

Dantec Dynamics A/S

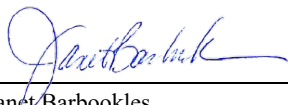
Tonsbakken 16-18, 2740 Skovlunde

Company reg. no. 15 10 75 88

Annual report

1 January - 31 December 2022

The annual report was submitted and approved by the general meeting on the 14 June 2023.



Janet Barbookles
Chairman of the meeting

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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

The board of directors and the managing director have today considered and approved the annual report of Dantec Dynamics A/S for the financial year 1 January - 31 December 2022.

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

We consider the accounting policies appropriate and, in our opinion, the consolidated financial statements and the financial statements provide a fair presentation of the assets, equity and liabilities, and the financial position, consolidated and for the company, respectively, at 31 December 2022, and of the result of the activities, consolidated and of the company, respectively, during the financial year 1 January – 31 December 2022.

We believe that the management commentary contains a fair review of the affairs and conditions referred to therein.

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

Skovlunde, 14 June 2023

Managing Director

Jean-Marc Muller

Board of directors

Janet Barbookles

Jean-Marc Muller

Michael Anthony Larkin

Jørgen Frandsen

Jesper Dela

Independent auditor's report

To the Shareholders of Dantec Dynamics A/S

Opinion

We have audited the consolidated financial statements and the parent company financial statements of Dantec Dynamics A/S for the financial year 1 January to 31 December 2022, which comprise income statement, balance sheet, statement of changes in equity, notes and a summary of significant accounting policies, for both the Group the Parent Company, as well as consolidated statement of cash flows. The consolidated financial statements and the parent company financial statements are prepared under the Danish Financial Statements Act.

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 and the Company's operations as well as the consolidated cash flows for the financial year 1 January - 31 December 2022 in accordance with the Danish Financial Statements Act.

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 Consolidated Financial Statements and the Parent Company 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.

Management's Responsibilities for the Consolidated Financial Statements and the Parent Company 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 consolidated financial statements and parent company financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements and the parent company financial statements, Management is responsible for assessing the Group's and the Parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting in preparing the consolidated financial statements and the parent company 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 Consolidated Financial Statements and the Parent Company Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements and the parent company 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 consolidated financial statements and parent company 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 consolidated financial statements and the parent company financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the 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 consolidated financial statements and the parent company 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 consolidated financial statements and the parent company financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and the Company to cease to continue as a going concern.

Evaluate the overall presentation, structure and contents of the consolidated financial statements and the parent company financial statements, including the disclosures, and whether the consolidated financial statements and the parent company 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.

Statement on Management's Review

Management is responsible for Management's Review.

Our opinion on the consolidated financial statements and the parent company 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 consolidated financial statements and the parent company financial statements, our responsibility is to read Management's Review and, in doing so, consider whether Management's Review is materially inconsistent with the consolidated financial statements and the parent company 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, 14 June 2023

Grant Thornton

State Authorised Public Accountants
Company reg. no. 34 20 99 36

Michael Beuchert

State Authorised Public Accountant
mne32794

Company information

The company	Dantec Dynamics A/S Tonsbakken 16-18 2740 Skovlunde
	Company reg. no. 15 10 75 88
	Financial year: 1 January - 31 December
Board of directors	Janet Barbookles Jean-Marc Muller Michael Anthony Larkin Jørgen Frandsen Jesper Dela
Managing Director	Jean-Marc Muller
Auditors	Grant Thornton, Statsautoriseret Revisionspartnerselskab Stockholmsgade 45 2100 København Ø
Parent company	Nova Instruments (Luxembourg) Sarl
Subsidiaries	Dantec Dynamics, Inc., USA Dantec Dynamics Ltd., England Dantec Dynamics GmbH, Germany Dantec Dynamics S.A.S, France Dantec Dynamics K.K, Japan

Consolidated financial highlights

DKK in thousands.	2022	2021	2020	2019	2018
Income statement:					
Revenue	159.923	134.441	120.902	155.090	156.669
Profit from operating activities	2.266	-2.972	-7.162	-8.536	-4.379
Net financials	-4.107	-1.624	-2.048	-744	-1.200
Pre-tax net profit or loss for the year	-1.841	-4.596	-9.210	-9.280	-5.580
Net loss for the year	-2.433	-4.654	-9.014	-9.700	-6.000
Statement of financial position:					
Balance sheet total	109.819	98.116	88.336	103.110	103.944
Investments in property, plant and equipment	398	1.419	2.200	4.044	3.675
Equity	30.019	24.304	24.333	31.228	42.101
Employees:					
Average number of full-time employees	93	95	99	100	103
Key figures in %:					
EBIT	1	-2	-6	-6	-3
EBITDA	5	3	49	2	4
EBIT, adjusted	10	5	3	2	5
EBITDA, adjusted	14	11	11	7	10
Solvency ratio	27	25	28	30	41
Return on equity	-9	-19	-32	-26	-14

Calculations of key figures and ratios do, in all material respects, follow the recommendations of the Danish Association of Finance Analysts.

The key figures and ratios shown in the statement of financial highlights have been calculated as follows:

EBIT margin	$\frac{\text{Operating profit or loss (EBIT) x 100}}{\text{Revenue}}$
EBITDA	$\frac{\text{Operating profit or loss + depreciations + amortisations x 100}}{\text{Revenue}}$
EBIT, adjusted	$\frac{\text{Operating profit or loss adjusted for management fee x 100}}{\text{Revenue}}$
EBITDA, adjusted	$\frac{\text{Operating profit or loss adjusted for management fee + depreciations + amortisations x 100}}{\text{Revenue}}$

Consolidated financial highlights

Solvency ratio

$$\frac{\text{Equity, closing balance} \times 100}{\text{Total assets, closing balance}}$$

Return on equity

$$\frac{\text{Net profit or loss for the year} \times 100}{\text{Average equity}}$$

Management's review

Business activities and mission

Dantec Dynamics develops, manufactures and markets measurement equipment and software for measurements and simulation of flows, speed and particle size in liquids and gasses, as well as equipment and software for analyzing strain/stress/vibration and defects in solid materials.

Dantec Dynamics' customers primarily use the products for optimising energy consumption but they can also be used to improve the performance, efficiency and safety in such markets such as aviation, automotive and wind farms. In addition, the products are used to analyse thermal and chemical processes.

Customers include researchers within leading universities and institutes around the world as well as research and development departments in prominent international and domestic industrial companies.

The Group includes a business segment in the UK, which distributes medical measurement equipment and consumables.

In addition to its own sales and service offices in Europe, North America and Japan, Dantec Dynamics has a global network of independent distributors.

Development in activities and financial matters

Results of operations

The revenue for the parent company for the year totals kDKK 94.356 against kDKK 79.449 last year. Income or loss from ordinary activities after tax totals kDKK -2.433 against kDKK -4.654 last year.

The revenue for the group for the year totals kDKK 159.923 against kDKK 134.441 last year. Income or loss from ordinary activities after tax totals kDKK -2.433 against kDKK -4.654 last year.

The demand for the Group's products in 2022 increased by 25.482 kDKK from 2021. The Group had an operating result of 17.354 kDKK, exclusive of Related Third Party Management Services expenses.

Group structure

The group structure remained unchanged in 2022.

Financial risks and the use of financial instruments

Due to its international structure and presence, the group's results are affected by exchange rate movements in a number of currencies, primarily EUR, USD, GBP and JPY.

At the end of the financial year, the Group had no open forward exchange contracts.

The group does not engage in speculative foreign exchange positions.

External environment

Dantec Dynamics' effect on the external environment is quite limited, as production is not energy intensive, and hazardous chemicals are not used in production. Still the group continuously works to reduce its effects on the external environment.

Management's review

Knowledge resources

Dantec Dynamics generates the greater part of its earnings from high-tech niche products involving a high degree of self-development and application knowledge. The Group continues to offer competitive measurement systems that address its customers needs. A strength of the Group is its ability to maintain, and if necessary, recruit employees with strong skills in development, production, selling and industry applications. In addition, the Group maintains and promotes collaboration with well-respected strategic research partners to expand its ability to develop and deliver products to meet the needs of its customers.

The Group allocates time and resources for the maintenance and improvement of employee skills and frequently monitors to ensure that the allocated resources are applied as intended.

Development activities

The Group holds dominant global positions within its core activities. With a view to maintaining and strengthening this position, the Group regularly invests in the development of new products. In 2022, the Group capitalized research and development projects amounting to 5,0 mDKK.

Outlook for 2023

The demand for Dantec Dynamics' scientific measurement systems is expected to increase as such systems are a key component in research projects yielding environmentally friendly energy generation and reduction of energy consumption. Based on current trends with Asian markets increasing, and the European and American markets following, the group expects to continue to invest in the development of new products and applications and to grow revenue and net result.

Events occurring after the end of the financial year

No significant events have occurred after the financial year-end which could significantly affect the Group's financial position.

Income statement 1 January - 31 December

DKK in thousands.

Note	Group		Parent	
	2022	2021	2022	2021
Revenue	159.923	134.441	94.356	79.450
Change in inventories of finished goods and work in progress	3.099	813	3.099	813
Own work capitalised	5.027	4.661	5.027	4.661
Other operating income	103	0	9.393	7.133
Costs of raw materials and consumables	-73.347	-56.623	-51.345	-41.495
Other external expenses	-11.285	-14.544	-9.239	-7.471
Gross profit	83.520	68.748	51.291	43.091
1 Staff costs	-59.786	-54.646	-27.426	-26.427
2 Depreciation and amortisation	-6.382	-7.017	-5.164	-5.816
Other operating expenses	-15.086	-10.057	-14.288	-10.057
Operating profit	2.266	-2.972	4.413	791
Income from investments in subsidiaries	0	0	-4.517	-5.761
3 Other financial income	862	616	2.000	1.695
4 Other financial expenses	-4.969	-2.240	-3.740	-1.349
Pre-tax net profit or loss	-1.841	-4.596	-1.844	-4.624
5 Tax on net profit or loss for the year	-592	-58	-589	-30
6 Net profit or loss for the year	-2.433	-4.654	-2.433	-4.654

Balance sheet at 31 December

DKK in thousands.

Note	Group		Parent		
	2022	2021	2022	2021	
Assets					
Non-current assets					
7	Completed development projects	7.529	8.792	7.529	8.792
8	Acquired rights	586	1.090	486	963
9	Development projects in progress	5.435	2.474	5.435	2.474
	Total intangible assets	<u>13.550</u>	<u>12.356</u>	<u>13.450</u>	<u>12.229</u>
10	Plant and machinery	1.493	1.534	796	1.534
11	Other fixtures and fittings, tools and equipment	1.295	2.208	592	604
12	Leasehold improvements	27	59	27	47
	Total property, plant, and equipment	<u>2.815</u>	<u>3.801</u>	<u>1.415</u>	<u>2.185</u>
14	Other receivables	6.215	0	0	0
15	Deposits	1.097	1.086	546	531
	Total investments	<u>7.312</u>	<u>1.086</u>	<u>546</u>	<u>531</u>
	Total non-current assets	<u>23.677</u>	<u>17.243</u>	<u>15.411</u>	<u>14.945</u>
Current assets					
	Raw materials and consumables	13.484	9.629	11.907	8.237
	Production in progress	2.328	1.250	2.328	937
	Manufactured goods and goods for resale	6.062	9.699	3.793	6.602
	Total inventories	<u>21.874</u>	<u>20.578</u>	<u>18.028</u>	<u>15.776</u>
	Trade receivables	44.099	33.455	10.059	2.565
	Receivables from subsidiaries	0	0	43.604	34.127
	Other receivables	1.274	1.222	714	395
16	Prepayments	1.112	793	399	245
	Total receivables	<u>46.485</u>	<u>35.470</u>	<u>54.776</u>	<u>37.332</u>
	Cash	<u>17.783</u>	<u>24.825</u>	<u>3.663</u>	<u>7.335</u>
	Total current assets	<u>86.142</u>	<u>80.873</u>	<u>76.467</u>	<u>60.443</u>
	Total assets	<u>109.819</u>	<u>98.116</u>	<u>91.878</u>	<u>75.388</u>

Balance sheet at 31 December

DKK in thousands.

Note	Group		Parent		
	2022	2021	2022	2021	
Equity and liabilities					
Equity					
17	Share capital	22.721	22.721	22.721	22.721
	Reserve for development costs	0	0	10.111	8.787
	Retained earnings	7.298	1.583	-2.813	-7.204
	Total equity	30.019	24.304	30.019	24.304
Provisions					
18	Provisions for pensions and similar liabilities	1.261	3.552	0	0
19	Provisions for deferred tax	2.777	2.581	2.777	2.581
20	Warranty provisions	268	316	149	198
21	Provisions for investments in subsidiaries	0	0	0	789
	Total provisions	4.306	6.449	2.926	3.568
Liabilities other than provisions					
22	Payables to group enterprises	14.444	13.363	14.444	13.363
23	Other payables	2.736	2.751	2.561	2.530
	Total long term liabilities other than provisions	17.180	16.114	17.005	15.893

Balance sheet at 31 December

DKK in thousands.

Note	Group		Parent	
	2022	2021	2022	2021
Equity and liabilities				
Bank loans	258	4.350	258	4.350
Prepayments received from customers	6.628	7.010	342	500
Trade payables	7.895	6.475	6.677	2.899
Payables to group enterprises	27.488	16.491	27.488	16.491
24 Income tax payable	396	117	393	113
Other payables	9.934	12.589	3.484	3.929
25 Deferred income	5.715	4.217	3.286	3.341
Total short term liabilities other than provisions	58.314	51.249	41.928	31.623
Total liabilities other than provisions	75.494	67.363	58.933	47.516
Total equity and liabilities	109.819	98.116	91.878	75.388
26 Charges and security				
27 Contingencies				
28 Related parties				

Consolidated statement of changes in equity

DKK in thousands.

	<u>Contributed capital</u>	<u>Reserve for development costs</u>	<u>Retained earnings</u>	<u>Total</u>
Equity 1 January 2022	22.721	8.787	-7.204	24.304
Reclassification of reserves to retained earnings	<u>0</u>	<u>-8.787</u>	<u>8.787</u>	<u>0</u>
Adjusted equity 1 January 2022	22.721	0	1.583	24.304
Net profit or loss for the year	0	0	-2.433	-2.433
Exchange rate adjustments	0	0	1.455	1.455
Adjustments of pension liabilities	<u>0</u>	<u>0</u>	<u>6.693</u>	<u>6.693</u>
	<u>22.721</u>	<u>0</u>	<u>7.298</u>	<u>30.019</u>

Statement of changes in equity of the parent

DKK in thousands.

	<u>Contributed capital</u>	<u>Reserve for development costs</u>	<u>Retained earnings</u>	<u>Total</u>
Equity 1 January 2022	22.721	8.787	-7.204	24.304
Net profit or loss for the year	0	0	-2.433	-2.433
Reserve for capitalized development projects	0	1.324	-1.324	0
Adjustments of pension liabilities in subsidiaries	0	0	6.693	6.693
Exchange rate adjustment	<u>0</u>	<u>0</u>	<u>1.455</u>	<u>1.455</u>
	<u>22.721</u>	<u>10.111</u>	<u>-2.813</u>	<u>30.019</u>

Statement of cash flows 1 January - 31 December

DKK in thousands.

<u>Note</u>	Group 2022	2021
Net profit or loss for the year	-2.433	-4.654
29 Adjustments	11.405	11.673
30 Change in working capital	-13.158	9.173
Cash flows from operating activities before net financials	-4.186	16.192
Interest received, etc.	862	616
Interest paid, etc.	-4.969	-2.240
Cash flows from ordinary activities	-8.293	14.568
Cash flows from operating activities	-8.293	14.568
Purchase of intangible assets	-6.348	-4.982
Purchase of property, plant, and equipment	-398	-1.832
Change in investments	11	16
Cash flow from investment activities	-6.735	-6.798
Borrowings of long term debt	0	-5.244
Borrowings from group enterprises	12.078	7.606
Cash flow from financing activities	12.078	2.362
Change in cash and cash equivalents	-2.950	10.132
Cash and cash equivalents at 1 January 2022	20.475	10.343
Cash and cash equivalents at 31 December 2022	17.525	20.475
Cash and cash equivalents		
Cash	17.783	24.825
Credit institutions, operating cash flow	-258	-4.350
Cash and cash equivalents at 31 December 2022	17.525	20.475

Notes

DKK in thousands.

	Group		Parent	
	2022	2021	2022	2021
1. Staff costs				
Salaries and wages	52.772	47.517	25.936	24.876
Pension costs	1.659	1.641	1.292	1.299
Other costs for social security	5.355	5.488	198	252
	59.786	54.646	27.426	26.427
Managing Director and Board of Directors	966	1.280	966	1.280
Average number of employees	93	95	46	47
2. Depreciation and amortisation				
Amortisation of development projects	3.235	3.319	3.424	3.319
Amortisation of concessions, patents and licences	722	778	477	748
Depreciation on leasehold improvements	0	33	19	21
Depreciation on plants and machinery	1.617	1.527	1.003	1.527
Depreciation on plants, operating assets, fixtures and furniture	808	1.360	287	201
Profit/loss on sale of tangible assets	0	0	-46	0
	6.382	7.017	5.164	5.816
3. Other financial income				
Interest, banks	0	0	6	0
Interest receivables from group enterprises	0	0	1.995	1.693
Other financial income	862	616	-1	2
	862	616	2.000	1.695

Notes

DKK in thousands.

4. Other financial expenses

Financial costs, group enterprises	63	284	63	284
Other financial costs	4.906	1.956	3.677	1.065
	<u>4.969</u>	<u>2.240</u>	<u>3.740</u>	<u>1.349</u>

	Group		Parent	
	2022	2021	2022	2021
5. Tax on net profit or loss for the year				
Tax of the results for the year	393	141	393	113
Adjustment for the year of deferred tax	199	-83	196	-83
	<u>592</u>	<u>58</u>	<u>589</u>	<u>30</u>

6. Proposed distribution of net profit

Allocated from retained earnings			-2.433	-4.654
Total allocations and transfers			<u>-2.433</u>	<u>-4.654</u>

7. Completed development projects

Cost 1 January 2022	59.515	56.890	57.225	54.599
Additions during the year	0	0	90	0
Transfers	2.159	2.625	2.069	2.626
Cost 31 December 2022	<u>61.674</u>	<u>59.515</u>	<u>59.384</u>	<u>57.225</u>
Amortisation and write-down 1 January 2022	-50.723	-47.404	-48.433	-45.114
Amortisation for the year	-3.422	-3.319	-3.422	-3.319
Amortisation and write-down 31 December 2022	<u>-54.145</u>	<u>-50.723</u>	<u>-51.855</u>	<u>-48.433</u>
Carrying amount, 31 December 2022	<u>7.529</u>	<u>8.792</u>	<u>7.529</u>	<u>8.792</u>

Notes

DKK in thousands.

8. Acquired rights

Cost 1 January 2022	4.019	3.167	3.790	3.069
Additions during the year	30	852	0	721
Cost 31 December 2022	4.049	4.019	3.790	3.790
Amortisation and write-down 1 January 2022	-2.929	-2.150	-2.827	-2.079
Amortisation for the year	-534	-779	-477	-748
Amortisation and write-down 31 December 2022	-3.463	-2.929	-3.304	-2.827
Carrying amount, 31 December 2022	586	1.090	486	963

9. Development projects in progress

Cost 1 January 2022	2.474	970	2.474	970
Additions during the year	5.030	4.661	5.030	4.661
Transfers	-2.069	-3.157	-2.069	-3.157
Cost 31 December 2022	5.435	2.474	5.435	2.474
Carrying amount, 31 December 2022	5.435	2.474	5.435	2.474

Notes

DKK in thousands.

	Group		Parent	
	31/12 2022	31/12 2021	31/12 2022	31/12 2021
10. Plant and machinery				
Cost 1 January 2022	11.573	10.682	11.367	10.475
Additions during the year	264	971	264	972
Disposals during the year	-215	-80	0	-80
Cost 31 December 2022	11.622	11.573	11.631	11.367
Depreciation and writedown 1 January 2022	-10.039	-8.486	-9.833	-8.280
Depreciation for the year	-305	-1.527	-1.002	-1.527
Adjustment of writedown, opening balance	0	-45	0	-45
Reversal of depreciation, amortisation and writedown, assets disposed of	215	19	0	19
Depreciation and writedown 31 December 2022	-10.129	-10.039	-10.835	-9.833
Carrying amount, 31 December 2022	1.493	1.534	796	1.534

Notes

DKK in thousands.

	Group		Parent	
	31/12 2022	31/12 2021	31/12 2022	31/12 2021
11. Other fixtures and fittings, tools and equipment				
Cost 1 January 2022	26.838	25.794	11.578	11.131
Translation by use of the exchange rate valid on balance sheet date 31 December 2022	154	184	0	0
Additions during the year	391	860	274	447
Disposals during the year	-404	0	0	0
Transfers	744	0	0	0
Cost 31 December 2022	27.723	26.838	11.852	11.578
Amortisation and writedown 1 January 2022	-24.630	-23.069	-10.974	-10.773
Translation by use of the exchange rate valid on balance sheet date 31 December 2022	-120	-201	0	0
Depreciation for the year	-2.088	-1.360	-286	-201
Reversal of depreciation, amortisation and writedown, assets disposed of	410	0	0	0
Amortisation and writedown 31 December 2022	-26.428	-24.630	-11.260	-10.974
Carrying amount, 31 December 2022	1.295	2.208	592	604

Notes

DKK in thousands.

	Group		Parent	
	31/12 2022	31/12 2021	31/12 2022	31/12 2021
12. Leasehold improvements				
Cost 1 January 2022	3.302	3.302	2.785	2.785
Cost 31 December 2022	3.302	3.302	2.785	2.785
Depreciation and writedown 1 January 2022	-3.243	-3.210	-2.738	-2.717
Depreciation for the year	-32	-33	-20	-21
Depreciation and writedown 31 December 2022	-3.275	-3.243	-2.758	-2.738
Carrying amount, 31 December 2022	27	59	27	47

Notes

DKK in thousands.

	Parent	
	31/12 2022	31/12 2021
13. Investments in subsidiaries		
Acquisition sum, opening balance 1 January 2022	47.604	47.604
Cost 31 December 2022	47.604	47.604
Revaluations, opening balance 1 January 2022	-90.544	-83.089
Translation by use of the exchange rate valid on balance sheet date	1.454	-1.443
Results for the year before goodwill amortisation	-5.116	-5.123
Change in internal profit	600	-1.670
Other adjustments	6.693	781
Revaluation 31 December 2022	-86.913	-90.544
Offsetting against debtors	39.309	42.940
Set off against debtors and provisions for liabilities	39.309	42.940

Financial highlights for the subsidiaries according to the latest approved annual reports

DKK in thousands	Equity interest	Equity	Results for the year	Carrying amount, Dantec Dynamics A/S
Dantec Dynamics, Inc., USA	100 %	-7.167	-2.363	0
Dantec Dynamics Ltd., England	100 %	-13.868	-849	0
Dantec Dynamics GmbH, Germany	100 %	-2.983	56	0
Dantec Dynamics S.A.S, France	100 %	-6.028	-681	0
Dantec Dynamics K.K, Japan	100 %	-9.261	-1.279	0
		-39.307	-5.116	0

14. Other receivables

Additions during the year	6.215	0
Cost 31 December 2022	6.215	0
Carrying amount, 31 December 2022	6.215	0

Other receivables consists of positive net present value of pension liability.

Notes

DKK in thousands.

	Group		Parent	
	31/12 2022	31/12 2021	31/12 2022	31/12 2021
15. Deposits				
Cost 1 January 2022	1.086	1.050	531	530
Additions during the year	11	36	15	1
Cost 31 December 2022	1.097	1.086	546	531
Carrying amount, 31 December 2022	1.097	1.086	546	531

16. Prepayments

Prepayments represent prepaid expenses on subscriptions and housing costs.

17. Share capital

The contributed capital consists of 227,210 shares of DKK 100 nominal value or multiple hereof. The Company's shares are not divided into different classes.

	Group	
	31/12 2022	31/12 2021
18. Provisions for pensions and similar liabilities		
Provisions for pension obligations and similar obligations	1.261	3.552
	1.261	3.552

	Group		Parent	
	31/12 2022	31/12 2021	31/12 2022	31/12 2021
19. Provisions for deferred tax				
Provisions for deferred tax 1 January 2022	2.581	2.665	2.581	2.665
Deferred tax of the results for the year	196	-84	196	-84
	2.777	2.581	2.777	2.581

Notes

DKK in thousands.

20. Warranty provisions

Warranty provisions 1 January 2022	316	430	198	311
Change of the year in other provisions	<u>-48</u>	<u>-114</u>	<u>-49</u>	<u>-113</u>
	<u>268</u>	<u>316</u>	<u>149</u>	<u>198</u>

21. Provisions for investments in subsidiaries

Negative equity subsidiaries			<u>0</u>	<u>789</u>
			<u>0</u>	<u>789</u>

22. Payables to group enterprises

Total payables to group enterprises	<u>14.444</u>	<u>13.363</u>	<u>14.444</u>	<u>13.363</u>
Share of liabilities due after 5 years	<u>14.444</u>	<u>13.363</u>	<u>14.444</u>	<u>13.363</u>

Notes

DKK in thousands.

	Group		Parent	
	31/12 2022	31/12 2021	31/12 2022	31/12 2021
23. Other payables				
Total other payables	2.736	2.751	2.561	2.530
24. Income tax payable				
Income tax payable 1 January 2022	117	4	113	0
Paid income tax during the financial year	-117	0	-113	0
Calculated corporate tax for the present year	396	113	393	113
	396	117	393	113

25. Deferred income

Prepayments represent payments received concerning income for services in subsequent reporting years.

26. Charges and security

The company has issued mortgages totalling t.DKK 16.000 as security for bank loans. The mortgages registered to the owners provide security on property, plant and equipment, inventory and trade receivables. The company has issued work guarantees totalling t.DKK 511.

27. Contingencies**Contingent liabilities**

	31/12 2022 DKK in thousands
Lease liabilities	697
Total contingent liabilities	697

Group

Lease liabilities amount to t.DKK 5.737 which includes remaining rent liabilities, and other contingent liabilities etc.

Notes

DKK in thousands.

28. Related parties

Controlling interest

Nova Instruments LLC, Wakefield, Massachusetts, USA

Sole shareholder

Transactions

The company has the following related party transactions:

	Group 2022	Parent 2022
Management fee expense to Group enterprises	14.287	14.287
Management fee income from subsidiaries	0	9.393
Interest expense to Group enterprises	305	305
Interest income from subsidiaries	0	1.995
Products sold	0	43.031
Group Enterprises, intercompany balance, payable	41.932	41.932
Subsidiaries, intercompany balance, receivable	0	82.913

29. Adjustments

Depreciation and amortisation	6.382	7.012
Own work capitalized	5.023	4.661
	11.405	11.673

30. Change in working capital

Change in inventories	-1.296	-955
Change in receivables	-7.915	-1.426
Change in trade payables and other payables	-1.618	11.087
Other changes in working capital	-2.329	467
	-13.158	9.173

Accounting policies

The annual report for Dantec Dynamics A/S has been prepared in accordance with the Danish Financial Statements Act regulations concerning reporting class C enterprises (medium sized enterprises).

An amount of T.DKK 8.787 have been restated in the comparative figures for the group from "Reserve for development costs" to "Retained earnings".

An amount of T.DKK 4.661 have been restated in the comparative figures for the group and for the parent from "Other external expenses" to "own Work capitalised"

An Amount of T.DKK 10.057 have been restated in the comparative figures for the group and for the parent from "Other external expenses" to "Other operating expenses"

The restatement has no influence on the financial position for the group as it is solely presentation.

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

The consolidated financial statements

The consolidated income statements comprise the parent company Dantec Dynamics A/S and those subsidiaries of which Dantec Dynamics A/S directly or indirectly owns more than 50 % of the voting rights or in other ways exercise control.

Consolidation policies

The consolidated financial statements have been prepared as a summary of the parent company's and the subsidiaries financial statements by adding together uniform accounting records calculated in accordance with the group's accounting policies.

Investments in subsidiaries are eliminated by the proportionate share of the subsidiaries' market value of net assets and liabilities at the acquisition date.

In the consolidated financial statements, the accounting records of the subsidiaries are recognised by 100%.

The group activities in joint operations are recognised in the consolidated financial statements record by record.

Income statement

Revenue

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. Recognition of revenue is exclusive of VAT and taxes and less any discounts relating directly to sales.

Change in inventory and costs of raw material

Change in inventory and costs of raw material comprises costs concerning purchase of raw materials and consumables less discounts and changes in inventories.

Accounting policies

Own work capitalised

Own work capitalised includes staff cost and other internal costs incurred during the financial year and recognised in the cost of proprietary intangible and tangible fixed assets.

Other operating income

Other operating income comprises items of a secondary nature as regards the principal activities of the enterprise, including profit from the disposal of intangible and tangible assets.

Other external expenses

Other external costs comprise costs incurred for distribution, sales, advertising, administration, premises, loss on receivables, and operational leasing costs. Furthermore research and development costs which do not meet the criteria for capitalisation are expensed.

Staff costs

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

Depreciation and amortisation

Depreciation and amortisation comprise depreciation and amortisation of intangible and tangible assets, respectively.

Other operating costs

Other operating costs comprise items of secondary nature as regards the principal activities of the enterprise, including losses 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.

Results from equity investments in subsidiaries

After full elimination of intercompany profit or loss less amortised consolidated goodwill, the equity investment in the individual subsidiaries are recognised in the income statement of the parent as a proportional share of the subsidiaries' post-tax profit or loss.

Tax on net profit or loss for the year

Tax for the year comprises the current income tax for the year and changes in deferred tax and is recognised in the income statement with the share attributable to the net profit or loss for the year and directly in equity with the share attributable to entries directly in equity.

Accounting policies

Statement of financial position

Intangible assets

Development projects, patents, and licences

Development costs and internally generated rights are recognised in the income statement as costs in the acquisition year.

Patents and licenses are measured at cost less accrued amortisation. Patents are amortised on a straightline basis over the remaining patent period and licenses are amortised over the contract period, however, for a maximum of 10 years.

Property, plant, and equipment

Property is measured at cost plus revaluations and less accrued depreciation and writedown for impairment.

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

Other property, plant, and equipment are measured at cost less accrued depreciation and writedown for impairment.

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:

	Useful life
Plant and machinery	5-10 years
Other fixtures and fittings, tools and equipment	3-5 years

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 as other operating income or other operating expenses.

Accounting policies

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 applies IAS 17 as its base of interpretation for recognition of classification and recognition of leases.

At their initial recognition in the statement of financial position, leases concerning property, plant, and equipment where the group holds all essential risks and advantages associated with the proprietary right (finance lease) are measured either at fair value 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 group'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 as well as equity investments in subsidiaries 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. Writedown 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.

Leasehold improvements

Leasehold improvements are measured at cost less accrued depreciations. Depreciation is done on a straightline basis over the estimated useful life of the asset, to a maximum of 10 years.

Investments

Investments in subsidiaries

Investments in subsidiaries are recognised and measured by applying the equity method. The equity method is used as a method of consolidation.

Accounting policies

Investments in subsidiaries are recognised in the statement of financial position at the proportionate share of the enterprise's equity value. This value is calculated in accordance with the parent's accounting policies with deductions or additions of unrealised intercompany gains and losses as well as with additions or deductions of the remaining value of positive or negative goodwill calculated in accordance with the acquisition method. Negative goodwill is recognised in the income statement at the time of acquisition of the equity investment. If the negative goodwill relates to contingent liabilities acquired, negative goodwill is not recognised until the contingent liabilities have been settled or lapsed.

Consolidated goodwill is amortised over its estimated useful life, which is determined on the basis of the management's experience with the individual business areas. Consolidated goodwill is amortised on a straight-line basis over the amortisation period, which represent 5-20 years. The depreciation period is determined on the basis of an assessment that these are strategically acquired enterprises with a strong market position and a long-term earnings profile.

In relation to material assets and liabilities recognised in subsidiaries but are not represented in the parent, the following accounting policies have been applied.

Investments in subsidiaries with a negative equity value are measured at DKK 0, and any accounts receivable from these enterprises are written down to the extent that the account receivable is uncollectible. To the extent that the parent has a legal or constructive obligation to cover an negative balance that exceeds the account receivable, the remaining amount is recognised under provisions.

To the extent the equity exceeds the cost, the net revaluation of equity investments in subsidiaries transferred to the reserve under equity for net revaluation according to the equity method. Dividends from subsidiaries expected to be adopted before the approval of this annual report are not subject to a limitation of the revaluation reserve. The reserve is adjusted by other equity movements in subsidiaries.

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.

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 market 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.

Accounting policies

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.

Prepayments and accrued income

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

Cash on hand and demand deposits

Cash on hand and demand deposits comprise cash at bank and on hand.

Equity

Reserve for development costs

The reserve for development costs comprises recognised development costs less related deferred tax liabilities.

The reserve cannot be used as dividends or for covering losses.

The reserve is reduced or dissolved if the recognised development costs are amortised or abandoned. This is done by direct transfer to the distributable reserves of the equity.

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.

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.

Provisions

Provisions are recognised when the group has a legal or actual commitment resulting from a previously occurred event and when it is probable that the settlement of the liability will result in consumption of the financial resources of the group.

Accounting policies

Provisions are measured at net realisable value or at fair value. If the fulfilment of a liability is expected to take place far in the future, the liability is measured at fair value.

Guarantee liabilities comprise liabilities for repairs within the guarantee period of 1-5 years. Provisions for warranty commitments are measured on basis of the obtained experience with guarantee work. Provisions with an expected due date later than 1 year from the reporting date are discounted at a rate reflecting risk and maturity of the liability.

Liabilities other than provisions

Financial liabilities other than provisions related to borrowings are recognised at the received proceeds less transaction costs incurred. In subsequent periods, the financial liabilities are recognised at amortised cost, corresponding to the capitalised value when using the effective interest rate. The difference between the proceeds and the nominal value is recognised in the income statement during the term of the loan.

Bank loans are thus measured at amortised cost which, for cash loans, corresponds to the outstanding payables.

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.

Statement of cash flows

The cash flow statement shows the cash flows for the year, divided in cash flows deriving from operating activities, investment activities and financing activities, respectively, the changes in the liabilities, and cash and cash equivalents at the beginning and the end of the year, respectively.

Cash flows from operating activities

Cash flows from operating activities are calculated as the group's share of the profit adjusted for non-cash operating items, changes in the working capital, and corporate income tax paid. Dividend income from equity investments are recognised under "Interest income and dividend received".

Cash flows from investment activities

Cash flows from investment activities comprise payments in connection with the acquisition and sale of property, plant and equipment.

Cash flows from financing activities

Cash flows from financing activities include changes in loans and repayments of interest-bearing payables.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits with a term of less than 3 months, which can easily be converted into cash and cash equivalents and are associated with an insignificant risk of value change.