Frontmatec Group ApS

Platinvej 8
6000 Kolding
CVR No. 37773743

Annual report 2024

The Annual General Meeting adopted the annual report on 07.07.2025

Nathan Scott Schaan
Chairman of the General Meeting

Contents

Entity details

Entity

Frontmatec Group ApS
Platinvej 8
6000 Kolding

Business Registration No.: 37773743
Registered office: Kolding
Financial year: 01.01.2024 - 31.12.2024

Board of Directors

Massimo Bizzi
Nathan Scott Schaan
Dennis Michael Gallagher
Kevin Gerard Harry

Executive Board

Massimo Bizzi
Nathan Scott Schaan
Dennis Michael Gallagher

Auditors

Deloitte Statsautoriseret Revisionspartnerselskab
City Tower, Værkmestergade 2
8000 Aarhus C

Statement by Management

The Board of Directors and the Executive Board have today considered and approved the annual report of Frontmatec Group ApS for the financial year 01.01.2024 - 31.12.2024.

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

In our opinion, the financial statements give a true and fair view of the Entity's financial position at 31.12.2024 and of the results of its operations for the financial year 01.01.2024 - 31.12.2024.

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, 07.07.2025

Executive Board

Massimo Bizzi

Nathan Scott Schaan

Dennis Michael Gallagher

Board of Directors

Massimo Bizzi

Nathan Scott Schaan

Dennis Michael Gallagher

Kevin Gerard Harry

Independent auditor's report

To the shareholders of Frontmatec Group ApS

Opinion

We have audited the financial statements of Frontmatec Group ApS for the financial year 01.01.2024 - 31.12.2024, which comprise the income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Entity's financial position at 31.12.2024 and of the results of its operations for the financial year 01.01.2024 - 31.12.2024 in accordance with the Danish Financial Statements Act.

Basis for opinion

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

Management's responsibilities for the financial statements

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

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

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.

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

- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the financial statements, and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Entity to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures in the notes, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

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

Statement on the management commentary

Management is responsible for the management commentary.

Our opinion on the financial statements does not cover the management commentary, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the management commentary and, in doing so, consider whether the management commentary is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

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

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

Aarhus, 07.07.2025

Deloitte
Statsautoriseret Revisionspartnerselskab
CVR No. 33963556

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

Management commentary

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

Development in activities and finances
As of January 1, 2024 the subsidiaries Frontmatec Kolding A/S and Frontmatec Smørum A/S merged into Frontmatec Tandslet A/S.

In June 2024 Merlin DK Bidco ApS contributed 100 % of the shares of Frontmatec Inc to the mother company Bettcher Industries Inc. In general, the restructuring aligned with Bettcher's ongoing legal entity combination and simplification initiatives as well as its global treasury initiatives in accessing Frontmatec U.S. cash within the broader US group.

Frontmatec Group ApS had a profit of 588,710 t DKK in 2024 compared to a profit of 79,504 t DKK in 2023. The high profit is primarily driven by a contribution as a part of the above mentioned restructuring, which to some extent have been offset by impairment losses on investments in subsidiaries and impairment losses on receivables from subsidiaries.

The balance sheet, at 31 December 2024 shows total assets of DKK 2,654,267 t DKK (2023: 2,586,568 tDKK) and equity of DKK 1,968,970 t DKK (2023: 2,081,047 tDKK).

Uncertainty relating to recognition and measurement
Investments in subsidiaries are measured at cost. However, there is significant uncertainty related to the measurement of Frontmatec Tandslet A/S, as any potential impairment is assessed using an impairment test based on a discounted cash flow model (DCF). For further information regarding the uncertainty kindly refer to note 2.

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

Income statement for 2024

	Notes	2024 DKK'000	2023 DKK'000
Gross profit/loss	3	**(43,624)**	**18,280**
Staff costs	4	(34,645)	(22,286)
Depreciation, amortisation and impairment losses		(1,278)	(1,106)
Operating profit/loss		**(79,547)**	**(5,112)**
Income from investments in group enterprises	5	709,212	91,431
Other financial income	6	31,226	63,851
Other financial expenses	7	(70,526)	(73,148)
Profit/loss before tax		**590,365**	**77,022**
Tax on profit/loss for the year		(1,655)	2,482
Profit/loss for the year		**588,710**	**79,504**
Proposed distribution of profit and loss			
Retained earnings		588,710	79,504
Proposed distribution of profit and loss		**588,710**	**79,504**

Balance sheet at 31.12.2024

Assets

	Notes	2024 DKK'000	2023 DKK'000
Acquired intangible assets		1,733	2,574
Intangible assets	8	**1,733**	**2,574**
Other fixtures and fittings, tools and equipment		507	877
Property, plant and equipment	9	**507**	**877**
Investments in group enterprises		2,273,003	2,281,578
Financial assets	10	**2,273,003**	**2,281,578**
Fixed assets		**2,275,243**	**2,285,029**
Receivables from group enterprises		281,760	242,196
Deferred tax		24,140	39,436
Other receivables		70	28
Income tax receivable		2,191	0
Prepayments		5,291	1,955
Receivables		**313,452**	**283,615**
Cash		**65,572**	**17,924**
Current assets		**379,024**	**301,539**
Assets		**2,654,267**	**2,586,568**

Equity and liabilities

	Notes	2024 DKK'000	2023 DKK'000
Contributed capital		100	100
Translation reserve		0	(62)
Retained earnings		1,968,870	2,081,009
Equity		**1,968,970**	**2,081,047**
Lease liabilities		105	310
Other payables		12,069	13,131
Non-current liabilities other than provisions	11	**12,174**	**13,441**
Current portion of non-current liabilities other than provisions	11	7,750	5,714
Bank loans		34,348	0
Trade payables		6,595	7,004
Payables to group enterprises		610,329	470,136
Other payables		14,101	9,226
Current liabilities other than provisions		**673,123**	**492,080**
Liabilities other than provisions		**685,297**	**505,521**
Equity and liabilities		**2,654,267**	**2,586,568**
Events after the balance sheet date	1		
Uncertainty relating to recognition and measurement	2		
Contingent liabilities	12		
Assets charged and collateral	13		

Statement of changes in equity for 2024

	Contributed capital DKK'000	Translation reserve DKK'000	Retained earnings DKK'000	Total DKK'000
Equity beginning of year	100	(62)	2,081,009	2,081,047
Extraordinary dividend paid	0	0	(700,787)	(700,787)
Transfer to reserves	0	62	(62)	0
Profit/loss for the year	0	0	588,710	588,710
Equity end of year	**100**	**0**	**1,968,870**	**1,968,970**

Notes

1 Events after the balance sheet date

Aside from below acquisition there have been no events have occurred after the balance sheet date to this date, which would influence the evaluation of this annual report.

The Group acquired 100 % of the shares in Softvic S.A, located in Barcelona, Spain. The company does business as Kais Software and is a leading developer of proprietary software systems for Enterprise Resource Planning (ERP), Manufacturing Execution Systems (MES) and Manufacturing Operations Management (MOM) systems designed specifically for the food industry.

Kais' focus is on the automation and digitization of food processing companies. The modular configuration and design of its software provides additional flexibility to enable tailoring to the needs of the individual customer. Kais' software integrates with existing production lines, ensuring automatic order execution and equipping users with powerful decision-making tools.

2 Uncertainty relating to recognition and measurement

Investments in subsidiaries are measured at cost. However, there is significant uncertainty related to the measurement of Frontmatec Tandslet A/S, as any potential impairment is assessed using an impairment test based on a discounted cash flow model (DCF).
The calculation relies on a number of judgmental and forward-looking assumptions that have a material impact on the calculated recoverable amount. The most critical assumptions include:

Gross margin: Expected development in revenue and operating profit
WACC (Weighted Average Cost of Capital): Used to discount future cash flows to present value

The value of the investment is highly sensitive to these assumptions. Consequently, there is significant uncertainty as to whether the carrying amount remains recoverable.

Management has conducted a sensitivity analysis showing that:

A decrease in the gross margin of 1 percentage point would reduce the recoverable amount by approximately 117 million DKK.

An increase in the WACC of 1 percentage point would, in isolation, reduce the recoverable amount by approximately 190 million DKK.

If these parameters develop unfavorably, there is a risk that the carrying amount may exceed the recoverable amount, which could lead to a need for impairment of the investment.

The carrying amount recognised in the annual report thus represents management's best estimate based on the current assumptions.

3 Gross profit/loss

Gross profit/loss is negatively affected by a writedown on receivables from group enterprises amountig to 71 m. DKK and by the initiated restructuring actitivties in the Frontmatec Group as a whole.

4 Staff costs

	2024 DKK'000	2023 DKK'000
Wages and salaries	32,391	20,338
Pension costs	2,122	1,781
Other social security costs	132	167
	34,645	**22,286**

Average number of full-time employees	**19**	**17**

5 Income from investments in group enterprises

Income from investments in group enterprises consists of gains from the sale of investments in the subsidiary Frontmatec Inc, Kansas which has been received as an extraordinary dividend during the year.

6 Other financial income

	2024 DKK'000	2023 DKK'000
Financial income from group enterprises	8,062	5,584
Other financial income	23,164	58,267
	31,226	**63,851**

7 Other financial expenses

	2024 DKK'000	2023 DKK'000
Financial expenses from group enterprises	21,825	26,332
Other interest expenses	1,967	0
Other financial expenses	46,734	46,816
	70,526	**73,148**

8 Intangible assets

	Acquired intangible assets DKK'000
Cost beginning of year	7,664
Additions	265
Disposals	(461)
Cost end of year	**7,468**
Amortisation and impairment losses beginning of year	(5,090)
Amortisation for the year	(908)
Reversal regarding disposals	263
Amortisation and impairment losses end of year	**(5,735)**
Carrying amount end of year	**1,733**

9 Property, plant and equipment

	Other fixtures and fittings, tools and equipment DKK'000
Cost beginning of year	2,590
Disposals	(426)
Cost end of year	**2,164**
Depreciation and impairment losses beginning of year	(1,713)
Depreciation for the year	(370)
Reversal regarding disposals	426
Depreciation and impairment losses end of year	**(1,657)**
Carrying amount end of year	**507**

10 Financial assets

	Investments in group enterprises DKK'000
Cost beginning of year	2,567,407
Additions	771,432
Disposals	(763,432)
Cost end of year	**2,575,407**
Impairment losses beginning of year	(285,829)
Impairment losses for the year	(16,575)
Impairment losses end of year	**(302,404)**
Carrying amount end of year	**2,273,003**

The addition and disposal relate to the restructuring of the Frontmatec Group, whereby Frontmatec Inc. has been distributed up through the Frontmatec Group structure.

Investments in subsidiaries	Registered in	Corporate form	Equity interest %	Equity DKK'000	Profit/loss DKK'000
Frontmatec Tandslet A/S	Tandslet, Denmark	A/S	100.00	70,115	(652,352)
Frontmatec Skive A/S	Skive, Denmark	A/S	100.00	23,916	49,230
Frontmatec Hygiene GmbH	Beckum, Germany	GmbH	100.00	3,165	65,568
Accles & Shelvoke, Ltd.	Birmingham, United Kingdom	Ltd.	100.00	15,217	46,296
Jining Xinglong Food Machinery Manufacturing Co., Ltd.	Xinglong Jining, China	Ltd.	100.00	(5,178)	(9,347)
Frontmatec Sibiu SRL	Sibiu, Romania	SRL	100.00	1,261	20,058
AIRA Robotics, S.L	Cardona, Spain	SL	100.00	21,752	115,939
Iltay S.A.	Montevideo, Uruguay	S.A.	100.00	(1,830)	17,260

11 Non-current liabilities other than provisions

	Due within 12 months 2024 DKK'000	Due within 12 months 2023 DKK'000	Due after more than 12 months 2024 DKK'000	Outstanding after 5 years 2024 DKK'000
Lease liabilities	205	197	105	0
Other payables	7,545	5,517	12,069	937
	7,750	**5,714**	**12,174**	**937**

12 Contingent liabilities

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

Furthermore, the Group's Danish companies are jointly and severally liable for Danish withholding taxes on dividends, royalties and interest.
Any subsequent changes to corporation taxes and withholding taxes may render the Company liable for a greater amount.

13 Assets charged and collateral

The shares in Frontmatec Tandslet A/S, Frontmatec Skive A/S and Frontmatec Hygiene GmbH are provided as security for all bank debt. The value of the capital investments amounts to T.DKK 6.521 bank debt amounts to T.DKK 34.248

Frontmatec Group ApS issued a guarantee of repayment of any present and future obligation which Merlin Dk Bidco ApS, Frontmatec Tandslet A/S, Frontmatec Skive A/S, Frontmatec GmbH and Frontmatec Hygiene GmbH have or may have towards the Nordea Group

Furthermore, Frontmatec Group ApS has issued a negative pledge to the bank.

Accounting policies

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

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

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

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

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

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

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

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

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.

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.

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 at 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

Gross profit or loss

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

Revenue

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

Other external expenses

Other external expenses include expenses relating to the Entity's ordinary activities, including expenses for premises, stationery and office supplies, marketing costs, etc. This item also includes writedowns of receivables recognised in current assets.

Staff costs

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

Depreciation, amortisation and impairment losses

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

Income from investments in group enterprises

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

Other financial income

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

Other financial expenses

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

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

Balance sheet

Acquired intangible assets
Acquired intangible assets 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.

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

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

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

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

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

Estimated useful lives and residual values are reassessed annually.

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

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

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

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

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

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.

Cash
Cash comprises cash in hand and bank deposits.

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

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