

ACME Corporation

Annual Report 2026 (Fictional Example Document)

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About the Company

ACME Corporation was founded in 1998 and today employs 12,345 people across seven locations in Springfield, Rivertown, and Meridian City. The company operates in three business segments: Industrial Automation, Renewable Energy, and Digital Services. Corporate headquarters remain in Springfield; the largest facility is in Rivertown with approximately 3,456 employees.

In fiscal year 2026, ACME Corporation reported consolidated revenue of \$123,456,000, an increase of 12.3 percent compared to the prior year. Operating income (EBIT) rose to \$23,456,000. John Doe has served as Chief Executive Officer since 2021; Jane Doe has served as Chief Financial Officer since 2024.

Q1 2026 Business Development

In the first quarter of 2026, the group reported revenue of \$23,456,000, representing growth of 11.1 percent compared to the same quarter of the prior year. Order intake reached \$34,567,000, well above revenue, suggesting a healthy pipeline for subsequent quarters. The Industrial Automation segment contributed the largest share of quarterly revenue at \$12,345,000.

Gross margin was 34.5 percent, slightly below the prior-year figure of 35.6 percent, which management attributes to increased raw material costs. During the first quarter, 123 new employees were hired, primarily in software development at the Meridian City location.

Q2 2026 Business Development

The second quarter of 2026 came in better than planned, with revenue of \$28,901,000. The primary driver was the Renewable Energy segment, which grew 18.9 percent to \$34,567,000. This was driven by a wind farm maintenance contract with an order volume of \$22,000,000 over three years.

During the same period, delays in the delivery of control system components from overseas pushed back the completion of two large Industrial Automation projects by an average of five weeks. Management characterizes this as a temporary supply chain issue.

Q3 2026 Business Development

In the third quarter of 2026, revenue grew to \$31,234,000. The Digital Services segment exceeded \$30,000,000 in quarterly revenue for the first time, reaching \$31,234,000, driven by expansion of the cloud monitoring offering for industrial equipment.

Personnel costs rose 7.8 percent in the third quarter, partly due to a wage adjustment of 4.5 percent for hourly employees effective in July. The absence rate was 5.1 percent, slightly above the multi-year average of 4.6 percent.

Q4 2026 and Full-Year Overview

The fourth quarter closed with revenue of \$39,865,000, the strongest quarter of the year. In total, this results in the consolidated fiscal year 2026 revenue already mentioned of \$123,456,000. Earnings per share were \$3.12, up from \$2.74 in the prior year.

The Board of Directors will propose a dividend of \$1.10 per share to the shareholder meeting, up from \$0.95 in the prior year. The equity ratio improved to 41.3 percent.

Segment: Industrial Automation

The Industrial Automation segment, with annual revenue of \$98,765,000, remains ACME Corporation's largest business segment. Core products include programmable logic controllers, sensors for manufacturing, and systems integration for automotive suppliers.

The largest single customer in this segment accounts for approximately 14 percent of segment revenue. The order backlog at year end was \$56,789,000. During the year, a new production line was commissioned at the Rivertown facility at an investment of \$18,500,000.

Segment: Renewable Energy

The Renewable Energy segment grew 15.2 percent in fiscal year 2026 to revenue of \$67,890,000. The focus is on maintenance of wind turbines and development of control systems for battery storage.

During the year, 340 wind turbines were serviced under maintenance contracts, an increase of 52 turbines over the prior year. The segment employs 1,234 people, of whom 234 are in mobile maintenance teams. For 2027, investments of \$12,000,000 are planned to expand the battery storage business.

Segment: Digital Services

The newest and fastest-growing segment, Digital Services, generated revenue of \$45,678,000 in fiscal year 2026, up 24.6 percent. The core offering is a cloud platform for predictive maintenance of industrial equipment, now used by 210 customers.

The segment employs 890 people, primarily software developers and data scientists at the Meridian City and Springfield locations. Gross margin in this segment is 61 percent, well above the group average.

Risk Factors: Supply Chain

ACME Corporation sources key electronic components, particularly microcontrollers and power semiconductors, from a limited number of overseas suppliers. In fiscal year 2026, two large projects experienced delivery delays averaging five weeks. As a countermeasure, management has begun increasing inventory of critical components by 30 percent and qualifying a second supplier.

Should geopolitical tensions in the relevant region intensify, further supply disruptions could occur that materially affect revenue and earnings.

Risk Factors: Raw Material Prices

Rising prices for copper, aluminum, and rare earth elements are pressuring the group's gross margin. In fiscal year 2026, material costs per unit produced in the Industrial Automation segment rose 6.8 percent. Some of this cost increase was passed on to customers through price adjustments; some directly affected margin.

The group hedges part of its copper requirement through forward contracts, currently covering approximately 40 percent of annual demand. Continued volatility in raw material markets could make future hedging more expensive.

Risk Factors: Skilled Labor Shortage

Competition for qualified engineers and software developers intensified further during the reporting year. The average time to fill open software development positions rose from 68 to 84 days. At year end, 63 technical positions remained unfilled.

To address this, ACME Corporation launched a training program with a local technical college and raised software developer compensation by an average of 8 percent during the reporting year. The turnover rate was 11.4 percent in 2026, up from 9.8 percent in the prior year.

Risk Factors: Regulatory

New regulatory requirements around supply chain due diligence and expanded sustainability reporting obligations increase administrative burden for ACME Corporation. Implementing these reporting requirements cost an additional \$1,800,000 during the reporting year, including building an internal sustainability reporting function.

In the Renewable Energy segment, future changes to wind energy subsidy policy could affect order levels in the maintenance business.

Sustainability and Environment

ACME Corporation has set a goal of climate-neutral production by 2035. In fiscal year 2026, CO2 emissions from its own production (Scope 1 and 2) were reduced 14 percent to 18,200 tons, partly through switching the Rivertown facility to renewable electricity.

The share of renewable energy in the company's own electricity consumption rose to 72 percent. For 2027, installation of a solar array at the Springfield location is planned at an investment of \$3,200,000, expected to cover approximately 18 percent of electricity demand there.

Personnel and Culture

As of December 31, 2026, ACME Corporation employed 12,345 people group-wide, of whom 8,901 were in the primary country of operation, 2,345 at international locations, and 1,099 at other sites. The share of women in leadership positions was 29 percent, an increase of 3 percentage points over the prior year.

During the reporting year, 156 apprentices and dual-study students were employed, across twelve different training programs. Average tenure across the group is 8.4 years.

Research and Development

ACME Corporation invested a total of \$24,600,000 in research and development in fiscal year 2026, equivalent to 6.0 percent of group revenue. The focus was on further development of the predictive maintenance platform and more energy-efficient control systems for industrial equipment.

During the reporting year, 14 new patents were filed, primarily in the sensor technology area. The R&D department employs 185 people at the Springfield and Meridian City locations.

Investments and Locations

Total capital expenditures for fiscal year 2026 were \$41,300,000. In addition to the previously mentioned new production line in Rivertown (\$18,500,000), a new office building for 220 employees was occupied at the Meridian City location, representing an investment of \$9,100,000.

For 2027, the group plans investments of approximately \$46,000,000, including expansion of battery storage manufacturing and the previously mentioned solar installation in Springfield.

Legal Matters

During the reporting year, ACME Corporation was involved in an arbitration proceeding with a former supplier regarding warranty claims of \$4,200,000. The proceeding was not concluded as of the balance sheet date; management considers a provision of \$1,500,000 appropriate.

Beyond this, there are no material pending legal proceedings that could materially affect the group's financial position or results of operations.

Corporate Governance

ACME Corporation's Board of Directors consists of six members, three of whom are employee representatives. Richard Roe has chaired the Board since 2023. The executive team consists of three members: John Doe (Chief Executive Officer), Jane Doe (Chief Financial Officer), and Richard Roe (Chief Technology Officer).

Total executive compensation for the reporting year was \$3,400,000, of which \$1,100,000 was variable compensation tied to revenue and sustainability targets.

Outlook for 2027

For fiscal year 2027, management expects consolidated revenue between \$135,000,000 and \$145,000,000, representing growth of 9 to 17 percent. The EBIT margin is expected to rise to 9.5-10.0 percent, up from 9.3 percent in the reporting year.

Growth is expected to be driven primarily by the Digital Services segment and expansion of the battery storage business within Renewable Energy. Management expects the supply chain situation to normalize during the course of 2027.

Summary of Key Figures

Key figures for fiscal year 2026 at a glance: consolidated revenue \$123,456,000 (prior year \$110,000,000), EBIT \$23,456,000, earnings per share \$3.12, equity ratio 41.3 percent, employees at year end 12,345, R&D ratio 6.0 percent, CO2 emissions Scope 1 and 2 18,200 tons.

The proposed dividend is \$1.10 per share. The Board considers ACME Corporation well positioned for fiscal year 2027, while noting the uncertainties described in the risk factors section regarding supply chains and raw material prices.