shareholders at the Company's AGM in May 2023..

The Company is currently in discussion with SuperLink on settlement of the abovementioned Loan. The independent Directors of the Company expect to reach agreement with SuperLink in the near future and will advise the market further at that time.

**Yan Wong**  
Company Secretary  
Multistack International Limited

**21 February 2025**