



DPA Microphones A/S

Gydevang 42-44
3450 Allerød
CVR No. 15912200

Annual report 2021

The Annual General Meeting adopted the
annual report on 15.03.2022

Sebastian Lysholm Nielsen
Chairman of the General Meeting

Contents

Entity details	2
Statement by Management on the annual report	3
Independent auditor's report	4
Management commentary	7
Consolidated income statement for 2021	10
Consolidated balance sheet at 31.12.2021	11
Consolidated statement of changes in equity for 2021	14
Consolidated cash flow statement for 2021	15
Notes to consolidated financial statements	16
Parent income statement for 2021	22
Parent balance sheet at 31.12.2021	23
Parent statement of changes in equity for 2021	26
Notes to parent financial statements	27
Accounting policies	33

Entity details

Entity

DPA Microphones A/S

Gydevang 42-44

3450 Allerød

Business Registration No.: 15912200

Registered office: Allerød

Financial year: 01.01.2021 - 31.12.2021

Board of Directors

Fausto Incerti, chairman

Nicola Iorio

Mauro Macchiaverna

Arturo Vicari

Karl Kristian Nielsen

Bjarni Martin Gaard

Anna Grimstrup Præstholt

Executive Board

Karl Kristian Nielsen, CEO

Auditors

Deloitte Statsautoriseret Revisionspartnerselskab

Weidekampsgade 6

2300 Copenhagen S

Statement by Management on the annual report

The Board of Directors and the Executive Board have today considered and approved the annual report of DPA Microphones A/S for the financial year 01.01.2021 - 31.12.2021.

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

In our opinion, the consolidated financial statements and the parent financial statements give a true and fair view of the Group's and the Parent's financial position at 31.12.2021 and of the results of their operations and the consolidated cash flows for the financial year 01.01.2021 - 31.12.2021.

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

We recommend the annual report for adoption at the Annual General Meeting.

Allerød, 15.03.2022

Executive Board

Karl Kristian Nielsen

CEO

Board of Directors

Fausto Incerti

chairman

Nicola Iorio

Mauro Macchiaverna

Arturo Vicari

Karl Kristian Nielsen

Bjarni Martin Gaard

Anna Grimstrup Præstholm

Independent auditor's report

To the shareholder of DPA Microphones A/S

Opinion

We have audited the consolidated financial statements and the parent financial statements of DPA Microphones A/S for the financial year 01.01.2021 - 31.12.2021, which comprise the income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies, for the Group as well as the Parent, and the consolidated cash flow statement. The consolidated financial statements and the parent financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the consolidated financial statements and the parent financial statements give a true and fair view of the Group's and the Parent's financial position at 31.12.2021 and of the results of their operations and the consolidated cash flows for the financial year 01.01.2021 - 31.12.2021 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and 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 financial statements" section of this auditor's 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 financial statements

Management is responsible for the preparation of consolidated financial statements and parent 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 financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements and the parent financial statements, Management is responsible for assessing the Group's and the Entity's ability to continue as a going concern, for disclosing, as applicable, matters related to going concern, and for using the going concern basis of accounting in preparing the consolidated financial statements and the parent financial statements unless Management either intends to liquidate the Entity 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 financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements and the parent 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 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 consolidated financial statements and the parent 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 Entity'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 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 Entity'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 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 Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements and the parent financial statements, including the disclosures in the notes, and whether the consolidated financial statements and the parent 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 the management commentary

Management is responsible for the management commentary.

Our opinion on the consolidated financial statements and the parent financial statements does not cover the management commentary, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements and the parent financial statements, our responsibility is to read the management commentary and, in doing so, consider whether the management commentary is materially inconsistent with the consolidated financial statements and the parent financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether the management commentary provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we conclude that the management commentary is in accordance with the consolidated financial statements and the parent financial statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement of the management commentary.

Copenhagen, 15.03.2022

Deloitte

Statsautoriseret Revisionspartnerselskab
CVR No. 33963556

Flemming Larsen

State Authorised Public Accountant
Identification No (MNE) mne27790

Ulrik Winkler Jakobsen

State Authorised Public Accountant
Identification No (MNE) mne47242

Management commentary

Financial highlights

	2021 DKK'000	2020 DKK'000	2019 DKK'000	2018 DKK'000	2017/18 DKK'000
Key figures					
Gross profit/loss	124,468	74,550	131,848	88,094	95,357
Operating profit/loss	52,382	2,226	42,977	26,283	31,776
Net financials	(4,599)	(8,044)	(12,432)	(1,103)	(3,063)
Profit/loss for the year	35,830	6,139	19,442	19,549	22,921
Balance sheet total	339,583	307,069	328,414	143,514	133,991
Investments in property, plant and equipment	2,327	836	1,441	1,102	4,211
Equity	169,322	131,734	127,149	57,208	58,862
Average number of employees	172	167	196	185	156
Ratios					
Return on equity (%)	23.80	4.74	21.09	33.68	43.82
Equity ratio (%)	49.86	42.90	38.72	39.86	43.93

Financial highlights are defined and calculated in accordance with the current version of "Recommendations & Ratios" issued by the CFA Society Denmark.

Return on equity (%):

$\frac{\text{Profit/loss for the year} * 100}{\text{Average equity}}$

Average equity

Equity ratio (%):

$\frac{\text{Equity} * 100}{\text{Balance sheet total}}$

Balance sheet total

Primary activities

The company's main activity is development, production and marketing of microphones and associated equipment to the global market for professional audio and sound recording.

The company distributes microphone products and equipment to the North American market through its subsidiary, DPA Microphones Inc., Colorado, US and to the UK market through its subsidiary, Sound Network Ltd., London, UK. The Group also owns subsidiaries in Germany and Hong Kong.

Development in activities and finances

The COVID-19 pandemic outbreak in the beginning of 2020 have had a significant negative impact on our market. The professional audio market continued to be impacted by the pandemic in 2021, as restrictions implemented by governments in all geographies resulted in closure of public places and cancellation of major events, concerts, theater shows etc.

This has had a negative impact on DPA's sales in 2021. The year started from a low base and with sales slowly increasing month by month in first half of 2021. After summer we saw a recovery in the market resulting in sales exceeding the pre-pandemic levels. Total sales in 2021 was approximately 10% below 2019.

In 2021 DPA took the next steps in its strategic initiative on forward integrating in the key European markets. By establishing own sales teams, we ensure closer proximity to the dealers and customers and thereby a stronger contribution to sales growth in DPA's core segments. In May 2021 DPA established own dedicated sales organization in France with 3 employees focusing on the French market and in November 2021 DPA took over distribution in Poland.

The worsened raw material supply situation following the pandemic has had a moderate impact on DPA. Despite the challenged supply chain DPA has been able to purchase the raw materials needed for production throughout 2021 and has as a result hereof been able to deliver products to our customers according to normal delivery policies. To safeguard the supply of products to customers as the market recover from the pandemic, DPA decided to increase the raw material inventories in 2021.

Management has successfully continued its tight focus on cost control in 2021. Meanwhile investments in new products and technologies were significantly increased in 2020 and has continued at an even higher level in 2021. DPA has a strong pipeline of new and interesting products that are being finalized and prepared for market launch.

The group received governmental COVID-19 financial stimulus to compensate fixed cost and to retain employees at a total value of approximately DKK 4 million in 2021.

The Group sales development was better than budget, as well as the cost savings and cash flow initiatives implemented has shown better results than expected. This has resulted in that the Groups financial position at the end of 2021 was significantly better than expected at the beginning of the year.

The net profit for the fiscal year was DKK 35,8 million. Total assets as of December 31st 2021 was DKK 339,6 million and the equity was DKK 169,3 million.

Management considered the result satisfactory.

Profit/loss for the year in relation to expected developments

Net profit for the year was expected to be approx. DKK 13 – 15 million. The performance for 2021 was therefore better than expected.

Outlook

Management expects a moderate sales growth and increase in operating profit in 2022 based on the strengthened presence and distribution in key markets as well as continued investments in technology, products and in the organization.

Net profit for 2022 is expected to be approx. DKK 40 million.

Environmental performance

The company adheres to the guidelines listed in the RoHS Directive 2002/95 / EC (Restriction and Hazardous Materials) and the WEEE Directive 2002/95 / EC (Waste from Electrical and Electronic Equipment).

Foreign branches

The Group has established branch in France.

Events after the balance sheet date

No events have occurred after the balance sheet date to this date, which would influence the evaluation of this annual report.

Consolidated income statement for 2021

	Notes	2021 DKK'000	2020 DKK'000
Gross profit/loss	1	124,468	74,550
Distribution costs		(34,257)	(35,754)
Administrative expenses		(37,829)	(36,570)
Operating profit/loss		52,382	2,226
Income from other fixed asset investments		340	0
Other financial income	4	2,225	3
Other financial expenses	5	(7,164)	(8,047)
Profit/loss before tax		47,783	(5,818)
Tax on profit/loss for the year	6	(11,953)	11,957
Profit/loss for the year	7	35,830	6,139

Consolidated balance sheet at 31.12.2021

Assets

	Notes	2021 DKK'000	2020 DKK'000
Completed development projects	9	11,816	17,039
Acquired intangible assets		7,192	5,645
Acquired trademarks		768	765
Goodwill		146,260	158,536
Development projects in progress	9	26,308	15,238
Intangible assets	8	192,344	197,223
Land and buildings		17,881	18,616
Other fixtures and fittings, tools and equipment		3,064	3,762
Leasehold improvements		90	0
Property, plant and equipment in progress		1,213	0
Property, plant and equipment	10	22,248	22,378
Other investments		0	31
Deposits		322	281
Deferred tax	12	147	445
Financial assets	11	469	757
Fixed assets		215,061	220,358

Raw materials and consumables		16,361	12,677
Work in progress		18,198	12,206
Manufactured goods and goods for resale		8,480	8,061
Inventories		43,039	32,944
<hr/>			
Trade receivables		20,371	12,549
Other receivables		3,595	652
Tax receivable		2,564	9,405
Prepayments	13	1,111	1,832
Receivables		27,641	24,438
<hr/>			
Cash		53,842	29,329
<hr/>			
Current assets		124,522	86,711
<hr/>			
Assets		339,583	307,069
<hr/>			

Equity and liabilities

	Notes	2021 DKK'000	2020 DKK'000
Contributed capital		1,050	1,050
Retained earnings		168,272	130,684
Equity		169,322	131,734
Deferred tax	12	9,303	3,070
Other provisions	14	1,950	1,800
Provisions		11,253	4,870
Payables to owners and management		103,481	124,653
Other payables		5,709	6,878
Non-current liabilities other than provisions	16	109,190	131,531
Current portion of non-current liabilities other than provisions	16	21,728	14,900
Bank loans		183	164
Trade payables		10,540	6,279
Payables to owners and management		1,987	6,868
Tax payable		1,492	0
Other payables		13,888	10,723
Current liabilities other than provisions		49,818	38,934
Liabilities other than provisions		159,008	170,465
Equity and liabilities		339,583	307,069
Staff costs	2		
Amortisation, depreciation and impairment losses	3		
Unrecognised rental and lease commitments	18		
Group relations	19		
Subsidiaries	20		

Consolidated statement of changes in equity for 2021

	Contributed capital DKK'000	Retained earnings DKK'000	Total DKK'000
Equity beginning of year	1,050	130,684	131,734
Exchange rate adjustments	0	1,758	1,758
Profit/loss for the year	0	35,830	35,830
Equity end of year	1,050	168,272	169,322

Consolidated cash flow statement for 2021

	Notes	2021 DKK'000	2020 DKK'000
Operating profit/loss		52,382	2,226
Amortisation, depreciation and impairment losses		22,417	21,805
Other provisions		150	(250)
Working capital changes	17	(11,975)	14,086
Cash flow from ordinary operating activities		62,974	37,867
Financial income received		1,197	2
Financial expenses paid		(10,534)	(2,592)
Taxes refunded/(paid)		2,910	(13,038)
Cash flows from operating activities		56,547	22,239
Acquisition etc. of intangible assets		(15,226)	(15,982)
Acquisition etc. of property, plant and equipment		(2,327)	(836)
Sale of fixed asset investments		372	0
Cash flows from investing activities		(17,181)	(16,818)
Free cash flows generated from operations and investments before financing		39,366	5,421
Repayments of loans etc.		(14,853)	(7,626)
Cash flows from financing activities		(14,853)	(7,626)
Increase/decrease in cash and cash equivalents		24,513	(2,205)
Cash and cash equivalents beginning of year		29,329	31,534
Cash and cash equivalents end of year		53,842	29,329
Cash and cash equivalents at year-end are composed of:			
Cash		53,842	29,329
Cash and cash equivalents end of year		53,842	29,329

Notes to consolidated financial statements

1 Gross profit/loss

In the financial statement line item "gross profit/loss" includes compensation applied from the fixed cost aid package to companies in financial crisis as a result of COVID-19 by 4m DKK (2020: 8m DKK). The compensation for fixed cost compensates the company for the fixed costs, which are unavoidable despite the society's lockdown due to government restrictions, that primarily concerns the other external expenses.

2 Staff costs

	2021	2020
	DKK'000	DKK'000
Wages and salaries	90,722	81,375
Pension costs	6,625	2,763
Other social security costs	4,011	2,956
Other staff costs	684	1,401
	102,042	88,495
Average number of full-time employees	172	167

	Remuneration of Manage- ment 2021	Remuneration of Manage- ment 2020
	DKK'000	DKK'000
Total amount for management categories	4,079	4,064
	4,079	4,064

A part of the occurred staff costs has been capitalized under development projects and as inventories. The capitalized costs on inventories are reduced when products are sold and then accounted for as cost of goods sold. Capitalized costs for development projects amounts to DKK´000 5,969.

3 Depreciation, amortisation and impairment losses

	2021	2020
	DKK'000	DKK'000
Amortisation of intangible assets	18,854	17,651
Impairment losses on intangible assets	1,252	1,065
Depreciation on property, plant and equipment	2,311	3,232
Profit/loss from sale of intangible assets and property, plant and equipment	16	0
	22,433	21,948

4 Other financial income

	2021	2020
	DKK'000	DKK'000
Other interest income	1	3
Exchange rate adjustments	1,371	0
Other financial income	853	0
	2,225	3

5 Other financial expenses

	2021	2020
	DKK'000	DKK'000
Financial expenses from group enterprises	6,232	6,811
Other interest expenses	509	332
Exchange rate adjustments	0	703
Other financial expenses	423	201
	7,164	8,047

6 Tax on profit/loss for the year

	2021	2020
	DKK'000	DKK'000
Current tax	5,770	0
Change in deferred tax	6,531	(3,350)
Adjustment concerning previous years	(348)	(8,607)
	11,953	(11,957)

7 Proposed distribution of profit/loss

	2021	2020
	DKK'000	DKK'000
Retained earnings	35,830	6,139
	35,830	6,139

8 Intangible assets

	Completed development projects DKK'000	Acquired intangible assets DKK'000	Acquired trademarks DKK'000	Goodwill DKK'000	Development projects in progress DKK'000
Cost beginning of year	37,341	7,327	1,629	183,742	15,238
Transfers	289	0	0	0	(289)
Additions	0	2,441	174	0	12,611
Disposals	(4,058)	0	0	0	(1,252)
Cost end of year	33,572	9,768	1,803	183,742	26,308
Amortisation and impairment losses beginning of year	(20,302)	(1,682)	(864)	(25,206)	0
Amortisation for the year	(5,512)	(894)	(171)	(12,276)	0
Reversal regarding disposals	4,058	0	0	0	0
Amortisation and impairment losses end of year	(21,756)	(2,576)	(1,035)	(37,482)	0
Carrying amount end of year	11,816	7,192	768	146,260	26,308

9 Development projects

As previous years the company has capitalized development costs. The development costs are related to the development of new unique product technology and new products. The development costs are expected to add significant value to the product portfolio.

The calculation of development costs are based on actual progress in terms of time registrations and costs incurred in the development projects. Costs are capitalized as incurred if this relates to the development projects. The calculation of progress is based on achieved milestones. The company possess the resources and skills to complete the developments.

10 Property, plant and equipment

	Land and buildings DKK'000	Other fixtures and fittings, tools and equipment DKK'000	Leasehold improvements DKK'000	Property, plant and equipment in progress DKK'000
Cost beginning of year	28,149	37,379	0	0
Exchange rate adjustments	0	110	6	0
Transfers	0	(207)	0	0
Additions	0	876	86	1,365
Disposals	0	(5,383)	0	(152)
Cost end of year	28,149	32,775	92	1,213
Depreciation and impairment losses beginning of year	(9,532)	(33,618)	0	0
Exchange rate adjustments	0	(91)	0	0
Transfers	0	207	0	0
Depreciation for the year	(736)	(1,576)	(2)	0
Reversal regarding disposals	0	5,367	0	0
Depreciation and impairment losses end of year	(10,268)	(29,711)	(2)	0
Carrying amount end of year	17,881	3,064	90	1,213

11 Financial assets

	Other investments DKK'000	Deposits DKK'000
Cost beginning of year	31	281
Exchange rate adjustments	0	14
Additions	0	27
Disposals	(31)	0
Cost end of year	0	322
Carrying amount end of year	0	322

12 Deferred tax

	2021 DKK'000	2020 DKK'000
Intangible assets	(8,776)	(7,422)
Property, plant and equipment	(1,703)	(1,557)
Inventories	786	909
Receivables	115	115
Provisions	275	242
Tax losses carried forward	147	5,088
Deferred tax	(9,156)	(2,625)

	2021 DKK'000	2020 DKK'000
Changes during the year		
Beginning of year	(2,625)	(5,953)
Recognised in the income statement	(6,531)	3,350
Recognised directly in equity	0	(22)
End of year	(9,156)	(2,625)

	2021 DKK'000	2020 DKK'000
Deferred tax has been recognised in the balance sheet as follows		
Deferred tax assets	147	445
Deferred tax liabilities	(9,303)	(3,070)
	(9,156)	(2,625)

13 Prepayments

Prepayments under assets consists of costs incurred which relates to future accounting periods.

14 Other provisions

Other provisions consist of DPA Microphones A/S' liability to re-establish rented premises of DKK 700k and provision to warranties for sold goods amounting to DKK 1.250k . The provision to warranty claims is calculated as a procentage of the revenue. The procentage is based on historical key figures for annual warranty claims and costs associated with the claims.

15 Payables to owners and management

Loan is unsecured and provided by the Company's shareholder and installements is paid each year until it is fully repaid in 2025. Interest is paid continously over the loan period.

16 Non-current liabilities other than provisions

	Due within 12 months 2021 DKK'000	Due within 12 months 2020 DKK'000	Due after more than 12 months 2021 DKK'000
Payables to owners and management	21,728	14,900	103,481
Other payables	0	0	5,709
	21,728	14,900	109,190

17 Changes in working capital

	2021 DKK'000	2020 DKK'000
Increase/decrease in inventories	(10,096)	9,683
Increase/decrease in receivables	(7,141)	14,035
Increase/decrease in trade payables etc.	4,142	(6,976)
Other changes	1,120	(2,656)
	(11,975)	14,086

18 Unrecognised rental and lease commitments

	2021 DKK'000	2020 DKK'000
Total liabilities under rental or lease agreements until maturity	4,370	3,084

19 Group relations

Name and registered office of the Parent preparing consolidated financial statements for the largest group:
RCF Group S.p.A, Reggio Emilia, Italy

Name and registered office of the Parent preparing consolidated financial statements for the smallest group:
RCF Group S.p.A, Reggio Emilia, Italy

The group financial statement can be collected from RCF Group S.p.A.

20 Subsidiaries

	Registered in	Corporate form	Ownership %
DPA Microphones Inc.	Colorado, US	Inc.	100
DPA Microphones Ltd.	Wanchai, Hong Kong	Ltd.	100
DPA Microphones GmbH.	Frankfurt am Main, Germany	GmbH	100
Sound Network Ltd.	London, UK	Ltd.	100

Parent income statement for 2021

	Notes	2021 DKK'000	2020 DKK'000
Gross profit/loss	1	94,272	53,370
Distribution costs		(19,052)	(18,318)
Administrative expenses		(31,913)	(28,791)
Operating profit/loss		43,307	6,261
Income from investments in group enterprises		6,609	(3,325)
Income from other fixed asset investments		340	0
Other financial income	4	2,308	147
Other financial expenses	5	(6,834)	(8,149)
Profit/loss before tax		45,730	(5,066)
Tax on profit/loss for the year	6	(9,900)	11,205
Profit/loss for the year	7	35,830	6,139

Parent balance sheet at 31.12.2021

Assets

	Notes	2021 DKK'000	2020 DKK'000
Completed development projects	9	11,815	17,038
Acquired intangible assets		7,191	5,645
Acquired trademarks		768	765
Goodwill		142,692	154,366
Development projects in progress	9	26,308	15,238
Intangible assets	8	188,774	193,052
Land and buildings		17,881	18,616
Other fixtures and fittings, tools and equipment		2,893	3,477
Property, plant and equipment in progress		1,213	0
Property, plant and equipment	10	21,987	22,093
Investments in group enterprises		24,701	16,335
Other investments		0	31
Deposits		121	94
Financial assets	11	24,822	16,460
Fixed assets		235,583	231,605

Raw materials and consumables		16,362	12,677
Work in progress		18,197	12,206
Manufactured goods and goods for resale		4,257	4,045
Inventories		38,816	28,928
<hr/>			
Trade receivables		9,818	7,767
Receivables from group enterprises		6,587	10,229
Other receivables		3,595	652
Tax receivable		2,182	8,695
Prepayments	12	608	1,522
Receivables		22,790	28,865
<hr/>			
Cash		39,758	16,659
<hr/>			
Current assets		101,364	74,452
<hr/>			
Assets		336,947	306,057
<hr/>			

Equity and liabilities

	Notes	2021 DKK'000	2020 DKK'000
Contributed capital		1,050	1,050
Reserve for net revaluation according to equity method		12,745	7,157
Reserve for development costs		29,711	24,486
Retained earnings		125,816	99,041
Equity		169,322	131,734
Deferred tax	13	10,892	4,878
Other provisions	14	1,950	1,800
Provisions		12,842	6,678
Payables to owners and management	15	103,481	124,653
Other payables		5,709	6,878
Non-current liabilities other than provisions	16	109,190	131,531
Current portion of non-current liabilities other than provisions	16	21,728	14,900
Bank loans		126	148
Trade payables		10,413	4,599
Payables to group enterprises		403	0
Payables to owners and management		1,987	6,868
Other payables		10,936	9,599
Current liabilities other than provisions		45,593	36,114
Liabilities other than provisions		154,783	167,645
Equity and liabilities		336,947	306,057
Staff costs	2		
Amortisation, depreciation and impairment losses	3		
Unrecognised rental and lease commitments	17		
Related parties with controlling interest	18		
Transactions with related parties	19		

Parent statement of changes in equity for 2021

	Contributed capital DKK'000	Reserve for net revaluation according to the equity method DKK'000	Reserve for development costs DKK'000	Retained earnings DKK'000	Total DKK'000
Equity beginning of year	1,050	7,157	24,486	99,041	131,734
Exchange rate adjustments	0	1,758	0	0	1,758
Transfer to reserves	0	(3,382)	5,225	(1,843)	0
Profit/loss for the year	0	7,212	0	28,618	35,830
Equity end of year	1,050	12,745	29,711	125,816	169,322

Notes to parent financial statements

1 Gross profit/loss

In the financial statement line item "gross profit/loss" includes compensation applied from the fixed cost aid package to companies in financial crisis as a result of COVID-19 by 3m DKK (2020: 6m DKK). The compensation for fixed cost compensates the company for the fixed costs, which are unavoidable despite the society's lockdown due to government restrictions, that primarily concerns the other external expenses.

2 Staff costs

	2021	2020
	DKK'000	DKK'000
Wages and salaries	74,885	67,403
Pension costs	6,131	2,024
Other social security costs	1,297	704
Other staff costs	684	874
	82,997	71,005
Average number of full-time employees	140	135

	Remuneration of Manage- ment 2021	Remuneration of Manage- ment 2020
	DKK'000	DKK'000
Total amount for management categories	4,079	4,064
	4,079	4,064

A part of the occurred staff costs has been capitalized under development projects and as inventories. The capitalized costs on inventories are reduced when products are sold and then accounted for as cost of goods sold. Capitalized costs for development projects amounts to DKK '000 5,969.

3 Depreciation, amortisation and impairment losses

	2021	2020
	DKK'000	DKK'000
Amortisation of intangible assets	18,251	17,651
Impairment losses on intangible assets	1,252	1,065
Depreciation on property, plant and equipment	2,153	2,997
Profit/loss from sale of intangible assets and property, plant and equipment	16	(10)
	21,672	21,703

4 Other financial income

	2021	2020
	DKK'000	DKK'000
Financial income from group enterprises	83	136
Other interest income	1	11
Exchange rate adjustments	1,371	0
Other financial income	853	0
	2,308	147

5 Other financial expenses

	2021	2020
	DKK'000	DKK'000
Financial expenses from group enterprises	6,232	6,811
Other interest expenses	510	331
Exchange rate adjustments	0	866
Other financial expenses	92	141
	6,834	8,149

6 Tax on profit/loss for the year

	2021	2020
	DKK'000	DKK'000
Current tax	3,886	0
Change in deferred tax	6,014	(2,883)
Adjustment concerning previous years	0	(8,322)
	9,900	(11,205)

7 Proposed distribution of profit and loss

	2021	2020
	DKK'000	DKK'000
Retained earnings	35,830	6,139
	35,830	6,139

8 Intangible assets

	Completed development projects DKK'000	Acquired intangible assets DKK'000	Acquired trademarks DKK'000	Goodwill DKK'000	Development projects in progress DKK'000
Cost beginning of year	37,340	7,327	1,629	177,712	15,238
Transfers	289	0	0	0	(289)
Additions	0	2,441	174	0	12,611
Disposals	(4,058)	0	0	0	(1,252)
Cost end of year	33,571	9,768	1,803	177,712	26,308
Amortisation and impairment losses beginning of year	(20,302)	(1,683)	(864)	(23,347)	0
Amortisation for the year	(5,512)	(894)	(171)	(11,673)	0
Reversal regarding disposals	4,058	0	0	0	0
Amortisation and impairment losses end of year	(21,756)	(2,577)	(1,035)	(35,020)	0
Carrying amount end of year	11,815	7,191	768	142,692	26,308

9 Development projects

As previous years the company has capitalized development costs. The development costs are related to the development of new unique product technology and new products. The development costs are expected to add significant value to the product portfolio.

The calculation of development costs are based on actual progress in terms of time registrations and costs incurred in the development projects. Costs are capitalized as incurred if this relates to the development projects. The calculation of progress is based on achieved milestones. The company possess the resources and skills to complete the developments.

10 Property, plant and equipment

	Land and buildings DKK'000	Other fixtures and fittings, tools and equipment DKK'000	Property, plant and equipment in progress DKK'000
Cost beginning of year	28,149	35,910	0
Transfers	0	(207)	0
Additions	0	850	1,365
Disposals	0	(5,135)	(152)
Cost end of year	28,149	31,418	1,213
Depreciation and impairment losses beginning of year	(9,532)	(32,433)	0
Transfers	0	207	0
Depreciation for the year	(736)	(1,417)	0
Reversal regarding disposals	0	5,119	0
Depreciation and impairment losses end of year	(10,268)	(28,524)	0
Carrying amount end of year	17,881	2,894	1,213

11 Financial assets

	Investments in group enterprises DKK'000	Other investments DKK'000	Deposits DKK'000
Cost beginning of year	11,957	31	94
Additions	0	0	27
Disposals	0	(31)	0
Cost end of year	11,957	0	121
Revaluations beginning of year	4,378	0	0
Exchange rate adjustments	1,758	0	0
Amortisation of goodwill	(603)	0	0
Share of profit/loss for the year	6,435	0	0
Adjustment of intra-group profits	776	0	0
Revaluations end of year	12,744	0	0
Carrying amount end of year	24,701	0	121
Goodwill or negative goodwill recognised during the financial year	3,568		

A specification of investments in subsidiaries is evident from the notes to the consolidated financial statements.

12 Prepayments

Prepayments under assets consists of costs incurred which relates to future accounting periods.

13 Deferred tax

	2021 DKK'000	2020 DKK'000
Intangible assets	(8,776)	(7,422)
Property, plant and equipment	(1,703)	(1,557)
Inventories	(803)	(899)
Receivables	115	115
Provisions	275	242
Tax losses carried forward	0	4,643
Deferred tax	(10,892)	(4,878)

	2021 DKK'000	2020 DKK'000
Changes during the year		
Beginning of year	(4,878)	7,739
Recognised in the income statement	(6,014)	(2,883)
Recognised directly in equity	0	22
End of year	(10,892)	4,878

14 Other provisions

Other provisions consist of DPA Microphones A/S' liability to re-establish rented premises of DKK 700k and provision to warranties for sold goods amounting to DKK 1.250k. The provision to warranty claims is calculated as a percentage of the revenue. The percentage is based on historical key figures for annual warranty claims and costs associated with the claims.

15 Payables to owners and management

Loan is unsecured and provided by the Company's shareholder and installments is paid each year until it is fully repaid in 2025. Interest is paid continuously over the loan period.

16 Non-current liabilities other than provisions

	Due within 12 months 2021 DKK'000	Due within 12 months 2020 DKK'000	Due after more than 12 months 2021 DKK'000
Payables to owners and management	21,728	14,900	103,481
Other payables	0	0	5,709
	21,728	14,900	109,190

17 Unrecognised rental and lease commitments

	2021 DKK'000	2020 DKK'000
Total liabilities under rental or lease agreements until maturity	1,864	1,200

18 Related parties with controlling interest

RCF Group S.p.A, Reggio Emilia, Italy, holds all shares and holds a significant influence on the company and the group.

19 Non-arm's length related party transactions

All transactions with related parties which have not been in accordance with market conditions will be disclosed. There have been no such transactions in the financial year.

Accounting policies

Reporting class

This annual report has been prepared in accordance with the provisions of the Danish Financial Statements Act governing reporting class C enterprises (medium).

The accounting policies applied to these consolidated financial statements and parent financial statements are consistent with those applied last year.

Recognition and measurement

Assets are recognised in the balance sheet when it is probable as a result of a prior event that future economic benefits will flow to the Entity, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when the Entity has a legal or constructive obligation as a result of a prior event, and it is probable that future economic benefits will flow out of the Entity, and the value of the liability can be measured reliably.

On initial recognition, assets and liabilities are measured at cost. Measurement subsequent to initial recognition is effected as described below for each financial statement item.

Anticipated risks and losses that arise before the time of presentation of the annual report and that confirm or invalidate affairs and conditions existing at the balance sheet date are considered at recognition and measurement.

Income is recognised in the income statement when earned, whereas costs are recognised by the amounts attributable to this financial year.

Consolidated financial statements

The consolidated financial statements comprise the Parent and the group enterprises (subsidiaries) that are controlled by the Parent. Control is achieved by the Parent, either directly or indirectly, holding more than 50% of the voting rights or in any other way possibly or actually exercising controlling influence.

Basis of consolidation

The consolidated financial statements are prepared on the basis of the financial statements of the Parent and its subsidiaries. The consolidated financial statements are prepared by combining uniform items. On consolidation, intra-group income and expenses, intra-group accounts and dividends as well as profits and losses on transactions between the consolidated enterprises are eliminated. The financial statements used for consolidation have been prepared applying the Group's accounting policies.

Subsidiaries' financial statement items are recognised in full in the consolidated financial statements.

Investments in subsidiaries are offset at the pro rata share of such subsidiaries' net assets at the takeover date, with net assets having been calculated at fair value.

Business combinations

The book-value method is applied on acquisition of enterprises, mergers, demergers, contributions of assets

and exchanges of shares, etc where the enterprises concerned are controlled by the Parent, under which method the combination is considered completed at the date of acquisition without restatement of comparative figures. Under the book-value method, the acquiree's assets and liabilities are recognised at their carrying amounts, adjusted for any differences in accounting policies and accounting estimates. The difference between the consideration agreed and the carrying amount of the acquiree is recognised in equity.

Foreign currency translation

On initial recognition, foreign currency transactions are translated applying the exchange rate at the transaction date. Receivables, payables and other monetary items denominated in foreign currencies that have not been settled at the balance sheet date are translated using the exchange rate at the balance sheet date. Exchange differences that arise between the rate at the transaction date and the rate in effect at the payment date, or the rate at the balance sheet date are recognised in the income statement as financial income or financial expenses.

When recognising foreign subsidiaries that are integral entities, monetary assets and liabilities are translated using the exchange rates at the balance sheet date. Non-monetary assets and liabilities are translated at the exchange rate of the time of acquisition or the time of any subsequent revaluation or writedown. The items of the income statement are translated at the average rates of the months; however, items deriving from non-monetary assets and liabilities are translated using the historical rates applicable to the relevant nonmonetary items.

When recognising foreign subsidiaries that are integral entities, monetary assets and liabilities are translated using the exchange rates at the balance sheet date. Non-monetary assets and liabilities are translated at the exchange rate at the time of acquisition or the time of any subsequent revaluation or writedown. The items of the income statement are translated at the average rates of the months; however, items deriving from non-monetary assets and liabilities are translated using the historical rates applicable to the relevant non-monetary items.

Income statement

Gross profit or loss

Gross profit or loss comprises revenue, production costs and other operating income. With reference to section 32 of the Danish Financial Statements Act, revenue has not been disclosed in the Annual Report.

Revenue

Revenue from the sale of manufactured goods and goods for resale is recognised in the income statement when delivery is made and risk has passed to the buyer. Revenue is recognised net of VAT, duties and sales discounts and is measured at fair value of the consideration fixed.

Production costs

Production costs comprise expenses incurred to earn revenue for the financial year. Production costs comprise direct and indirect costs for raw materials and consumables, wages and salaries, rent and lease as well as amortisation, depreciation and impairment losses relating to intangible assets and property, plant and equipment included in the production process. In addition, the item includes ordinary write-down of inventories.

Cost of sales

Cost of sales comprises goods consumed in the financial year measured at cost, adjusted for ordinary inventory

writedowns.

Distribution costs

Distribution costs comprise costs incurred for sale and distribution of the Entity's products, including wages and salaries for sales staff, advertising costs, travelling and entertainment expenses, etc as well as amortisation, depreciation and impairment losses relating to intangible assets and property, plant and equipment attached to the distribution process.

Administrative expenses

Administrative expenses comprise costs incurred for the Entity's administrative functions, including wages and salaries for administrative staff and Management, stationery and office supplies as well as amortisation, depreciation and impairment losses relating to intangible assets and property, plant and equipment used for administration of the Entity.

Other operating income

Other operating income comprises income of a secondary nature as viewed in relation to the Entity's primary activities.

Income from investments in group enterprises

Income from investments in group enterprises comprises the pro rata share of the individual enterprises' profit/loss after full elimination of internal profits or losses.

Income from other fixed asset investments

Income from other fixed asset investments comprises gains in the form of interest, dividends, etc. on fixed asset investments which are not investments in group enterprises or associates.

Other financial income

Other financial income comprises dividends etc received on other investments, interest income, including interest income on receivables from group enterprises, payables and transactions in foreign currencies.

Other financial expenses

Other financial expenses comprise interest expenses, including interest expenses on payables to group enterprises, payables and transactions in foreign currencies.

Tax on profit/loss for the year

Tax for the year, which consists of current tax for the year and changes in deferred tax, is recognised in the income statement by the portion attributable to the profit for the year and recognised directly in equity by the portion attributable to entries directly in equity.

Balance sheet**Goodwill**

Goodwill is the positive difference between cost and value in use of assets and liabilities taken over as part of the acquisition. Goodwill is amortised straight-line over its estimated useful life which is fixed based on the experience gained by Management for each business area. Useful life is determined based on an assessment of whether the amount of goodwill includes intangible resources of a temporary nature that cannot be separated and recognised as separate assets. If it is not possible to estimate the useful life reliably, it is set at 10 years. Useful lives are reassessed on an annual basis. The amortisation periods used are 10-20 years.

Goodwill is written down to the lower of recoverable amount and carrying amount.

Intellectual property rights etc.

Intellectual property rights etc comprise development projects completed and in progress with related intellectual property rights, acquired intellectual property rights.

Development projects on clearly defined and identifiable products and processes, for which the technical rate of utilisation, adequate resources and a potential future market or development opportunity in the enterprise can be established, and where the intention is to manufacture, market or apply the product or process in question, are recognised as intangible assets. Other development costs are recognised as costs in the income statement as incurred. When recognising development projects as intangible assets, an amount equalling the costs incurred less deferred tax is taken to equity under reserve for development costs that is reduced as the development projects are amortised and written down.

The cost of development projects comprises costs such as salaries that are directly and indirectly attributable to the development projects.

Completed development projects are amortised on a straight-line basis using their estimated useful lives which are determined based on a specific assessment of each development project. If the useful life cannot be estimated reliably, it is fixed at 5 years. For development projects, protected by intellectual property rights, the maximum amortisation period is the remaining duration of the relevant rights.

Intellectual property rights acquired are measured at cost less accumulated amortisation. Patents are amortised over their remaining duration, and licences are amortised over the term of the agreement, but over no more than 10 years.

Intellectual property rights etc are written down to the lower of recoverable amount and carrying amount.

Property, plant and equipment

Land and buildings, plant and machinery as well as other fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation and impairment losses.

Cost comprises the acquisition price, costs directly attributable to the acquisition and preparation costs of the asset until the time when it is ready to be put into operation.

The basis of depreciation is cost less estimated residual value after the end of useful life. Straight-line depreciation is made on the basis of the following estimated useful lives of the assets:

Buildings	10-50 years
Other fixtures and fittings, tools and equipment	3-5 years
Leasehold improvements	5 years

Estimated useful lives and residual values are reassessed annually.

Items of property, plant and equipment are written down to the lower of recoverable amount and carrying amount.

Investments in group enterprises

Investments in group enterprises are recognised and measured according to the equity method. This means

that investments are measured at the pro rata share of the enterprises' equity value plus or minus unrealised intra-group profits or losses.

Investments in group enterprises are written down to the lower of recoverable amount and carrying amount.

Other investments

Other investments comprise unlisted equity instruments measured at cost. Unlisted equity instruments are written down to any lower net realisable value.

Deferred tax

Deferred tax is recognised on all temporary differences between the carrying amount and the tax-based value of assets and liabilities, for which the tax-based value is calculated based on the planned use of each asset.

However, no deferred tax is recognised for amortisation of goodwill disallowed for tax purposes and temporary differences arising at the date of acquisition that do not result from a business combination and that do not have any effect on profit or loss or on taxable income.

Deferred tax assets, including the tax base of tax loss carryforwards, are recognised in the balance sheet at their estimated realisable value, either as a set-off against deferred tax liabilities or as net tax assets.

Inventories

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

Cost consists of purchase price plus delivery costs. Cost of manufactured goods and work in progress consists of costs of raw materials, consumables, direct labour costs and indirect production costs.

Indirect production costs comprise indirect materials and labour costs, costs of maintenance of, depreciation on of and impairment losses relating to machinery, factory buildings and equipment used in the manufacturing process as well as costs of factory administration and management. Financing costs are not included in cost.

The net realisable value of inventories is calculated as the estimated selling price less completion costs and costs incurred to execute sale.

Receivables

Receivables are measured at amortised cost, usually equalling nominal value, less writedowns for bad and doubtful debts.

Tax payable or receivable

Current tax payable or receivable is recognised in the balance sheet, stated as tax computed on this year's taxable income, adjusted for prepaid tax.

Prepayments

Prepayments comprise incurred costs relating to subsequent financial years. Prepayments are measured at cost.

Cash

Cash comprises cash in hand and bank deposits.

Other provisions

Provisions are recognized when – in consequence of an event occurred before or on the balance sheet date – the Group has a legal or constructive obligation and it is probable that economic benefits must be given up to settle the obligation.

Other financial liabilities

Other financial liabilities are measured at amortised cost, which usually corresponds to nominal value.

Cash flow statement

The cash flow statement shows cash flows from operating, investing and financing activities as well as cash and cash equivalents at the beginning and the end of the financial year.

Cash flows from operating activities are presented using the indirect method and calculated as the operating profit/loss adjusted for non-cash operating items, working capital changes and income taxes paid.

Cash flows from investing activities comprise payments in connection with, activities and fixed asset investments as well as purchase, development, improvement and sale, etc of intangible assets and property, plant and equipment, including acquisition of assets held under finance leases.

Cash flows from financing activities comprise changes in the size or composition of the contributed capital and related costs as well as the raising of loans, inception of finance leases, instalments on interest-bearing debt and payment of dividend.

Cash and cash equivalents comprise cash.