
Grafisk Maskinfabrik A/S

Klintehøj Vænge 12, DK-3460 Birkerød

Annual Report for 1 January - 31 December 2022

CVR No 15 15 52 99

The Annual Report was
presented and adopted at
the Annual General
Meeting of the Company on
4 /5 2023

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 2022.

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 2022 of the Company and the Group and of the results of the Company and Group operations and of consolidated cash flows for 2022.

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, 4 May 2023

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 2022 and of the results of the Group's and the Parent Company's operations and of consolidated cash flows for the financial year 1 January - 31 December 2022 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 2022, 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.

Independent Auditor's Report

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 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 Company 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 Company's and the Group'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 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

Independent Auditor's Report

audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and the 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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the Consolidated Financial Statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

Hellerup, 4 May 2023

PricewaterhouseCoopers

Statsautoriseret Revisionspartnerselskab

CVR No 33 77 12 31

Henrik Aslund Pedersen

statsautoriseret revisor

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
Strandvejen 44
DK-2900 Hellerup

Financial Highlights

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

	Group				
	2022	2021	2020	2019	2018
	TDKK	TDKK	TDKK	TDKK	TDKK
Key figures					
Profit/loss					
Gross profit/loss	41,727	25,174	18,700	27,594	25,322
Operating profit/loss	20,507	5,437	4,906	11,693	10,333
Net financials	-560	-105	-34	94	-55
Net profit/loss for the year	15,327	4,005	7,024	9,101	8,173
Balance sheet					
Balance sheet total	160,575	118,311	104,864	95,884	87,817
Equity	66,898	51,170	67,409	60,560	54,411
Cash flows					
Cash flows from:					
- operating activities	16,072	4,658	7,536	8,008	6,843
- investing activities	-4,446	2,060	7,976	-8,764	-5,600
including investment in property, plant and equipment	-5,874	-5,264	8,010	8,789	5,724
- financing activities	-1,424	-12,925	-2,491	-3,123	-6,176
Ratios					
Solvency ratio	41.7%	43.3%	64.3%	63.2%	62.0%
Return on equity	26.0%	6.8%	11.0%	15.8%	15.3%

Management's Review

Primary activities

The Group develops advanced technology for the industrial and scientific printing industry. This includes both manufacturing of standard line machinery for self-adhesive labels and highly custom machinery for research in thin film technology, printed electronics, fuel cells, touch screen films and organic solar cells. The predominant part of the revenue comes from export markets.

Development in the year

The income statement of the Group for 2022 shows a profit of DKK 15,326,984, and at 31 December 2022 the balance sheet of the Group shows equity of DKK 66,898,373.

This year showed a solid growth in turnover due to new industry partnerships, strong sales in the USA and more growth in the functional materials.

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

In the Annual Report for 2021 there was expectations of a significant increased demand for the Groups product in 2022. The expectations are met and the result of the year is considered satisfying.

Particular risks

The Group's operational risks are linked to the market conditions in general under which the company operates on the domestic market as well as the export markets.

The Group is not exposed to Russia or Ukraine.

There is a general risk of worldwide economic slowdown in 2023. Increased interest rates could make leasing sales more difficult.

Targets and expectations for the year ahead

A substantial increase in scientific functional materials (solar cells & battery coating) is expected in 2023. Especially due to the current energy situation. Advanced machines like Laser die cutters for labels are expected to be very strong in the labels segment.

Research and development

In addition to the Group's machines intended for the industrial label printing industry, the Group continuously seeks to further develop special machines for functional materials.

Management's Review

External environment

Intellectual capital resources

The Group's development and production of new products and technology is based on our highly knowledgeable employees and extensive experience. The Group has a large R&D department that employs a significant part of the total work force.

Uncertainty relating to recognition and measurement

Recognition and measurement in the Annual Report have not been subject to any uncertainty.

Unusual events

The financial position at 31 December 2022 of the Group and the results of the activities and cash flows of the Group for the financial year for 2022 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	Koncern		Morderselskab	
		2022	2021	2022	2021
		DKK	DKK	DKK	DKK
Gross profit/loss		41,726,727	25,174,316	37,442,068	23,054,014
Distribution expenses	1	-7,914,628	-6,024,178	-7,401,283	-5,904,304
Administrative expenses	1	-13,304,998	-13,712,865	-12,284,278	-12,499,876
Operating profit/loss		20,507,101	5,437,273	17,756,507	4,649,834
Other operating income		0	232,241	0	232,241
Profit/loss before financial income and expenses		20,507,101	5,669,514	17,756,507	4,882,075
Income from investments in subsidiaries		0	0	1,886,476	707,995
Financial income		8,468	76,897	0	37,357
Financial expenses		-568,532	-181,471	-564,092	-181,471
Profit/loss before tax		19,947,037	5,564,940	19,078,891	5,445,956
Tax on profit/loss for the year	2	-4,620,053	-1,560,019	-3,751,907	-1,441,035
Net profit/loss for the year		15,326,984	4,004,921	15,326,984	4,004,921

Balance Sheet 31 December

Assets

	Note	Koncern		Moderselskab	
		2022 DKK	2021 DKK	2022 DKK	2021 DKK
Acquired licenses		4,207,016	107,575	4,207,016	107,575
Intangible assets	3	4,207,016	107,575	4,207,016	107,575
Other fixtures and fittings, tools and equipment		7,406,815	8,317,348	7,372,386	8,282,183
Leasehold improvements		1,048,277	335,584	1,007,120	283,771
Property, plant and equipment	4	8,455,092	8,652,932	8,379,506	8,565,954
Investments in subsidiaries	5	0	0	6,142,627	3,860,059
Fixed asset investments		0	0	6,142,627	3,860,059
Fixed assets		12,662,108	8,760,507	18,729,149	12,533,588
Inventories	6	101,727,625	71,559,549	94,474,121	69,217,894
Trade receivables		24,143,108	26,716,204	21,799,989	23,357,572
Receivables from group enterprises		0	0	4,488,574	5,324,483
Other receivables		3,190,702	2,227,042	3,181,579	2,218,611
Corporation tax		0	679,914	0	679,914
Prepayments	7	1,355,650	1,073,309	1,338,369	938,112
Receivables		28,689,460	30,696,469	30,808,511	32,518,692
Cash at bank and in hand		17,495,524	7,294,071	11,447,286	166,325
Currents assets		147,912,609	109,550,089	136,729,918	101,902,911
Assets		160,574,717	118,310,596	155,459,067	114,436,499

Balance Sheet 31 December

Liabilities and equity

	Note	Koncern		Moderselskab	
		2022 DKK	2021 DKK	2022 DKK	2021 DKK
Share capital		500,000	500,000	500,000	500,000
Reserve for net revaluation under the equity method		0	0	4,123,145	1,840,577
Retained earnings		60,398,373	50,670,298	56,275,228	48,829,721
Proposed dividend for the year		6,000,000	0	6,000,000	0
Equity		66,898,373	51,170,298	66,898,373	51,170,298
Provision for deferred tax	8	2,787,221	1,955,145	3,809,571	2,241,538
Provisions		2,787,221	1,955,145	3,809,571	2,241,538
Lease obligations		1,407,460	1,476,208	1,407,460	1,476,208
Other payables		4,993,373	2,648,790	4,993,373	2,648,790
Long-term debt	9	6,400,833	4,124,998	6,400,833	4,124,998
Credit institutions		4,752,125	6,136,405	4,692,747	5,988,968
Lease obligations	9	295,327	266,784	295,327	266,784
Prepayments received from customers		32,606,124	23,542,629	28,012,036	20,119,635
Trade payables		30,181,872	16,298,130	29,109,726	15,754,772
Corporation tax		1,664,177	0	1,319,874	0
Other payables	9	12,354,371	14,816,207	12,286,286	14,769,506
Deferred income	11	2,634,294	0	2,634,294	0
Short-term debt		84,488,290	61,060,155	78,350,290	56,899,665
Debt		90,889,123	65,185,153	84,751,123	61,024,663
Liabilities and equity		160,574,717	118,310,596	155,459,067	114,436,499
Distribution of profit	10				
Contingent assets, liabilities and other financial obligations	14				
Related parties	15				
Accounting Policies	16				

Statement of Changes in Equity

Group

	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	0	50,670,298	0	51,170,298
Exchange adjustments	0	0	401,091	0	401,091
Net profit/loss for the year	0	0	9,326,984	6,000,000	15,326,984
Equity at 31 December	500,000	0	60,398,373	6,000,000	66,898,373

Parent

	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	1,840,577	48,829,721	0	51,170,298
Exchange adjustments relating to foreign entities	0	401,091	0	0	401,091
Net profit/loss for the year	0	1,881,477	7,445,507	6,000,000	15,326,984
Equity at 31 December	500,000	4,123,145	56,275,228	6,000,000	66,898,373

Cash Flow Statement 1 January - 31 December

	Note	Koncern	
		2022 DKK	2021 DKK
Net profit/loss for the year		15,326,984	4,004,921
Adjustments	12	6,773,676	678,817
Change in working capital	13	-4,024,632	1,713,341
Cash flows from operating activities before financial income and expenses		18,076,028	6,397,079
Financial income		8,468	76,897
Financial expenses		-568,532	-181,471
Cash flows from ordinary activities		17,515,964	6,292,505
Corporation tax paid		-1,443,887	-1,634,669
Cash flows from operating activities		16,072,077	4,657,836
Purchase of intangible assets		-4,244,512	-107,575
Purchase of property, plant and equipment		-5,874,217	-5,263,789
Sale of property, plant and equipment		5,271,499	7,318,497
Other adjustments		401,091	112,567
Cash flows from investing activities		-4,446,139	2,059,700
Repayment of loans from credit institutions		-1,384,280	0
Reduction of lease obligations		-40,205	0
Raising of loans from credit institutions		0	5,832,504
Lease obligations incurred		0	1,742,992
Dividend paid		0	-20,500,000
Cash flows from financing activities		-1,424,485	-12,924,504
Change in cash and cash equivalents		10,201,453	-6,206,968
Cash and cash equivalents at 1 January		7,294,071	13,501,039
Cash and cash equivalents at 31 December		17,495,524	7,294,071
Cash and cash equivalents are specified as follows:			
Cash at bank and in hand		17,495,524	7,294,071
Cash and cash equivalents at 31 December		17,495,524	7,294,071

Notes to the Financial Statements

	Koncern		Moderselskab	
	2022 DKK	2021 DKK	2022 DKK	2021 DKK
1 Staff				
Wages and Salaries	72,881,338	66,173,480	69,087,941	63,828,644
Pensions	4,993,180	4,443,799	4,993,180	4,443,799
Other social security expenses	785,164	1,064,029	785,164	1,064,029
Other staff expenses	2,984,952	2,268,839	2,984,952	2,268,839
	81,644,634	73,950,147	77,851,237	71,605,311
Including remuneration to the Executive and Supervisory Boards	2,003,049	1,944,731	2,003,049	1,944,731
Average number of employees	138	126	133	121
2 Tax on profit/loss for the year				
Current tax for the year	3,787,977	689,463	2,183,874	284,086
Deferred tax for the year	832,076	457,850	1,568,033	744,243
Adjustment of deferred tax concerning previous years	0	412,706	0	412,706
	4,620,053	1,560,019	3,751,907	1,441,035
3 Intangible assets				
Group			Acquired licenses DKK	
Cost at 1 January			107,575	
Additions for the year			4,244,511	
Cost at 31 December			4,352,086	
Amortisation for the year			145,070	
Impairment losses and amortisation at 31 December			145,070	
Carrying amount at 31 December			4,207,016	

Notes to the Financial Statements

Parent

	Acquired licenses DKK
Cost at 1 January	107,575
Additions for the year	4,244,511
Cost at 31 December	4,352,086
Amortisation for the year	145,070
Impairment losses and amortisation at 31 December	145,070
Carrying amount at 31 December	4,207,016

4 Property, plant and equipment

Group

	Other fixtures and fittings, tools and equipment DKK	Leasehold improvements DKK	Total DKK
Cost at 1 January	10,666,105	464,154	11,130,259
Additions for the year	4,951,751	922,466	5,874,217
Disposals for the year	-5,129,810	-19,204	-5,149,014
Cost at 31 December	10,488,046	1,367,416	11,855,462
Depreciation at 1 January	2,386,665	128,570	2,515,235
Depreciation for the year	1,416,998	209,773	1,626,771
Reversal of depreciation of sold assets	-722,432	-19,204	-741,636
Depreciation at 31 December	3,081,231	319,139	3,400,370
Carrying amount at 31 December	7,406,815	1,048,277	8,455,092
Depreciated over	3-5 years	5 years	
Including assets under finance leases amounting to	1,669,880	0	1,669,880

Notes to the Financial Statements

4 Property, plant and equipment (continued)

Parent

	Other fixtures and fittings, tools and equipment	Leasehold improvements	Total
	DKK	DKK	DKK
Cost at 1 January	10,615,177	390,988	11,006,165
Additions for the year	4,944,615	922,466	5,867,081
Disposals for the year	-5,129,810	0	-5,129,810
Kostpris at 31 December	<u>10,429,982</u>	<u>1,313,454</u>	<u>11,743,436</u>
Depreciation at 1 January	2,370,902	107,217	2,478,119
Depreciation for the year	1,409,126	199,117	1,608,243
Reversal of depreciation of sold assets	-722,432	0	-722,432
Depreciation at 31 December	<u>3,057,596</u>	<u>306,334</u>	<u>3,363,930</u>
Carrying amount at 31 December	<u>7,372,386</u>	<u>1,007,120</u>	<u>8,379,506</u>
Depreciated over	<u>3-5 years</u>	<u>5 years</u>	

Notes to the Financial Statements

	Moderselskab	
	2022	2021
	DKK	DKK
5 Investments in subsidiaries		
Cost at 1 January	2,019,482	2,019,482
Cost at 31 December	2,019,482	2,019,482
Value adjustments at 1 January	1,840,577	876,409
Exchange adjustment	401,093	112,567
Net profit/loss for the year	4,490,776	1,723,387
Other equity movements, net	0	143,606
Change in intercompany profit on inventories	-2,609,301	-1,015,392
Value adjustments at 31 December	4,123,145	1,840,577
Carrying amount at 31 December	6,142,627	3,860,059

Investments in subsidiaries are specified as follows:

Name	Place of registered office	Share capital	Votes and ownership
Grafisk Maskinfabrik - America LLC	Illinois	USD 1.000	100%

	Koncern		Moderselskab	
	2022	2021	2022	2021
	DKK	DKK	DKK	DKK
6 Inventories				
Raw materials and consumables	54,512,071	30,435,709	54,512,071	30,435,709
Work in progress	15,197,671	27,651,126	15,197,671	27,651,126
Finished goods and goods for resale	32,017,883	13,472,714	24,764,379	11,131,059
	101,727,625	71,559,549	94,474,121	69,217,894

7 Prepayments

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

Notes to the Financial Statements

	Koncern		Moderselskab	
	2022 DKK	2021 DKK	2022 DKK	2021 DKK
8 Provision for deferred tax				
Provision for deferred tax at 1 January	1,955,145	396,029	2,241,538	396,029
Amounts recognised in the income statement for the year	1,568,033	1,156,949	1,568,033	1,156,949
Adjustment prior years and adjustment regarding intercompany profit on inventories	-735,957	402,167	0	688,560
Provision for deferred tax at 31 December	2,787,221	1,955,145	3,809,571	2,241,538

9 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	114,099	0	114,099
Between 1 and 5 years	1,407,460	1,362,109	1,407,460	1,362,109
Long-term part	1,407,460	1,476,208	1,407,460	1,476,208
Within 1 year	295,327	266,784	295,327	266,784
	1,702,787	1,742,992	1,702,787	1,742,992

Other payables

Between 1 and 5 years	4,993,373	2,648,790	4,993,373	2,648,790
Long-term part	4,993,373	2,648,790	4,993,373	2,648,790
Other short-term payables	12,354,371	14,816,207	12,286,286	14,769,506
	17,347,744	17,464,997	17,279,659	17,418,296

Notes to the Financial Statements

	Koncern		Moterselskab	
	2022	2021	2022	2021
	DKK	DKK	DKK	DKK
10 Distribution of profit				
Proposed dividend for the year	6,000,000	0	6,000,000	0
Reserve for net revaluation under the equity method	0	0	1,881,477	707,995
Retained earnings	9,326,984	4,004,921	7,445,507	3,296,926
	15,326,984	4,004,921	15,326,984	4,004,921

11 Deferred income

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

	Koncern	
	2022	2021
	DKK	DKK
12 Cash flow statement - adjustments		
Financial income	-8,468	-76,897
Financial expenses	568,532	181,471
Depreciation including losses and gains on sales	1,192,468	-1,098,343
Tax on profit/loss for the year	4,620,053	1,560,019
Other adjustments	401,091	112,567
	6,773,676	678,817

13 Cash flow statement - change in working capital

Change in inventories	-30,168,076	-18,156,335
Change in receivables	1,327,095	3,135,340
Change in trade payables, etc	24,816,349	16,734,336
	-4,024,632	1,713,341

Notes to the Financial Statements

	Koncern		Moderselskab	
	2022	2021	2022	2021
	DKK	DKK	DKK	DKK
14 Contingent assets, liabilities and other financial obligations				
Rental and lease obligations				
Lease obligations under operating leases. Total future lease payments:				
Within 1 year	2,908,700	2,908,700	2,908,700	2,908,700
Between 1 and 5 years	11,634,800	11,634,800	11,634,800	11,634,800
After 5 years	11,634,800	14,543,500	11,634,800	14,543,500
	26,178,300	29,087,000	26,178,300	29,087,000

15 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)(7) of the Danish Financial Statements Act.

Ownership

The following shareholders are recorded in the Company's register of shareholders as holding at least 5% of the votes or at least 5% of the share capital:

IU IV Invest 10 ApS
 Uffe Nielsen Holding ApS
 Randi & Erik Nielsen Holding ApS

Notes to the Financial Statements

16 Accounting Policies

The Annual Report of Grafisk Maskinfabrik A/S for 2022 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 and Parent Company Financial Statements for 2022 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.

Notes to the Financial Statements

16 Accounting Policies (continued)

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 rates at the time when the receivable or the debt arose are recognised in financial income and expenses in the income statement.

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

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.

Cost of sales

Cost of sales comprises 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/loss

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.

Notes to the Financial Statements

16 Accounting Policies (continued)

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.

Balance Sheet

Intangible 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 years.

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.

Notes to the Financial Statements

16 Accounting Policies (continued)

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

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:

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

Depreciation period and residual value are reassessed annually.

Impairment of fixed assets

The carrying amounts of intangible assets and property, plant and equipment 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.

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.

Inventories

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

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.

Notes to the Financial Statements

16 Accounting Policies (continued)

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 equity 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 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.

Notes to the Financial Statements

16 Accounting Policies (continued)

Financial debts

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.

Deferred income

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

Cash Flow Statement

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.

Notes to the Financial Statements

16 Accounting Policies (continued)

Financial Highlights

Explanation of financial ratios

Return on assets	$\frac{\text{Profit before financials} \times 100}{\text{Total assets}}$
Solvency ratio	$\frac{\text{Equity at year end} \times 100}{\text{Total assets at year end}}$
Return on equity	$\frac{\text{Net profit for the year} \times 100}{\text{Average equity}}$