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MPI Tech A/S

Midtager 29, 1. tv., 2605 Brøndby

Company reg. no. 26 39 03 46

Annual report

1 January - 31 December 2023

The annual report was submitted and approved by the general meeting on the 2 May 2024.

Gérard Charles Logel
Chairman of the meeting

Contents

Notes:

- To ensure the greatest possible applicability of this document, IAS/IFRS English terminology has been used.
- Please note that decimal points have not been used in the usual English way. This means that for instance DKK 146.940 means the amount of DKK 146,940, and that 23,5 % means 23.5 %.

Management's statement

Today, the Board of Directors and the Managing Director have approved the annual report of MPI Tech A/S for the financial year 1 January - 31 December 2023.

The annual report has been prepared in accordance with the Danish Financial Statements Act.

We consider the chosen accounting policy to be appropriate, and in our opinion, the financial statements give a true and fair view of the financial position of the Company at 31 December 2023 and of the results of the Company's operations for the financial year 1 January – 31 December 2023.

Further, in our opinion, the Management's review gives a true and fair review of the matters discussed in the Management's review.

We recommend that the annual report be approved at the Annual General Meeting.

Brøndby, 2 May 2024

Managing Director

Gérard Charles Logel

Board of directors

Michèle Bardoux   Gérard Charles Logel   Karim Saroufim

Independent auditor's report

To the Shareholders of MPI Tech A/S

Opinion

We have audited the financial statements of MPI Tech A/S for the financial year 1 January - 31 December 2023, which comprise income statement, balance sheet, statement of changes in equity, notes and a summary of significant accounting policies, for the Company. The financial statements are prepared under the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the financial position of the Company at 31 December 2023, and of the results of the Company's operations for the financial year 1 January - 31 December 2023 in accordance with the Danish Financial Statements Act.

Basis for conclusion

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 Company 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 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 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.

Independent auditor's report

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgment and maintain professional skepticism 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 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 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 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.

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 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.

Independent auditor's report

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, we conclude that Management's Review is in accordance with the financial statements and has been prepared in accordance with the requirements of the Danish Financial Statement Act. We did not identify any material misstatement of Management's Review.

Copenhagen, 2 May 2024

Grant Thornton
Certified Public Accountants
Company reg. no. 34 20 99 36

Michael Beuchert
State Authorised Public Accountant
mne32794

Company information

The company	MPI Tech A/S Midtager 29, 1. tv. 2605 Brøndby	
	Phone	44366000
	Fax	44366111
	Web site	www.mpitech.com
	Company reg. no.	26 39 03 46
	Domicile:	
	Financial year:	1 January - 31 December 9th financial year
Board of directors	Michèle Bardoux Gérard Charles Logel Karim Saroufim	
Managing Director	Gérard Charles Logel	
Auditors	Grant Thornton, Godkendt Revisionspartnerselskab Stockholmsgade 45 2100 København Ø	
Bankers	Jyske Bank	
Parent company	MPI Tech S.A. 40 Avenue General Mallert-Joinville, 94402 Vitry Sur Seine, France	

Management´s review

Description of key activities of the company

Like previous years, the principal activities of the company is development, manufactoring and sale of IT software and hardware.

Uncertainties connected with recognition or measurement

The company has capitalized a deferred tax asset of DKK 2,200,000 as a result of unutilized tax losses that can be used to offset future taxable profits. Reference is made to the notes in the financial statements for a description of the uncertainty associated with the measurement of deferred tax assets.

Development in activities and financial matters

The gross profit for the year totals DKK 5.894.559 against DKK 5.708.693 last year. Income from ordinary activities after tax totals DKK 15.079 against DKK 106.481 last year. Management also expects a profit in 2024.

The company is in a net liability situation and is primarily financed through loans from the group and is dependent on continued financial support from the group. The company has received a letter of support from the group to support the going concern asumption. On this basis it is management´s view that the financial support will continue to be opheld.

Income statement 1 January - 31 December

All amounts in DKK.

Note		2023	2022
	Gross profit	**5.894.559**	**5.708.693**
3	Staff costs	-5.816.355	-5.652.269
	Depreciation and writedown relating to fixed assets	-12.341	-12.341
	Operating profit	**65.863**	**44.083**
	Other financial income	4.391	64.773
	Other financial expenses	-55.175	-2.375
	Net profit or loss for the year	**15.079**	**106.481**
	Proposed distribution of net profit:		
	Transferred to retained earnings	15.079	106.481
	Total allocations and transfers	**15.079**	**106.481**

Balance sheet at 31 December

All amounts in DKK.

Note	Assets	2023	2022
	Non-current assets		
4	Other fixtures, fittings, tools and equipment	5.142	17.482
	Total property, plant, and equipment	5.142	17.482
5	Deposits	123.878	113.733
	Total investments	123.878	113.733
	Total non-current assets	**129.020**	**131.215**
	Current assets		
	Manufactured goods and trade goods	248.780	268.454
	Total inventories	248.780	268.454
	Trade debtors	3.773.443	10.839
	Receivables from group enterprises	495.841	1.117.220
	Deferred tax assets	2.200.000	2.200.000
	Prepayments	70.719	113.846
	Total receivables	6.540.003	3.441.905
	Cash and cash equivalents	844.960	284.140
	Total current assets	**7.633.743**	**3.994.499**
	Total assets	**7.762.763**	**4.125.714**

Balance sheet at 31 December

All amounts in DKK.

Note	Equity and liabilities	2023	2022
	Equity		
	Contributed capital	500.000	500.000
	Results brought forward	-2.992.445	-3.007.524
	Total equity	**-2.492.445**	**-2.507.524**
	Liabilities other than provisions		
6	Payables to group enterprises	4.263.096	3.444.465
	Other payables	15.655	15.028
	Total long term liabilities other than provisions	4.278.751	3.459.493
	Trade creditors	59.083	42.211
	Other payables	1.377.816	368.570
	Deferred income	4.539.558	2.762.964
	Total short term liabilities other than provisions	5.976.457	3.173.745
	Total liabilities other than provisions	**10.255.208**	**6.633.238**
	Total equity and liabilities	**7.762.763**	**4.125.714**

1 Uncertainties relating to going concern

2 Uncertainties concerning recognition and measurement

7 Contingencies

8 Related parties

Statement of changes in equity

All amounts in DKK.

	Contributed capital	Retained earnings	Total
Equity 1 January 2022	500.000	-3.007.524	-2.507.524
Profit or loss for the year brought forward	0	15.079	15.079
	500.000	**-2.992.445**	**-2.492.445**

Notes

All amounts in DKK.

1. Uncertainties relating to going concern

The company is in a net liability situation and is primarily financed through loans from the group and is dependent on continued financial support from the group. The company has received a letter of support from the group to support the going concern assumption. On this basis it is management's view that the financial support will continue to be opheld.

2. Uncertainties concerning recognition and measurement

The company has capitalized a deferred tax asset of DKK 2,200,000 as a result of unutilized tax losses that can be used to offset future taxable profits. This uncertainty associated with the measurement of deferred tax, given that the company expects that operations are to continue to be profitable from 2023. Management again expects that the overall positive development in revenue lead to sufficient profit in the next 3-5 years, so that it is likely that the unutilized deficits will be utilized.

	2023	2022
3. Staff costs		
Salaries and wages	5.598.257	5.428.164
Pension costs	159.216	157.198
Other costs for social security	58.882	66.907
	5.816.355	**5.652.269**
Average number of employees	8	10

Notes

All amounts in DKK.

		31/12 2023	31/12 2022
4.	**Other fixtures, fittings, tools and equipment**		
	Cost 1 January 2023	512.497	-159.153
	Cost 31 December 2023	**512.497**	**-159.153**
	Depreciation and write-down 1 January 2023	-495.014	201.317
	Depreciation and writedown for the year	-12.341	-24.682
	Depreciation and write-down 31 December 2023	**-507.355**	**176.635**
	Carrying amount, 31 December 2023	**5.142**	**17.482**
5.	**Deposits**		
	Cost 1 January 2023	113.733	103.588
	Additions during the year	10.145	10.145
	Cost 31 December 2023	**123.878**	**113.733**
	Carrying amount, 31 December 2023	**123.878**	**113.733**
6.	**Payables to group enterprises**		
	Total payables to group enterprises	**4.263.096**	**3.444.465**
	Share of liabilities due after 5 years	4.263.096	7.707.561

7. Contingencies

Contingent liabilities

Lease liabilities

The company has a rental obligation the next 6 months, approx. DKK in tousands 123.

8. Related parties

Consolidated financial statements

None of the company's parent companies present consolidated financial statements.

Accounting policies

The annual report for MPI Tech A/S has been presented in accordance with the Danish Financial Statements Act regulations concerning reporting class B enterprises. Furthermore, the company has decided to comply with certain rules applying to reporting class C enterprises.

The accounting policies are unchanged from last year, and the annual report is presented in DKK.

Recognition and measurement in general

Income is recognised in the income statement concurrently with its realisation, including the recognition of value adjustments of financial assets and liabilities. Likewise, all costs are recognised in the income statement, including depreciations amortisations, write-downs for impairment, provisions, and reversals due to changes in estimated amounts previously recognised in the income statement.

Assets are recognised in the statement of financial position when it seems probable that future economic benefits will flow to the company and the value of the asset can be reliably measured.

Liabilities are recognised in the statement of financial position when it is seems probable that future economic benefits will flow out of the company and the value of the liability can be reliably measured.

Assets and liabilities are measured at cost at the initial recognition. Hereafter, assets and liabilities are measured as described below for each individual accounting item.

Certain financial assets and liabilities are measured at amortised cost, allowing a constant effective interest rate to be recognised during the useful life of the asset or liability. Amortised cost is recognised as the original cost less any payments, plus/less accrued amortisations of the difference between cost and nominal amount. In this way, capital losses and gains are allocated over the useful life of the liability.

Upon recognition and measurement, allowances are made for such predictable losses and risks which may arise prior to the presentation of the annual report and concern matters that exist on the reporting date.

Foreign currency translation

Transactions in foreign currency are translated by using the exchange rate prevailing at the date of the transaction. Differences in the rate of exchange arising between the rate at the date of transaction and the rate at the date of payment are recognised in the profit and loss account as an item under net financials. If currency positions are considered to hedge future cash flows, the value adjustments are recognised directly in equity in a fair value reserve.

Receivables, payables, and other foreign currency monetary items are translated using the closing rate. The difference between the closing rate and the rate at the time of the occurrence or initial recognition in the latest financial statements of the receivable or payable is recognised in the income statement under financial income and expenses.

Accounting policies

Fixed assets acquired and paid for in foreign currency are measured at the exchange rate prevailing at the date of the transaction.

Income statement

Gross profit

Gross profit comprises the revenue, changes in inventories of finished goods, and work in progress, own work capitalised, other operating income, and external costs.

The enterprise will be applying IAS 11 and IAS 18 as its basis of interpretation for the recognition of revenue.

Revenue is recognised in the income statement if delivery and passing of risk to the buyer have taken place before the end of the year and if the income can be determined reliably and inflow is anticipated. Revenue is measured at the fair value of the consideration promised exclusive of VAT and taxes and less any discounts relating directly to sales.

Cost of sales comprises costs concerning purchase of raw materials and consumables less discounts and changes in inventories.

Other external costs comprise costs incurred for distribution, sales, advertising, administration, premises, loss on receivables, and operational leasing costs.

Staff costs

Staff costs include salaries and wages, including holiday allowances, pensions, and other social security costs, etc., for staff members.

Depreciation, amortisation, and write-down for impairment

Depreciation, amortisation, and write-down for impairment comprise depreciation, amortisation, and write-down for the year and profit and loss on the disposal of intangible and tangible assets.

Financial income and expenses

Financial income and expenses are recognised in the income statement with the amounts concerning the financial year. Financial income and expenses comprise interest income and expenses, financial expenses from financial leasing, realised and unrealised capital gains and losses relating to securities, debt and transactions in foreign currency, amortisation of financial assets and liabilities as well as surcharges and reimbursements under the advance tax scheme, etc.

Accounting policies

Statement of financial position

Property, plant, and equipment

Property, plant, and equipment are measured at cost less accrued depreciation and write-down for impairment. Land is not subject to depreciation.

The depreciable amount is cost less any expected residual value after the end of the useful life of the asset. The amortisation period and the residual value are determined at the acquisition date and reassessed annually. If the residual value exceeds the carrying amount, the depreciation is discontinued.

If the amortisation period or the residual value is changed, the effect on amortisation will, in future, be recognised as a change in the accounting estimates.

The cost comprises acquisition cost and costs directly associated with the acquisition until the time when the asset is ready for use.

The cost of a total asset is divided into separate components. These components are depreciated separately, the useful lives of each individual components differing, and the individual component representing a material part of the total cost.

Depreciation is done on a straight-line basis according to an assessment of the expected useful life and the residual value of the individual assets:

	Useful life	Residual value
Buildings	30 years	20 %
Plant and machinery	5-10 years	0-20 %
Other fixtures and fittings, tools and equipment	3-5 years	0-20 %

Minor assets with an expected useful life of less than 1 year are recognised as costs in the income statement in the year of acquisition.

Profit or loss derived from the disposal of property, land, and equipment is measured as the difference between the sales price less selling costs and the carrying amount at the date of disposal. Profit or loss is recognised in the income statement under depreciation.

As regards self-constructed assets, the cost comprises direct costs for materials, components, deliveries from subsuppliers, payroll costs, and borrowing costs from specific and general borrowing concerning the construction of each individual asset.

Leases

The enterprise will be applying IAS 17 as its base of interpretation for recognition of classification and recognition of leases.

Accounting policies

At their initial recognition in the statement of financial position, leases concerning property, plant, and equipment where the company holds all essential risks and advantages associated with the proprietary right (finance lease) are measured either at fair value of the asset being leased or at the present value of the future lease payments, whichever value is lower. When calculating the present value, the discount rate used is the internal rate of return of the lease or, alternatively, the borrowing rate of the enterprise. Hereafter, assets held under a finance lease are treated in the same way as other similar property, plant, and equipment.

The capitalised residual lease commitment is recognised in the statement of financial position as a liability other than provisions, and the interest part of the lease is recognised in the income statement for the term of the contract.

All other leases are regarded as operating leases. Payments in connection with operating leases and other lease agreements are recognised in the income statement for the term of the contract. The company's total liabilities concerning operating leases and lease agreements are recognised under contingencies, etc.

Impairment loss relating to non-current assets

The carrying amount of both intangible and tangible fixed assets are subject to annual impairment tests in order to disclose any indications of impairment beyond those expressed by amortisation and depreciation respectively.

If indications of impairment are disclosed, impairment tests are carried out for each individual asset or group of assets, respectively. write-down for impairment is done to the recoverable amount if this value is lower than the carrying amount.

The recoverable amount is the higher value of value in use and selling price less expected selling cost. The value in use is calculated as the present value of the expected net cash flows from the use of the asset or the asset group and expected net cash flows from the sale of the asset or the asset group after the end of their useful life.

Previously recognised impairment losses are reversed when conditions for impairment no longer exist. Impairment relating to goodwill is not reversed.

Deposits

Deposits are measured at amortised cost and represent lease deposits, etc.

Inventories

Inventories are measured at cost according to the FIFO method. In cases when the net realisable value of the inventories is lower than the cost, the latter is written down for impairment to this lower value.

Costs of goods for resale, raw materials, and consumables comprise acquisition costs plus delivery costs.

Accounting policies

Costs of manufactured goods and work in progress comprise the cost of raw materials, consumables, direct wages, and indirect production costs. Indirect production costs comprise indirect materials and wages, maintenance and depreciation of machinery, factory buildings, and equipment used in the production process, and costs for factory administration and factory management. Borrowing expenses are not recognised in cost.

The net realisable value for inventories is recognised as the estimated selling price less costs of completion and selling costs. The net realisable value is determined with due consideration of negotiability, obsolescence, and the development of expected market prices.

Receivables

Receivables are measured at amortised cost, which usually corresponds to nominal value.

In order to meet expected losses, impairment takes place at the net realisable value. The company has chosen to use IAS 39 as a basis for interpretation when recognising impairment of financial assets, which means that impairments must be made to offset losses where an objective indication is deemed to have occurred that an account receivable or a portfolio of accounts receivable is impaired. If an objective indication shows that an individual account receivable has been impaired, an impairment takes place at individual level.

Accounts receivable for which there is no objective indication of impairment at the individual level are evaluated at portfolio level for objective indication of impairment. The portfolios are primarily based on the debtors' domicile and credit rating in accordance with the company's and the group's credit risk management policy. Determination of the objective indicators applied for portfolios are based on experience with historical losses.

Impairment losses are calculated as the difference between the carrying amount of accounts receivable and the present value of the expected cash flows, including the realisable value of any securities received. The effective interest rate for the individual account receivable or portfolio is used as the discount rate.

Prepayments

Prepayments recognised under assets comprise incurred costs concerning the following financial year.

Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand.

Income tax and deferred tax

Current tax liabilities and current tax receivable are recognised in the statement of financial position as calculated tax on the taxable income for the year, adjusted for tax of previous years' taxable income and for tax paid on account.

Accounting policies

Deferred tax is measured on the basis of temporary differences in assets and liabilities with a focus on the statement of financial position. Deferred tax is measured at net realisable value.

Deferred tax is measured based on the tax rules and tax rates applying under the legislation prevailing in the respective countries on the reporting date when the deferred tax is expected to be released as current tax. Changes in deferred tax due to changed tax rates are recognised in the income statement, except for items included directly in the equity.

Deferred tax assets, including the tax value of tax losses allowed for carryforward, are recognised at the value at which they are expected to be realisable, either by settlement against tax of future earnings or by set-off in deferred tax liabilities within the same legal tax unit. Any deferred net tax assets are measured at net realisable value.

Liabilities other than provisions
Other liabilities concerning payables to suppliers, group enterprises, and other payables are measured at amortised cost which usually corresponds to the nominal value.

Accruals and deferred income
Payments received concerning future income are recognised under accruals and deferred income.