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Frontmatec Tandslet A/S

Mommarkvej 293 B
6470 Sydals
CVR No. 14307184

Annual report 2024

The Annual General Meeting adopted the annual report on 07.07.2025

Nathan Scott Schaan
Chairman of the General Meeting

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Entity details

Entity

Frontmatec Tandslet A/S
Mommarkvej 293 B
6470 Sydals

Business Registration No.: 14307184
Registered office: Sønderborg
Financial year: 01.01.2024 - 31.12.2024

Board of Directors

Nathan Scott Schaan, chairman
Marianne Nowak Schrøder
Dennis Michael Gallagher

Executive Board

Michael Isaack-Larsen

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 Tandslet A/S 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.

Sydals, 07.07.2025

Executive Board

Michael Isaack-Larsen

Board of Directors

Nathan Scott Schaan
chairman

Marianne Nowak Schrøder

Dennis Michael Gallagher

Independent auditor's report

To the shareholders of Frontmatec Tandslet A/S

Opinion

We have audited the financial statements of Frontmatec Tandslet A/S 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

Thomas Aamand Lund
State Authorised Public Accountant
Identification No (MNE) mne47764

Management commentary

Financial highlights

	2024 DKK'000	2023 DKK'000	2022 DKK'000	2021 DKK'000	2020 DKK'000
Key figures					
Gross profit/loss	81,390	51,583	75,468	77,546	80,199
Operating profit/loss	(85,470)	(4,578)	19,453	6,702	23,499
Net financials	(24,786)	(647)	(345)	50	(579)
Profit/loss for the year	652,352	(4,969)	14,302	6,138	20,933
Total assets	723,315	210,182	289,882	231,775	218,875
Investments in property, plant and equipment	46,245	897	4,518	711	1,550
Equity	70,115	100,738	105,642	91,675	85,469
Ratios					
Return on equity (%)	763.64	(4.82)	14.50	6.93	27.89
Equity ratio (%)	9.69	47.93	36.44	39.55	39.05

In the financial year, the company merged with its sister companies Frontmatec Kolding A/S and Frontmatec Smørum A/S as of 01.01.2024, thus no direct comparability between the financial years.

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

Return on equity (%):
Profit/loss for the year * 100
Average equity

Equity ratio (%):
Equity * 100
Total assets

Primary activities

Frontmatec Tandslet A/S' main activities are development, production and sale of complete manual and automatic production solutions to abattoirs, mainly within pigs, cattle, and lambs. The production solutions handle slicing, deboning, logistics and packaging, as well as automatic storage systems to both empty and filled trays and boxes. The products are sold globally.

Furthermore, Frontmatec Tandslet A/S develops, produces, and markets instruments for classification, sorting and general process optimisation for slaughterhouses. The instruments are based on the company's knowledge within chemometrics, ultrasound, optics, and camera-based measuring equipment. The solutions are sold both as projects, stand-alone machines, and spare parts. The products are marketed globally, although with a main focus on the European and North American market.

Development in activities and finances

In 2024 Frontmatec Kolding A/S and Frontmatec Smørum A/S was merged into Frontmatec Tandslet A/S, Furtermore former Frontmatec Kolding A/S transferred its shares in Frontmatec Inc to Bettcher Industries Inc. The transfer of shares significantly impacted the results by 694,624 T.DKK. Due to the vertical restructuring, the comparison figures were not changed, so it is Frontmatec Tandslets A/S figures for 2023.

During the year, the Frontmatec Tandslet has written down investments in Frontmatec LLC (Russia) and Frontmatec Shanghai Co., Ltd. (China) by a total of T.DKK 7,882 due to market conditions.

Frontmatec Tandslet A/S had a gross profit of T.DKK 81.390 in 2024 with an operating loss of T.DKK -85.470. The result is significantly impacted by a negative adjustment on a few larger projects. Total balance is T.DKK 723.315.

Profit/loss for the year in relation to expected developments

The transfer of shares to Bettcher Industries secured that expectations of M.DKK 0 – 5 were significantly exceeded.

The operating loss is highly unsatisfactory, and the management have during 2024 taken the necessary operational actions to mitigate the future operation by adjusting the production footprint and optimizing processes. This will strengthen our future position in the market.

Uncertainty relating to recognition and measurement

Frontmatec has large contracts with customers and use the percentage-of-completion Method (POC). The company has established internal financial and management procedures to mitigate the risk.

Outlook

In 2025 Frontmatec expect to grow sales by more than 10%. This will lead to a gross profit in the range M.DKK 95 - 100 and operating profit in the range M.DKK 15 – 20.

Use of financial instruments

Frontmatec is exposed to changes in exchange rates and foreign currency. All foreign currency which we see no use of in the short run are exchanged to DKK when received.

Research and development activities

It is expected that Frontmatec Tandslet A/S' development activities will increase compared to recent years. There will continue to be a focus on higher yields and increased capacity. In addition to the company's own development assets, there is a focus on development in close cooperation with customers and various industry

organizations. Intellectual rights are protected via patents.

Treasury shares

	Number	Nominal value DKK	Recorded par value DKK	Share of contributed capital %
Shares	300,000	1	300,000	23.08
Holding of treasury shares:	**300,000**	**1**	**300,000**	**23.08**

Income statement for 2024

	Notes	2024 DKK	2023 DKK
Gross profit/loss		**81,389,754**	**51,583,363**
Distribution costs		(2,388,380)	(663,365)
Administrative expenses		(164,471,035)	(55,497,919)
Operating profit/loss		**(85,469,661)**	**(4,577,921)**
Income from investments in group enterprises	4	760,690,525	0
Other financial income	5	2,806,353	215,571
Impairment losses on financial assets		(7,882,313)	0
Other financial expenses	6	(19,710,420)	(862,837)
Profit/loss before tax		**650,434,484**	**(5,225,187)**
Tax on profit/loss for the year	7	1,917,209	255,741
Profit/loss for the year	8	**652,351,693**	**(4,969,446)**

Balance sheet at 31.12.2024

Assets

	Notes	2024 DKK	2023 DKK
Completed development projects	10	18,278,971	0
Acquired intangible assets		8,137,401	8,677,501
Development projects in progress	10	78,395,467	64,706,600
Intangible assets	9	**104,811,839**	**73,384,101**
Land and buildings		31,641,369	22,148,324
Plant and machinery		1,881,314	1,199,577
Other fixtures and fittings, tools and equipment		1,723,194	1,274,516
Leasehold improvements		1,373,510	0
Property, plant and equipment	11	**36,619,387**	**24,622,417**
Investments in group enterprises		142,199,465	0
Investments in associates		0	7,080,771
Other receivables		1,435,121	0
Financial assets	12	**143,634,586**	**7,080,771**
Fixed assets		**285,065,812**	**105,087,289**
Raw materials and consumables		45,032,481	23,961,462
Work in progress		7,639,259	1,218,274
Manufactured goods and goods for resale		4,375,379	3,959,372
Inventories		**57,047,119**	**29,139,108**
Trade receivables		49,316,856	17,963,884
Contract work in progress	13	94,303,687	37,998,186
Receivables from group enterprises		214,662,628	10,680,179
Other receivables		16,857,732	8,072,097
Tax receivable		2,803,729	0
Prepayments	14	99,719	0
Receivables		**378,044,351**	**74,714,346**

Other investments	575,000	0
Other investments	**575,000**	**0**
Cash	**2,583,012**	**1,241,180**
Current assets	**438,249,482**	**105,094,634**
Assets	**723,315,294**	**210,181,923**

Equity and liabilities

	Notes	2024 DKK	2023 DKK
Contributed capital	15	1,300,000	1,000,000
Reserve for development expenditure		49,114,984	50,470,168
Retained earnings		19,699,576	49,267,774
Equity		**70,114,560**	**100,737,942**
Deferred tax	16	7,867,786	13,026,040
Other provisions	17	1,406,291	1,637,552
Provisions		**9,274,077**	**14,663,592**
Mortgage debt		3,670,603	398,711
Deposits		140,313	0
Other payables	18	13,277,469	2,733,693
Non-current liabilities other than provisions	19	**17,088,385**	**3,132,404**
Current portion of non-current liabilities other than provisions	19	364,842	859,160
Prepayments received from customers		534,703	0
Contract work in progress	13	72,799,354	22,240,140
Trade payables		47,946,326	16,876,748
Payables to group enterprises		471,465,749	27,485,113
Tax payable		0	6,193,202
Other payables	20	29,854,711	17,993,622
Deferred income	21	3,872,587	0
Current liabilities other than provisions		**626,838,272**	**91,647,985**
Liabilities other than provisions		**643,926,657**	**94,780,389**
Equity and liabilities		**723,315,294**	**210,181,923**

Events after the balance sheet date	1
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Statement of changes in equity for 2024

	Contributed capital DKK	Reserve for fair value adjustments of hedging instruments DKK	Reserve for development expenditure DKK	Other reserves DKK	Retained earnings DKK	Proposed extraordinary dividend DKK	Total DKK
Equity beginning of year	1,000,000	0	50,470,168	0	49,267,774	0	100,737,942
Effect of mergers and business combinations	300,000	(251,000)	0	2,124,231	56,237,104	0	58,410,335
Purchase of treasury shares	0	0	0	0	(111,244,588)	0	(111,244,588)
Extraordinary dividend paid	0	0	0	0	0	(692,786,762)	(692,786,762)
Group contributions etc	0	0	0	0	62,645,940	0	62,645,940
Transfer to reserves	0	0	6,540,855	0	(6,540,855)	0	0
Dissolution of reserves	0	251,000	(7,896,039)	(2,124,231)	9,769,270	0	0
Profit/loss for the year	0	0	0	0	(40,435,069)	692,786,762	652,351,693
Equity end of year	**1,300,000**	**0**	**49,114,984**	**0**	**19,699,576**	**0**	**70,114,560**

In the financial year, the company merged with its sister companies Frontmatec Kolding A/S and Frontmatec Smørum A/S as of 01.01.2024. See accounting policies for further mention hereof.

For a specification of treasury shares, please refer to the management commentary and note 16

Notes

1 Events after the balance sheet date

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

2 Staff costs

	2024 DKK	2023 DKK
Wages and salaries	101,821,878	36,847,421
Pension costs	921,686	0
Other social security costs	137,775	0
	102,881,339	**36,847,421**

Average number of full-time employees	**220**	**126**

Remuneration to the company's management is not disclosed with reference to section 98B(3, number 2) of the Danish Financial Statements Act.

3 Depreciation, amortisation and impairment losses

	2024 DKK	2023 DKK
Amortisation of intangible assets	12,718,682	14,189,130
Impairment losses on intangible assets	921,078	0
Depreciation of property, plant and equipment	5,339,877	5,645,912
	18,979,637	**19,835,042**

4 Income from investments in group enterprises

Income from investments consists of gains from the sale of investments in the subsidiary Frontmatec Inc, Kansas. The sale is based on the wish to consolidate US activities under the American companies. The sale of investments has been decided to be transferred as extraordinary dividend up through the Group.

5 Other financial income

	2024 DKK	2023 DKK
Financial income from group enterprises	0	86,680
Other interest income	11,234	0
Exchange rate adjustments	2,642,704	128,891
Other financial income	152,415	0
	2,806,353	**215,571**

6 Other financial expenses

	2024 DKK	2023 DKK
Financial expenses from group enterprises	8,271,976	414,307
Other interest expenses	7,184,886	275,821
Exchange rate adjustments	4,085,821	172,709
Other financial expenses	167,737	0
	19,710,420	**862,837**

7 Tax on profit/loss for the year

	2024 DKK	2023 DKK
Current tax	(20,986,877)	694,499
Change in deferred tax	30,571,001	(1,391,907)
Adjustment concerning previous years	(11,501,333)	441,667
	(1,917,209)	**(255,741)**

8 Proposed distribution of profit and loss

	2024 DKK	2023 DKK
Extraordinary dividend distributed in the financial year	692,786,762	0
Retained earnings	(40,435,069)	(4,969,446)
	652,351,693	**(4,969,446)**

9 Intangible assets

	Completed development projects DKK	Acquired intangible assets DKK	Development projects in progress DKK
Cost beginning of year	32,800,830	11,520,301	78,895,730
Addition through business combinations etc	113,590,827	19,726,094	15,076,467
Additions	9,708,867	1,806,080	9,413,764
Disposals	(856,634)	(207,550)	(9,880,286)
Cost end of year	**155,243,890**	**32,844,925**	**93,505,675**
Amortisation and impairment losses beginning of year	(32,800,830)	(2,842,800)	(14,189,130)
Addition through business combinations etc	(94,176,562)	(19,269,169)	0
Impairment losses for the year	0	0	(921,078)
Amortisation for the year	(10,123,127)	(2,595,555)	0
Reversal regarding disposals	135,600	0	0
Amortisation and impairment losses end of year	**(136,964,919)**	**(24,707,524)**	**(15,110,208)**
Carrying amount end of year	**18,278,971**	**8,137,401**	**78,395,467**

10 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, all consisting of the latest technology for optimizing our Customers daily operation set up.

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

The main projects are:
1. Duoplan conveyorsystem, version 2
2. Additional drive unit for quick chill tunnel conveyor
3. Upgrade of Autoline splitting saw APS7
4. AMBL-1000
5. Hanging deboning
6. AutoFom 4
7. Q-FOM

Redeveloping of Duoplan conveyers to version 2 to reduce engineering time before it is put into production and to reduce cost significantly.

Additional drive unit for quick chill tunnel conveyor is a project developing an additional slave drive for the conveyorsystem. Usually these conveyor systems has one big drive unit. However in order to minimise the amount of materials and heavy loads on the system and in order to have a more robust and reliable system, it is required to have one or more slavedrive on the conveyorsystems. Especially the controlsystem for the slave drive needed some effort in the development process. This also provides more handling safety and less risk for breakdowns and downtime for the customer. This solution is now standard in Frontmatec quick chill tunnel conveyor systems.

Upgrade of Autoline splitting saw APS7 is a improvement project in order to improve the splitting performance. Furthermore the project also involves redesign of key components in order to increase the lifetime. This will provide reduction of maintenance cost of the equipment and increasing the reliability (uptime) for the Customers. This upgrade will especially be interesting for slaughter lines in The North American market.

AMBL-1000 is a fully automated cutting line designed to divide pork middles into loin and belly cuts. This development project involves an upgrade of this cutting line. The upgrade includes three new knives, which will provide slaughterhouses with a greater yield from each cut.

Hanging deboning of hams and forequarters from pigs. Currently, this process is performed manually on tables, which is very physically demanding as the pigs weigh between 10-12 kg each.
The idea behind the machines is to develop a system for hanging deboning of hams and forequarters from pigs, which can alleviate the heavy manual labour that has been used in the industry until now.
Another part of the project has been to ensure that the system allows unskilled workers to perform the deboning, thereby increasing work efficiency for their customers.

AutoFom 4 is the next generation of the in-line instrument for pig classification, which has been significantly improved in terms of hardware, resulting in greater accuracy and robustness. Additionally, a new type of image processing and a range of new software features are being implemented.

Q-FOM is an expansion of the product portfolio with a handheld instrument for cattle classification. A handheld camera is being developed, which, through advanced image analysis, can read the meat quality of cattle carcasses.

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.

11 Property, plant and equipment

	Land and buildings DKK	Plant and machinery DKK	Other fixtures and fittings, tools and equipment DKK	Leasehold improvements DKK
Cost beginning of year	55,959,751	15,439,252	8,699,697	0
Addition through business combinations etc	13,251,866	12,178,754	11,202,215	7,583,934
Additions	518,402	586,952	922,545	0
Disposals	0	0	(675,090)	0
Cost end of year	**69,730,019**	**28,204,958**	**20,149,367**	**7,583,934**
Depreciation and impairment losses beginning of year	(33,811,427)	(14,239,675)	(7,425,181)	0
Addition through business combinations etc	(2,219,968)	(11,181,870)	(10,120,991)	(4,824,784)
Depreciation for the year	(2,057,255)	(902,099)	(994,883)	(1,385,640)
Reversal regarding disposals	0	0	114,882	0
Depreciation and impairment losses end of year	**(38,088,650)**	**(26,323,644)**	**(18,426,173)**	**(6,210,424)**
Carrying amount end of year	**31,641,369**	**1,881,314**	**1,723,194**	**1,373,510**

12 Financial assets

	Investments in group enterprises DKK	Investments in associates DKK	Other receivables DKK
Addition through business combinations etc	237,533,362	5,512,573	4,151,246
Transfers	5,512,573	(5,512,573)	0
Additions	128,812,965	0	0
Disposals	(108,400,973)	0	0
Cost end of year	**263,457,927**	**0**	**4,151,246**
Addition through business combinations etc	(111,022,792)	(2,353,357)	(2,270,100)
Transfers	(2,353,357)	2,353,357	0
Impairment losses for the year	(7,882,313)	0	0
Other adjustments	0	0	(446,025)
Impairment losses end of year	**(121,258,462)**	**0**	**(2,716,125)**
Carrying amount end of year	**142,199,465**	**0**	**1,435,121**

Investments in group entreprises and associates includes include merger effects from Frontmatec Smørum, which historically have been measured using the equity method. Due to the merger measurement is carried out at cost in accordance with the continuing company's applied accounting policies. The monetary effect of the change amounts to DKK 2,558,111.

Investments in subsidiaries	Registered in	Corporate form	Equity interest %	Equity DKK	Profit/loss DKK
Frontmatec Equipments Inc.	St Alselme, Canada	Inc	100.00	204,786,000	46,213,000
Frontmatec Holding B.V.	Borculo, the Netherlands	B.V.	100.00	11,669,000	9,084,000
Frontmatec LLC	Moscow, Russia	LLC	100.00	441,000	237,000
Frontmatec Shanghai Co, Ltd.	Shanghai, China	Co. Ltd.	100.00	(23,631,000)	293,000
Frontmatec SP. ZO.O.	Grodzisk, Poland	SP. ZO.O.	100.00	142,000	(485,000)
Frontmatec GmbH	Beckum, Germany	GmbH	100.00	10,917,000	(4,447,000)

13 Contract work in progress

	2024 DKK	2023 DKK
Contract work in progress	1,349,576,026	15,758,046
Progress billings regarding contract work in progress	(1,328,071,693)	0
Transferred to liabilities other than provisions	72,799,354	22,240,140
	94,303,687	**37,998,186**

14 Prepayments

Prepayments primarily comprise prepaid cost.

15 Share capital

	Number
Shares	1,300,000
	1,300,000

The Company's share capital, DKK 1.300.000 is composed of shares of DKK 100.000 or multiples hereof.
At December 31, 2024, the Company owns treasury shares corresponding to 23.08% of the share capital.

16 Deferred tax

	2024 DKK	2023 DKK
Intangible assets	22,035,162	15,795,254
Property, plant and equipment	(1,238,174)	84,725
Inventories	490,126	436,480
Receivables	0	13,725
Provisions	(2,119,524)	(393,261)
Liabilities other than provisions	411,632	(4,906)
Tax losses carried forward	(11,711,436)	(2,905,977)
Deferred tax	**7,867,786**	**13,026,040**

Changes during the year	2024 DKK	2023 DKK
Beginning of year	13,026,040	14,417,947
Recognised in the income statement	(5,158,254)	(1,391,907)
End of year	**7,867,786**	**13,026,040**

17 Other provisions

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

18 Other payables

	2024 DKK	2023 DKK
Holiday pay obligation	11,878,409	2,733,693
Other costs payable	1,399,060	0
	13,277,469	**2,733,693**

19 Non-current liabilities other than provisions

	Due within 12 months 2024 DKK	Due within 12 months 2023 DKK	Due after more than 12 months 2024 DKK	Outstanding after 5 years 2024 DKK
Mortgage debt	364,842	859,160	3,670,603	2,085,604
Deposits	0	0	140,313	140,313
Other payables	0	0	13,277,469	11,969,808
	364,842	**859,160**	**17,088,385**	**14,195,725**

20 Other payables

	2024 DKK	2023 DKK
VAT and duties	130,208	2,205
Wages and salaries, personal income taxes, social security costs, etc payable	6,015,716	4,871,567
Holiday pay obligation	5,052,163	1,273,166
Other costs payable	18,656,624	11,846,684
	29,854,711	**17,993,622**

21 Deferred income

Deferred income consists of accrued income from service contracts.

22 Unrecognised rental and lease commitments

	2024 DKK	2023 DKK
Liabilities under rental or lease agreements until maturity in total	**11,498,956**	**2,556,524**

23 Assets charged and collateral

Priority debt is secured by a mortgage on properties. The mortgage also covers the production facilities and machinery associated with the properties. Frontmatec Tandslet A/S has provided security in the property to cover mortgage loans totalling DKK 14,995 m.

As security for bank debt, a business mortgage of nominal DKK 55,700 thousand has been deposited in production facilities and simple receivables.

The carrying amount of mortgaged properties is DKK 31,641 thousand.
The carrying amount of mortgaged production facilities is DKK 1,675 thousand.

The carrying amount of simple receivables is DKK 49,317 thousand.

Work guarantees totalling DKK 672 thousand have been provided to customers.

24 Related parties with controlling interest

Frontmatec Group ApS owns the majority of shares in the Entity, thus exercising control.

25 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.

26 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

Name and registered office of the Parent preparing consolidated financial statements for the smallest group:
Merlin DK Bidco ApS, Platinvej 8, 6000 Kolding, Danmark

Accounting policies

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

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.

Non-comparability
In the financial year, the company merged with its sister companies Frontmatec Kolding A/S and Frontmatec Smørum A/S as of 01.01.2024.

The book value method was used for the merger, hence no adjustment of comparative figures has been made.

As a result, the income statement and balance sheet for the financial year 2023 do not include financial figures for Frontmatec Kolding A/S and Frontmatec Smørum A/S.

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.

Business combinations
Newly acquired or newly established enterprises are recognised in the financial statements from the time of acquiring or establishing such enterprises.

The uniting-of-interests method is applied on mergers, where the enterprises concerned are controlled by the Parent, under which method the combination is considered completed at the date of acquisition without restatement of comparative figures. Under the uniting-of-interests method, the acquiree's assets and liabilities

are recognised at their carrying amounts, adjusted for any differences in accounting policies and accounting estimates. The difference between the consideration agreed and the carrying amount of the acquiree is recognised in equity.

Income statement

Gross profit or loss

Gross profit or loss comprises revenue, production costs and other operating income.

Revenue

Revenue from the sale of manufactured goods and goods for resale is recognised in the income statement when delivery is made and risk has passed to the buyer. Revenue is recognised net of VAT, duties and sales discounts and is measured at fair value of the consideration fixed.

Contract work in progress is included in revenue based on the stage of completion so that revenue corresponds to the selling price of the work performed in the financial year (the percentage-of-completion method).

Production costs

Production: Production costs comprise expenses incurred to earn revenue for the financial year. Production costs comprise direct and indirect costs for raw materials and consumables, wages and salaries, rent and lease, and amortisation, depreciation and impairment losses relating to intangible assets and property, plant and equipment included in the production process. In addition, the item includes normal write-down of inventories.

Cost of sales

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

Distribution costs

Distribution costs comprise costs incurred for sale and distribution of the Entity's products, including wages and salaries for sales staff, advertising costs, travelling and entertainment expenses, etc, and amortisation, depreciation and impairment losses relating to intangible assets and property, plant and equipment involved in the distribution process.

Administrative expenses

Administrative expenses comprise expenses incurred for the Entity's administrative functions, including wages and salaries for administrative staff and Management, stationery and office supplies, and amortisation, depreciation and impairment losses relating to intangible assets and property, plant and equipment used for administration of the Entity.

Other operating income

Other operating income comprises income of a secondary nature as viewed in relation to the Entity's primary activities, including profit from the sale of intangible assets and property, plant and equipment, and salary refunds.

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 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.

Impairment losses on financial assets
Impairment losses on financial assets comprise impairment losses on financial assets which are not measured at fair value on a current basis.

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

Intellectual property rights etc
Intellectual property rights etc comprise development projects completed and in progress with related intellectual property rights, acquired intellectual property rights 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 10 years.

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

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. For assets held under finance leases, cost is the lower of the asset's fair value and present value of future lease payments.

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

	Useful life
Buildings	25 years
Plant and machinery	3-5 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.

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

Investments in associates fall within the definitions of both participating interests and associates, yet in the financial statements they have been presented as investments in associates because this designation reflects more accurately the Company's involvement in the relevant entities.

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

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

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

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

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

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

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

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

Each contract in progress is recognised in the balance sheet 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
Other current asset investments comprise unlisted investments measured at the lower of cost and net realisable value.

Cash
Cash comprises cash in hand and bank deposits.

Dividend
Dividend is recognised as a liability at the time of adoption at the general meeting. Proposed dividend for the financial year is disclosed as a separate item in equity. Extraordinary dividend adopted in the financial year is recognised directly in equity when distributed and disclosed as a separate item in Management's proposal for distribution of profit/loss.

Treasury shares
Acquisition and selling prices and dividends for treasury shares are classified directly as equity in retained earnings. Gains and losses on sale are not recognised in the income statement.. Capital reduction by cancellation of treasury shares reduces the contributed capital by an amount corresponding to the nominal value.

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.

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.

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.

Mortgage debt
At the time of borrowing, mortgage debt to mortgage credit institutions is measured at cost which corresponds to the proceeds received less transaction costs incurred. Mortgage debt is subsequently measured at amortised cost. This means that the difference between the proceeds at the time of borrowing and the nominal repayable amount of the loan is recognised in the income statement as a financial expense over the term of the loan applying the effective interest method.

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

Referring to section 86(4) of the Danish Financial Statements Act, the Entity has prepared no cash flow statement as such statement is included in the consolidated cash flow statement of Merlin Dk Bidso ApS CVR-nr. 43 27 63 01.