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Merlin DK Bidco ApS

Platinvej 8
6000 Kolding
CVR No. 43276301

Annual report 23.05.2022 - 31.12.2022

The Annual General Meeting adopted the annual report on 11.07.2023

Thomas Stenager
Chairman of the General Meeting

Contents

Entity details

Entity

Merlin DK Bidco ApS
Platinvej 8
6000 Kolding

Business Registration No.: 43276301
Registered office: Kolding
Financial year: 23.05.2022 - 31.12.2022

Board of Directors

Kevin Gerard Harry
Allan Jan Formann Kristensen

Executive Board

Kevin Gerard Harry
Allan Jan Formann Kristensen

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 Merlin DK Bidco ApS for the financial year 23.05.2022 - 31.12.2022.

The annual report is presented 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 31.12.2022 and of the results of their operations and the consolidated cash flows for the financial year 23.05.2022 - 31.12.2022.

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

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

Kolding, 11.07.2023

Executive Board

Kevin Gerard Harry

Allan Jan Formann Kristensen

Board of Directors

Kevin Gerard Harry

Allan Jan Formann Kristensen

Independent auditor's report

To the shareholders of Merlin DK Bidco ApS

Opinion

We have audited the consolidated financial statements and the parent financial statements of Merlin DK Bidco ApS for the financial year 23.05.2022 - 31.12.2022, 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 31.12.2022 and of the results of their operations and the consolidated cash flows for the financial year 23.05.2022 - 31.12.2022 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the 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 for Accountants' International Code of Ethics for Professional Accountants (IESBA Code) and the additional ethical requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Management's responsibilities for the 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 Entity's ability to continue as a going concern, for disclosing, as applicable, matters related to going concern, and for using the going concern basis of accounting in preparing the consolidated financial statements and the parent financial statements unless Management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the 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 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 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 Entity’s internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.

- Conclude on the appropriateness of Management’s use of the going concern basis of accounting in preparing the 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 Entity’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor’s report to the related disclosures in the 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.

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, 11.07.2023

Deloitte
Statsautoriseret Revisionspartnerselskab
CVR No. 33963556

Bill Haudal Pedersen
State Authorised Public Accountant
Identification No (MNE) mne30131

Jacob Tækker Nørgaard
State Authorised Public Accountant
Identification No (MNE) mne40049

Management commentary

Financial highlights

	2022 DKK'000
Key figures	
Revenue	323,345
Gross profit/loss	131,043
Operating profit/loss	(83,212)
Net financials	19,395
Profit/loss for the year	(59,312)
Profit for the year excl. minority interests	(56,617)
Balance sheet total	6,169,085
Investments in property, plant and equipment	363,501
Equity	4,673,363
Equity excl. minority interests	4,647,989
Cash flows from operating activities	1,471
Cash flows from investing activities	(3,300,978)
Cash flows from financing activities	3,386,184
Average number of employees	1,325
Ratios	
Gross margin (%)	40.53
Net margin (%)	(18.34)
Equity ratio (%)	75.34

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

Gross margin (%):
Gross profit/loss * 100
Revenue

Net margin (%):
Profit/loss for the year * 100
Revenue

Equity ratio (%):
Equity excl. minority interests * 100
Balance sheet total

Primary activities

In 2022 it was announced that Axcel has sold its' shares in the Frontmatec Group. KKR, a leading global investment firm, and Bettcher Industries, a KKR portfolio company, announced that Bettcher completed the acquisition of Frontmatec Group. Bettcher and Frontmatec will continue to operate independently under their existing brands and leadership teams. The companies expect to collaborate on sharing best practices and driving future innovation and product development. They will also explore further strategic acquisition opportunities, including bringing additional businesses with leading brands into the platform.

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

Merlin Group is headquartered in Kolding, Denmark. The Group has production facilities in Denmark, Romania, Canada, China, Spain, UK, and Germany and serves its global customers through its own sales offices with main locations in Denmark, Germany, Croatia, UK, Poland, France, Spain, Netherlands, China, Canada and USA.

The strategy of the Group is to leverage its strong market position and full-line product offering to outperform the underlying market growth while at the same time executing operational improvement initiatives in order to continue to enhance profitability.

Development in activities and finances

The period of the financial statement is from the establishment of Merlin DK Bidco ApS May 23 2022 to December 31 2022. Merlin DK Bidco ApS acquired Frontmatec Group November 9 2022 and the Group was included in the consolidated figures from that date. As this is the first financial year of Merlin Group there are not comparative figures for analytical purposes.

Merlin Group had a revenue of DKK 323.3 million and operating loss of DKK 83.2 million in 2022. The balance sheet, at 31 December 2022, for the Group shows total assets of DKK 6.169.1 million and equity of DKK 4.673.4 million.

Except for the acquisition of Frontmatec Group, there has been no extraordinary investments in 2022.

Outlook

The Group expects an opererating profit in the range of DKK 290 - 310 million and an activity level similar to Frontmatec Group for 2022 (Turnover of 1,9 billion DKK +/- 10%).

Use of financial instruments

Risk

Risk management is considered an essential and natural part of the realization of the Group's objectives and strategy. The daily activities, the implementation of the established strategy and the continuous use of business opportunities involve inherent risks, and the company's handling of these risks is therefore seen as a natural and integrated part of the daily work and a way to ensure stable and reliable growth.

Unusual risks

The Group has no particular commercial or financial risks other than risks of common occurrence within the industry. The Group considers the risks in the industry to be related to the global market conditions.

Financial risks
The Group is exposed to changes in exchange rates and interest rates due to its operational and financial set-up. The Group manages its financial risks through instruments for hedging of currencies and interest.

IT risks
The Group uses IT to a significant extent and is vulnerable to interruptions of operations and breaches of the established security. The Group constantly seeks to improve its IT security in order to ensure that a high level of security is maintained at all times.

Knowledge resources
The leading position of the Group within the red meat processing industry is dependent on the ability to retain and attract employees with special skills and experience in order to achieve its business goals.
This requires that employees acquire new knowledge and are willing to participate in necessary changes. This effort will be supported through staff development, education and a positive working environment.

Environmental performance
The Group is committed to comply with environmental legislation and to reduce its own environmental impact as well as the impact of its customers. The Group has in 2022 made efforts within R&D to bring solutions to the market that reduces utility cost of certain equipment that affects the environment such as water recirculation solutions and heat recovery solutions. Furthermore, the Group continues to support customers in improving production yield, animal welfare, ergonomics, hygiene and meat quality through its technical solutions and product development. In the future, The Group is committed to establishing detailed accounts of scope 1 and scope 2 GhG emissions from all legal entities as well as monitoring the scope 3 impact of the equipment sold to customers which will be used to target improvement areas for the company's environmental impact.

Research and development activities
Merlin DK Bidco continuously invests in development, updates and improvements of its product portfolio. Costs related to development of products are expensed in the income statement, or accounted for as an asset following the accounting policies.

Statutory report on corporate social responsibility
Human Rights
As a leading global provider of turnkey food processing solutions, the Group recognizes its responsibility and impact on the environment, animals, its employees, customers and external partners. As such, the Group encourages, expects and requires all members of the organization to respect international human rights and not to discriminate based on race, ethnicity, religion, gender, sexual orientation, age or any other circumstance that segregates humans from one another but instead promote inclusivity, diversity, and equal opportunity for all its employees and stakeholders. The Human Rights section of our Corporate Social Responsibility policy is enforced through widespread communication to our employees and being observant of any behavior causing adverse impact towards the CSR Human Rights policy. The Group will continue to foster an inclusive working environment in the future and has in 2022 decided to implement a new e-learning platform in order to raise awareness among employees and show by example what this means for them.

Social and employee relations
Similarly, The Group protects its employees against corporal punishment, mental coercion and harassment through its Human Resources functions and policies on employee well-being. This also extends to the safety of The Group's employees.

The Group has in 2022 established a new Health & Safety (H&S) Committee where cardinal rules of H&S have been enforced as well as a more structured reporting of incidents and near misses that is proactively being used for preventive and mitigating actions toward H&S risks in the organization. Additionally, The Group has increased its focus on communication hereof to all employees in the organization by incorporating H&S key performance indicators in business monthly reviews, in its global monthly communication platform to all employees and through various physical artefacts such as H&S awareness posters. Moreover, the Group has in 2022 rolled out an all employee ownership program where a certain amount of company shares have been reserved for all employees who will receive a payout of such shares at the point of change of ownership, provided that the company meets a set of financial targets at the point of change of ownership. This is to make sure that employees in the Group also benefit from the growth of the company and is designed to help employees become more financially independent. Finally, the Group expects its employees to treat each other with utmost respect and encourages employees to volunteer and give back to its local communities. In the future, the Group will continue to focus on health and safety as well as employee well-being and community engagement by instating an Employee Community Engagement committee designed to give employees opportunity to engage in various volunteer work that aligns with the values of the organization.

Anti-Bribery and Corruption

The Group is committed to enforce its Anti-Bribery and Corruption (ABC) policy across all legal entities of the organization and to promote a high level of integrity and accountability in all relations. Bribery and corruption is not in any way tolerated in the Group and any transgression toward the company's ABC policy is handled with utmost attention and diligence. The Group will not offer, promise or give any kind of bribes to improperly influence public officials, judges or business associates and the Group (including agents, intermediaries or other persons acting on our behalf) also refrains from receiving or accepting any bribes ourselves. The Group has in the current financial year received one whistleblower report from an anonymous employee concerning immoral behavior.

An external law firm was hired to investigate the case and it was found that there was no violation of the company's ABC policy or any other policy in the Group. In the future, The Group will instate an e-learning platform to ensure employees understand the ABC policy and will execute a company-wide ABC training for relevant employees in the organization.

The Group Business Model and CSR risks

The Group delivers turnkey solutions of mechanical equipment and software within the red meat processing industry. As such, the Group acts as a trusted advisor to customers in designing, producing, installing and commissioning entire meat processing facilities in the world. To this extent, the Group aims to further grow its global market presence and is committed to continue developing products that minimize the impact on the environment through lower utility consumption, increasing animal welfare, providing innovative technology to improve working conditions of equipment operators, increase standards for hygiene and retail consumer safety as well as optimizing production yield to minimize food waste. The key risks pertaining to the operating activities of the Group pertains to health and safety, animal welfare and the ethical conduct of its suppliers and stakeholders. The Group addresses these risks by upholding collaborators to the same CSR standards as we set for ourselves. Additionally, we provide detailed technical description of health and safety requirements in operating our equipment. The Group monitors non-financial KPI's pertaining to H&S and employee well-being. Within H&S, we monitor near-miss accidents and time lost incidents through the KPI of TRIR (total recordable incident rate). For employee well-being, The Group uses a global Employee Engagement Survey to identify improvement areas within employee well-being.

Statutory report on the underrepresented gender

Frontmatec Group has a CSR policy that promotes inclusivity, equality and diversity among all employees in the group. However, the group does not have a separate policy on the gender composition of its management team. There are only to members of the board of directors, therefore, there are currently no target levels of the gender distribution in the Group.

Statutory report on data ethics policy

Merlin DK Bidco’s policy on Data Ethics addresses the data ethic principles applied by Frontmatec Group and describes the approach to data processing covering all data types. The overall objective of our Data Ethics Policy is to encourage and motivate all employees of the Frontmatec Group to handle data with utmost care and respect and to adhere to a responsible and sustainable use of the data by following our guiding principles on fundamental rights.

Security of data is important to us. Frontmatec Group adheres to the six fundamental ethical values developed by the expert group on data ethics to the Danish Data Ethics Council. Group Legal is the owner of the policy.

For additional information please refer to: www.frontmatec.com/en/legal/data-ethics-policy

Events after the balance sheet date

Apart from the below signed credit agreement, there have been no subsequent events with material impact on the Company's income statement for 2022 and balance sheet at 31 December 2022.

In the period up to the approval of the financial statements, Frontmatec has signed a credit agreement in which the Company also participates. The agreement secures financing for the next few years.

Consolidated income statement for 2022

	Notes	2022 DKK'000
Revenue	2	323,345
Other operating income		2,693
Cost of sales		(164,669)
Other external expenses	3	(30,326)
Gross profit/loss		**131,043**
Staff costs	4	(110,650)
Depreciation, amortisation and impairment losses	5	(67,985)
Other operating expenses		(35,620)
Operating profit/loss		**(83,212)**
Other financial income	6	33,145
Other financial expenses	7	(13,750)
Profit/loss before tax		**(63,817)**
Tax on profit/loss for the year	8	4,505
Profit/loss for the year	9	**(59,312)**

Consolidated balance sheet at 31.12.2022

Assets

	Notes	2022 DKK'000
Completed development projects	11	577,722
Acquired intangible assets		1,244,380
Goodwill		2,705,494
Development projects in progress	11	162,153
Intangible assets	10	**4,689,749**
Land and buildings		230,929
Plant and machinery		69,910
Other fixtures and fittings, tools and equipment		53,539
Property, plant and equipment	12	**354,378**
Fixed assets		**5,044,127**
Manufactured goods and goods for resale		252,741
Inventories		**252,741**

Trade receivables		288,953
Contract work in progress		240,320
Other receivables		37,268
Tax receivable		3,768
Prepayments	13	24,743
Receivables		**595,052**
Other investments		575
Investments		**575**
Cash		**276,590**
Current assets		**1,124,958**
Assets		**6,169,085**

Equity and liabilities

	Notes	2022 DKK'000
Contributed capital		5,057
Translation reserve		(25,095)
Reserve for fair value adjustments of hedging instruments		(681)
Retained earnings		4,668,708
Equity belonging to Parent's shareholders		**4,647,989**
Equity belonging to minority interests		**25,374**
Equity		**4,673,363**
Deferred tax	14	369,150
Other provisions	15	7,900
Provisions		**377,050**
Lease liabilities		507
Debt to other credit institutions		7,844
Other payables		38,633
Non-current liabilities other than provisions	16	**46,984**
Current portion of non-current liabilities other than provisions	16	3,473
Bank loans		28,303
Prepayments received from customers		477,002
Trade payables		167,357
Payables to group enterprises		205,858
Tax payable		17,133
Other payables		171,992
Deferred income	17	570
Current liabilities other than provisions		**1,071,688**
Liabilities other than provisions		**1,118,672**
Equity and liabilities		**6,169,085**
Events after the balance sheet date	1	
Contingent liabilities	19	
Assets charged and collateral	20	
Transactions with related parties	21	
Group relations	22	

Subsidiaries	23

Consolidated statement of changes in equity for 2022

	Contributed capital DKK'000	Translation reserve DKK'000	Reserve for fair value adjustments of hedging instruments DKK'000	Retained earnings DKK'000	Equity belonging to Parent's shareholders DKK'000
Contributed upon formation	5,057	0	0	0	5,057
Effect of mergers and business combinations	0	0	0	(28,467)	(28,467)
Increase of capital	0	0	0	4,820,356	4,820,356
Extraordinary dividend paid	0	0	0	(66,564)	(66,564)
Exchange rate adjustments	0	(25,095)	0	0	(25,095)
Fair value adjustments of hedging instruments	0	0	(873)	0	(873)
Tax of entries on equity	0	0	192	0	192
Profit/loss for the year	0	0	0	(56,617)	(56,617)
Equity end of year	**5,057**	**(25,095)**	**(681)**	**4,668,708**	**4,647,989**

	Equity belonging to minority interests DKK'000	Total DKK'000
Contributed upon formation	0	5,057
Effect of mergers and business combinations	28,467	0
Increase of capital	0	4,820,356
Extraordinary dividend paid	0	(66,564)
Exchange rate adjustments	(398)	(25,493)
Fair value adjustments of hedging instruments	0	(873)
Tax of entries on equity	0	192
Profit/loss for the year	(2,695)	(59,312)
Equity end of year	**25,374**	**4,673,363**

Consolidated cash flow statement for 2022

	Notes	2022 DKK'000
Operating profit/loss		(83,212)
Amortisation, depreciation and impairment losses		67,985
Other provisions		(3,555)
Working capital changes	18	30,325
Adjustment for non-cash items		(2,330)
Cash flow from ordinary operating activities		**9,213**
Financial income received		12,553
Financial expenses paid		(13,750)
Taxes refunded/(paid)		(6,545)
Cash flows from operating activities		**1,471**
Acquisition etc. of property, plant and equipment		(18,269)
Sale of property, plant and equipment		1,476
Acquisition of enterprises		(3,284,185)
Cash flows from investing activities		**(3,300,978)**
Free cash flows generated from operations and investments before financing		**(3,299,507)**
Repayments of loans etc.		(1,506,873)
Incurrence of debt to group enterprises		205,858
Dividend paid		(66,564)
Cash capital increase		4,825,413
Escrow account		(71,650)
Cash flows from financing activities		**3,386,184**
Increase/decrease in cash and cash equivalents		**86,677**
Cash from business acquisitions		115,092
Cash and cash equivalents end of year		**201,769**

Cash and cash equivalents at year-end are composed of:

Cash	276,590
Escrow account	(74,821)
Cash and cash equivalents end of year	**201,769**

Notes to consolidated financial statements

1 Events after the balance sheet date

Apart from the below signed credit agreement, there have been no subsequent events with material impact on the Company's income statement for 2022 and balance sheet at 31 December 2022.

In the period up to the approval of the financial statements, Frontmatec has signed a credit agreement in which the Company also participates. The agreement secures financing for the next few years.

2 Revenue

	2022 **DKK'000**
North America	155,719
Europe	164,210
Rest of World	3,416
Total revenue by geographical market	**323,345**

3 Fees to the auditor appointed by the Annual General Meeting

	2022 **DKK'000**
Statutory audit services	3,189
Tax services	870
Other services	1,638
	5,697

4 Staff costs

	2022 **DKK'000**
Wages and salaries	97,895
Pension costs	4,569
Other social security costs	8,186
	110,650

Average number of full-time employees	**1,325**

Special incentive programmes

In connection with the sale of Frontmatec Group, the old management incentive program in Frontmatec vested. DKK 66m of the consideration was paid out as dividends in connection with the vesting of the warrants.

The remuneration has not been disclosed due to Sec. 98b(3) of the Danish Financial Statements Act.

5 Depreciation, amortisation and impairment losses

	2022 DKK'000
Amortisation of intangible assets	60,134
Depreciation on property, plant and equipment	7,851
	67,985

6 Other financial income

	2022 DKK'000
Other interest income	527
Exchange rate adjustments	32,618
	33,145

7 Other financial expenses

	2022 DKK'000
Financial expenses from group enterprises	2,798
Other interest expenses	1,190
Exchange rate adjustments	9,762
	13,750

8 Tax on profit/loss for the year

	2022 DKK'000
Current tax	3,828
Change in deferred tax	(9,719)
Adjustment concerning previous years	1,386
	(4,505)

9 Proposed distribution of profit/loss

	2022 DKK'000
Retained earnings	(56,617)
Minority interests' share of profit/loss	(2,695)
	(59,312)

10 Intangible assets

	Completed development projects DKK'000	Acquired intangible assets DKK'000	Goodwill DKK'000	Development projects in progress DKK'000
Addition through business combinations etc	567,446	1,261,608	2,735,893	176,694
Exchange rate adjustments	(395)	(197)	0	(1,063)
Transfers	22,956	0	0	(22,956)
Additions	0	1,095	0	9,924
Disposals	(1,339)	(23)	0	(446)
Cost end of year	**588,668**	**1,262,483**	**2,735,893**	**162,153**
Exchange rate adjustments	5	13	0	0
Amortisation for the year	(11,595)	(18,139)	(30,399)	0
Amortisation and impairment losses on assets disposed of	644	23	0	0
Amortisation and impairment losses end of year	**(10,946)**	**(18,103)**	**(30,399)**	**0**
Carrying amount end of year	**577,722**	**1,244,380**	**2,705,494**	**162,153**

11 Development projects

Development projects and development projects in progress comprise development of various technologies within the business of advanced food processing equipment to be used in the slaughter business. The development projects consists of both new products as well as improving already existing technology.

The products which is developed will be sold to existing and new clients on existing markets in the slaughter business.

The main development projects at year end consists of the development of a shared software platform, that will connect the Groups products and the development of new machines within the slaughter business, which can automatize slaughter lines more in the future.

The cost of development projects comprise costs such as salaries and indirect cost. In general the projects has an expected pay-back time of 3-7 years.

Management are regularly evaluating the development projects and in this process it is evaluated how the progress is, how the expectations are to the market in the future and the costs to complete the projects. All projects at year end have been evaluated an it is management’s assessment, that all the projects can be finalize and will generate positive cash flow now or when finalized.

12 Property, plant and equipment

	Land and buildings DKK'000	Plant and machinery DKK'000	Other fixtures and fittings, tools and equipment DKK'000
Addition through business combinations etc	228,919	72,678	54,654
Exchange rate adjustments	(475)	(337)	(170)
Additions	4,852	0	2,398
Disposals	0	(38)	(479)
Cost end of year	**233,296**	**72,303**	**56,403**
Exchange rate adjustments	3	16	26
Depreciation for the year	(2,370)	(2,438)	(3,043)
Depreciation and impairment losses on assets disposed of	0	29	153
Depreciation and impairment losses end of year	**(2,367)**	**(2,393)**	**(2,864)**
Carrying amount end of year	**230,929**	**69,910**	**53,539**

13 Prepayments

Prepayments primarily comprise prepaid cost.

14 Deferred tax

	2022 DKK'000
Intangible assets	410,251
Property, plant and equipment	32,771
Receivables	4,383
Liabilities other than provisions	(799)
Tax losses carried forward	(77,456)
Deferred tax	**369,150**

Changes during the year	2022 DKK'000
Recognised in the income statement	(9,719)
Recognised directly in equity	(192)
Acquired through business combination	378,836
Currency rate adjustment	225
End of year	**369,150**

15 Other provisions

Provisions comprise expected expenses relating to guarantee commitments, losses on construction contracts, restructurings, etc.

16 Non-current liabilities other than provisions

	Due within 12 months 2022 DKK'000	Due after more than 12 months 2022 DKK'000	Outstanding after 5 years 2022 DKK'000
Lease liabilities	190	507	0
Debt to other credit institutions	1,312	7,844	3,425
Other payables	1,971	38,633	30,489
	3,473	**46,984**	**33,914**

17 Deferred income

Deferred income consists of accrued income from service contracts.

18 Changes in working capital

	2022 DKK'000
Increase/decrease in inventories	(23,636)
Increase/decrease in receivables	(34,772)
Increase/decrease in trade payables etc.	(28,089)
Other changes	116,822
	30,325

19 Contingent liabilities

The Parent and the Danish subsidiaries participate in a Danish joint taxation arrangement in which Merlin DK Bidco ApS serves as the administration company. According to the joint taxation provisions of the Danish Corporation Tax Act, the Parent and the Danish subsidiaries are therefore liable for income taxes etc. for the jointly taxed entities, and also for obligations, if any, relating to the withholding of tax on interest, royalties and dividends for the jointly taxed entities. The jointly taxed entities' total known net liability under the joint taxation arrangement is disclosed in the administration company's financial statements.

20 Assets charged and collateral

As security for mortgage loan of DKK 6.3 million, mortgage is granted on the land and buildings at a book value of DKK 35.0 million with a owner's mortgage with security in the property Mommarkvej 293-301, Tandslet of DKK 15.0 million, Hassellunden 9, Smørum DKK 6.3 million and owner's mortgage with security in the property.

As security for the Bank Loan of 10 m CNY in Bank of China is the property and land certificate issued by the Government in Jining.

Prepayment guarantees and performance bonds provided to customers amount to DKK 151.4 million.

21 Non-arm's length related party transactions

Only non-arm's length related party transactions are disclosed in the annual report. No such transactions were conducted during the financial year.

22 Group relations

Name and registered office of the Parent preparing consolidated financial statements for the largest group:
Merlin Buyer Inc., 4001 Kennett Pike, Suite 302, Wilmington, USA

23 Subsidiaries

	Registered in	Corporate form	Ownership %
Frontmatec Kolding A/S	Kolding, Denmark	A/S	100.00
Frontmatec Equipements Inc.	St. Anselme, Canada	Inc.	100.00
Frontmatec Inc.	Kansas City, USA	Inc.	100.00
Frontmatec Shanghai Co. Ltd.	Shanghai, China	Co. Ltd.	100.00
Frontmatec B.V.	Borculo, the Netherlands	B.V.	100.00
Frontmatec Holding B.V.	Borculo, the Netherlands	B.V.	100.00
Frontmatec Smørum A/S	Smørum, Denmark	A/S	100.00
Frontmatec Tandslet A/S	Tandslet, Denmark	A/S	100.00
Frontmatec Hygiene GmbH	Beckum, Germany	GmbH	100.00
Frontmatec GmbH	Lünen, Germany	GmbH	100.00
Frontmatec Sp. Z.o.o	Grodzisk, Poland	Sp. Z.o.o.	100.00
Frontmatec S.L.	Sallent, Spain	S.L.	100.00
Frontmatec LLC	Moscow, Russia	LLC	100.00
Frontmatec Skive A/S	Skive, Denmark	A/S	100.00
Accles & Shelvoke, Ltd.	Birmingham, United Kingdom	Ltd.	100.00
Accles & Shelvoke Inc.	West Greenwhich, USA	Inc.	100.00
Carometec Inc	Peosta, USA	Inc.	100.00
Jining Xinglong Food Machinery Manufacturing Co., Ltd.	Xinglong Jining, China	Co. Ltd.	100.00
Frontmatec Sibiu SRL	Sibiu, Romania	SRL	100.00
Industrial Tecnico Alimentaria S.A.	Barcelona, Spain	S.A.	100.00
AIRA Robotics, S.L	Cardona, Spain	SL	100.00
Iltay S.A.	Montevideo, Uruguay	S.A.	60.00

Frontmatec Group ApS	Kolding Denmark	ApS	100.00

Parent income statement for 2022

	Notes	2022 DKK'000
Other external expenses		(739)
Gross profit/loss		**(739)**
Other operating expenses		(35,156)
Operating profit/loss		**(35,895)**
Other financial income	2	38,328
Other financial expenses	3	(2,798)
Profit/loss before tax		**(365)**
Tax on profit/loss for the year	4	(7,654)
Profit/loss for the year	5	**(8,019)**

Parent balance sheet at 31.12.2022

Assets

	2022 DKK'000
Investments in group enterprises	4,814,611
Financial assets	**4,814,611**
Fixed assets	**4,814,611**
Receivables from group enterprises	199,380
Other receivables	40
Receivables	**199,420**
Cash	**17,919**
Current assets	**217,339**
Assets	**5,031,950**

Equity and liabilities

	Notes	2022 DKK'000
Contributed capital		5,057
Retained earnings		4,812,337
Equity		**4,817,394**
Deferred tax	6	7,654
Provisions		**7,654**
Trade payables		495
Payables to group enterprises		205,858
Other payables	7	549
Current liabilities other than provisions		**206,902**
Liabilities other than provisions		**206,902**
Equity and liabilities		**5,031,950**
Events after the balance sheet date	1	
Employees	8	
Contingent liabilities	9	
Assets charged and collateral	10	
Related parties with controlling interest	11	
Transactions with related parties	12	

Parent statement of changes in equity for 2022

	Contributed capital DKK'000	Retained earnings DKK'000	Total DKK'000
Contributed upon formation	5,057	0	5,057
Increase of capital	0	4,820,356	4,820,356
Profit/loss for the year	0	(8,019)	(8,019)
Equity end of year	**5,057**	**4,812,337**	**4,817,394**

Notes to parent financial statements

1 Events after the balance sheet date

Apart from the below signed credit agreement, there have been no subsequent events with material impact on the Company's income statement for 2022 and balance sheet at 31 December 2022.

In the period up to the approval of the financial statements, Frontmatec has signed a credit agreement in which the Company also participates. The agreement secures financing for the next few years.

2 Other financial income

	2022 **DKK'000**
Financial income from group enterprises	26,165
Other interest income	137
Exchange rate adjustments	12,026
	38,328

3 Other financial expenses

	2022 **DKK'000**
Financial expenses from group enterprises	2,798
	2,798

4 Tax on profit/loss for the year

	2022 **DKK'000**
Change in deferred tax	7,654
	7,654

5 Proposed distribution of profit and loss

	2022 **DKK'000**
Retained earnings	(8,019)
	(8,019)

6 Deferred tax

	2022 **DKK'000**
Tax losses carried forward	7,654
Deferred tax	**7,654**

Changes during the year	2022 DKK'000
Recognised in the income statement	7,654
End of year	**7,654**

7 Other payables

	2022 DKK'000
Other costs payable	549
	549

8 Employees

The Entity has no employees other than the Executive Board. The Executive Officer has not received any remuneration.

9 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 also for obligations, if any, relating to the withholding of tax on interest, royalties and dividends for these entities.

10 Assets charged and collateral

There are no assets charged or collateral.

11 Related parties with controlling interest

KKR & Co.,Inc.	Ultimate parent
KKR Merlin Aggregator GP LLC.	Intermediate parent
KKR Merlin Aggregator L.P.	Intermediate parent
KKR Merlin Aggregator II L.P.	Intermediate parent
Merlin Holding Inc.	Intermediate parent
Merlin Intermediate Holding Inc.	Intermediate parent
Merlin ParentCo Inc.	Intermediate parent
Merlin Buyer Inc.	Intermediate parent
Red Bam Holding Inc.	Intermediate parent
Bettcher Industries Inc.	Intermediate parent

12 Non-arm's length related party transactions

Only non-arm's length related party transactions are disclosed in the annual report. No such transactions were conducted during the financial year.

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).

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. Enterprises in which the Group, directly or indirectly, holds between 20% and 50% of the voting rights and exercises significant, but not controlling, influence are regarded as associates.

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.

Business combinations

Newly acquired or newly established enterprises are recognised in the financial statements from the time of acquiring or establishing such enterprises. Divested or wound-up enterprises are recognised in the income statement up to the time of their divestment or winding-up.

The purchase method is applied at the acquisition of new enterprises, under which identifiable assets and liabilities of these enterprises are measured at fair value at the acquisition date. Provisions for costs of restructuring of the enterprise acquired are only made in so far as such restructuring was decided by the enterprise acquired prior to acquisition. Allowance is made for the tax effect of restatements.

Positive differences in amount (goodwill) between cost of the acquired share and fair value of the assets and liabilities taken over are recognised in intangible assets, and they are amortised systematically over the income statement based on an individual assessment of their useful lives. If the useful life cannot be estimated reliably, it is fixed at 10 years. Useful life is reassessed annually.

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 and out of the translation of income statements from average rates to the exchange rates at the balance sheet date are recognised directly in the translation reserve 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 recognised directly in the translation reserve in equity.

Income statement

Revenue

Revenue recognition

The Company recognizes revenue from the following major sources:

- Sale of spare parts and consumables
- Construction and installation of specialized machinery and equipment including automation
- Supply of service

Revenue is measured based on the consideration to which the Company expects to be entitled in a contract with a customer and excludes amounts collected on behalf of third parties. The Company recognizes revenue when it transfers control of a product or service to a customer.

Sale of spare parts
The Company sells spare parts and consumables directly to customers. Sales-related warranties associated with spare parts cannot be purchased separately and they serve as an assurance that the products sold comply with agreed-upon specifications. Accordingly, the Company accounts for warranties in accordance with IAS 37. Revenue is recognized when control of the goods has transferred being when the goods have been shipped to the customer's specific location (delivery). A receivable is recognized by the Company when the goods are delivered to customer as this represents the point in time at which the right to consideration becomes unconditional, as only the passage of time is required before payment is due.

Construction and installation of specialized machinery and equipment
The Company constructs and sells specialized machinery and equipment including automation under long-term contracts with customers. Such contracts are entered into before construction begins. Under the terms of the contracts, the Company has an enforceable right to payment for work done. Revenue from these contracts is therefore recognized over time on a cost-to cost method, i.e. based on the proportion of contract costs incurred for work performed to date relative to the estimated total contract costs. The directors consider that this input method is an appropriate measure of the progress towards complete satisfaction of these performance obligations under IFRS 15.

The Company becomes entitled to invoice customers based on achieving a series of performance-related milestones. When a particular milestone is reached the customer is sent a relevant statement of work and an invoice for the related milestone payment. The Company will previously have recognized a contract asset for any work performed. Any amount previously recognized as a contract asset is reclassified to trade receivables at the point at which it is invoiced to the customer. If the milestone payment exceeds the revenue recognized to date under the cost-to-cost method then the Company recognizes a contract liability for the difference. There is not considered to be a significant financing component in construction contracts with customers as the period between the recognition of revenue under the cost-to-cost method and the milestone payment is typically less than one year.

Supply of service
The Company provides service for maintenance and repair purposes. Such services are recognized as a performance obligation satisfied over time. Revenue is recognized for these services based on the stage of completion of the contract. The directors have assessed that the stage of completion determined as the proportion of the total time expected to install that has elapsed at the end of the reporting period is an appropriate measure of progress towards complete satisfaction of these performance obligations under IFRS 15. Payment for service rendered is typically not due from the customer until the service is completed and therefore a contract asset is recognized over the period in which the installation services are performed representing the entity's right to consideration for the services performed to date.

Other operating income
Other operating income comprises income of a secondary nature as viewed in relation to the Entity's primary activities.

Cost of sales
Cost of sales comprises goods consumed in the financial year measured at cost, adjusted for ordinary inventory writedowns.

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

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

Other operating expenses
Other operating expenses comprise expenses of a secondary nature as viewed in relation to the Entity's primary activities.

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

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

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

Balance sheet

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 15 years.

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

Development projects
Development projects comprise development projects completed and in progress with related intellectual property rights, acquired intangible assets and prepayments for intangible assets.

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 in the 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 indirectly attributable to the development projects.

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. If the useful life cannot be estimated reliably, it is fixed at 10 years. For development projects protected by intellectual property rights, the maximum period of amortisation is the remaining duration of the relevant rights. The amortisation periods used are 3-10 years.

Acquired intangible assets
Acquired intangible assets consits of customer relationships, trade name and backlog and are amortised on a straight-line basis over their estimated useful life. Useful lives are reassessed annually. The amortisation periods used are 2-15 years.

Acquired intangible assets are measured at cost less accumulated amortisation. Patents are amortised on a straight-line basis over their remaining duration, and licences are amortised on a straight-line basis 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, and other fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation and impairment losses. Land is not depreciated.

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

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

	Useful life
Buildings	10 - 40 years
Plant and machinery	3 - 10 years
Other fixtures and fittings, tools and equipment	3-5 years

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

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.

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

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

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

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 contract 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 in 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, and finance costs are recognised in the income statement as incurred.

Tax payable or receivable
Current tax payable or receivable is recognised in the balance sheet, stated as tax computed 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.

Other investments (current assets)
Other current asset investments comprise listed securities measured at fair value (market price) at the balance sheet date, and unlisted investments measured at the lower of cost and net realisable value.

Cash
Cash comprises cash in hand and bank deposits.

Minority interests
On initial recognition, minority interests are measured at the minority interests' share of the acquiree's net assets measured at fair value. No goodwill related to the minority interests' equity interests in the acquiree is recognised.

Deferred tax
Deferred tax is recognised on all temporary differences between the carrying amount and the tax-based value of assets and liabilities, for which the tax-based value is calculated based on the planned use of each asset.

However, no deferred tax is recognised for amortisation of goodwill disallowed for tax purposes and temporary differences arising at the date of acquisition that do not result from a business combination and that do not have any effect on profit or loss or on taxable income.

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

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, returns, loss on contract work in progress, decided and published restructuring, 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.

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

On acquisition of enterprises and investments in group enterprises, provisions are made for costs relating to restructuring in the acquired enterprise that were decided and published at the acquisition date at the latest.

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.

Lease liabilities
Lease liabilities relating to assets held under finance leases are recognised in the balance sheet as liabilities other than provisions, and, at the time of inception of the lease, measured at the present value of future lease payments. Subsequent to initial recognition, lease liabilities are measured at amortised cost. The difference

between present value and nominal amount of the lease payments is recognised in the income statement as a financial expense over the term of the leases.

Other financial liabilities

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

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, and 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 financial income, financial expenses and income tax paid.

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

Cash flows from financing activities comprise changes in the size or composition of the contributed capital and related costs, and the raising of loans, repayments of interest-bearing debt, including lease liabilities, purchase of treasury shares and payment of dividend.

Cash and cash equivalents comprise cash and short-term securities with an insignificant price risk.