

# FSN HoldCo ApS

Kongens Nytorv 26, 2., 1050 København K

CVR no. 39 21 18 82

## Annual report 2019

Approved at the Company's annual general meeting on 28 August 2020

Chairman:

.....  
Thomas Broe-Andersen

## Contents

<b>Statement by the Board of Directors and the Executive Board</b>	<b>2</b>
<b>Independent auditor's report</b>	<b>3</b>
<b>Management's review</b>	<b>5</b>
<b>Consolidated financial statements and parent company financial statements 1 January - 31 December</b>	<b>14</b>
Income statement	14
Balance sheet	15
Statement of changes in equity	17
Cash flow statement	18
Notes to the financial statements	19

## Statement by the Board of Directors and the Executive Board

Today, the Board of Directors and the Executive Board have discussed and approved the annual report of FSN HoldCo ApS for the financial year 1 January - 31 December 2019.

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 2019 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 2019.

Further, in our opinion, the Management's review gives a fair review of the development in the Group's and the Company's operations and financial matters and the results of the Group's and the Company's operations and financial position.

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

Copenhagen, 28 August 2020  
Executive Board:

.....  
Marcus Peer Østergaard  
Wintersø

Board of Directors:

.....  
Thomas Broe-Andersen  
Chairman

.....  
Kasper Sørensen

.....  
Nicolai Peter Norrbom

## Independent auditor's report

### To the shareholders of FSN HoldCo ApS

#### Opinion

We have audited the consolidated financial statements and the parent company financial statements of FSN HoldCo ApS for the financial year 1 January - 31 December 2019, 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 2019, 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 2019 in accordance with the Danish Financial Statements Act.

#### Basis for opinion

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

#### Independence

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

#### 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.

Kolding, 28 August 2020  
EY Godkendt Revisionspartnerselskab  
CVR no. 30 70 02 28

Steen Skorstengaard  
State Authorised Public Accountant  
mne19709

Michael Vakker Maass  
State Authorised Public Accountant  
mne32772

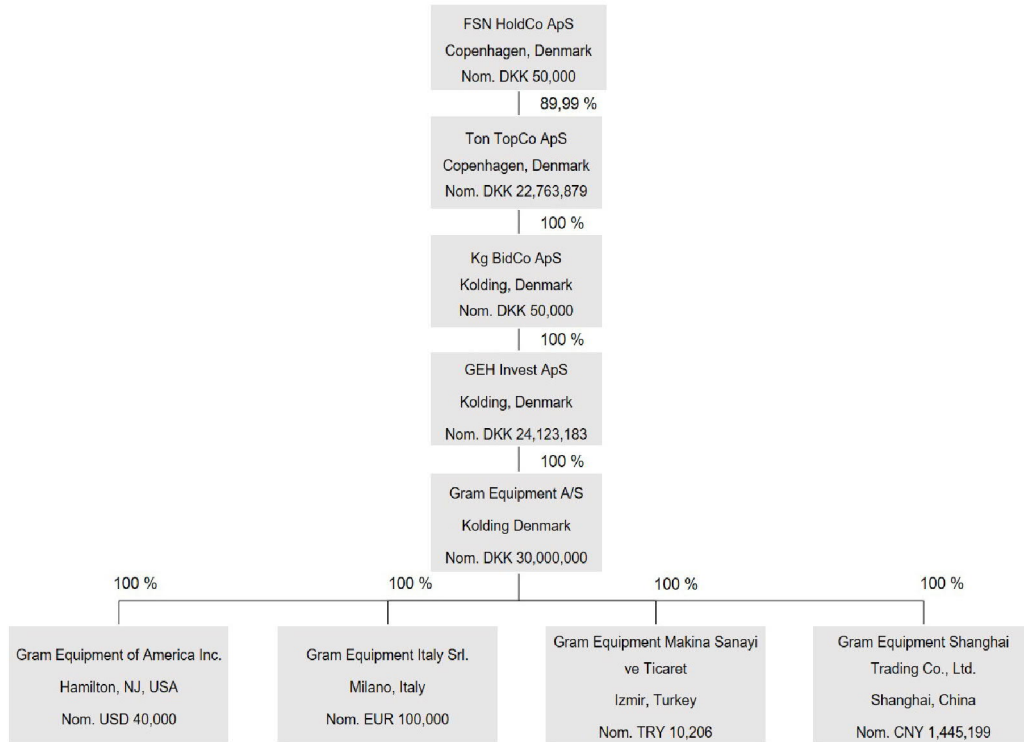
## Management's review

### Company details

Name	FSN HoldCo ApS
Address, Postal code, City	Kongens Nytorv 26, 2., 1050 København K
CVR no.	39 21 18 82
Established	2 January 2018
Registered office	København
Financial year	1 January - 31 December
Board of Directors	Thomas Broe-Andersen, Chairman Kasper Sørensen Nicolai Peter Norrbom
Executive Board	Marcus Peer Østergaard Wintersø
Auditors	EY Godkendt Revisionspartnerselskab Kolding Åpark 1, 3. sal, 6000 Kolding, Denmark

## Management's review

### Group chart



## Management's review

### Financial highlights for the Group

DKK'000	2019	2018
<b>Key figures</b>		
Revenue	591,000	549,392
Gross profit	185,907	472,231
Earnings before interest, taxes, depreciation and amortisation (EBITDA)	-67,958	222,199
Net financials	-45,642	-47,559
<b>Profit/loss for the year</b>	<b>-127,312</b>	<b>-695,757</b>
<b>Total assets</b>		
<b>Equity</b>	<b>453,084</b>	<b>905,654</b>
<b>Equity</b>	<b>-592,155</b>	<b>-465,005</b>
<b>Cash flows from operating activities</b>		
<b>Total cash flows</b>	<b>362,674</b>	<b>-191,254</b>
<b>Total cash flows</b>	<b>8,214</b>	<b>43,321</b>
<b>Financial ratios</b>		
Operating margin	-13.8%	-89.7%
Gross margin	31.5%	86.0%
Equity ratio	-162.8%	-68.8%
<b>Average number of employees</b>		
<b>Average number of employees</b>	<b>418</b>	<b>425</b>

The financial ratios stated in the survey of financial highlights have been calculated as follows:

Operating margin	$\frac{\text{Operating profit (EBIT)} \times 100}{\text{Revenue}}$
Gross margin ratio	$\frac{\text{Gross margin} \times 100}{\text{Revenue}}$
Equity ratio	$\frac{\text{Equity excl. non-controlling interests, year-end} \times 100}{\text{Total equity and liabilities, year-end}}$



## Management's review

### Business review

#### Turnaround

Following the change of top management and members of the board of directors during 2018, a turnaround of the business was initiated to alter the course of the Group following the prior leadership's attempt to scale the business beyond its means. This turnaround continued during 2019 where it progressed in line with the revised business case that was implemented when the new owners and new top management took over the leadership of the Group in 2018.

#### Insurance cover

In connection with its acquisition of the Group, Kg BidCo ApS, the Group's new parent company, took out a warranty & indemnity insurance policy. The insurance policy covers Kg BidCo ApS' losses up to a limit of € 50 million (c. DKK 373 million) in the event the seller of the Group fails to meet its obligations set out in the seller's warranties in the share purchase agreement.

In June 2018, shortly after its acquisition of the Group earlier the same year, Kg BidCo ApS filed a claim under the insurance policy claiming the seller had breached several of the warranties in the share purchase agreement numerous times, including warranties on the seller's duty of loyal disclosure and accounting material, by providing false and misleading information during the sales process.

As described in the Financial statements for 2018 under Subsequent events, Kg BidCo received a full payment to the limit of € 50 million (c. DKK 373 million). The payment was received in March 2019 and the full amount has been used to reduce the Group's debt.

#### Business review

The Subsidiary Gram Equipment is an engineering company delivering design and installation of equipment and production lines, as well as spare parts and services to the global ice cream industry.

The mission of Gram Equipment is to ensure our customers' success in the ice cream industry by providing know-how, innovative solutions and global service. Gram Equipment's portfolio is sold worldwide directly to the customers through Gram Equipment's own sales and service organization, and through a network of agents.

#### Financial review

Revenue for 2019 amounts to DKK 591 million against DKK 549 million last year. EBITDA amounts to a loss of DKK -68 million against a loss of DKK -222 million last year. Loss for the year after tax amounts to DKK -127 million against a loss of DKK -696 million last year. The loss is in line with the revised business case that was implemented when the new owners and new top management took over the leadership of the Group.

Management's objective during 2019 has been to turn around the business and continue resolving the operational and financial issues uncovered in connection with the closing of the annual reports for 2017 and 2018. Management has met its objectives for 2019 and no new issues were uncovered in 2019 as also stated in the special items note.

The improved EBITDA in 2019 compared to 2018 was a result of several turnaround initiatives implemented by management to remediate the operational deficiencies stemming from the previous leadership, including, but not limited to, a proper project approval process ensuring only the right projects are taken on, proper project execution processes ensuring that projects are delivered on the agreed time, budget and quality, proper quality assurance and testing of equipment before shipping to customers, systematic monthly project reviews to follow up on project performance, lean transformation in assembly and supplier consolidation.

During 2019 management continued its focus on finalizing and closing all the old projects taken by previous leadership before or at 31 December 2017. This delivery effort has been successful, and by the end of 2019 only few of these old projects are still open, and no further financial impact is anticipated from them.

In 2019, the new owner has injected € 18 million (c. DKK 135 million) in connection with the insurance payment as a tax-exempt equity contribution to the Group, in addition to the DKK 312 million injected by the new owner in 2018.

## Management's review

Compared to the outlook for 2019 given in the 2018 Annual Report, the full year 2019 performance was roughly in line with expectations on revenues and EBITDA. We continued to see quarter-by-quarter improvements during 2019 as a result of the many turnaround initiatives implemented by new top management during 2018 and 2019. As mentioned under "Outlook" below, we expect this improvement journey to steadily continue into 2020 in line with the revised business case that was implemented when the new owners and new top management took over the leadership of the Group in 2018.

The insurance proceeds received, and management's continued operational turnaround measures will provide the Group with sufficient liquidity for 2020 based on the current forecast.

## Risks

### Credit risks

The primary credit risk for the Group is that customers fail to pay the amounts they owe for products and services delivered to them by the Group. The Group's customers are predominantly large, international blue-chip producers of ice cream with high solvency ratios, spread across several geographical markets. This provides for a natural hedge of credit risks.

To limit its credit risks further, the Group's credit policies contain guidelines and regulations for assessing credit risk of new customers, payment terms and procedures and processes for handling outstanding claims. All sales orders, where a certain credit risk is expected, will be covered through letters of credit, prepayments and/or other security.

### Currency risks

The Group sells its products and services globally and invoices predominantly in EUR, CNY and USD. Further, the Group has significant receivables and payables in both currencies. Consequently, the Group is exposed to currency development between EUR/DKK, CNY/DKK and USD/DKK. The Group benefits to some extent from natural hedges due to EUR and USD denominated costs and given its establishment in the US. Management assesses hedging of foreign exchange exposure on a case by case basis.

### Project risks

A significant part of the Group's revenues relates to delivery of larger turnkey projects (equipment machinery for production of ice cream). Therefore, it is important that the Group has controls and procedures in place to ensure proper project governance and financial control. Proper project governance and financial control procedures have been implemented in the organization in 2018 and have been further enhanced during 2019, which has significantly reduced project risks within the Group.

### Liquidity risks

Several of the Group's larger turnkey projects incorporate customer prepayments and milestone payments when certain agreed milestones are met. The Group's ability to manage such customer contracts, including by ensuring timely fulfillment of milestone conditions and collection of payments, is important to manage the Group's liquidity. Also, strict inventory management to reduce inventory turn time and reduce cash tied up in equipment pieces and spare parts is important to manage the Group's liquidity. Management has implemented procedures to manage such risks.

### Interest risks

The Group's financial debt is denominated in euro with a EURIBOR floating rate. The floating rate is currently not hedged. Gram Equipment's interest rate risk is moderate. Interest rates in Europe are negative and no hikes are expected in the near future.

## Management's review

### Special risks

The ongoing virus outbreak of Covid-19 could potentially have an impact on the company's order intake following the consumer uncertainty, which could in turn affect the revenue. In addition, the security of supply from the company's subcontractors may be affected. The potential effect on the company's profit and financial position will naturally depend on the duration and extent of the virus outbreak, which is unknown at the time of the financial reporting.

### Non-financial matters

The Group's strategy is to be ice cream producers' preferred supplier of equipment and process solutions, with emphasis on quality, efficiency, on-time delivery and value-added services. At the same time, the Group wants to be an attractive employer, as well as a fair and good customer of its suppliers.

### Knowledge resources

The Group's highly skilled employees are our most valuable assets. They combine know-how with the newest developments in automation, design, and machinery technology. Through their knowledge, skill, and experience, we customize our machinery, enabling our customers to manufacture unique products.

We employ our own staff with specialized engineering and technical backgrounds in both sales, design, purchase, assembly, project management, service, and installation. In peaks, additional staff is hired in on fixed-term arrangements.

### Research and development activities

The Group continuously works on improvements of existing platforms and technologies and develops new features to be the global technology leader within the global ice cream industry.

Our highly skilled employees are our most valuable assets. They combine know-how with the newest developments in automation, design, and machinery technology. Through their knowledge, skill, and experience, we customize our machinery, enabling our customers to manufacture unique products.

### Outlook

During 2019 the Group has seen an uplift in line with the expectations in its operating performance as a result of the implemented turnaround initiatives. This improvement is projected to continue in 2020 and management expects moderate revenue growth and a positive EBITDA in the range DKK 0-15 million for 2020 in line with the revised business case.

Management have noticed an adverse effect of the Covid-19 virus outbreak in the form of delayed Equipment order intake and lower service and spare parts sales. Currently, it is uncertain how this develops, and it is therefore not possible to estimate expectations for the future more accurately, but it is management's expectation at the time of the financial reporting that if the repercussions of the virus outbreak are prolonged, a decrease in revenue and profit compared to the revised business case for 2020 can be expected.

### Statutory CSR report

#### The Group

Gram Equipment has a global market leading position delivering food processing equipment and services to predominant ice cream manufacturers. The company is founded and headquartered in Denmark and has long tradition of product development and assembly of complex production lines and equipment. During the latest years engineering and assembly on company site in Turkey has grown to ensure growth and flexibility. All parts are produced by sub suppliers, except for ice cream molds which are manufactured by Gram Equipment Italy. Sales Offices are situated in China and US.

## Management's review

### Human Rights

Gram Equipment has pledged to respect inalienable human rights, equal opportunities and non-discrimination, freedom of association for workers, the prohibition of child labor and forced labor, as well as fair wages and working conditions. The company operates a zero-tolerance policy towards unethical behavior in commercial practice, in particular with respect to bribery, corruption or forced labor, and expects its suppliers to follow suit. Gram Equipment realizes that having global activities generates a risk of unintentionally violating human rights and anti-corruption and bribery legislations.

### Business Ethics

In Q4 2019 Gram Equipment was SMETA re-audited and thereby met again the ethical 4-pillar supplier standards: Labor Standards, Health and Safety, Business Ethics and Environment. SMETA embraces the Ten Principles of the UN Global Compact. The audit took place in Italy, Turkey and Denmark and was conducted by Bureau Veritas. By having a membership of Sedex and executing the SMETA audit, Gram Equipment is supporting one of the world's leading ethical trade service providers, working to improve working conditions in global supply chains.

### Code of Conduct

It is an implemented procedure that new employees go through the company code of conduct. The central subjects are anti-discrimination, confidentiality, anti-corruption, anti-labor exploitation, respect for law and fellow human being. To emphasize the importance all current employees signed in 2019 that they have read and understood the CoC. All details on policies and the code of conduct as well as governance procedures, e.g. GDPR, and Delegation of Authority (DoA) describing role and responsibility, are available on the intranet for all employees. All managers and key employees have signed the DoA to emphasize the importance of correct governance and the potential disciplinary consequences of violation.

### Code of Conduct for suppliers

Supplier Code of Conduct was relaunched in 2019 to update the signatures of current suppliers and to encourage new suppliers to sign. 64%suppliers of total spend had signed the supplier Code of Conduct by end 2019. In 2020, 70%of the strategic suppliers will be audited on their ethical principles.

### Employees well-being

The employees are the most important asset to the company, and their health and well-being is of great importance to the company.

To enrich the dialogue and the welfare of employees, a global employee survey was accomplished. The roll-out of actions to enhance company culture and employee engagement is on-going beginning 2020. The global eNPS = -8, and the ambition for 2020 eNPS = 0.

An important non-monetary KPI is absenteeism as this poses a risk to the company. All except assembly/warehouse in DK met the goal for short-term absenteeism. In 2019, DK/BC employees have as part of the salary negotiation all received a health insurance to insure fast treatment, but also team and individual actions have been taken to reduce absenteeism such as individual plans for return to work in cooperation with the local job center.

### Training program for apprentices

Gram Equipment has responded to encouragement from official side for training of the young generation by recruiting apprentices and has end 2019 13 young employees in training. A special company club for apprentices has been formed and is supported by the top management. The initiative will eliminate the risk of underrepresentation of the young generation in the work force and is positive for the local community at large. There is a strategic plan to further enlarge the number of apprentices in Denmark. The average personnel age in Denmark is 46 years.

## Management's review

### Improvement and training

Production in Turkey and Denmark are working with lean elements to improve working condition and cooperation in order to minimize work injuries. A competence matrix has also been implemented to ensure professional and personal development. "IceHouse" has been established as a portal for quality management and is the visual overview of company procedures and instructions to ensure transparency and direction and reduce the risk of quality failure.

The first Senior learning and Development Facilitator has been employed by the end of 2019 to focus on product training to enhance knowledge sharing and reduce risk of failure.

### Climate and environment

Customers and employees are fully aware of the climate change and potential impacts and risks. Management has conducted the first environmental and climate risk assessment and will include environmental and climate risks and opportunities in the strategic work going forward. The main risk identified are our Greenhouse Gas (GHG) emissions from our operations and travelling together with waste from our production.

Furthermore, 2019 was the first year in which Gram measured its GHG emissions –although not complete and only in DK. GHG emissions will be fully implemented and reported in 2020. Strategic actions will be implemented to eliminate risks and to reduce carbon footprint. Gram Equipment strives to act responsibly and protect the environment and climate in every way possible.

As a result of on-going activities in 2019 the food waste was reduced by monitoring the number of employees at work in the time registration system and from the portions sold for home-bringing. The number of various chemical products in the workshop went from more than 120 to 65, and more have been replaced to non-toxic products. The recycling of waste is ~71% in 2019 in DK.

### Product innovation

To meet and understand customer demand for green products through close cooperation with the individual customer. There is an on-going product development to improve safety, reduce waste and resources, optimize productivity and experiment with new ingredients. R&D investments for 2020 is increased for continued end-product resource efficiency.

### Account of gender composition of management

Gram Equipment strives to be an attractive workplace and business partner for our customers through innovative solutions. Gram Equipment believes that diversity helps to ensure access to the most talented potential employees and at the same time it contributes to develop the business positively with different competencies and perspectives.

Globally, 17% of all employees are women which is 2 %point increase from last year also impacting the part of women managers to 25% from 21%

Diversity including gender composition is among others will be emphasized in the recruitment process, both for internal as well as external hires, as an important selection criterion to set the right team and fill positions with the best-suited candidates.

There is no women representation in the Board of Directors. The goal is to have 2 female board members by 2022. In 2019, there was a change in the Board of Directors, where one male member was replaced by another male member. While there was an attempt to increase the diversity of the Board in the appointment of a new member, the choice of this candidate was made, as he was best suited candidate for the position.

## Management's review

### Events after the balance sheet date

As of the beginning of March 2020, management has noted that the worldwide COVID-19 outbreak will potentially affect the Company's performance and financial position by 2020. The primary impacts are discussed further in the "Special risks" section. However, it is not possible for the Group's management at the time of reporting to quantify the effect further, as it will depend on the duration and extent of the virus outbreak. With the current knowledge, Management does not expect COVID-19 to significantly impact the liquidity of the company.

The subsidiary Kg BidCo ApS was in June 2020 awarded € 87 million (c. DKK 648 million) at the International arbitral tribunal in Denmark. The international arbitral tribunal ruled in accordance with Kg BidCo ApS' claims of fraud and wilful misconduct and sanctioned the seller Green Magnum S.A (Lux-embourg) to pay a total amount of €87 million in compensation to Kg BidCo ApS. The tribunal ruled that the Green Magnum in January 2018 sold Gram Equipment (and GEH Invest ApS), based on fraudulent financial reporting and therefore was liable to pay damages to FSN Capital. The ruling is final and cannot be appealed. Procuritas has, on behalf of Green Magnum S.A, stated that Green Magnum currently has limited financial means, why they expect that Kg BidCo de facto will not receive any cash payout from Green Magnum. FSN Capital and Kg BidCo will pursue any legal steps against the parties associated with Green Magnum in order to collect the awarded compensation of EUR 87 million arising from fraud and wilfull misconduct.

Due the timing of the awarded compensation, this is a subsequent event, why none of the awarded amounts are reflected as receivables in the Financial Statements for Kg BidCo for 2019, please refer to Note 20 "Contingent assets".

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

### Income statement

Note	DKK'000	Group		Parent company	
		2019	2018	2019	2018
5	<b>Revenue</b>	591,000	549,392	0	0
	Cost of sales	-266,295	-275,733	0	0
	Other operating income	0	373,365	0	0
	Other external expenses	-138,798	-174,793	-377	-132
	<b>Gross profit</b>	185,907	472,231	-377	-132
6	Staff costs	-253,865	-250,032	0	0
	Amortisation/depreciation and impairment	-13,558	-714,789	0	-410,157
	<b>Profit/loss before net financials</b>	-81,516	-492,590	-377	-410,289
	Loss from investments in group enterprises	0	-159,053	0	0
7	Financial income	2,289	3,811	14,084	9,849
8	Financial expenses	-47,931	-51,370	-11,242	-10,122
	<b>Profit/loss before tax</b>	-127,158	-699,202	2,465	-410,562
9	Tax for the year	-154	3,445	-1,264	0
	<b>Profit/loss for the year</b>	-127,312	-695,757	1,201	-410,562
	Specification of the Group's results of operations:				
	Shareholders in FSN HoldCo ApS	-114,565	-626,017		
	Non-controlling interests	-12,747	-69,740		
		-127,312	-695,757		

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

### Balance sheet

Note	DKK'000	Group		Parent company	
		2019	2018	2019	2018
	<b>ASSETS</b>				
	<b>Fixed assets</b>				
10	<b>Intangible assets</b>				
	Completed development projects	3,211	0	0	0
	Acquired intangible assets	101,046	103,724	0	0
	Goodwill	0	0	0	0
	Development projects in progress and prepayments for intangible assets	6,373	2,803	0	0
		<u>110,630</u>	<u>106,527</u>	<u>0</u>	<u>0</u>
11	<b>Property, plant and equipment</b>				
	Plant and machinery	10,472	13,012	0	0
	Fixtures and fittings, other plant and equipment	3,901	5,999	0	0
	Leasehold improvements	5,025	5,500	0	0
		<u>19,398</u>	<u>24,511</u>	<u>0</u>	<u>0</u>
12	<b>Investments</b>				
	Investments in group enterprises	0	0	0	0
	Other receivables	2,291	2,291	0	0
		<u>2,291</u>	<u>2,291</u>	<u>0</u>	<u>0</u>
	<b>Total fixed assets</b>	<u>132,319</u>	<u>133,329</u>	<u>0</u>	<u>0</u>
	<b>Non-fixed assets</b>				
	<b>Inventories</b>				
	Raw materials and consumables	16,906	33,934	0	0
	Work in progress	5,691	15,584	0	0
	Finished goods and goods for resale	26,027	49,165	0	0
		<u>48,624</u>	<u>98,683</u>	<u>0</u>	<u>0</u>
	<b>Receivables</b>				
	Trade receivables	120,828	126,018	0	0
13	Work in progress	78,176	72,184	0	0
	Receivables from group enterprises	0	0	84,942	69,049
	Corporation tax receivable	45	0	0	0
	Other receivables	13,780	425,835	1,394	3,440
14	Prepayments	5,654	3,757	0	0
		<u>218,483</u>	<u>627,794</u>	<u>86,336</u>	<u>72,489</u>
	<b>Cash</b>	<u>53,658</u>	<u>45,848</u>	<u>0</u>	<u>50</u>
	<b>Total non-fixed assets</b>	<u>320,765</u>	<u>772,325</u>	<u>86,336</u>	<u>72,539</u>
	<b>TOTAL ASSETS</b>	<u>453,084</u>	<u>905,654</u>	<u>86,336</u>	<u>72,539</u>



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

### Balance sheet

Note	DKK'000	Group		Parent company	
		2019	2018	2019	2018
		<b>EQUITY AND LIABILITIES</b>			
		<b>Equity</b>			
15	Share capital	50	50	50	50
	Retained earnings	-737,495	-623,092	-409,361	-410,562
	<b>Shareholders in FSN HoldCo ApS' share of equity</b>	<b>-737,445</b>	<b>-623,042</b>	<b>-409,311</b>	<b>-410,512</b>
	Non-controlling interests	145,290	158,037	0	0
	<b>Total equity</b>	<b>-592,155</b>	<b>-465,005</b>	<b>-409,311</b>	<b>-410,512</b>
	<b>Provisions</b>				
18	Other provisions	12,650	25,257	0	0
	<b>Total provisions</b>	<b>12,650</b>	<b>25,257</b>	<b>0</b>	<b>0</b>
	<b>Liabilities other than provisions</b>				
17	<b>Non-current liabilities other than provisions</b>				
	Bank debt	39,579	344,596	0	0
	Lease liabilities	1,225	3,722	0	0
	Other payables	5,728	0	0	0
		<b>46,532</b>	<b>348,318</b>	<b>0</b>	<b>0</b>
	<b>Current liabilities other than provisions</b>				
17	Short-term part of long-term liabilities other than provisions	2,579	2,098	0	0
	Bank debt	709,897	745,204	494,318	483,051
	Prepayments received from customers	20,789	13,612	0	0
13	Work in progress	105,284	79,325	0	0
	Trade payables	96,415	98,402	0	0
	Corporation tax payable	867	1,395	1,264	0
	Other payables	50,226	57,048	65	0
		<b>986,057</b>	<b>997,084</b>	<b>495,647</b>	<b>483,051</b>
	<b>Total liabilities other than provisions</b>	<b>1,032,589</b>	<b>1,345,402</b>	<b>495,647</b>	<b>483,051</b>
	<b>TOTAL EQUITY AND LIABILITIES</b>	<b>453,084</b>	<b>905,654</b>	<b>86,336</b>	<b>72,539</b>

- 1 Accounting policies
- 2 Group financial structure
- 3 Events after the balance sheet date
- 4 Special items
- 19 Contractual obligations and contingencies, etc.
- 20 Contingent assets
- 21 Collateral
- 22 Related parties
- 23 Fee to the auditors appointed by the Company in general meeting
- 24 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	Total	Non-controlling interests	Total equity
	Equity at 1 January 2019	50	-623,092	-623,042	158,037	-465,005
	Capital increase	0	551	551	0	551
	Transfer through appropriation of loss	0	-114,565	-114,565	-12,747	-127,312
	Adjustment of investments through foreign exchange adjustments	0	-389	-389	0	-389
	<b>Equity at 31 December 2019</b>	<b>50</b>	<b>-737,495</b>	<b>-737,445</b>	<b>145,290</b>	<b>-592,155</b>

		Parent company		
Note	DKK'000	Share capital	Retained earnings	Total
	Equity at 1 January 2019	50	-410,562	-410,512
24	Transfer, see "Appropriation of profit/loss"	0	1,201	1,201
	<b>Equity at 31 December 2019</b>	<b>50</b>	<b>-409,361</b>	<b>-409,311</b>

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

### Cash flow statement

Note	DKK'000	Group	
		2019	2018
	Profit/loss for the year	-127,312	-695,757
25	Adjustments	1,246	788,290
	Cash generated from operations (operating activities)	-126,066	92,533
26	Changes in working capital	489,662	-289,535
	Cash generated from operations (operating activities)	363,596	-197,002
	Income taxes paid	-922	5,748
	<b>Cash flows from operating activities</b>	<b>362,674</b>	<b>-191,254</b>
	Additions of intangible assets	-11,981	-4,256
	Additions of property, plant and equipment	-892	-8,659
	Disposals of property, plant and equipment	202	1,879
	Purchase of financial assets	0	-418
	Disposal of financial assets	0	1,520
27	Acquisition of companies and activities	0	-562,148
	<b>Cash flows to investing activities</b>	<b>-12,671</b>	<b>-572,082</b>
	Proceeds of loan	0	1,029,755
	Repayments of loan	-307,514	-584,214
	Operating net transactions	-34,826	203,029
	Cash capital increase	551	50
	Cash capital increase from non-controlling interests	0	158,037
	<b>Cash flows from financing activities</b>	<b>-341,789</b>	<b>806,657</b>
	<b>Net cash flow</b>	<b>8,214</b>	<b>43,321</b>
	Cash and cash equivalents at 1 January	45,848	0
	Foreign exchange adjustments	-404	2,527
28	<b>Cash and cash equivalents at 31 December</b>	<b>53,658</b>	<b>45,848</b>

The cash flow statement cannot be directly derived from the other components of the consolidated financial statements.

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

### Notes to the financial statements

#### 1 Accounting policies

The annual report of FSN HoldCo ApS for 2019 has been prepared in accordance with the provisions in the Danish Financial Statements Act applying to large reporting class C entities.

The accounting policies used in the preparation of the financial statements are consistent with those of last year.

#### Reporting currency

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

#### Consolidated financial statements

The consolidated financial statements comprise the parent company, the Group, and subsidiaries in which FSN HoldCo - directly or indirectly - holds more than 50% of the voting rights or otherwise has a controlling interest.

The existence and impact of potential voting rights that are actually exercisable or convertible are taken into account when assessing whether control exists.

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.

#### 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.

#### 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 included in "Other receivables" and "Other payables", respectively.

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

### Notes to the financial statements

#### 1 Accounting policies (continued)

##### Income statement

###### Revenue

Income from the sale of goods for resale and finished goods is recognised in the income statement provided that delivery and transfer of risk to the buyer have taken place before year end and that the income can be reliably measured and is expected to be received. Revenue is measured ex. VAT and taxes charged on behalf of third parties. Some major sales orders are split into partial deliveries as per agreement with the customers. Revenue recognition takes place, when each individual component of the order is completed and delivered to the customer.

Income from construction contracts involving a high degree of customisation is recognised as revenue by reference to the stage of completion. Accordingly, revenue corresponds to the market value of the contract work performed during the year (percentage-of-completion method). This method is used where the total income and expenses and the degree of completion of the contract can be measured reliably.

Where income from a construction contract cannot be estimated reliably, contract revenue corresponding to the expenses incurred is recognised only in so far as it is probable that such expenses will be recoverable from the counterparty.

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 comprises costs incurred to achieve revenue for the year. Cost comprises raw materials, consumables, direct labor costs and indirect production costs such as maintenance and depreciation, etc., as well as operation and administration of technical, assembly, purchase and service departments.

###### 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.

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

### Notes to the financial statements

#### 1 Accounting policies (continued)

##### Amortisation/ depreciation and impairment

The item comprises amortisation/ depreciation and impairment of intangible assets and property, plant and equipment.

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	3-10 years
Acquired intangible assets	15-20 years
Goodwill	20 years

The useful life of goodwill is based upon the Company's assesment of product technology and access to clients.

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:

Plant and machinery	4-6 years
Fixtures and fittings, other plant and equipment	3-10 years
Leasehold improvements	8 years

##### Profit/ loss from investments in subsidiaries

The item includes dividend received from subsidiaries in so far as the dividend does not exceed the accumulated earnings in the subsidiary in the period of ownership.

##### Financial income and expenses

Financial income and expenses are recognised in the income statement at the amounts that relate to the financial reporting period. The items comprise interest income and expenses, e.g. from group entities and associates, declared dividends from other securities and investments, financial expenses relating to finance leases, realised and unrealised capital gains and losses relating to other securities and investments, exchange gains and losses and amortisation of financial assets and liabilities.

##### 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.

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

### Notes to the financial statements

#### 1 Accounting policies (continued)

##### Balance sheet

##### Intangible assets

Intangible fixed assets comprises goodwill and development projects. Intangible fixed assets are valued at cost less depreciation. Impairment write-downs is made when deemed necessary.

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.

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

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

On completion of a development project, development costs are amortised on a straight-line basis over the estimated useful life. The amortisation period is usually 3-10 years.

##### 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.

##### Leases

On initial recognition, leases for assets that transfer substantially all the risks and rewards incident to the ownership to the Company (finance leases) are measured in the balance sheet at the lower of fair value and the present value of the future lease payments. In calculating the net present value, the interest rate implicit in the lease or the incremental borrowing rate is used as the discount factor. Assets held under finance leases are subsequently accounted for in the same way as the Company's other assets.

The capitalised residual lease liability is recognised in the balance sheet as a liability, and the interest element of the lease payment is recognised in the income statement over the term of the lease.

##### Investments in subsidiaries

Investments in subsidiaries and associates are measured at cost, which includes the cost of acquisition calculated at fair value plus direct costs of acquisition. If there is evidence of impairment, an impairment test is conducted. Where the carrying amount exceeds the recoverable amount, a write-down is made to such lower value.

##### Impairment of fixed assets

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

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

### Notes to the financial statements

#### 1 Accounting policies (continued)

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

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

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

#### Inventories

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

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

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

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

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

#### Receivables

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.

#### Work in progress

Service supplies and contract work in progress for third parties are measured at the market value of the work performed less progress billings. The market value is calculated based on the stage of completion at the balance sheet date and the total expected income from the relevant contract. The stage of completion is calculated based on the expenses incurred relative to the expected total expenses relating to the relevant contract.

Where the outcome of contract work in progress cannot be estimated reliably, the market value is measured at the expenses incurred in so far as they are expected to be paid by the purchaser.



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

### Notes to the financial statements

#### 1 Accounting policies (continued)

Where the total expenses relating to the work in progress are expected to exceed the total market value, the expected loss is recognised as a loss-making agreement under "Provisions" and is expensed in the income statement.

The value of work in progress less progress billings is classified as assets when the selling price exceeds progress billings and as liabilities when progress billings exceed the market value.

#### Prepayments

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

#### Equity

##### *Reserve for development costs*

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

##### *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.

#### Income taxes

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

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

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

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

### Notes to the financial statements

#### 1 Accounting policies (continued)

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.

#### Liabilities

Financial liabilities are recognised at the date of borrowing at the net proceeds received less transaction costs paid. On subsequent recognition, financial liabilities are measured at amortised cost, corresponding to the capitalised value, using the effective interest rate. Accordingly, the difference between the proceeds and the nominal value is recognised in the income statement over the term of the loan. Financial liabilities also include the capitalised residual lease liability in respect of finance leases.

Other liabilities are measured at net realisable value.

#### 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.

#### 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 and short term securities which are readily convertible into cash and which are subject only to insignificant risks of changes in value.

#### Segment information

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

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

### Notes to the financial statements

#### 2 Group financial structure

##### Debt structure

As described in the Management review, the Group, received a payout of the full insurance limit amounting to EUR 50 million (c. DKK 373 million) as part of the ongoing dispute with the seller. The full insurance amount has been used to repay part of the group's total debt structure.

Following the debt restructure in 2019, the Group has, the following financing structure as per December 31, 2019:

- A bank loan obtained by Kg BidCo ApS amounting to EUR 5.5 million (c. DKK 41 million) used as part of funding the acquisition.
- Total lines of credit in the amount of EUR 17.5 million (c. DKK 130.7 million). Of the total line of credit, the Group has utilized EUR 6.6 million (net) (DKK 49.2 million) as of December 31 2019.
- Two additional credit lines of EUR 7.5 million each (EUR 15 million in total) in Gram Equipment A/S and Kg Bidco respectively.
- A EUR 66.3 million bridge facility in FSN HoldCo ApS.

The debt structure is subject to general conditions as well as financial covenants measured quarterly, with the first measurement beginning at 30 June 2019. However, during 2019, the Group renegotiated the financial covenants for 2019 and subsequently meet all covenant tests during 2019. For 2020, the financial covenants are measured as last twelve months EBITDA quarterly. Based on the current budgets and cash flow forecasts, management expects to pass the covenant tests throughout 2020.

Collaterals relating to the debt structure are reported under note 20.

Further, the Group has a DKK 85 million (2018: DKK 60 million) guarantee facility, to be used for customer prepayments via third-party guarantee lines under customary business terms and termination periods. Based on the current budgets and current expectation as to the estimated impacts from COVID-19, the Management has concluded that the Group has sufficient liquidity resources to carry out its operations during 2020. Therefore, the financial statements for 2019 have been prepared on a going concern basis.

#### 3 Events after the balance sheet date

The subsidiary Kg BidCo ApS was in June 2020 awarded € 87 million (c. DKK 648 million) at the International arbitral tribunal in Denmark. The international arbitral tribunal ruled in accordance with Kg BidCo ApS' claims of fraud and wilful misconduct and sanctioned the seller Green Magnum S.A (Lux-embourg) to pay a total amount of €87 million in compensation to Kg BidCo ApS. The tribunal ruled that the Green Magnum in January 2018 sold Gram Equipment (and GEH Invest ApS), based on fraudulent financial reporting and therefore was liable to pay damages to FSN Capital. The ruling is final and cannot be appealed. Procuritas has, on behalf of Green Magnum S.A, stated that Green Magnum currently has limited financial means, why they expect that Kg BidCo de facto will not receive any cash payout from Green Magnum. FSN Capital and Kg BidCo will pursue any legal steps against the parties associated with Green Magnum in order to collect the awarded compensation of EUR 87 million arising from fraud and wilfull misconduct.

Due the timing of the awarded compensation, this is a subsequent event, why none of the awarded amounts are reflected as receivables in the Financial Statements for Kg BidCo for 2019, please refer to Note 20 "Contingent assets".

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

### Notes to the financial statements

#### 4 Special items

##### Group

Special items comprise significant income and expense of a special nature relative to the Parent and Group's operating activities.

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

DKK'000	Group		Parent company	
	2019	2018	2019	2018
<b>Income</b>				
Insurance compensation	0	373,365	0	0
	0	373,365	0	0
<b>Expenses</b>				
Change in accounting estimate for inventory obsolescence	0	-19,161	0	0
Inventory clean-up	0	-22,681	0	0
Restructuring cost - external advisors, consultants etc.	-49,574	-81,258	0	0
Impairment from investments in group enterprises	0	-851,780	0	-410,157
	-49,574	-974,880	0	-410,157
<b>Special items are recognised in the below items of the financial statements</b>				
Cost of sales	0	-41,842	0	0
Other external expense	-49,574	-81,258	0	0
Impairment goodwill	0	-692,727	0	-410,157
Loss from investments in group enterprises	0	-159,053	0	0
Other operating income	0	373,365	0	0
<b>Net profit/ loss on special items</b>	<b>-49,574</b>	<b>-601,515</b>	<b>0</b>	<b>-410,157</b>

##### Group

In 2018 the company and group were effected by special items relating to severe operational issues uncovered by new management in 2018.

In 2019, besides legal cost etc. regarding the case against the former owner of Gram Equipment A/S, no additional material costs occurred on the special items from 2018 and there was no basis for any reversal of any of the special items provided for in 2018. Further, no new types of material special items were identified.

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

### Notes to the financial statements

DKK'000	Group		Parent company	
	2019	2018	2019	2018
<b>5 Segment information</b>				
<b>Breakdown of revenue by geographical segment:</b>				
Denmark	2,268	1,228	0	0
Export	588,732	548,164	0	0
	<u>591,000</u>	<u>549,392</u>	<u>0</u>	<u>0</u>
<b>6 Staff costs and incentive programmes</b>				
Wages/salaries	224,788	223,301	0	0
Pensions	13,255	15,222	0	0
Other social security costs	10,394	8,704	0	0
Other staff costs	5,428	2,805	0	0
	<u>253,865</u>	<u>250,032</u>	<u>0</u>	<u>0</u>
Average number of full-time employees	<u>418</u>	<u>425</u>	<u>0</u>	<u>0</u>

#### Group

By reference to section 98b(3), (ii), of the Danish Financial Statements Act, remuneration to the group Management is not disclosed.

#### Incentive programmes

Board of directors are eligible to a bonus scheme under normal marked conditions.

DKK'000	Group		Parent company	
	2019	2018	2019	2018
<b>7 Financial income</b>				
Interest receivable, group entities	0	0	14,004	9,609
Other financial income	2,289	3,811	80	240
	<u>2,289</u>	<u>3,811</u>	<u>14,084</u>	<u>9,849</u>
<b>8 Financial expenses</b>				
Other financial expenses	47,931	51,370	11,242	10,122
	<u>47,931</u>	<u>51,370</u>	<u>11,242</u>	<u>10,122</u>

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

### Notes to the financial statements

DKK'000	Group		Parent company	
	2019	2018	2019	2018
<b>9 Tax for the year</b>				
Estimated tax charge for the year	292	441	820	0
Deferred tax adjustments in the year	-21	-529	0	0
Tax adjustments, prior years	-117	-3,357	444	0
	<u>154</u>	<u>-3,445</u>	<u>1,264</u>	<u>0</u>

### 10 Intangible assets

DKK'000	Group				
	Completed development projects	Acquired intangible assets	Goodwill	Development projects in progress and prepayments for intangible assets	Total
Cost at 1 January 2019	0	110,164	699,461	2,803	812,428
Additions	0	4,571	0	7,411	11,982
Disposals	-6,094	0	0	0	-6,094
Transferred	3,841	0	0	-3,841	0
Cost at 31 December 2019	<u>-2,253</u>	<u>114,735</u>	<u>699,461</u>	<u>6,373</u>	<u>818,316</u>
Impairment losses and amortisation at 1 January 2019	0	6,440	699,461	0	705,901
Amortisation for the year	630	7,249	0	0	7,879
Reversal of accumulated amortisation and impairment of assets disposed	-6,094	0	0	0	-6,094
Impairment losses and amortisation at 31 December 2019	<u>-5,464</u>	<u>13,689</u>	<u>699,461</u>	<u>0</u>	<u>707,686</u>
<b>Carrying amount at 31 December 2019</b>	<u>3,211</u>	<u>101,046</u>	<u>0</u>	<u>6,373</u>	<u>110,630</u>

#### Completed development projects

Completed development projects include development and test of new products that will further strengthen the Company's full line offering, enabling it to offer turn-key solutions and total contract-ownership.

The carrying amount of intangibles have been subject to impairment tests at year-end. The impairment tests were based on the expected net cash flows from the available budgets and forecasts for the period 2020-2024. Discount factor for each CGU vary from 12.5% to 16.5%

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

### Notes to the financial statements

#### 11 Property, plant and equipment

DKK'000	Group			Total
	Plant and machinery	Fixtures and fittings, other plant and equipment	Leasehold improvements	
Cost at 1 January 2019	16,366	8,040	6,085	30,491
Foreign exchange adjustments	150	0	0	150
Additions	746	0	146	892
Disposals	-3,189	-909	0	-4,098
Transferred	210	69	197	476
Cost at 31 December 2019	14,283	7,200	6,428	27,911
Impairment losses and depreciation at 1 January 2019	3,354	2,041	585	5,980
Foreign exchange adjustments	134	0	0	134
Impairment losses	0	63	0	63
Depreciation	2,917	2,085	818	5,820
Reversal of accumulated depreciation and impairment of assets disposed	-3,006	-890	0	-3,896
Transferred	412	0	0	412
Impairment losses and depreciation at 31 December 2019	3,811	3,299	1,403	8,513
<b>Carrying amount at 31 December 2019</b>	<b>10,472</b>	<b>3,901</b>	<b>5,025</b>	<b>19,398</b>
Property, plant and equipment include finance leases with a carrying amount totalling	1,817	3,106	0	4,923

#### 12 Investments

DKK'000	Group
	Other receivables
Cost at 1 January 2019	2,291
Cost at 31 December 2019	2,291
<b>Carrying amount at 31 December 2019</b>	<b>2,291</b>
	Parent company
	Investments in group enterprises
DKK'000	
Cost at 1 January 2019	410,157
Cost at 31 December 2019	410,157
Value adjustments at 1 January 2019	-410,157
Value adjustments at 31 December 2019	-410,157
<b>Carrying amount at 31 December 2019</b>	<b>0</b>

Investments in group enterprises are illustrated in the group chart on page 6.

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

### Notes to the financial statements

DKK'000	Group		Parent company	
	2019	2018	2019	2018
<b>13 Work in progress</b>				
Selling price of work performed	470,267	246,077	0	0
Progress billings	-497,375	-253,218	0	0
	<u>-27,108</u>	<u>-7,141</u>	<u>0</u>	<u>0</u>
recognised as follows:				
Work in progress(assets)	78,176	72,184	0	0
Work in progress(liabilities)	-105,284	-79,325	0	0
	<u>-27,108</u>	<u>-7,141</u>	<u>0</u>	<u>0</u>

### 14 Prepayments

#### Group

Prepayments include accrual of expenses relating to subsequent financial years, including rent, insurance policies and IT-subscriptions.

### 15 Share capital

Analysis of changes in the share capital over the past 2 years:

DKK'000	2019	2018
Opening balance	<u>50</u>	<u>50</u>
	<u>50</u>	<u>50</u>

### 16 Deferred tax

At 31 December 2019, the Group has a potential tax asset of approx. DKK 62,000 thousand. The tax asset consists of tax-loss carry-forwards and non-utilised tax deductions in the form of timing differences. Based on available budgets, it is uncertain if all of these tax losses can be utilised within the coming 3-5 years. Based thereon, the carrying amount has not been recognised in the financial statements.

### 17 Non-current liabilities other than provisions

DKK'000	Group			
	Total debt at 31/12 2019	Repayment, next year	Long-term portion	Outstanding debt after 5 years
Bank debt	39,579	0	39,579	39,579
Lease liabilities	3,804	2,579	1,225	0
Other payables	5,728	0	5,728	0
	<u>49,111</u>	<u>2,579</u>	<u>46,532</u>	<u>39,579</u>

Short term bank debt relates to revolving credit facilities that expires in 2021 and 2024.



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

### Notes to the financial statements

#### 18 Other provisions

Other provisions comprise provisions for warranty commitments and expected losses on work in progress for third parties. Warranty provisions cover expected warranty costs for guarantee commitments, claims, complaints, etc. relating to the sale of goods, which is common in this nature of business. Other provisions are expected to be settled within 5 years.

#### 19 Contractual obligations and contingencies, etc.

##### Other contingent liabilities

###### Group

A guarantee company and the Group's bank have issued guarantees amounting to DKK 37,211 thousand (2018: DKK 38,370 thousand) primarily regarding pending and finished customer orders.

A guarantee company has provided a guarantee to the Group's bank amounting to EUR 0.3 million, regarding the Group's bank debt.

##### Other financial obligations

Other rent and lease liabilities:

DKK'000	Group		Parent company	
	2019	2018	2019	2018
Rent and lease liabilities	72,856	70,956	0	0

###### Group

The Group has from its normal course of business common commitments for goods and services towards vendors. As of 31 December 2019 these commitments amounts to approx. DKK 8,845 thousands

Rent and lease liabilities due within 1 year amount to DKK 17,846 thousand for the group and DKK 11,945 thousand for the parent company.

Rent and lease liabilities falling due after 5 years amount to DKK 17,442 thousand (2018: DKK 22,120 thousand) for the group and DKK 17,442 thousand (2018: DKK 22,120 thousand) for the parent company.

##### Parent company

As management company, the Company is jointly taxed with other Danish group entities. The Company has joint and several liability with other jointly taxed group entities for all corporate taxes etc. in the joint taxation.

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

### Notes to the financial statements

#### 20 Contingent assets

The subsidiary Kg BidCo ApS was in June 2020 awarded € 87 million (c. DKK 648 million) at the International arbitral tribunal in Denmark. The international arbitral tribunal ruled in accordance with Kg BidCo ApS' claims of fraud and wilful misconduct and sanctioned the seller Green Magnum S.A. to pay €87 million in compensation to Kg BidCo ApS. The tribunal ruled that Green Magnum S.A. in January 2018 sold Gram Equipment (and GEH Invest ApS), based on fraudulent financial reporting and therefore was liable to pay damages to FSN Capital. The ruling is final and cannot be appealed.

However, due to the timing of the ruling, the receivable is not recognized in the Financial statements for 2019 and, further, the counterpart failed to pay the award in due time on the 7 July 2020. FSN Capital and Kg BidCo will pursue any legal steps against the counter parties associated with Green Magnum S.A. in order to collect the awarded compensation of EUR 87 million arising from fraud and willful misconduct.

#### 21 Collateral

##### Group

As mentioned in note 2 Group financial structure, The Group, has a term loan amounting to EUR 5.5 million respectively.

Further the Company has a joint credit facility amounting to EUR 32.5 million.

The credit facilities are subject to the following collaterals, pledges etc.:

The Group has pledged property, plant and equipment, inventories and receivables with a carrying amount of approx. DKK 420 million (2018: DKK 431 million) as a floating charge amounting to DKK 38 million regarding bank debt. Further the Group has pledged the receivables with a carrying amount of DKK 312 million (2018: DKK 281 million) as a floating charge amounting to DKK 37 million regarding bank debt.

The Group's lenders has a USD 16 million collateral in the Group's receivables from group enterprises, amounting to nominal DKK 212 million.

The Group has pledged investments in two subsidiaries (Gram Equipment of America Inc. and Gram Equipment Makina Sanayi ve Ticaret Izmir), with a carrying amount of DKK -177 million and DKK 10 million respectively.

The Group has pledged investments in two subsidiaries (Gram Equipment of America Inc. and Gram Equipment Makina Sanayi ve Ticaret Izmir), with a carrying amount of DKK -177 million and DKK 10 million respectively.

FSN HoldCo is guarantor for the groups bank loans amounting to EUR 7.5 million.

There is a cross guarantee regarding the EUR 5.5 million credit facility, including the Company, the parent companies GEH Invest ApS and Kg BidCo ApS as well as the subsidiaries Gram Equipment of America Inc. and Gram Equipment Makina Sanayi ve Ticaret Izmir.

Gram Equipment A/S, the parent companies GEH Invest ApS and Kg BidCo ApS, Ton topCo ApS, the ultimate parent company, FSN HoldCo ApS, as well as the subsidiaries Gram Equipment of America Inc. and Gram Equipment Makina Sanayi ve Ticaret Izmir are all obligors under an intercreditor agreement towards the lenders.

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

### Notes to the financial statements

#### 22 Related parties

FSN HoldCo ApS' related parties comprise the following:

##### Parties exercising control

Related party	Domicile	Basis for control
FSN Capital GP V Limited	Jersey, UK	Sole Shareholder

##### Related party transactions

DKK'000	2019	2018
<b>Parent Company</b>		
Receivables from group enterprises	84,942	69,049
Interest income from group enterprises	14,004	9,609

##### Information on the remuneration to management

Information on the remuneration to Management appears from note 6, "Staff costs".

DKK'000	Group		Parent company	
	2019	2018	2019	2018
<b>23 Fee to the auditors appointed by the Company in general meeting</b>				
Statutory audit	834	832	65	35
Assurance engagements	0	50	0	0
Tax assistance	812	565	98	15
Other assistance	1,934	1,588	40	45
	<u>3,580</u>	<u>3,035</u>	<u>203</u>	<u>95</u>

DKK'000	Parent company	
	2019	2018
<b>24 Appropriation of profit/ loss</b>		
<b>Recommended appropriation of profit/ loss</b>		
Retained earnings/ accumulated loss	1,201	-410,562
	<u>1,201</u>	<u>-410,562</u>

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

### Notes to the financial statements

DKK'000	Group	
	2019	2018
<b>25 Adjustments</b>		
Non-controlling interests	0	69,740
Amortisation/depreciation and impairment losses	13,699	711,582
Change in other provisions	-12,607	11,850
Tax for the year	154	-4,882
	<u>1,246</u>	<u>788,290</u>
<b>26 Changes in working capital</b>		
Change in inventories	50,059	-11,514
Change in receivables	442,492	-307,414
Change in trade and other payables	-2,889	29,393
	<u>489,662</u>	<u>-289,535</u>
<b>27 Acquisition of enterprises and activities</b>		
Costumer relationships	0	78,183
Brand	0	30,529
Property, plant, equipment and inventories	0	129,559
Receivables	0	225,345
Work in progress	0	-18,978
Prepayments	0	5,491
Cash	0	3,628
Provisions	0	-13,803
Deferred tax	0	-529
Bank debt	0	-450,678
Payables	0	-126,060
	<u>0</u>	<u>-137,313</u>
Goodwill	0	699,461
<b>Cost of acquisition paid in cash</b>	<u>0</u>	<u>562,148</u>
<b>28 Cash and cash equivalents at year-end</b>		
Cash according to the balance sheet	53,658	45,848
	<u>53,658</u>	<u>45,848</u>

# PENNEO

Underskrifterne i dette dokument er juridisk bindende. Dokumentet er underskrevet via Penneo™ sikker digital underskrift. Underskrivernes identiteter er blevet registreret, og informationerne er listet herunder.

“Med min underskrift bekræfter jeg indholdet og alle datoer i dette dokument.”

## Kasper Sørensen

### Bestyrelse

På vegne af: FSN HoldCo ApS

Serienummer: PID:9208-2002-2-359179450217

IP: 95.166.xxx.xxx

2020-08-28 08:31:20Z

NEM ID 

## Nicolai Peter Norrbom

### Bestyrelse

På vegne af: FSN HoldCo ApS

Serienummer: PID:9208-2002-2-77275611228

IP: 95.166.xxx.xxx

2020-08-28 08:32:48Z

NEM ID 

## Marcus Peer Østergaard Wintersø

### Direktion

På vegne af: FSN HoldCo ApS

Serienummer: PID:9208-2002-2-854496375105

IP: 95.166.xxx.xxx

2020-08-28 09:00:43Z

NEM ID 

## Thomas Broe-Andersen

### Direktion

På vegne af: FSN HoldCo ApS

Serienummer: PID:9208-2002-2-901595814278

IP: 188.176.xxx.xxx

2020-08-28 09:03:35Z

NEM ID 

## Thomas Broe-Andersen

### Bestyrelse

På vegne af: FSN HoldCo ApS

Serienummer: PID:9208-2002-2-901595814278

IP: 188.176.xxx.xxx

2020-08-28 09:03:35Z

NEM ID 

## Michael Vakker Maass

### Statsautoriseret revisor

På vegne af: EY Godkendt Revisionspartnerselskab

Serienummer: CVR:30700228-RID:1267450132504

IP: 145.62.xxx.xxx

2020-08-28 09:15:53Z

NEM ID 

## Steen Skorstengaard

### Statsautoriseret revisor

På vegne af: EY Godkendt Revisionspartnerselskab

Serienummer: CVR:30700228-RID:25486262

IP: 194.239.xxx.xxx

2020-08-28 09:16:48Z

NEM ID 

Penneo dokumentnøgle: MUUED-OT3LK-KSLBL-JINFT-0GNO1-Y40K4

Dette dokument er underskrevet digitalt via **Penneo.com**. Signeringsbeviserne i dokumentet er sikret og valideret ved anvendelse af den matematiske hashværdi af det originale dokument. Dokumentet er låst for ændringer og tidsstempelt med et certifikat fra en betroet tredjepart. Alle kryptografiske signeringsbeviser er indlejret i denne PDF, i tilfælde af de skal anvendes til validering i fremtiden.

#### Sådan kan du sikre, at dokumentet er originalt

Dette dokument er beskyttet med et Adobe CDS certifikat. Når du åbner dokumentet

i Adobe Reader, kan du se, at dokumentet er certificeret af **Penneo e-signature service** <[penneo@penneo.com](mailto:penneo@penneo.com)>. Dette er din garanti for, at indholdet af dokumentet er uændret.

Du har mulighed for at efterprøve de kryptografiske signeringsbeviser indlejret i dokumentet ved at anvende Penneos validator på følgende websted: <https://penneo.com/validate>