

Frontmatec Group ApS

Platinvej 8
6000 Kolding
CVR No. 37773743

Annual report 2023

The Annual General Meeting adopted the annual report on 28.06.2024

Nathan Scott Schaan

Chairman of the General Meeting

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Entity details

Entity

Frontmatec Group ApS

Platinvej 8

6000 Kolding

Business Registration No.: 37773743

Registered office: Kolding

Financial year: 01.01.2023 - 31.12.2023

Board of Directors

Massimo Bizzi

Nathan Scott Schaan

Dennis Michael Gallagher

Executive Board

Massimo Bizzi

Nathan Scott Schaan

Dennis Michael Gallagher

Auditors

Deloitte Statsautoriseret Revisionspartnerselskab

City Tower, Værkmestergade 2

8000 Aarhus C

Statement by Management

The Board of Directors and the Executive Board have today considered and approved the annual report of Frontmatec Group ApS for the financial year 01.01.2023 - 31.12.2023.

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

In our opinion, the financial statements give a true and fair view of the Entity's financial position at 31.12.2023 and of the results of its operations for the financial year 01.01.2023 - 31.12.2023.

We believe that the management commentary contains a fair review of the affairs and conditions referred to therein.

We recommend the annual report for adoption at the Annual General Meeting.

Kolding, 28.06.2024

Executive Board

Massimo Bizzi

Nathan Scott Schaan

Dennis Michael Gallagher

Board of Directors

Massimo Bizzi

Nathan Scott Schaan

Dennis Michael Gallagher

Independent auditor's report

To the shareholders of Frontmategroup ApS

Opinion

We have audited the financial statements of Frontmategroup ApS for the financial year 01.01.2023 - 31.12.2023, which comprise the income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Entity's financial position at 31.12.2023 and of the results of its operations for the financial year 01.01.2023 - 31.12.2023 in accordance with the Danish Financial Statements Act.

Basis for opinion

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

Management's responsibilities for the financial statements

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

In preparing the financial statements, Management is responsible for assessing the Entity's ability to continue as a going concern, for disclosing, as applicable, matters related to going concern, and for using the going concern basis of accounting in preparing the financial statements unless Management either intends to liquidate the Entity 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 about 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 these financial statements.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity'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 Entity'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 Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures in the notes, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

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

Statement on the management commentary

Management is responsible for the management commentary.

Our opinion on the financial statements does not cover the management commentary, 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 commentary and, in doing so, consider whether the management commentary is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether the management commentary provides the information required by relevant law and regulations.

Based on the work we have performed, we conclude that the management commentary is in accordance with the financial statements and has been prepared in accordance with the requirements in the relevant law and regulations. We did not identify any material misstatement of the management commentary.

Aarhus, 28.06.2024

Deloitte

Statsautoriseret Revisionspartnerselskab

CVR No. 33963556

Jacob Tækker Nørgaard

State Authorised Public Accountant

Identification No (MNE) mne40049

Management commentary

Primary activities

Frontmatec Group is a global leading provider of advanced food processing equipment. The Group develops world-class customized solutions for automation in the food industry. The Group is especially renowned for the high-quality systems for the entire value chain of the meat industry – from carcass grading to slaughter lines, cutting and deboning lines and control systems to logistics and packaging.

Development in activities and finances

As of January 1, 2022 Frontmatec Holding I-III ApS was merged into Frontmatec Group.

In 2022 Axcel sold its' shares in the Frontmatec Group to Bettcher Industries owned by KKR. Bettcher and Frontmatec will continue to operate independently under their existing brands and leadership teams.

In January 2022, Frontmatec Group acquired the majority of the shares in Asuan. Asuan deliver innovative and customized solutions to the meat industry in Uruguay. Based in Montevideo, Asuan employs 125 employees and has subsidiaries in Brazil and Mexico. Latin America is a strategically important market to Frontmatec with some of the largest and most respected meat processors in the world. With Asuan joining forces with Frontmatec, the Group will strengthen the position in the Latin American.

in 2023 July Frontmatec Group purchased the last 40 % of the shares in Asuan.

Frontmatec Group ApS had a profit of 79,504 tDKK in 2023 compared to a loss of 7,377 t DKK in 2022. The balance sheet, at 31 December 2023 shows total assets of DKK 2,586,568 t DKK (2022: 2,634,962 tDKK) and equity of DKK 2,081,047 t DKK (2022: 1,986,543 tDKK).

Events after the balance sheet date

No events have occurred after the balance sheet date to this date, which would influence the evaluation of this annual report.

Income statement for 2023

	Notes	2023 DKK'000	2022 DKK'000
Gross profit/loss		18,280	20,782
Staff costs	1	(22,286)	(33,203)
Depreciation, amortisation and impairment losses		(1,106)	(1,219)
Operating profit/loss		(5,112)	(13,640)
Income from investments in group enterprises		91,431	32,600
Income from investments in associates		0	69,067
Other financial income	2	63,851	20,616
Other financial expenses	3	(73,148)	(139,243)
Profit/loss before tax		77,022	(30,600)
Tax on profit/loss for the year		2,482	23,223
Profit/loss for the year		79,504	(7,377)
Proposed distribution of profit and loss			
Retained earnings		79,504	(7,377)
Proposed distribution of profit and loss		79,504	(7,377)

Balance sheet at 31.12.2023

Assets

	Notes	2023 DKK'000	2022 DKK'000
Acquired intangible assets		2,574	1,538
Intangible assets	4	2,574	1,538
Other fixtures and fittings, tools and equipment		877	1,177
Property, plant and equipment	5	877	1,177
Investments in group enterprises		2,281,578	2,238,646
Financial assets	6	2,281,578	2,238,646
Fixed assets		2,285,029	2,241,361
Receivables from group enterprises		242,196	236,164
Deferred tax		39,435	36,954
Other receivables		28	100
Prepayments		1,955	2,418
Receivables		283,614	275,636
Cash		17,925	117,965
Current assets		301,539	393,601
Assets		2,586,568	2,634,962

Equity and liabilities

	Notes	2023 DKK'000	2022 DKK'000
Contributed capital		100	100
Translation reserve		(62)	(62)
Retained earnings		2,081,009	1,986,505
Equity		2,081,047	1,986,543
Lease liabilities		310	507
Other payables		13,131	13,133
Non-current liabilities other than provisions	7	13,441	13,640
Current portion of non-current liabilities other than provisions	7	5,714	5,222
Trade payables		7,004	4,804
Payables to group enterprises		470,136	613,629
Other payables		9,226	11,124
Current liabilities other than provisions		492,080	634,779
Liabilities other than provisions		505,521	648,419
Equity and liabilities		2,586,568	2,634,962
Contingent liabilities	8		
Assets charged and collateral	9		

Statement of changes in equity for 2023

	Contributed capital DKK'000	Translation reserve DKK'000	Retained earnings DKK'000	Total DKK'000
Equity beginning of year	100	(62)	1,986,505	1,986,543
Increase of capital	0	0	15,000	15,000
Profit/loss for the year	0	0	79,504	79,504
Equity end of year	100	(62)	2,081,009	2,081,047

Notes

1 Staff costs

	2023	2022
	DKK'000	DKK'000
Wages and salaries	20,338	31,518
Pension costs	1,781	1,685
Other social security costs	167	0
	22,286	33,203
Average number of full-time employees	17	17

2 Other financial income

	2023	2022
	DKK'000	DKK'000
Financial income from group enterprises	5,584	20,320
Other financial income	58,267	296
	63,851	20,616

3 Other financial expenses

	2023	2022
	DKK'000	DKK'000
Financial expenses from group enterprises	26,332	33,001
Other financial expenses	46,816	106,242
	73,148	139,243

4 Intangible assets

	Acquired intangible assets DKK'000
Cost beginning of year	5,917
Additions	1,747
Cost end of year	7,664
Amortisation and impairment losses beginning of year	(4,379)
Amortisation for the year	(711)
Amortisation and impairment losses end of year	(5,090)
Carrying amount end of year	2,574

5 Property, plant and equipment

	Other fixtures and fittings, tools and equipment DKK'000
Cost beginning of year	2,494
Additions	95
Cost end of year	2,589
Depreciation and impairment losses beginning of year	(1,317)
Depreciation for the year	(395)
Depreciation and impairment losses end of year	(1,712)
Carrying amount end of year	877

6 Financial assets

	Investments in group enterprises DKK'000
Cost beginning of year	2,420,049
Additions	42,932
Cost end of year	2,462,981
Impairment losses beginning of year	(181,403)
Impairment losses end of year	(181,403)
Carrying amount end of year	2,281,578

Investments in subsidiaries	Registered in	Corporate form	Equity interest %
Frontmatec Kolding A/S	Kolding, Denmark	A/S	100.00
Frontmatec Smørum A/S	Smørum, Denmark	A/S	100.00
Frontmatec Tandslet A/S	Tandslet, Denmark	A/S	100.00
Frontmatec Skive A/S	Skive, Denmark	A/S	100.00
Frontmatec Hygiene GmbH	Beckum, Germany	GmbH	100.00
Frontmatec GmbH	Lünen, Germany	GmbH	100.00
Accles & Shelvoke, Ltd.	Birmingham, United Kingdom	Ltd.	100.00
Jining Xinglong Food Machinery Manufacturing Co., Ltd.	Xinglong Jining, China	Ltd.	100.00
Frontmatec Sibiu SRL	Sibiu, Romania	SRL	100.00
Frontmatec - Intecal S.A.U.	Barcelona, Spain	S.A.U	100.00
AIRA Robotics, S.L	Cardona, Spain	SL	100.00
Itay S.A.	Montevideo, Uruguay	S.A.	100.00

7 Non-current liabilities other than provisions

	Due within 12 months	Due within 12 months	Due after more than 12 months	Outstanding after 5 years
	2023	2022	2023	2023
	DKK'000	DKK'000	DKK'000	DKK'000
Lease liabilities	197	0	310	0
Other payables	5,517	5,222	13,131	906
	5,714	5,222	13,441	906

8 Contingent liabilities

The Group's Danish companies are jointly and severally liable for tax on consolidated taxable income etc. The total amount of corporation tax payable is disclosed in the annual report of Merlin DK Bidco Aps, which is the administration company for joint taxation.

Furthermore, the Group's Danish companies are jointly and severally liable for Danish withholding taxes on dividends, royalties and interest.

Any subsequent changes to corporation taxes and withholding taxes may render the Company liable for a greater amount.

9 Assets charged and collateral

There are no assets charged or collateral.

Accounting policies

Reporting class

This annual report has been presented in accordance with the provisions of the Danish Financial Statements Act governing reporting class B enterprises with addition of a few provisions for reporting class C.

The accounting policies applied to these financial statements are consistent with those applied last year.

Consolidated financial statements

Referring to section 112(1) of the Danish Financial Statements Act, no consolidated financial statements have been prepared.

Recognition and measurement

Assets are recognised in the balance sheet when it is probable as a result of a prior event that future economic benefits will flow to the Entity, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when the Entity has a legal or constructive obligation as a result of a prior event, and it is probable that future economic benefits will flow out of the Entity, and the value of the liability can be measured reliably.

On initial recognition, assets and liabilities are measured at cost. Measurement subsequent to initial recognition is effected as described below for each financial statement item.

Anticipated risks and losses that arise before the time of presentation of the annual report and that confirm or invalidate affairs and conditions existing at the balance sheet date are considered at recognition and measurement.

Income is recognised in the income statement when earned, whereas costs are recognised by the amounts attributable to this financial year.

Income statement

Gross profit or loss

Gross profit or loss comprises revenue, changes in inventories of finished goods and work in progress, own work capitalised, other operating income, cost of raw materials and consumables and external expenses.

Revenue

Revenue from the sale of services is recognised in the income statement when delivery is made to the buyer. Revenue is recognised net of VAT, duties and sales discounts and is measured at fair value of the consideration fixed.

Own work capitalised

Own work capitalised comprises staff costs and other costs incurred in the financial year and recognised in cost for proprietary intangible assets and property, plant and equipment.

Other external expenses

Other external expenses include expenses relating to the Entity's ordinary activities, including expenses for

premises, stationery and office supplies, marketing costs, etc. This item also includes writedowns of receivables recognised in current assets.

Staff costs

Staff costs comprise salaries and wages, and social security contributions, pension contributions, etc. for entity staff.

Depreciation, amortisation and impairment losses

Depreciation, amortisation and impairment losses relating to property, plant and equipment and intangible assets comprise depreciation, amortisation and impairment losses for the financial year, and gains and losses from the sale of intangible assets and property, plant and equipment.

Income from investments in group enterprises

Income from investments in group enterprises comprises dividends etc. received from the individual group enterprises in the financial year.

Income from investments in associates

Income from investments in associates comprises dividends etc. received from the individual associates in the financial year.

Other financial income

Other financial income comprises dividends etc. received on other investments, interest income, including interest income on receivables from group enterprises, net capital or exchange gains on securities, payables and transactions in foreign currencies, amortisation of financial assets, and tax relief under the Danish Tax Prepayment Scheme etc.

Other financial expenses

Other financial expenses comprise interest expenses, including interest expenses on payables to group enterprises, net capital or exchange losses on securities, payables and transactions in foreign currencies, amortisation of financial liabilities, and tax surcharge under the Danish Tax Prepayment Scheme etc.

Tax on profit/loss for the year

Tax for the year, which consists of current tax for the year and changes in deferred tax, is recognised in the income statement by the portion attributable to the profit for the year and recognised directly in equity by the portion attributable to entries directly in equity.

Balance sheet**Acquired intangible assets**

Acquired intangible assets comprise acquired intellectual property rights.

Acquired intangible assets are measured at cost less accumulated amortisation. Patents are amortised on a straight-line basis over their remaining duration, and licences are amortised over the term of the agreement.

Acquired intangible assets are written down to the lower of recoverable amount and carrying amount.

Other fixtures and fittings, tools and equipment

Other fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation and impairment losses.

Cost comprises the acquisition price, costs directly attributable to the acquisition and preparation costs of the asset until the time when it is ready to be put into operation.

The basis of depreciation is cost less estimated residual value after the end of useful life. Straight-line depreciation is made on the basis of the following estimated useful lives of the assets:

	Useful life
Other fixtures and fittings, tools and equipment	3 - 5 years

Estimated useful lives and residual values are reassessed annually.

Items of equipment are written down to the lower of recoverable amount and carrying amount.

Investments in group enterprises

Investments in group enterprises are measured at cost. Investments are written down to the lower of recoverable amount and carrying amount.

Receivables

Receivables are measured at amortised cost, usually equalling nominal value less writedowns for bad and doubtful debts.

Deferred tax

Deferred tax is recognised on all temporary differences between the carrying amount and the tax-based value of assets and liabilities, for which the tax-based value is calculated based on the planned use of each asset. However, no deferred tax is recognised for amortisation of goodwill disallowed for tax purposes and temporary differences arising at the date of acquisition that do not result from a business combination and that do not have any effect on profit or loss or on taxable income.

Deferred tax assets, including the tax base of tax loss carryforwards, are recognised in the balance sheet at their estimated realisable value, either as a set-off against deferred tax liabilities or as net tax assets.

Prepayments

Prepayments comprise incurred costs relating to subsequent financial years. Prepayments are measured at cost.

Cash

Cash comprises cash in hand and bank deposits.

Lease liabilities

Lease liabilities relating to assets held under finance leases are recognised in the balance sheet as liabilities other than provisions, and, at the time of inception of the lease, measured at the present value of future lease payments. Subsequent to initial recognition, lease liabilities are measured at amortised cost. The difference between present value and nominal amount of the lease payments is recognised in the income statement as a financial expense over the term of the leases.

Other financial liabilities

Other financial liabilities are measured at amortised cost, which usually corresponds to nominal value.