
Michael Lundbech A/S

Bragesvej 5, DK-4100 Ringsted

Annual Report for 2023

CVR No. 26 47 37 56

The Annual Report was
presented and adopted
at the Annual General
Meeting of the
company
on 16/4 2024

Keld Harbo
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 Michael Lundbech A/S for the financial year 1 January - 31 December 2023.

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

In our opinion the Financial Statements give a true and fair view of the financial position at 31 December 2023 of the Company and of the results of the Company operations for 2023.

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.

Ringsted, 16 April 2024

Executive Board

Michael Rene Lundbech

Board of Directors

Keld Harbo
Chairman

Jan Bybjerg Pedersen

Michael Rene Lundbech

Charlotte Pia Lundbech

Benny Bech-Willumsen

Independent Auditor's report

To the shareholders of Michael Lundbech A/S

Opinion

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.

We have audited the Financial Statements of Michael Lundbech A/S for the financial year 1 January - 31 December 2023, which comprise income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies ("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 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.

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 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 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.

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 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.

Ringsted, 16 April 2024

PricewaterhouseCoopers

Statsautoriseret Revisionspartnerselskab

CVR No 33 77 12 31

Brian Pedersen

State Authorised Public Accountant

mne28701

Kenneth Østergaard

State Authorised Public Accountant

mne47262

Company information

The Company	Michael Lundbech A/S Bragesvej 5 DK-4100 Ringsted CVR No: 26 47 37 56 Financial period: 1 January - 31 December Municipality of reg. office: Ringsted
Board of Directors	Keld Harbo, chairman Jan Bybjerg Pedersen Michael Rene Lundbech Charlotte Pia Lundbech Benny Bech-Willumsen
Executive Board	Michael Rene Lundbech
Auditors	PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab Eventyrvej 16 DK-4100 Ringsted

Management's review

Key activities

The company's main activities are the production and preparation of molding tools as well as the production of plastic units for both series production and 0-series production.

Development in the year

The income statement of the Company for 2023 shows a profit of DKK 873,086, and at 31 December 2023 the balance sheet of the Company shows a positive equity of DKK 3,782,970.

The company has undergone a development process over the past 2 years, which is beginning to bear fruit. The results can be described as satisfactory. Our holistic approach to development processes has been a contributing factor to the positive trend. We assist our customers throughout the entire development process, from design and mold production to pilot runs and actual series production. We possess the necessary competencies for the entire process and serve as **sparring partners** for our customers' development departments. In the future, we will further enhance our external profile, and international customers will constitute an increasing share of our revenue

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 2023 of the Company and the results of the activities of the Company for the financial year for 2023 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	2023	2022
		DKK	DKK
Gross profit		19,845,626	17,024,296
Staff expenses	1	-15,738,487	-16,251,919
Amortisation, depreciation and impairment losses of intangible assets and property, plant and equipment		-2,416,193	-2,528,331
Profit/loss before financial income and expenses		1,690,946	-1,755,954
Financial income	2	914	6,959
Financial expenses	3	-574,596	-220,856
Profit/loss before tax		1,117,264	-1,969,851
Tax on profit/loss for the year	4	-244,178	433,323
Net profit/loss for the year		873,086	-1,536,528
 Distribution of profit			
		2023	2022
		DKK	DKK
Proposed distribution of profit			
Retained earnings		873,086	-1,536,528
		873,086	-1,536,528

Balance sheet 31 December

Assets

	Note	2023	2022
		DKK	DKK
Completed development projects		70,220	88,539
Intangible assets	5	70,220	88,539
Other fixtures and fittings, tools and equipment		9,971,395	10,240,719
Leasehold improvements		813,985	957,790
Property, plant and equipment	6	10,785,380	11,198,509
Deposits		109,516	104,574
Fixed asset investments		109,516	104,574
Fixed assets		10,965,116	11,391,622
Raw materials and consumables		1,037,763	948,561
Finished goods and goods for resale		1,737,645	2,793,448
Inventories		2,775,408	3,742,009
Trade receivables		5,084,511	4,577,017
Contract work in progress		192,454	591,949
Receivables from group enterprises		240,865	0
Other receivables		591,640	0
Corporation tax receivable from group enterprises		85,813	120,445
Prepayments		283,130	476,522
Receivables		6,478,413	5,765,933
Cash at bank and in hand		2,079	69,291
Current assets		9,255,900	9,577,233
Assets		20,221,016	20,968,855

Balance sheet 31 December

Liabilities and equity

	Note	2023	2022
		DKK	DKK
Share capital		556,000	556,000
Reserve for development costs		54,772	69,061
Retained earnings		3,172,198	2,284,823
Equity		3,782,970	2,909,884
Provision for deferred tax		968,613	638,622
Provisions		968,613	638,622
Lease obligations		3,628,663	4,228,734
Other payables		1,726,003	1,387,003
Long-term debt	7	5,354,666	5,615,737
Credit institutions		4,958,362	6,082,144
Lease obligations		1,511,552	1,547,403
Trade payables		1,266,509	782,381
Payables to group enterprises		0	1,212,281
Other payables		2,378,344	2,180,403
Short-term debt		10,114,767	11,804,612
Debt		15,469,433	17,420,349
Liabilities and equity		20,221,016	20,968,855
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Statement of changes in equity

	Share capital	Reserve for development costs	Retained earnings	Total
	DKK	DKK	DKK	DKK
Equity at 1 January	556,000	69,061	2,284,823	2,909,884
Depreciation, amortisation and impairment for the year	0	-14,289	14,289	0
Net profit/loss for the year	0	0	873,086	873,086
Equity at 31 December	556,000	54,772	3,172,198	3,782,970

Notes to the Financial Statements

	2023	2022
	DKK	DKK
1. Staff Expenses		
Wages and salaries	13,582,459	13,935,726
Pensions	1,811,074	1,956,154
Other social security expenses	344,954	360,039
	<u>15,738,487</u>	<u>16,251,919</u>
Average number of employees	<u>27</u>	<u>29</u>
	2023	2022
	DKK	DKK
2. Financial income		
Other financial income	914	0
Exchange gains	0	6,959
	<u>914</u>	<u>6,959</u>
	2023	2022
	DKK	DKK
3. Financial expenses		
Interest paid to group enterprises	36,931	34,774
Other financial expenses	521,609	186,082
Exchange loss	16,056	0
	<u>574,596</u>	<u>220,856</u>
	2023	2022
	DKK	DKK
4. Income tax expense		
Current tax for the year	-85,813	-120,445
Deferred tax for the year	329,991	-312,878
	<u>244,178</u>	<u>-433,323</u>

Notes to the Financial Statements

5. Intangible fixed assets

The company's development project's consists of developing a form for the production of the company's products and a new type of tool for the company's production machinery. The development project are completed and depreciated in accordance with expected useful lives as stated in accounting policies.

6. Property, plant and equipment

	Other fixtures and fittings, tools and equipment	Leasehold improvements
	DKK	DKK
Carrying amount at 31 December	9,971,395	813,985
Including assets under finance leases amounting to	7,780,155	0
	2023	2022
	DKK	DKK

7. Long-term debt

Debt falling due after 5 years	92,417	177,039
	92,417	177,039
	2023	2022
	DKK	DKK

8. Contingent assets, liabilities and other financial obligations

Charges and security

The following assets have been placed as security with bankers:

Company charge amounting to TDKK 8.500 have been placed in assets, with a carrying amount of

	9,071,199	9,139,255
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Furthermore, the company has provided pledge of TDKK 1.000 in equipment, as security for balances with bank.

Rental and lease obligations

Lease obligations, period of non-terminability 6-18 months	486,012	535,500
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Notes to the Financial Statements

	<u>2023</u>	<u>2022</u>
	DKK	DKK
8. Contingent assets, liabilities and other financial obligations		
Other contingent liabilities		
The company has provided suretyship regarding Ejendomsselskabet Brage ApS' bank commitments.		
The company has provided suretyship regarding Michael Lundbech Holding ApS' bank commitments.		
The group companies are jointly and severally liable for tax on the jointly taxed incomes etc of the Group. The total amount of corporation tax payable is disclosed in the Annual Report of Michael Lundbech Holding ApS, which is the management company of the joint taxation purposes. Moreover, the group companies are jointly and severally liable for Danish withholding taxes by way of dividend tax, tax on royalty payments and tax on unearned income. Any subsequent adjustments of corporation taxes and withholding taxes may increase the Company's liability.		

Notes to the Financial Statements

9. Accounting policies

The Annual Report of Michael Lundbech A/S for 2023 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to enterprises of reporting class B as well as selected rules applying to reporting class C.

The accounting policies applied remain unchanged from last year.

The Financial Statements for 2023 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.

Leases

Leases in terms of which the Company assumes substantially all the risks and rewards of ownership (finance leases) are recognised in the balance sheet at the lower of the fair value of the leased asset and the net present value of the lease payments computed by applying the interest rate implicit in the lease or an alternative borrowing rate as the discount rate. Assets acquired under finance leases are depreciated and written down for impairment under the same policy as determined for the other fixed assets of the Company.

The remaining lease obligation is capitalised and recognised in the balance sheet under debt, and the interest element on the lease payments is charged over the lease term to the income statement.

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.

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 Company.

Contract work in progress (construction contracts) is recognised at the rate of completion, which means that revenue equals the selling price of the work completed for the year (percentage-of-completion method). This method is applied when total revenues and expenses in respect of the contract and the stage of completion at the balance sheet date can be measured reliably, and it is probable that the economic benefits, including payments, will flow to the Company. The stage of completion is determined on the basis of the ratio between the expenses incurred and the total expected expenses of the contract.

Notes to the Financial Statements

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

Expenses for raw materials and consumables

Expenses for raw materials and consumables comprise the raw materials and consumables consumed to achieve revenue for the year.

Other external expenses

Other external expenses comprise indirect production costs and expenses for premises, sales as well as office expenses, etc.

Gross profit/loss

With reference to section 32 of the Danish Financial Statements Act, gross profit/loss is calculated as a summary of revenue, other operating income, expenses for raw materials and consumables and other external expenses.

Staff expenses

Staff expenses comprise wages and salaries as well as payroll expenses.

Amortisation, depreciation and impairment losses

Amortisation, depreciation and impairment losses comprise amortisation, depreciation and impairment of intangible assets and property, plant and equipment.

Other operating income and expenses

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

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.

The Company is jointly taxed with Danish Group companies. The tax effect of the joint taxation is allocated to Danish enterprises in proportion to their taxable incomes.

Balance sheet

Intangible fixed assets

The development costs and cost relating to rights developed recognized and measured at cost less accumulated depreciation. The development costs depreciation on a straight-line basis over the expected economic useful lives determined to 5 years.

Property, plant and equipment

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

Notes to the Financial Statements

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

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:

Plant and machinery	3-10 years
Other fixtures and fittings, tools and equipment	2-5 years
Leasehold improvements	5 years

The fixed assets' residual values are determined at nil.

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.

Other fixed asset investments

Fixed asset investments consist of deposits.

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 raw materials and consumables equals landed cost.

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.

Contract work in progress

Contract work in progress is measured at selling price of the work performed calculated on the basis of the stage of completion. The stage of completion is measured by the proportion that the contract expenses incurred to date bear to the estimated total contract expenses. Where it is probable that total contract expenses will exceed total revenues from a contract, the expected loss is recognised as an expense in the income statement.

Payments received on account are set off against the selling price. The individual contracts are classified as receivables when the net selling price is positive and as liabilities when the net selling price is negative.

Expenses relating to sales work and the winning of contracts are recognised in the income statement as incurred.

Prepayments

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

Notes to the Financial Statements

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.