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Carsoe Group A/S

Mineralvej 6
9220 Aalborg Øst
Central Business Registration
No 39893932

Annual report 27.09.2018 - 30.09.2019

The Annual General Meeting adopted the annual report on 28.02.2020

Chairman of the General Meeting

Name: Jacob Hjortshøj

Contents

Entity details

Entity
Carsoe Group A/S
Mineralvej 6
9220 Aalborg Øst

Central Business Registration No (CVR): 39893932
Registered in: Aalborg
Financial year: 27.09.2018 - 30.09.2019

Board of Directors
Denis Viet-Jacobsen
Michael Frost
Helle Thorning-Schmidt
Kristian Johnsen Hundebøll
Thomas Voss

Executive Board
Mikkel Klitgaard Jacobsen

Auditors
Deloitte Statsautoriseret Revisionspartnerselskab
City Tower, Værkmestergade 2
8000 Aarhus C

Statement by Management on the annual report

The Board of Directors and the Executive Board have today considered and approved the annual report of Carsoe Group A/S for the financial year 27.09.2018 - 30.09.2019.

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 30.09.2019 and of the results of its operations and cash flows for the financial year 27.09.2018 - 30.09.2019.

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.

Aalborg, 28.02.2020

Executive Board

Mikkel Klitgaard Jacobsen

Board of Directors

Denis Viet-Jacobsen	Michael Frost	Helle Thorning-Schmidt
Kristian Johnsen Hundebøll	Thomas Voss	

Independent auditor's report

To the shareholders of Carsoe Group A/S

Opinion

We have audited the consolidated financial statements and the parent financial statements of Carsoe Group A/S for the financial year 27.09.2018 - 30.09.2019, which comprise the income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies, for the Group as well as the Parent, and the consolidated cash flow statement. The consolidated financial statements and the parent financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the consolidated financial statements and the parent financial statements give a true and fair view of the Group's and the Parent's financial position at 30.09.2019, and of the results of their operations and the consolidated cash flows for the financial year 27.09.2018 - 30.09.2019 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 financial statements section of this auditor's report. We are independent of the Group in accordance with the International Ethics Standards Board of 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 requirements. 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 consolidated financial statements and the parent financial statements

Management is responsible for the preparation of consolidated financial statements and parent 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 consolidated financial statements and parent financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements and the parent financial statements, Management is responsible for assessing the Group's and the Parent'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 consolidated financial statements and the parent financial statements unless Management either intends to liquidate the Group or the Entity or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the consolidated financial statements and the parent financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements and the parent 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

Independent auditor's report

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 consolidated financial statements and these parent 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 consolidated financial statements and the parent 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’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 consolidated financial statements and the parent 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’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 consolidated financial statements and the parent 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 Entity to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements and the parent financial statements, including the disclosures in the notes, and whether the consolidated financial statements and the parent 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.

Independent auditor's report

Statement on the management commentary

Management is responsible for the management commentary.

Our opinion on the consolidated financial statements and the parent 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 consolidated financial statements and the parent financial statements, our responsibility is to read the management commentary and, in doing so, consider whether the management commentary is materially inconsistent with the consolidated financial statements and the parent 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 under the Danish Financial Statements Act.

Based on the work we have performed, we conclude that the management commentary is in accordance with the consolidated financial statements and the parent 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 commentary.

Aarhus, 28.02.2020

Deloitte

Statsautoriseret Revisionspartnerselskab
Central Business Registration No (CVR) 33963556

Henrik Vedel
State Authorised Public Accountant
Identification No (MNE) mne10052

Jakob Olesen
State Authorised Public Accountant
Identification No (MNE) mne34492

Management commentary

	2018/19 DKK'000
Financial highlights	
Key figures	
Revenue	785.947
Gross profit/loss	241.712
Operating profit/loss	16.271
Net financials	(14.209)
Profit/loss for the year	(6.934)
Profit/loss excl minority interests	(7.036)
Total assets	750.079
Investments in property, plant and equipment	16.282
Equity	266.515
Equity excl minority interests	266.125
Cash flows from (used in) operating activities	(12.914)
Cash flows from (used in) investing activities	(408.678)
Cash flows from (used in) financing activities	450.354
Ratios	
Gross margin (%)	30,8
Net margin (%)	(0,9)
Return on equity (%)	(2,6)
Equity ratio (%)	35,5

Financial highlights are defined and calculated in accordance with the current version of "Recommendations & Ratios" issued by the Danish Society of Financial Analysts.

Ratios	**Calculation formula**	**Calculation formula reflects**
Gross margin (%)	$\frac{\text{Gross profit/loss x 100}}{\text{Revenue}}$	The entity's operating gearing.
Net margin (%)	$\frac{\text{Profit/loss for the year x 100}}{\text{Revenue}}$	The entity's operating profitability.
Return on equity (%)	$\frac{\text{Profit/loss excl minority interests x 100}}{\text{Average equity excl minority interests}}$	The entity's return on capital invested in the entity by the owners.
Equity ratio (%)	$\frac{\text{Equity excl minority interests x 100}}{\text{Total assets}}$	The financial strength of the entity.

Management commentary

Primary activities

The Group's activities consist in development, production and sale of machinery, fixtures and fittings for the slaughtering, dairy and fishing industries as well as other industries in the food industry.

Development in activities and finances

Revenue for 2018/19 is DKK 786m, which is mainly derived from projects within the fishing industry.

The loss for 2018/19 of DKK 7m is impacted by two unusual adjustments:

1. Implementation of a new method for calculating warranty provisions on large projects. This new method results in a time delay in the recognition of the project margin during the project life to take warranty obligations and other potential risks into consideration. The implementation in 2018/19 has reduced the value of contract work in progress and thereby net results by approx. DKK 10m.

2. One-off restructuring costs of DKK 13m.

The adjusted net profit before these adjustments amounts to DKK 16m, which Management considers satisfactory given 2018/19 is the Group's first financial year.

Carsoe A/S was acquired at the end of October 2018.

Outlook

The outlook for the financial year 2019/2020 is positive, especially driven by a strong product portfolio and volume of orders.

The coming financial year, the Company expects a significant increase in profit after tax to a level around DKK 20-40m.

Particular risks

<u>General risks</u>

The Group's most significant operating risks relate to the ability to retain client relations, key employees and always to be at the forefront of the technological development within the Group's business areas.

Because of the significant price fluctuations on the volatile steel market, the Group's use of steel as a raw material involves a particular risk since price rises may only to a fairly limited extent be included in the price of the finished products.

<u>Financial and insurance risks</u>

Due to its operating, investing and financing activities, the Group is exposed to fluctuations in exchange rates and interest rates. It is the Group's policy not to conduct active speculation in financial risks. The Group's financial control is thus solely directed towards control of already assumed liabilities.

Management commentary

As a consequence of foreign activities, results, cash flows and equity are affected by the exchange rate and interest rate fluctuations of a number of currencies. It is the Group’s policy to hedge commercial exchange rate risks. Such hedging is primarily effected through foreign exchange contracts on anticipated sales and purchases; however, not DKK versus EUR. No speculative foreign currency transactions are conducted.

Currency adjustments of investments in subsidiaries which are independent entities are recognised directly in equity. As a principal rule, related currency risks are not hedged, as the Group believes that current hedging of such long-term investments will not be optimal from an overall risk and cost point of view.

As the net interest-bearing debt is not significant, moderate changes to the interest level will not have any major impact on earnings. The Group does therefore not enter into any interest rate positions to hedge interest rate risks.

Intellectual capital resources
The Group's business foundation is to supply high-tech and reliable equipment and installations for manufacturing and processing in the food industry. This places particularly high demands on the knowledge resources concerning employees and business processes. To be able to always provide these solutions, it is decisive that the Group is able to recruit and retain employees with a high level of education. It is the Group’s objective to have the latest knowledge and to ensure a high capacity for change. The critical business processes are project management, service, quality and individual solutions.

Research and development activities
The research and development activities are primarily carried out at the head office in Denmark. Development activities include the development of equipment and subcomponents for the processing of customers' products within the Group's business areas. During the financial year, a total of DKK 7m was spent on development activities, primarily within solutions for the fishing industry.

Next financial year, development activities are expected to be carried out at the same level.

Statutory report on corporate social responsibility
The Company's production of machinery and equipment for the slaughtering, dairy and fishing industries is sold primarily to customers in Europe, Russia and the US.

Corporate social responsibility is an integral part of Carsoe Group’s business strategy. The Company wants to act responsibly in relation to customers, employees, business partners and the outside world. We are aware that there may be a number of risks related to corporate social responsibility in relation to our business.

We remain committed to and focused on our corporate social responsibility – both when it comes to human rights, employees, environment, anti-corruption and society in general. Regarding human rights and employees, the primary risks Carsoe Group addresses are related to discrimination and the risk of work-related accidents of our employees. As Carsoe Group is doing business in countries where bribery or corruption is more customary, the primary risks related to corruption is considered in relation to these countries. Carsoe Group manufactures and distributes products in several countries and the impact from this on the environment in terms of waste and Co2 emissions are the primary risks to be addressed.

Management commentary

In the following, we will elaborate on how we handle the stated risks in our work.

Environment and climate

The Company has prepared an overall strategy for its environmental efforts, which will be further specified in 2020 with associated objectives. The strategy is based on environmentally sound operations and will be expanded in 2020 to form part of the Company's objectives for product quality and production facilities.

The Company's discharge takes place solely through the disposal of waste, including water. The entire sorting of waste has been reviewed and optimised in 2018/19. Furthermore, in 2018/19 the Company has been working on optimisations of its energy systems, such as ventilation and heating systems. Finally, the change to LED lighting at the company's address in Denmark has been completed so that all light bulbs are now LED-based

Management believes that the Company has worked determinedly to reduce our environmental impact in 2018/19. Going forward, a green profile group will be established to identify further environmental measures.

Corruption and bribery:

In addition to the environmental policy, the Company has prepared a Compliance Handbook that covers all other CSR issues. On the basis of the Company's basic values and the Company's Code of Ethics, the Compliance Handbook includes policies for anti-corruption, money laundering, supplier code of conduct as well as compliance with export control rules and international rules of penalties. Particularly regarding corruption and bribery, the Company has a zero-tolerance policy, meaning that any suspected violations are fully investigated. The policies are implemented by every three months, the Company's executives confirm compliance with the policies.

During the financial year, Management did not become aware of breach of the compliance rules.

Human rights

The Company's Code of Ethics requires the Group's employees to act with integrity and in accordance with acceptable ethical standards for human rights.

In order to deal with any risk from our cooperative partners, we have prepared a supplier code of conduct that sets the same requirements for the company's suppliers of goods and services. If a supplier breaks the rules, the Company will try to establish close cooperation to help the supplier improve business standards and employee well-being.

However, if the supplier continues to violate the rules intentionally and is unwilling to discuss and agree on a planned improvement, the Company reserves the right to terminate agreements with the supplier immediately.

In 2018/19, we did not find any breach of our Code of Ethics or Supplier Code of Conduct.

Management commentary

Employees

The Company's staff manual sets out internal guidelines showing our employees how we want to interact with each other as colleagues. The guidelines include a set of specific principles for how we want to work and interact with each other in the open-plan offices.

The staff manual is handed out to all new employees and reviewed as part of the onboarding process.

The staff manual also contains policies for continuing training of the Company's employees, including relevant first aid and safety courses to create a safe work environment. This is supported by the Company's working environment organisation, which is appointed by all employees at Carsoe A/S to handle the health and safety issues in the departments.

Due to the Company's growth in the financial year, the number of employees has increased significantly, which has placed great demands on the onboarding process. Management believes that the integration of the many new employees has proceeded well, and the working environment organisation has helped to maintain a good working environment in 2018/19.

Statutory report on the underrepresented gender
Carsoe Group A/S believes that diversity among employees, including equal distribution of gender, contributes positively to the working environment and strengthens business performance and competitiveness.

The Group is working to increase the number of female managers in the Group and, based on this, has set specific targets for the share of the underrepresented gender in the Group's Management in general. The Group has a target that 25% of the management positions in the Group should be held by women by 2022. Management positions cover the Board of Directors, the Executive Board, middle managers as well as divisional managers and department managers. The policy is supported by a practice which aims represent both genders in job interviews where possible.

The current distribution on the Group’s Board of Directors is 20 % women and in the other management positions 10 %. The target has not yet been achieved as, when recruiting employees, the Group chooses candidates based on their qualifications and competencies. The gender of the candidate is not an assessment factor in this process, so there is no discrimination against gender in the recruitment process.

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.

Consolidated income statement for 2018/19

	Notes	2018/19 DKK'000
Revenue	2	785.947
Costs of raw materials and consumables		(481.288)
Other external expenses		(62.947)
Gross profit/loss		**241.712**
Staff costs	3	(182.132)
Depreciation, amortisation and impairment losses	4	(43.309)
Operating profit/loss		**16.271**
Other financial income	5	476
Other financial expenses	6	(14.685)
Profit/loss before tax		**2.062**
Tax on profit/loss for the year	7	(8.996)
Profit/loss for the year	8	**(6.934)**

Consolidated balance sheet at 30.09.2019

	Notes	2018/19 DKK'000
Completed development projects		13.232
Acquired intangible assets		55.800
Goodwill		327.847
Development projects in progress		0
Intangible assets	9	**396.879**
Land and buildings		2.841
Plant and machinery		11.132
Other fixtures and fittings, tools and equipment		6.066
Leasehold improvements		30.622
Property, plant and equipment	10	**50.661**
Other receivables		1.292
Fixed asset investments	11	**1.292**
Fixed assets		**448.832**
Raw materials and consumables		35.834
Work in progress		4.969
Manufactured goods and goods for resale		14.785
Prepayments for goods		12.436
Inventories		**68.024**
Trade receivables		92.700
Contract work in progress	12	85.333
Other receivables	13	11.624
Income tax receivable		4.000
Prepayments	14	10.804
Receivables		**204.461**
Cash		**28.762**
Current assets		**301.247**
Assets		**750.079**

Consolidated balance sheet at 30.09.2019

	Notes	2018/19 DKK'000
Contributed capital		27.271
Retained earnings		238.854
Equity attributable to the Parent's owners		**266.125**
Share of equity attributable to minority interests		**390**
Equity		**266.515**
Deferred tax	15	30.429
Other provisions	16	4.400
Provisions		**34.829**
Bank loans		176.201
Finance lease liabilities		350
Other payables	17	1.272
Non-current liabilities other than provisions	18	**177.823**
Current portion of long-term liabilities other than provisions	18	19.841
Bank loans		4.635
Prepayments received from customers		24.943
Contract work in progress	12	95.899
Trade payables		92.986
Income tax payable		447
Other payables	19	30.988
Deferred income		1.173
Current liabilities other than provisions		**270.912**
Liabilities other than provisions		**448.735**
Equity and liabilities		**750.079**
Events after the balance sheet date	1	
Unrecognised rental and lease commitments	21	
Assets charged and collateral	22	
Subsidiaries	23	

Consolidated statement of changes in equity for 2018/19

	Contributed capital DKK'000	Share premium DKK'000	Retained earnings DKK'000
Contributed upon formation	400	0	0
Effect of mergers and business combinations	0	0	0
Increase of capital	26.871	245.443	0
Transferred from share premium	0	(245.443)	245.443
Exchange rate adjustments	0	0	1.214
Fair value adjustments of hedging instruments	0	0	(1.047)
Group contributions etc	0	0	0
Tax of entries on equity	0	0	280
Profit/loss for the year	0	0	(7.036)
Equity end of year	**27.271**	**0**	**238.854**

	Share of equity attributable to minority interests DKK'000	Total DKK'000
Contributed upon formation	0	400
Effect of mergers and business combinations	194	194
Increase of capital	0	272.314
Transferred from share premium	0	0
Exchange rate adjustments	5	1.219
Fair value adjustments of hedging instruments	1	(1.046)
Group contributions etc	88	88
Tax of entries on equity	0	280
Profit/loss for the year	102	(6.934)
Equity end of year	**390**	**266.515**

Consolidated cash flow statement for 2018/19

	Notes	2018/19 DKK'000
Operating profit/loss		16.271
Amortisation, depreciation and impairment losses		43.298
Other provisions		4.400
Working capital changes	20	(53.418)
Cash flow from ordinary operating activities		**10.551**
Financial income received		476
Financial expenses paid		(14.685)
Income taxes refunded/(paid)		(9.256)
Cash flows from operating activities		**(12.914)**
Acquisition etc of intangible assets		(27.516)
Acquisition etc of property, plant and equipment		(16.282)
Sale of property, plant and equipment		59
Acquisition of fixed asset investments		(6)
Acquisition of enterprises		(364.933)
Cash flows from investing activities		**(408.678)**
Loans raised		200.000
Repayments of loans etc		(22.093)
Reduction of lease commitments		(267)
Cash increase of capital		272.314
Contribution upon formation		400
Cash flows from financing activities		**450.354**
Increase/decrease in cash and cash equivalents		**28.762**
Cash and cash equivalents end of year		**28.762**

Notes to consolidated financial statements

1. 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.

	2018/19 DKK'000
2. Revenue	
Revenue by geographical market	
Denmark	633.126
Other countries	152.821
	785.947
Revenue by activity	
Onshore	232.149
Offshore	553.798
	785.947

	2018/19 DKK'000
3. Staff costs	
Wages and salaries	158.371
Pension costs	15.915
Other social security costs	7.846
	182.132
Average number of employees	**325**

According to section 98B(3) no.2 of the Danish Financial Statement Act, remuneration to management has not been disclosed, because it will lead to an individual’s remuneration disclosed.

	2018/19 DKK'000
4. Depreciation, amortisation and impairment losses	
Amortisation of intangible assets	34.159
Depreciation of property, plant and equipment	9.139
Profit/loss from sale of intangible assets and property, plant and equipment	11
	43.309

Notes to consolidated financial statements

5. Other financial income	2018/19 DKK'000
Other interest income	413
Exchange rate adjustments	61
Other financial income	2
	476

6. Other financial expenses	2018/19 DKK'000
Other interest expenses	9.227
Exchange rate adjustments	3.956
Other financial expenses	1.502
	14.685

7. Tax on profit/loss for the year	2018/19 DKK'000
Current tax	5.255
Change in deferred tax	4.100
Adjustment concerning previous years	(359)
	8.996

8. Proposed distribution of profit/loss	2018/19 DKK'000
Retained earnings	(7.036)
Minority interests' share of profit/loss	102
	(6.934)

Notes to consolidated financial statements

	Completed develop-ment projects DKK'000	Acquired intangible assets DKK'000	Goodwill DKK'000	Develop-ment projects in progress DKK'000
9. Intangible assets				
Addition through business combinations etc	2.771	61.199	328.723	12.311
Exchange rate adjustments	(173)	1	0	0
Transfers	12.583	5.231	0	(18.437)
Additions	0	1.881	18.823	6.812
Disposals	0	(192)	(1.683)	(686)
Cost end of year	**15.181**	**68.120**	**345.863**	**0**
Exchange rate adjustments	10	(11)	0	0
Impairment losses for the year	0	0	(1.515)	0
Amortisation for the year	(1.959)	(12.501)	(18.184)	0
Amortisation, depreciation and impairment losses on assets disposed of	0	192	0	0
Reversal regarding disposals	0	0	1.683	0
Amortisation and impairment losses end of year	**(1.949)**	**(12.320)**	**(18.016)**	**0**
Carrying amount end of year	**13.232**	**55.800**	**327.847**	**0**

Completed development projects compromises development etc. of machinery and equipment with the all of the Group's business areas. As of 30 September 2019 the carrying amount of completed development projects amounts to DKK 13,232k. The amortisation period for completed development projects is set to 5 years.

Management has not identified any indication of impairment regarding the carrying amount of completed development projects.

Acquired intangible assets comprises cost from development of new ERP-system which is employed during the financial year. A significant part of cost from development of new ERP-system is internal cost in the form of direct wages, materials and services, which is registered in the Company's internal project management module.

Acquired intangible assets also comprises of identified contracts from business combinations.

Notes to consolidated financial statements

	Land and buildings DKK'000	Plant and machinery DKK'000	Other fixtures and fittings, tools and equipment DKK'000	Leasehold improve-ments DKK'000
10. Property, plant and equipment				
Addition through business combinations etc	2.894	9.824	5.645	24.862
Exchange rate adjustments	6	126	35	14
Transfers	0	0	0	623
Additions	0	4.572	3.202	8.508
Disposals	0	(27)	(897)	0
Cost end of year	**2.900**	**14.495**	**7.985**	**34.007**
Exchange rate adjustments	3	(6)	(16)	(3)
Depreciation for the year	(62)	(3.374)	(2.321)	(3.382)
Reversal regarding disposals	0	17	418	0
Depreciation and impairment losses end of year	**(59)**	**(3.363)**	**(1.919)**	**(3.385)**
Carrying amount end of year	**2.841**	**11.132**	**6.066**	**30.622**
Recognised assets not owned by entity	**-**	**370**	**240**	**-**

	Other receivables DKK'000
11. Fixed asset investments	
Cost beginning of year	1.286
Additions	6
Cost end of year	**1.292**
Carrying amount end of year	**1.292**

	2018/19 DKK'000
12. Contract work in progress	
Contract work in progress	571.975
Progress billings regarding contract work in progress	(582.541)
Transferred to liabilities other than provisions	95.899
	85.333

Notes to consolidated financial statements

13. Other receivables

Other receiveables compromises outstanding VAT and other receivables.

14. Prepayments

Prepayments compromises prepaid expenses such as software licens, lease payments, insurance and other prepaid expenses.

	2018/19 DKK'000
15. Deferred tax	
Intangible assets	13.100
Property, plant and equipment	305
Inventories	278
Receivables	23.705
Provisions	968
Liabilities other than provisions	(389)
Tax losses carried forward	(7.538)
	30.429
Changes during the year	
Recognised in the income statement	4.100
Recognised directly in equity	(216)
Addition through business combinations etc	26.545
End of year	**30.429**

16. Other provisions

Other provisions comprise non-recourse guarantee commitments to remedy defects and deficiencies within the guarantee period.

	2018/19 DKK'000
17. Other long-term payables	
Derivative financial instruments	1.272
	1.272

Other payables includes fair value of interst rate swap which amounts to negative DKK 1.272k. The interst swap has a principal of DKK 133.333k and matues in 5 years. A fixed interest rate of negative 0,01% is paid and variable interst of negative 0,375% is received. The interst rate swap meets the conditions for being treated as hedge accounting, why the fair value adjustment is recognised directly to equity.

Notes to consolidated financial statements

18. Liabilities other than provisions	Due within 12 months 2018/19 DKK'000	Due after more than 12 months 2018/19 DKK'000	Outstanding after 5 years DKK'000
Bank loans	19.582	176.201	0
Finance lease liabilities	259	350	215
Other payables	0	1.272	0
	19.841	**177.823**	**215**

19. Other short-term payables	2018/19 DKK'000
Wages and salaries, personal income taxes, social security costs, etc payable	17.910
Holiday pay obligation	8.646
Other costs payable	4.432
	30.988

20. Change in working capital	2018/19 DKK'000
Increase/decrease in inventories	24.852
Increase/decrease in receivables	(34.324)
Increase/decrease in trade payables etc	(46.148)
Other changes	2.202
	(53.418)

21. Unrecognised rental and lease commitments	2018/19 DKK'000
Liabilities under rental or lease agreements until maturity in total	**64.136**

22. Assets charged and collateral

Bank debt is secured by floating charge of DKK 30,000k.

Bank debt up to DKK 75,000k has been secured by guarantee. As of 30 September 2019 the total bank debt from this guarantee amounts to DKK 0k.

Bank loans are secured by a fixed and floating charge over the properties at Units 2 and 9 Humberston Business Centre, Jackson Place, Humberston, Grimsby. The secured debt from mortgage amounts to DKK 834k.

A total of DKK 52,020k from performance bonds and payment guarantees is secured for business partners. Performance bonds and payment guarantees is due within 1 year.

Notes to consolidated financial statements

23. Subsidiaries	Registered in	Corporate form	Equity interest %
Carsoe U.S. Inc	USA	Inc.	100,0
Carsoe Norge AS	Norway	AS	100,0
Holmek Palletering AS	Norway	AS	100,0
Freezertech Limited	United Kingdom	Ltd.	100,0
Carsoe A/S	Denmark	A/S	99,6
Carsoe Holdco A/S	Denmark	A/S	100,0

Parent income statement for 2018/19

	Notes	2018/19 DKK'000
Revenue	1	1.999
Other external expenses		(130)
Gross profit/loss		**1.869**
Staff costs	2	(2.221)
Operating profit/loss		**(352)**
Income from investments in group enterprises		(6.744)
Other financial expenses	3	(22)
Profit/loss before tax		**(7.118)**
Tax on profit/loss for the year	4	82
Profit/loss for the year	5	**(7.036)**

Parent balance sheet at 30.09.2019

	Notes	2018/19 DKK'000
Investments in group enterprises		266.117
Fixed asset investments	6	**266.117**
Fixed assets		**266.117**
Deferred tax	7	82
Income tax receivable		4.000
Receivables		**4.082**
Cash		**281**
Current assets		**4.363**
Assets		**270.480**

Parent balance sheet at 30.09.2019

	Notes	2018/19 DKK'000
Contributed capital		27.271
Retained earnings		238.854
Equity		**266.125**
Trade payables		130
Payables to group enterprises		225
Joint taxation contribution payable		4.000
Current liabilities other than provisions		**4.355**
Liabilities other than provisions		**4.355**
Equity and liabilities		**270.480**
Contingent liabilities	8	
Assets charged and collateral	9	
Related parties with controlling interest	10	

Parent statement of changes in equity for 2018/19

	Contributed capital DKK'000	Share premium DKK'000	Retained earnings DKK'000	Total DKK'000
Contributed upon formation	400	0	0	400
Increase of capital	26.871	245.443	0	272.314
Transferred from share premium	0	(245.443)	245.443	0
Other entries on equity	0	0	447	447
Profit/loss for the year	0	0	(7.036)	(7.036)
Equity end of year	**27.271**	**0**	**238.854**	**266.125**

Notes to parent financial statements

1. Revenue

Revenue consists of management fees to Danish subsidiaries.

	2018/19 DKK'000
2. Staff costs	
Wages and salaries	2.218
Other social security costs	3
	2.221
Average number of employees	**1**

	2018/19 DKK'000
3. Other financial expenses	
Financial expenses from group enterprises	3
Other interest expenses	19
	22

	2018/19 DKK'000
4. Tax on profit/loss for the year	
Change in deferred tax	(82)
	(82)

	2018/19 DKK'000
5. Proposed distribution of profit/loss	
Retained earnings	(7.036)
	(7.036)

Notes to parent financial statements

	Investments in group enterprises DKK'000
6. Fixed asset investments	
Additions	272.414
Cost end of year	**272.414**
Share of profit/loss for the year	(6.744)
Other adjustments	447
Revaluations end of year	**(6.297)**
Carrying amount end of year	**266.117**

A specification of investments in subsidiaries is evident from the notes to the consolidated financial statements.

7. Deferred tax

Deferred tax assets consists of tax losses carried forward which is estimated to be offset against future taxable income in the Danish joint taxation.

8. Contingent liabilities

The Entity serves as the administration company in a Danish joint taxation arrangement. According to the joint taxation provisions of the Danish Corporation Tax Act, the Entity is therefore liable for income taxes etc for the jointly taxed entities, and for obligations, if any, relating to the withholding of tax on interest, royalties and dividend for these entities.

9. Assets charged and collateral

Bank loans are secured by way of a mortgage in investments in group entreprises. The carrying amount of mortgaged investments in group entreprises in DKK 266.117k

10. Related parties with controlling interest

Related parties with controlling interest consists of Plemont Co-Investment No. 1 SLP, Jersey.

Accounting policies

Reporting class
This annual report has been presented in accordance with the provisions of the Danish Financial Statements Act governing reporting class C enterprises (large).

Non-comparability
There is no comparative figures in these consoliated finacial statements and parent financial statements due to it is the first financial year.

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.

Consolidated financial statements
The consolidated financial statements comprise the Parent and the group enterprises (subsidiaries) that are controlled by the Parent. Control is achieved by the Parent, either directly or indirectly, holding more than 50% of the voting rights or in any other way possibly or actually exercising controlling influence.

Basis of consolidation
The consolidated financial statements are prepared on the basis of the financial statements of the Parent and its subsidiaries. The consolidated financial statements are prepared by combining uniform items. On consolidation, intra-group income and expenses, intra-group accounts and dividends as well as profits and losses on transactions between the consolidated enterprises are eliminated. The financial statements used for consolidation have been prepared applying the Group's accounting policies.

Subsidiaries' financial statement items are recognised in full in the consolidated financial statements.

Investments in subsidiaries are offset at the pro rata share of such subsidiaries' net assets at the acquisition date, with net assets having been calculated at fair value.

Accounting policies

Foreign currency translation
On initial recognition, foreign currency transactions are translated applying the exchange rate at the transaction date. Receivables, payables and other monetary items denominated in foreign currencies that have not been settled at the balance sheet date are translated using the exchange rate at the balance sheet date. Exchange differences that arise between the rate at the transaction date and the rate in effect at the payment date, or the rate at the balance sheet date are recognised in the income statement as financial income or financial expenses. Property, plant and equipment, intangible assets, inventories and other non-monetary assets that have been purchased in foreign currencies are translated using historical rates.

When recognising foreign subsidiaries and associates that are independent entities, the income statements are translated at average exchange rates for the months that do not significantly deviate from the rates at the transaction date. Balance sheet items are translated using the exchange rates at the balance sheet date. Goodwill is considered belonging to the independent foreign entity and is translated using the exchange rate at the balance sheet date. Exchange differences arising out of the translation of foreign subsidiaries' equity at the beginning of the year at the balance sheet date exchange rates as well as out of the translation of income statements from average rates to the exchange rates at the balance sheet date are recognised directly in equity.

Exchange adjustments of outstanding accounts with independent foreign subsidiaries which are considered part of the total investment in the subsidiary in question are classified directly as equity.

When recognising foreign subsidiaries that are integral entities, monetary assets and liabilities are translated using the exchange rates at the balance sheet date. Non-monetary assets and liabilities are translated at the exchange rate of the time of acquisition or the time of any subsequent revaluation or writedown. The items of the income statement are translated at the average rates of the months; however, items deriving from non-monetary assets and liabilities are translated using the historical rates applicable to the relevant non-monetary items.

Income statement
Revenue
Entered contracts which is consisting of several separate contracts is divided into individual contracts according to the relative fair value method. Each individual contract is recognised in revenue when the criterias of recognising sales of goods, services and contracts are fullfilled.

A contract is divided into single transactions when it is possible to estimate the fair value of the single transaction with high certainty and each transaction has separate value for the customer. Transactions are assessed to have separate value for the customer when it is possible to identify the transaction and is normally sold on an individual basis.

Revenue is recognised net of VAT, duties and sales discounts and is measured at fair value of the consideration fixed.

Accounting policies

Revenue from sale of goods
Revenue from the sale of manufactured goods and goods for resale is recognised in the income statement when delivery is made and risk has passed to the buyer, it is possible to estimate and payment is expected. Assessment of delivery and risk is assessed in accordance with Incoterms®2010. In situations where goods sold is delivered on an ongoing basis and is integrated with the customers property the revenue is recognised in the income statement concurrently with delivery by which the revenue equals the fair value of the work performed.

Revenue from work in progress
Contracts where the delivery of plants with high individual adjustments is recognised in revenue concurrently with the production by which the revenue equals the fair value of the work performed (the percentage-of-completion method). If the result of a contract cannot be assessed with high certainty, the contract will only be recognised at cost in the extent that cost will be covered.

Revnue from services
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.

Costs of raw materials and consumables
Costs of raw materials and consumables comprise the consumption of raw materials and consumables for the financial year after adjustment for changes in inventories of these goods from the beginning to the end of the year. This item includes shrinkage, if any, and ordinary writedowns of the relevant inventories.

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 as well as 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, as well as gains and losses from the sale of intangible assets as well as property, plant and equipment.

Income from investments in group enterprises
Income from investments in group enterprises comprises the pro rata share of the individual enterprises' profit/loss after full elimination of internal profits or losses and amortisation of goodwill and other intangible assets.

Accounting policies

Other financial income
Other financial income comprises 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 as well as 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 as well as 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.

The parent is jointly taxed with all Danish group enterprises. The current Danish income tax is allocated among the jointly taxed entities proporationally to their taxable income (full allocation with a refund concerning tax losses).

Balance sheet
Goodwill
Goodwill is the positive difference between cost and fair value of assets and liabilities arising from acquisitions. Goodwill is amortised straight-line over its estimated useful life, which is fixed based on the experience gained by Management for each business area- Useful life has been determined based on an assessment of whether the enterprises are strategically acquired enterprises with a strong market position and a long-term earnings profile and whether the amount of goodwill includes intangible resources of a temporary nature that cannot be separated and recognised as separate assets. Useful lives are reassessed annually. The amortisation periods used are 10 – 20 years.

Goodwill is written down to the lower of recoverable amount and carrying amount.

Intellectual property rights etc
Intellectual property rights etc comprise development projects completed and in progress with related intellectual property rights and acquired intellectual property rights such as software licenses.

Development projects on clearly defined and identifiable products and processes, for which the technical rate of utilisation, adequate resources and a potential future market or development opportunity in the enterprise can be established, and where the intention is to manufacture, market or apply the product or process in question, are recognised as intangible assets. Other development costs are recognised as costs in the income statement as incurred. When recognising development projects as intangible assets, an amount equalling the costs incurred less deferred tax is taken to equity under Reserve for development costs that is reduced as the development projects are amortised and written down.

The cost of development projects comprises costs such as salaries and amortisation that are directly and

Accounting policies

indirectly attributable to the development projects.

Indirect production costs in the form of indirectly attributable staff costs and amortisation of intangible assets and depreciation on property, plant and equipment used in the development process are recognised in cost based on time spent on each project.

Completed development projects are amortised on a straight-line basis using their estimated useful lives which are determined based on a specific assessment of each development project. For development projects protected by intellectual property rights, the maximum amortisation period is the remaining duration of the relevant rights. The amortisation periods used are 5 years.

Intellectual property rights acquired are measured at cost less accumulated amortisation. Patents are amortised over their remaining duration, and licences are amortised over the term of the agreement.

Intellectual property rights etc are written down to the lower of recoverable amount and carrying amount.

Property, plant and equipment
Land and buildings, plant and machinery as well as 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. For self-manufactured assets, cost comprises direct costs of materials, components, subsuppliers and labour costs. For assets held under finance leases, cost is the lower of the asset’s fair value and present value of future lease payments.

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:

Buildings	50 years
Plant and machinery	3 - 7 years
Other fixtures and fittings, tools and equipment	3 - 7 years
Leasehold improvements	5 - 10 years

For leasehold improvements and assets subject to finance leases, the depreciation period cannot exceed the contract period.

Estimated useful lives and residual values are reassessed annually.

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

Investments in group enterprises
In the parent financial statements, investments in group enterprises are recognised and measured according to the equity method. This means that investments are measured at the pro rata share of the enterprises'

Accounting policies

equity value plus unamortised goodwill and plus or minus unrealised intra-group profits and losses. Refer to the above section on business combinations for more details about the accounting policies used on acquisitions of investments in group enterprises.

Group enterprises with negative equity value are measured at DKK 0. Any receivables from these en-terprises are written down to net realisable value based on a specific assessment. If the Parent has a legal or constructive obligation to cover the liabilities of the relevant enterprise, and it is probable that such obligation will involve a loss, a provision is recognised that is measured at present value of the costs necessary to settle the obligations at the balance sheet date.

Upon distribution of profit or loss, net revaluation of investments in group enterprises is transferred to Reserve for net revaluation according to the equity method under equity.

Goodwill is the positive difference between cost and fair value of assets and liabilities arising from acquisitions. Goodwill is amortised straight-line over its estimated useful life, which is fixed based on the experience gained by Management for each business area. Useful life has been determined based on an assessment of whether the enterprises are strategically acquired enterprises with a strong market position and a long-term earnings profile and whether the amount of goodwill includes intangible resources of a temporary nature that cannot be separated and recognised as separate assets. Useful lives are reassessed annually. The amortisation period used is 20 years.

Investments in group enterprises 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.

Inventories
Inventories are measured at the lower of cost using the FIFO method and net realisable value.

Cost consists of purchase price plus delivery costs. Cost of manufactured goods and work in progress consists of costs of raw materials, consumables, direct labour costs and indirect production costs.

Indirect production costs comprise indirect materials and labour costs, costs of maintenance of, depreciation on of and impairment losses relating to machinery, factory buildings and equipment used in the manufacturing process as well as costs of factory administration and management. Finance costs are not included in cost.

The net realisable value of inventories is calculated as the estimated selling price less completion costs and costs incurred to execute sale.

Contract work in progress
Contract work in progress is measured at the selling price of the work carried out at the balance sheet date.

Accounting policies

The selling price is measured based on the stage of completion and the total estimated income from the individual contracts in progress. Usually, the stage of completion is determined as the ratio of actual to total budgeted consumption of resources.

If the selling price of a project in progress cannot be made up reliably, it is measured at the lower of costs incurred and net realisable value.

Each contract in progress is recognised in the balance sheet under receivables or liabilities other than provisions, depending on whether the net value, calculated as the selling price less prepayments received, is positive or negative.

Costs of sales work and of securing contracts as well as financecosts are recognised in the income statement as incurred.

Income tax payable or receivable
Current tax payable or receivable is recognised in the balance sheet, stated as tax calculated on this year's taxable income, adjusted for prepaid tax.

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

Cash
Cash comprises bank deposits.

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 or the planned settlement of each liability. 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.

Deferred tax relating to retaxation of previously deducted losses in foreign subsidiaries is recognised on the basis of an actual assessment of the purpose of each subsidiary.

Other provisions
Other provisions comprise anticipated costs of non-recourse guarantee commitments etc.

Other provisions are recognised and measured as the best estimate of the expenses required to settle the liabilities at the balance sheet date. Provisions that are estimated to mature more than one year after the balance sheet date are measured at their discounted value.

Accounting policies

Non-recourse guarantee commitments comprise commitments to remedy defects and deficiencies within the guarantee period.

Once it is probable that total costs will exceed total income from a contract in progress, provision is made for the total loss estimated to result from the relevant contract.

Finance lease liabilities

Lease commitments 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 commitments 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.

Operating leases

Lease payments on operating leases are recognised on a straight-line basis in the income statement over the term of the lease.

Other financial liabilities

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

Prepayments received from customers

Prepayments received from customers comprise amounts received from customers prior to delivery of the goods agreed or completion of the service agreed.

Deferred income

Deferred income comprises income received for recognition in subsequent financial years. Deferred income is measured at cost.

Cash flow statement

The cash flow statement shows cash flows from operating, investing and financing activities as well as cash and cash equivalents at the beginning and the end of the financial year.

Cash flows from operating activities are presented using the indirect method and calculated as the operating profit/loss adjusted for non-cash operating items, working capital changes and income taxes paid.

Cash flows from investing activities comprise payments in connection with acquisition and divestment of enterprises, activities and fixed asset investments as well as purchase, development, improvement and sale, etc of intangible assets and property, plant and equipment, including acquisition of assets held under finance leases.

Cash flows from financing activities comprise changes in the size or composition of the contributed capital and related costs as well as the raising of loans, inception of finance leases, instalments on interest-bearing debt, purchase of treasury shares and payment of dividend.

Accounting policies

Cash and cash equivalents comprise cash.