
Grafisk Maskinfabrik A/S

Klintehøj Vænge 12, DK-3460 Birkerød

Annual Report for 2024

CVR No. 15 15 52 99

The Annual Report was
presented and adopted
at the Annual General
Meeting of the
company
on 6/5 2025

Jens Kristensen
Chairman of the
general meeting



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Management's statement

The Executive Board and Board of Directors have today considered and adopted the Annual Report of Grafisk Maskinfabrik A/S for the financial year 1 January - 31 December 2024.

The Annual Report is prepared in accordance with the Danish Financial Statements Act.

In our opinion the Financial Statements and the Consolidated Financial Statements give a true and fair view of the financial position at 31 December 2024 of the Company and the Group and of the results of the Company and Group operations and of consolidated cash flows for 2024.

In our opinion, Management's Review includes a true and fair account of the matters addressed in the Review.

We recommend that the Annual Report be adopted at the Annual General Meeting.

Birkerød, 6 May 2025

Executive Board

Uffe Nielsen
CEO

Board of Directors

Jens Kristensen
Chairman

Uffe Nielsen

Randi Villads Nielsen

Frederik Edward Aackermann

Independent Auditor's report

To the shareholders of Grafisk Maskinfabrik A/S

Opinion

In our opinion, the Consolidated Financial Statements and the Parent Company Financial Statements give a true and fair view of the financial position of the Group and the Parent Company at 31 December 2024 and of the results of the Group's and the Parent Company's operations as well as of the consolidated cash flows for the financial year 1 January - 31 December 2024 in accordance with the Danish Financial Statements Act.

We have audited the Consolidated Financial Statements and the Parent Company Financial Statements of Grafisk Maskinfabrik A/S for the financial year 1 January - 31 December 2024, which comprise income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies, for both the Group and the Parent Company, as well as consolidated statement of cash flows ("the Financial Statements").

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the Financial Statements" section of our 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.

Statement on Management's Review

Management is responsible for Management's Review.

Our opinion on the Financial Statements does not cover Management's Review, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the Financial Statements, our responsibility is to read Management's Review and, in doing so, consider whether Management's Review is materially inconsistent with the Financial Statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether Management's Review provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, in our view, Management's Review is in accordance with the Consolidated Financial Statements and the Parent Company Financial Statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement in Management's Review.

Management's responsibilities for the Financial Statements

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

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

Independent Auditor's report

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 Group's and the Parent Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the Financial Statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Parent Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and the Parent Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and contents of the Financial Statements, including the disclosures, and whether the Financial Statements represent the underlying transactions and events in a manner that gives a true and fair view.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the Consolidated Financial Statements and the Parent Company Financial Statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

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

Independent Auditor's report

Hillerød, 6 May 2025

PricewaterhouseCoopers

Statsautoriseret Revisionspartnerselskab

CVR No 33 77 12 31

Henrik Aslund Pedersen

State Authorised Public Accountant

mne17120

Company information

The Company	Grafisk Maskinfabrik A/S Klintehøj Vænge 12 DK-3460 Birkerød CVR No: 15 15 52 99 Financial period: 1 January - 31 December Municipality of reg. office: Birkerød
Board of Directors	Jens Kristensen, chairman Uffe Nielsen Randi Villads Nielsen Frederik Edward Aackermann
Executive Board	Uffe Nielsen
Auditors	PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab Milnersvej 43 DK-3400 Hillerød

Financial Highlights

Seen over a 5-year period, the development of the Group is described by the following financial highlights:

	Group				
	2024	2023	2022	2021	2020
	TDKK	TDKK	TDKK	TDKK	TDKK
Key figures					
Profit/loss					
Gross profit	21,603	43,252	41,727	25,174	18,700
Profit/loss of primary operations	-9,527	11,491	20,507	5,437	4,906
Profit/loss of financial income and expenses	-2,329	-1,313	-560	-105	-34
Net profit/loss for the year	-9,235	8,403	15,327	4,005	7,024
Balance sheet					
Balance sheet total	128,768	182,664	160,575	118,311	104,864
Investment in property, plant and equipment	6,503	5,339	5,874	5,264	8,010
Equity	54,857	68,948	66,898	51,170	67,409
Cash flows					
Cash flows from:					
- operating activities	1,309	-7,022	16,072	4,658	7,536
- investing activities	-5,311	-2,935	-4,446	2,060	7,976
- financing activities	-5,601	-6,316	-1,424	-12,925	-2,491
Change in cash and cash equivalents for the year	-9,603	-16,273	10,202	-4,397	9,090
Number of employees	136	142	138	126	111
Ratios					
Return on assets	-7.4%	6.3%	12.8%	4.6%	4.7%
Solvency ratio	42.6%	37.7%	41.7%	43.3%	64.3%
Return on equity	-14.9%	12.4%	26.0%	6.8%	11.0%

Management's review

Key activities

The Group develops and produces advanced equipment for the graphical industry as well as the functional materials industry. This includes manufacturing standard machinery for self-adhesive labels (Finishing) and highly custom machinery for research in- and production of flexible functional material products like printed electronics, fuel cell membranes, and organic solar cells (Functionals).

Development in the year

The income statement of the Group for 2024 shows a loss of DKK 9,234,663, and at 31 December 2024 the balance sheet of the Group shows a positive equity of DKK 54,857,072.

This year showed a stabilization in turnover for the Group generally across customer segments and subsidiary.

To enhance operational efficiency and improve financial performance, the Group has restructured its workforce, optimized resource allocation, and streamlined processes. Additionally, several development initiatives have been launched to achieve cost savings, focusing on process optimization and efficiency improvements across key areas. These initiatives are expected to contribute positively to the Group's financial results in the coming years.

The past year and follow-up on development expectations from last year

Expectations for 2024 included increased demand for both standard label printing machinery and highly customized machinery in the Finishing Market. However, demand for standard label printing has stagnated. The demand for high-quality machinery in both the Finishing and Functional segments increased during 2024.

To meet this growing demand for high-quality machinery, the Group have continued to invest in R&D technologies and capacities.

The lower demand from the Finishing segment, the work force restructuring and the continuous investment in R&D technologies capabilities, have been the main contributors to the negative net profit for 2024.

Overall, the Group's net profit remains inadequate.

Capital resources

The Group's development and production of new products and technology rely on our highly skilled employees and extensive experience. The Group has a significant R&D department that employs a critical part of the workforce, providing the know-how necessary to advance highly customized machinery technologies for future demand.

Operating risks

The Group's operational risks are tied to general market conditions in both domestic and export markets.

While the Group is not directly exposed to Russia or Ukraine, the war may impact investment and leasing opportunities in Poland and the Baltics. Currently, sales in the northeastern region of Europe remain stable.

Interest rates are predicted to decrease slightly in 2025, which may positively influence market demand.

The Group continuously assesses trade and regulatory risks, including potential changes in U.S. tariff policies. Currently, the Groups products are subject to 10% tariffs and price adjustments in the US market. The imposition of further tariffs could impact cost structures and competitiveness in the U.S. market. The Group closely monitors developments and evaluates strategies to mitigate any adverse effects, such as supply chain diversification and price adjustments.

Management's review

Targets and expectations for the year ahead

The demand in the industrial label printing industry within the Finishing Market is expected to recover in 2025, with growth anticipated for highly customized Finishing machinery.

The Functional Market is expected to continue growing in 2025, driven by increased demand for machinery used in scientific functional materials production, including printed electronics, fuel cells, touch screen films, and organic solar cells.

The Group expects a net profit in 2025 of between t.DKK 7,000 and t.DKK 15,000.

Research and development

In addition to the Group's products and machines for the industrial label printing industry, the Group will continue investing in research and technology to support highly customized machinery in both the Finishing and Functional Markets. The primary focus areas include the development of high-value labels used in GPS tracking and pharmaceutical applications, such as inkjet and booklet labels.

Uncertainty relating to recognition and measurement

There has been no uncertainty regarding recognition and measurement in the Annual Report.

Unusual events

The financial position at 31 December 2024 of the Group and the results of the activities and cash flows of the Group for the financial year for 2024 have not been affected by any unusual events.

Subsequent events

No events materially affecting the assessment of the Annual Report have occurred after the balance sheet date.

Income statement 1 January - 31 December

	Note	Group		Parent company	
		2024	2023	2024	2023
		DKK	DKK	DKK	DKK
Gross profit		21,602,861	43,252,405	17,362,681	35,492,567
Distribution expenses	1	-10,711,652	-10,058,058	-10,607,686	-9,447,006
Administrative expenses	1	-20,418,222	-21,703,847	-18,549,745	-17,054,927
Profit/loss before financial income and expenses		-9,527,013	11,490,500	-11,794,750	8,990,634
Income from investments in subsidiaries		0	0	1,813,356	2,420,027
Financial income	2	418,818	10,613	409,372	0
Financial expenses	3	-2,747,729	-1,323,716	-2,780,994	-1,323,716
Profit/loss before tax		-11,855,924	10,177,397	-12,353,016	10,086,945
Tax on profit/loss for the year	4	2,621,261	-1,774,178	3,118,353	-1,683,726
Net profit/loss for the year	5	-9,234,663	8,403,219	-9,234,663	8,403,219

Balance sheet 31 December

Assets

	Note	Group		Parent company	
		2024	2023	2024	2023
		DKK	DKK	DKK	DKK
Acquired licenses		2,468,285	3,339,403	2,468,285	3,339,403
Intangible assets	6	2,468,285	3,339,403	2,468,285	3,339,403
Other fixtures and fittings, tools and equipment		10,582,827	8,712,972	10,568,733	8,691,508
Leasehold improvements		1,232,912	1,176,373	1,078,517	979,218
Property, plant and equipment in progress		891,855	0	891,855	0
Property, plant and equipment	7	12,707,594	9,889,345	12,539,105	9,670,726
Investments in subsidiaries	8	0	0	9,889,761	8,208,651
Deposits	9	409,393	0	384,533	0
Fixed asset investments		409,393	0	10,274,294	8,208,651
Fixed assets		15,585,272	13,228,748	25,281,684	21,218,780
Inventories	10	79,618,518	104,124,035	69,178,262	95,170,720
Trade receivables		20,199,899	35,341,319	18,185,275	30,405,224
Receivables from group enterprises	11	0	0	8,209,979	5,060,797
Other receivables		1,117,233	911,224	1,092,533	885,536
Corporation tax		462,643	0	430,000	0
Prepayments	12	3,001,642	5,050,058	2,809,389	4,933,608
Receivables		24,781,417	41,302,601	30,727,176	41,285,165
Cash at bank and in hand		8,782,671	24,008,873	913,142	18,832,003
Current assets		113,182,606	169,435,509	100,818,580	155,287,888
Assets		128,767,878	182,664,257	126,100,264	176,506,668

Balance sheet 31 December

Liabilities and equity

	Note	Group		Parent company	
		2024	2023	2024	2023
		DKK	DKK	DKK	DKK
Share capital		500,000	500,000	500,000	500,000
Reserve for net revaluation under the equity method		0	0	7,667,024	6,189,169
Reserve for exchange rate conversion		-308,766	47,088	0	0
Retained earnings		54,665,838	63,900,501	46,690,048	57,758,420
Proposed dividend for the year		0	4,500,000	0	4,500,000
Equity		54,857,072	68,947,589	54,857,072	68,947,589
Provision for deferred tax	13	201,514	2,973,695	1,352,296	4,470,649
Provisions		201,514	2,973,695	1,352,296	4,470,649
Lease obligations		635,488	1,076,620	635,488	1,076,620
Other payables		5,322,905	4,993,373	5,322,905	4,993,373
Long-term debt	14	5,958,393	6,069,993	5,958,393	6,069,993
Credit institutions		21,915,706	27,538,749	21,745,655	27,416,128
Lease obligations	14	309,979	309,979	309,979	309,979
Prepayments received from customers		23,811,090	39,633,100	23,811,090	32,851,033
Trade payables		9,425,301	20,520,841	7,997,573	19,555,828
Corporation tax		113,342	237,056	0	506,647
Other payables	14	10,068,046	14,062,390	7,960,771	14,007,957
Deferred income	15	2,107,435	2,370,865	2,107,435	2,370,865
Short-term debt		67,750,899	104,672,980	63,932,503	97,018,437
Debt		73,709,292	110,742,973	69,890,896	103,088,430
Liabilities and equity		128,767,878	182,664,257	126,100,264	176,506,668
Contingent assets, liabilities and other financial obligations	18				
Related parties	19				
Subsequent events	20				
Accounting Policies	21				

Statement of changes in equity

Group

	Share capital	Reserve for exchange rate conversion	Retained earnings	Proposed dividend for the year	Total
	DKK	DKK	DKK	DKK	DKK
Equity at 1 January	500,000	47,088	63,900,501	4,500,000	68,947,589
Ordinary dividend paid	0	0	0	-4,500,000	-4,500,000
Exchange adjustments relating to foreign entities	0	-355,854	0	0	-355,854
Net profit/loss for the year	0	0	-9,234,663	0	-9,234,663
Equity at 31 December	500,000	-308,766	54,665,838	0	54,857,072

Parent company

	Share capital	Reserve for net revaluation under the equity method	Retained earnings	Proposed dividend for the year	Total
	DKK	DKK	DKK	DKK	DKK
Equity at 1 January	500,000	6,189,169	57,758,420	4,500,000	68,947,589
Ordinary dividend paid	0	0	0	-4,500,000	-4,500,000
Exchange adjustments relating to foreign entities	0	-355,854	0	0	-355,854
Net profit/loss for the year	0	1,833,709	-11,068,372	0	-9,234,663
Equity at 31 December	500,000	7,667,024	46,690,048	0	54,857,072

Cash flow statement 1 January - 31 December

	Note	Group	
		2024	2023
		DKK	DKK
Result of the year		-9,234,663	8,403,219
Adjustments	16	3,295,678	5,101,355
Change in working capital	17	10,314,020	-16,199,016
Cash flow from operations before financial items		4,375,035	-2,694,442
Financial income		418,818	10,613
Financial expenses		-2,747,729	-1,323,716
Cash flows from ordinary activities		2,046,124	-4,007,545
Corporation tax paid		-737,277	-3,014,825
Cash flows from operating activities		1,308,847	-7,022,370
Purchase of intangible assets		0	-3,505
Purchase of property, plant and equipment		-5,891,013	-5,395,342
Fixed asset investments made etc		580,378	0
Sale of property, plant and equipment		0	2,464,130
Cash flows from investing activities		-5,310,635	-2,934,717
Reduction of lease obligations		-441,132	-316,188
Raising of other long-term debt		329,532	0
Other equity entries		-989,771	0
Dividend paid		-4,500,000	-6,000,000
Cash flows from financing activities		-5,601,371	-6,316,188
Change in cash and cash equivalents		-9,603,159	-16,273,275
Cash and cash equivalents at 1 January		-3,529,876	12,743,399
Cash and cash equivalents at 31 December		-13,133,035	-3,529,876
Cash and cash equivalents are specified as follows:			
Cash at bank and in hand		8,782,671	24,008,873
Overdraft facility		-21,915,706	-27,538,749
Cash and cash equivalents at 31 December		-13,133,035	-3,529,876

Notes to the Financial Statements

	Group		Parent company	
	2024	2023	2024	2023
	DKK	DKK	DKK	DKK
1. Staff				
Wages and salaries	75,158,455	78,068,851	69,665,652	74,617,598
Pensions	6,529,421	6,066,264	6,529,421	6,066,264
Other social security expenses	386,548	579,043	386,548	579,043
Other staff expenses	2,234,814	2,204,340	2,234,814	2,204,340
	84,309,238	86,918,498	78,816,435	83,467,245
Including remuneration to the Executive Board and Board of Directors	2,048,039	2,019,653	2,048,039	2,019,653
Average number of employees	136	142	126	137

	Group		Parent company	
	2024	2023	2024	2023
	DKK	DKK	DKK	DKK
2. Financial income				
Interest received from group enterprises	0	0	5,526	0
Other financial income	22,583	10,613	7,611	0
Exchange gains	396,235	0	396,235	0
	418,818	10,613	409,372	0

	Group		Parent company	
	2024	2023	2024	2023
	DKK	DKK	DKK	DKK
3. Financial expenses				
Interest paid to group enterprises	0	0	34,813	0
Other financial expenses	1,794,647	700,183	1,793,099	700,183
Exchange adjustments, expenses	953,082	623,533	953,082	623,533
	2,747,729	1,323,716	2,780,994	1,323,716

Notes to the Financial Statements

	Group		Parent company	
	2024	2023	2024	2023
	DKK	DKK	DKK	DKK
4. Income tax expense				
Current tax for the year	497,092	2,013,446	0	1,022,648
Deferred tax for the year	-3,118,353	186,473	-3,118,353	661,078
Adjustment of tax concerning previous years	0	-425,741	0	0
	-2,621,261	1,774,178	-3,118,353	1,683,726

	Parent company	
	2024	2023
	DKK	DKK
5. Profit allocation		
Proposed dividend for the year	0	4,500,000
Reserve for net revaluation under the equity method	1,833,709	2,420,027
Transfer to/from reserves in accordance with the Articles of Association	0	0
Retained earnings	-11,068,372	1,483,192
	-9,234,663	8,403,219

	Group	Parent company
	Acquired licenses	Acquired licenses
	DKK	DKK
6. Intangible fixed assets		
Cost at 1 January	4,355,590	4,355,590
Cost at 31 December	4,355,590	4,355,590
Impairment losses and amortisation at 1 January	1,016,187	1,016,187
Amortisation for the year	871,118	871,118
Impairment losses and amortisation at 31 December	1,887,305	1,887,305
Carrying amount at 31 December	2,468,285	2,468,285
Amortised over	5 years	5 years

Notes to the Financial Statements

7. Property, plant and equipment

	Group			Parent company		
	Other fixtures and fittings, tools and equipment	Leasehold improvements	Property, plant and equipment in progress	Other fixtures and fittings, tools and equipment	Leasehold improvements	Property, plant and equipment in progress
	DKK	DKK	DKK	DKK	DKK	DKK
Cost at 1 January	12,609,003	1,838,375	0	12,550,939	1,586,784	0
Additions for the year	5,152,325	458,327	891,855	5,152,325	458,327	891,855
Disposals for the year	-2,705,343	0	0	-2,705,343	0	0
Cost at 31 December	15,055,985	2,296,702	891,855	14,997,921	2,045,111	891,855
Impairment losses and depreciation at 1 January	3,896,031	662,002	0	3,859,431	607,566	0
Depreciation for the year	1,509,601	401,788	0	1,502,231	359,028	0
Reversal of impairment and depreciation of sold assets	-932,474	0	0	-932,474	0	0
Impairment losses and depreciation at 31 December	4,473,158	1,063,790	0	4,429,188	966,594	0
Carrying amount at 31 December	10,582,827	1,232,912	891,855	10,568,733	1,078,517	891,855
Amortised over	3-5 years	5 years		3-5 years	5 years	

Notes to the Financial Statements

	Parent company	
	2024	2023
	DKK	DKK
8. Investments in subsidiaries		
Cost at 1 January	2,019,482	2,019,482
Additions for the year	203,255	0
Cost at 31 December	<u>2,222,737</u>	<u>2,019,482</u>
Value adjustments at 1 January	6,189,169	4,123,145
Exchange adjustment	-335,501	-354,003
Net profit/loss for the year	2,050,923	4,102,717
Change in intercompany profit on inventories	-237,567	-1,682,690
Value adjustments at 31 December	<u>7,667,024</u>	<u>6,189,169</u>
Carrying amount at 31 December	<u>9,889,761</u>	<u>8,208,651</u>

Investments in subsidiaries are specified as follows:

Name	Place of registered office	Share capital	Ownership
Grafisk Maskinfabrik - America LLC	Illinois	USD 1,000	100%
GM Deutschland GmbH	Fürth	EUR 25,000	100%
GM Benelux BV	Schilde	EUR 2,250	100%

9. Other fixed asset investments

	Group	Parent company
	Deposits	Deposits
	DKK	DKK
Cost at 1 January	0	0
Additions for the year	409,393	384,533
Cost at 31 December	<u>409,393</u>	<u>384,533</u>
Carrying amount at 31 December	<u>409,393</u>	<u>384,533</u>

Notes to the Financial Statements

	Group		Parent company	
	2024	2023	2024	2023
	DKK	DKK	DKK	DKK
10. Inventories				
Raw materials and consumables	30,702,696	52,027,303	33,932,332	52,027,303
Work in progress	6,779,365	14,170,744	6,779,365	14,170,744
Finished goods and goods for resale	42,136,457	37,925,988	28,466,565	28,972,673
	79,618,518	104,124,035	69,178,262	95,170,720

	Group		Parent company	
	2024	2023	2024	2023
	DKK	DKK	DKK	DKK
11. Receivables from group enterprises				
Other receivables	0	0	8,209,979	5,060,797
	0	0	8,209,979	5,060,797

12. Prepayments

Prepayments consist of prepaid expenses concerning rent, insurance premiums, subscriptions and interest.

	Group		Parent company	
	2024	2023	2024	2023
	DKK	DKK	DKK	DKK
13. Provision for deferred tax				
Deferred tax liabilities at 1 January	2,973,695	2,787,221	4,470,649	3,809,571
Adjustment regarding intercompany profit on inventories	346,172	-474,604	0	0
Amounts recognised in the income statement for the year	-3,118,353	661,078	-3,118,353	661,078
Deferred tax liabilities at 31 December	201,514	2,973,695	1,352,296	4,470,649

Notes to the Financial Statements

Group		Parent company	
2024	2023	2024	2023
DKK	DKK	DKK	DKK

14. Long-term debt

Payments due within 1 year are recognised in short-term debt. Other debt is recognised in long-term debt.

The debt falls due for payment as specified below:

Lease obligations

After 5 years	0	0	0	0
Between 1 and 5 years	635,488	1,076,620	635,488	1,076,620
Long-term part	635,488	1,076,620	635,488	1,076,620
Within 1 year	309,979	309,979	309,979	309,979
	945,467	1,386,599	945,467	1,386,599

Other payables

After 5 years	0	0	0	0
Between 1 and 5 years	5,322,905	4,993,373	5,322,905	4,993,373
Long-term part	5,322,905	4,993,373	5,322,905	4,993,373
Other short-term payables	10,068,046	14,062,390	7,960,771	14,007,957
	15,390,951	19,055,763	13,283,676	19,001,330

15. Deferred income

Deferred income consists of achieved rent discount, which is distributed over the term of the contract.

Group	
2024	2023
DKK	DKK

16. Cash flow statement - Adjustments

Financial income	-418,818	-10,613
Financial expenses	2,747,729	1,323,716
Depreciation, amortisation and impairment losses, including losses and gains on sales	3,943,882	2,368,077
Tax on profit/loss for the year	-2,621,261	1,774,178
Exchange adjustments	-355,854	-354,003
	3,295,678	5,101,355

Notes to the Financial Statements

	Group	
	2024	2023
	DKK	DKK
17. Cash flow statement - Change in working capital		
Change in inventories	24,505,517	-2,396,410
Change in receivables	16,983,827	-12,613,141
Change in trade payables, etc	-31,175,324	-1,189,465
	<u>10,314,020</u>	<u>-16,199,016</u>

	Group		Parent company	
	2024	2023	2024	2023
	DKK	DKK	DKK	DKK
18. Contingent assets, liabilities and other financial obligations				
Rental and lease obligations				
Lease obligations under operating leases. Total future lease payments:				
Within 1 year	4,800,751	3,661,222	4,800,751	3,661,222
Between 1 and 5 years	18,081,640	14,644,887	18,081,640	14,644,887
After 5 years	12,480,044	14,644,887	12,480,044	14,644,887
	<u>35,362,435</u>	<u>32,950,996</u>	<u>35,362,435</u>	<u>32,950,996</u>

19. Related parties

Transactions

The Company has chosen only to disclose transactions which have not been made on an arm's length basis in accordance with section 98(c)(6) of the Danish Financial Statements Act.

20. Subsequent events

No events materially affecting the assessment of the Annual Report have occurred after the balance sheet date.

Notes to the Financial Statements

21. Accounting policies

The Annual Report of Grafisk Maskinfabrik A/S for 2024 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to medium-sized enterprises of reporting class C.

The accounting policies applied remain unchanged from last year.

The Consolidated Financial Statements and the Parent Company Financial Statements for 2024 are presented in DKK.

Recognition and measurement

Revenues are recognised in the income statement as earned. Furthermore, value adjustments of financial assets and liabilities measured at fair value or amortised cost are recognised. Moreover, all expenses incurred to achieve the earnings for the year are recognised in the income statement, including depreciation, amortisation, impairment losses and provisions as well as reversals due to changed accounting estimates of amounts that have previously been recognised in the income statement.

Assets are recognised in the balance sheet when it is probable that future economic benefits attributable to the asset will flow to the Company, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when it is probable that future economic benefits will flow out of the Company, and the value of the liability can be measured reliably.

Assets and liabilities are initially measured at cost. Subsequently, assets and liabilities are measured as described for each item below.

Basis of consolidation

The Consolidated Financial Statements comprise the Parent Company, Grafisk Maskinfabrik A/S, and subsidiaries in which the Parent Company directly or indirectly holds more than 50% of the votes or in which the Parent Company, through share ownership or otherwise, exercises control. Enterprises in which the Group holds between 20% and 50% of the votes and exercises significant influence but not control are classified as associates.

On consolidation, items of a uniform nature are combined. Elimination is made of intercompany income and expenses, shareholdings, dividends and accounts as well as of realised and unrealised profits and losses on transactions between the consolidated enterprises.

The Parent Company's investments in the consolidated subsidiaries are set off against the Parent Company's share of the net asset value of subsidiaries stated at the time of consolidation.

Translation policies

Transactions in foreign currencies are translated at the exchange rates at the dates of transaction. Exchange differences arising due to differences between the transaction date rates and the rates at the dates of payment are recognised in financial income and expenses in the income statement. Where foreign exchange transactions are considered hedging of future cash flows, the value adjustments are recognised directly in equity.

Receivables, payables and other monetary items in foreign currencies that have not been settled at the balance sheet date are translated at the exchange rates at the balance sheet date. Any differences between the exchange rates at the balance sheet date and the transaction date rates are recognised in financial income and expenses in the income statement.

Fixed assets acquired in foreign currencies are measured at the transaction date rates.

Notes to the Financial Statements

Income statement

Revenue

Revenue from the sale of goods is recognised when the risks and rewards relating to the goods sold have been transferred to the purchaser, the revenue can be measured reliably and it is probable that the economic benefits relating to the sale will flow to the Group.

Revenue is measured at the consideration received and is recognised exclusive of VAT and net of discounts relating to sales.

Production expenses

Production expenses comprise costs incurred to achieve revenue for the year. Cost comprises raw materials, consumables, direct labour costs and indirect production costs such as maintenance and depreciation, etc, as well as operation, administration and management of factories.

Gross profit

With reference to section 32 of the Danish Financial Statements Act, gross profit/loss is calculated as a summary of revenue and cost of sales.

Distribution expenses

Distribution expenses comprise costs in the form of salaries to sales and distribution staff, advertising and marketing expenses as well as operation of motor vehicles, depreciation, etc.

Administrative expenses

Administrative expenses comprise expenses for Management, administrative staff, office expenses, depreciation, etc. Amortisation of goodwill is also included to the extent that goodwill relates to administrative activities.

Other operating income and expenses

Other operating income and other operating expenses comprise items of a secondary nature to the main activities of the Group, including gains and losses on the sale of intangible assets and property, plant and equipment.

Income from investments in subsidiaries

The item "Income from investments in subsidiaries" in the income statement includes the proportionate share of the profit for the year.

Financial income and expenses

Financial income and expenses are recognised in the income statement at the amounts relating to the financial year.

Tax on profit/loss for the year

Tax for the year consists of current tax for the year and changes in deferred tax for the year. The tax attributable to the profit for the year is recognised in the income statement, whereas the tax attributable to equity transactions is recognised directly in equity.

Notes to the Financial Statements

Balance sheet

Intangible fixed assets

Patents and licences are measured at the lower of cost less accumulated amortisation and recoverable amount. Patents are amortised over the remaining patent period, and licences are amortised over the licence period; however not exceeding 5 year.

Property, plant and equipment

Property, plant and equipment are measured at cost less accumulated depreciation and less any accumulated impairment losses.

Cost comprises the cost of acquisition and expenses directly related to the acquisition up until the time when the asset is ready for use.

Interest expenses on loans contracted directly for financing the construction of property, plant and equipment are recognised in cost over the construction period.

Depreciation based on cost reduced by any residual value is calculated on a straight-line basis over the expected useful lives of the assets, which are:

Other fixtures and fittings, tools and equipment	3-5 years
Leasehold improvements	5 years
Production buildings	25 years

Depreciation period and residual value are reassessed annually.

Impairment of fixed assets

The carrying amounts of intangible assets and property, plant and equipment and investments are reviewed on an annual basis to determine whether there is any indication of impairment other than that expressed by amortisation and depreciation.

If so, the asset is written down to its lower recoverable amount.

Investments in subsidiaries

Investments in subsidiaries are recognised and measured under the equity method.

The item “Investments in subsidiaries” in the balance sheet include the proportionate ownership share of the net asset value of the enterprises calculated on the basis of the fair values of identifiable net assets at the time of acquisition with deduction or addition of unrealised intercompany profits or losses and with addition of the remaining value of any increases in value and goodwill calculated at the time of acquisition of the enterprises.

The total net revaluation of investments in subsidiaries is transferred upon distribution of profit to “Reserve for net revaluation under the equity method” under equity. The reserve is reduced by dividend distributed to the Parent Company and adjusted for other equity movements in the subsidiaries.

Other fixed asset investments

Other fixed asset investments consist of deposit.

Inventories

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

Notes to the Financial Statements

The net realisable value of inventories is calculated at the amount expected to be generated by sale of the inventories in the process of normal operations with deduction of selling expenses and costs of completion. The net realisable value is determined allowing for marketability, obsolescence and development in expected selling price.

The cost of goods for resale, raw materials and consumables equals landed cost.

The cost of finished goods and work in progress comprises the cost of raw materials, consumables and direct labour with addition of indirect production costs. Indirect production costs comprise the cost of indirect materials and labour as well as maintenance and depreciation of the machinery, factory buildings and equipment used in the manufacturing process as well as costs of factory administration and management.

Receivables

Receivables are measured in the balance sheet at the lower of amortised cost and net realisable value, which corresponds to nominal value less provisions for bad debts.

Prepayments

Prepayments comprise prepaid expenses concerning rent, insurance premiums, subscriptions and interest.

Equity

Dividend

Dividend distribution proposed by Management for the year is disclosed as a separate Dividend item.

Deferred tax assets and liabilities

Deferred income tax is measured using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes on the basis of the intended use of the asset and settlement of the liability, respectively.

Deferred tax assets, including the tax base of tax loss carry-forwards, are measured at the value at which the asset is expected to be realised, either by elimination in tax on future earnings or by set-off against deferred tax liabilities within the same legal tax entity.

Deferred tax is measured on the basis of the tax rules and tax rates that will be effective under the legislation at the balance sheet date when the deferred tax is expected to crystallise as current tax. Any changes in deferred tax due to changes to tax rates are recognised in the income statement or in equity if the deferred tax relates to items recognised in equity.

Current tax receivables and liabilities

Current tax liabilities and receivables are recognised in the balance sheet as the expected taxable income for the year adjusted for tax on taxable incomes for prior years and tax paid on account. Extra payments and repayment under the on-account taxation scheme are recognised in the income statement in financial income and expenses.

Financial liabilities

Loans, such as loans from credit institutions, are recognised initially at the proceeds received net of transaction expenses incurred. Subsequently, the loans are measured at amortised cost; the difference between the proceeds and the nominal value is recognised as an interest expense in the income statement over the loan period.

Other debts are measured at amortised cost, substantially corresponding to nominal value.

Notes to the Financial Statements

Deferred income

Deferred income comprises payments received in respect of income in subsequent years.

Cash Flow Statement

With reference to section 86(4) of the Danish Financial Statements Act, the Parent Company has not prepared a cash flow statement for the Company itself but has only prepared a cash flow statement for the Group.

The cash flow statement shows the Group's cash flows for the year broken down by operating, investing and financing activities, changes for the year in cash and cash equivalents as well as the Group's cash and cash equivalents at the beginning and end of the year.

Cash flows from operating activities

Cash flows from operating activities are calculated as the net profit/loss for the year adjusted for changes in working capital and non-cash operating items such as depreciation, amortisation and impairment losses, and provisions. Working capital comprises current assets less short-term debt excluding items included in cash and cash equivalents.

Cash flows from investing activities

Cash flows from investing activities comprise cash flows from acquisitions and disposals of intangible assets, property, plant and equipment as well as fixed asset investments.

Cash flows from financing activities

Cash flows from financing activities comprise cash flows from the raising and repayment of long-term debt as well as payments to and from shareholders.

Cash and cash equivalents

Cash and cash equivalents comprise "Cash at bank and in hand" and "Overdraft facilities".

The cash flow statement cannot be immediately derived from the published financial records.

Financial Highlights

Explanation of financial ratios

Return on assets	$\text{Profit/loss of primary operations} \times 100 / \text{Total assets at year end}$
Solvency ratio	$\text{Equity at year end} \times 100 / \text{Total assets at year end}$
Return on equity	$\text{Net profit for the year} \times 100 / \text{Average equity}$