



DPA Microphones A/S

Gydevang 42-44
3450 Allerød
CVR No. 15912200

Annual report 2022

The Annual General Meeting adopted the
annual report on 20.03.2023

Sebastian Lysholm Nielsen
Chairman of the General Meeting

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Entity details

Entity

DPA Microphones A/S

Gydevang 42-44

3450 Allerød

Business Registration No.: 15912200

Registered office: Allerød

Financial year: 01.01.2022 - 31.12.2022

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

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 01.01.2022 - 31.12.2022.

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 31.12.2022 and of the results of their operations and the consolidated cash flows for the financial year 01.01.2022 - 31.12.2022.

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, 20.03.2023

Executive Board

Karl Kristian Nielsen

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 01.01.2022 - 31.12.2022, 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 31.12.2022 and of the results of their operations and the consolidated cash flows for the financial year 01.01.2022 - 31.12.2022 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and 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, 20.03.2023

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

	2022	2021	2020	2019	2018
	DKK'000	DKK'000	DKK'000	DKK'000	DKK'000
Key figures					
Gross profit/loss	182,794	124,468	74,550	131,848	88,094
Operating profit/loss	88,250	52,382	2,226	42,977	26,283
Net financials	(5,051)	(4,599)	(8,044)	(12,432)	(1,103)
Profit/loss for the year	61,896	35,830	6,139	19,442	19,549
Balance sheet total	332,396	339,583	307,069	328,414	143,514
Investments in property, plant and equipment	5,760	2,327	836	1,441	1,102
Equity	232,121	169,322	131,734	127,149	57,208
Average number of employees	191	172	167	196	185
Ratios					
Return on equity (%)	30.84	23.80	4.74	21.09	33.68
Equity ratio (%)	69.83	49.86	42.90	38.72	39.86

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

Figures for 2018 consist of 8 months compared to the other periods which holds 12 months.

Return on equity (%):

Profit/loss for the year * 100

Average equity

Equity ratio (%):

Equity * 100

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 as well as a branch in France.

Development in activities and finances

The Group generated a strong growth benefitting from a positive market development in 2022. Progress was supported by the strategic initiative implemented recently where DPA has established dedicated sales organizations 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 2021 DPA established own dedicated sales organization in France and Poland, and as of January 2023 DPA has established own sales organization in The Netherlands.

The growth was also supported by new product introductions in 2021 and 2022.

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 2022 and has as a result hereof been able to deliver products to our customers with a few exceptions 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 during 2022.

DPA has a constant focus on improving efficiency and which enable us to keep cost under strong control in 2022.. Meanwhile, investments in sales and marketing were significantly increased in 2022 compared to 2021, while our investments in new products and technologies were at the same high level as 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. As a result the Groups financial position at the end of 2022 was significantly better than expected at the beginning of the year.

The net profit for the fiscal year was DKK 61,9 million. Total assets as of December 31st 2022 was DKK 332,7 million and the equity was DKK 232,1 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 40 million. The performance for 2022 was therefore better than expected.

Outlook

Management expects a moderate sales growth and increase in operating profit in 2023 based on the strengthened presence and distribution in key markets as well as continued investments in technology, products and in the organization. DPA has a strong pipeline of new and interesting products that are being finalized and prepared for market launch during 2023.

Net profit for 2023 is expected to be approx. DKK 70-75 million.

Knowledge resources

Knowledge and the ability to utilize knowledge is essential for DPA.

DPA has competent and highly dedicated employees and has great focus on the attractive workplace and that employees are motivated.

We work with knowledge sharing and competence development. Through policies and procedures, it is ensured that knowledge is shared and stored securely. All employees are introduced to our policies and code of conduct, all of which are available on our intranet. The employees constitute the group's knowledge resource, and their commitment is crucial for the development of the business.

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).

Research and development activities

DPA has a continuously focus on development of new products for the industry we are operating within. We work on several development projects, which aims to develop, optimize and extend our product range.

Our R&D team consist of a strong team of highly skilled experts.

Foreign branches

The Group has established branch in France.

Events after the balance sheet date

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

Consolidated income statement for 2022

	Notes	2022 DKK'000	2021 DKK'000
Gross profit/loss	1	182,794	124,468
Distribution costs		(47,400)	(34,257)
Administrative expenses		(47,048)	(37,829)
Other operating expenses		(96)	0
Operating profit/loss		88,250	52,382
Income from other fixed asset investments		0	340
Other financial income	4	437	2,225
Other financial expenses	5	(5,488)	(7,164)
Profit/loss before tax		83,199	47,783
Tax on profit/loss for the year	6	(21,303)	(11,953)
Profit/loss for the year	7	61,896	35,830

Consolidated balance sheet at 31.12.2022

Assets

	Notes	2022 DKK'000	2021 DKK'000
Completed development projects	9	14,881	11,816
Acquired intangible assets		6,216	7,192
Acquired trademarks		626	768
Goodwill		133,984	146,260
Development projects in progress	9	29,130	26,308
Intangible assets	8	184,837	192,344
Land and buildings		17,159	17,881
Other fixtures and fittings, tools and equipment		3,906	3,064
Leasehold improvements		2,023	90
Property, plant and equipment in progress		2,702	1,213
Property, plant and equipment	10	25,790	22,248
Deposits		1,133	322
Deferred tax	12	139	147
Financial assets	11	1,272	469
Fixed assets		211,899	215,061

Raw materials and consumables		14,304	16,361
Work in progress		30,810	18,198
Manufactured goods and goods for resale		8,868	8,480
Inventories		53,982	43,039
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Trade receivables		24,568	20,371
Other receivables		2,053	3,595
Tax receivable		0	2,564
Prepayments	13	1,717	1,111
Receivables		28,338	27,641
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Cash		38,177	53,842
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Current assets		120,497	124,522
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Assets		332,396	339,583
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Equity and liabilities

	Notes	2022 DKK'000	2021 DKK'000
Contributed capital		1,050	1,050
Retained earnings		231,071	168,272
Equity		232,121	169,322
Deferred tax	12	11,092	9,303
Other provisions	14	3,400	1,950
Provisions		14,492	11,253
Payables to owners and management	15	0	103,481
Other payables		5,217	5,709
Non-current liabilities other than provisions	16	5,217	109,190
Current portion of non-current liabilities other than provisions	16	0	21,728
Bank loans		484	183
Trade payables		13,346	10,540
Payables to owners and management		48,801	1,987
Tax payable		2,303	1,492
Other payables		15,632	13,888
Current liabilities other than provisions		80,566	49,818
Liabilities other than provisions		85,783	159,008
Equity and liabilities		332,396	339,583
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 2022

	Contributed capital DKK'000	Retained earnings DKK'000	Total DKK'000
Equity beginning of year	1,050	168,272	169,322
Exchange rate adjustments	0	903	903
Profit/loss for the year	0	61,896	61,896
Equity end of year	1,050	231,071	232,121

Consolidated cash flow statement for 2022

	Notes	2022 DKK'000	2021 DKK'000
Operating profit/loss		88,250	52,382
Amortisation, depreciation and impairment losses		21,405	22,417
Other provisions		1,450	150
Working capital changes	17	(3,377)	(11,975)
Cash flow from ordinary operating activities		107,728	62,974
Financial income received		206	1,197
Financial expenses paid		(4,547)	(10,534)
Taxes refunded/(paid)		(16,131)	2,910
Cash flows from operating activities		87,256	56,547
Acquisition etc. of intangible assets		(11,911)	(15,226)
Acquisition etc. of property, plant and equipment		(5,760)	(2,327)
Sale of fixed asset investments		0	372
Cash flows from investing activities		(17,671)	(17,181)
Free cash flows generated from operations and investments before financing		69,585	39,366
Repayments of loans etc.		(85,250)	(14,853)
Cash flows from financing activities		(85,250)	(14,853)
Increase/decrease in cash and cash equivalents		(15,665)	24,513
Cash and cash equivalents beginning of year		53,842	29,329
Cash and cash equivalents end of year		38,177	53,842
Cash and cash equivalents at year-end are composed of:			
Cash		38,177	53,842
Cash and cash equivalents end of year		38,177	53,842

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 0m DKK (2021: 4m DKK). The compensation for fixed cost compensates the company for the fixed costs, which were unavoidable despite the society's lockdown due to government restrictions, that primarily concerns the other external expenses.

2 Staff costs

	2022	2021
	DKK'000	DKK'000
Wages and salaries	102,309	90,722
Pension costs	7,350	6,625
Other social security costs	2,890	4,011
Other staff costs	1,544	684
	114,093	102,042
Average number of full-time employees	191	172

	Remuneration of Manage- ment 2022	Remuneration of Manage- ment 2021
	DKK'000	DKK'000
Total amount for management categories	4,052	4,079
	4,052	4,079

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 7,437 (2021: DKK´000 5,969)

3 Depreciation, amortisation and impairment losses

	2022	2021
	DKK'000	DKK'000
Amortisation of intangible assets	19,399	18,854
Impairment losses on intangible assets	19	1,252
Depreciation on property, plant and equipment	1,987	2,312
Profit/loss from sale of intangible assets and property, plant and equipment	(25)	16
	21,380	22,434

4 Other financial income

	2022	2021
	DKK'000	DKK'000
Other interest income	134	854
Exchange rate adjustments	303	1,371
	437	2,225

5 Other financial expenses

	2022	2021
	DKK'000	DKK'000
Financial expenses from group enterprises	4,804	6,232
Other interest expenses	193	509
Other financial expenses	491	423
	5,488	7,164

6 Tax on profit/loss for the year

	2022	2021
	DKK'000	DKK'000
Current tax	19,514	5,770
Change in deferred tax	1,789	6,531
Adjustment concerning previous years	0	(348)
	21,303	11,953

7 Proposed distribution of profit/loss

	2022	2021
	DKK'000	DKK'000
Retained earnings	61,896	35,830
	61,896	35,830

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	33,570	9,768	1,804	183,742	26,308
Transfers	9,018	0	0	0	(9,018)
Additions	0	0	52	0	11,859
Cost end of year	42,588	9,768	1,856	183,742	29,149
Amortisation and impairment losses beginning of year	(21,755)	(2,577)	(1,036)	(37,482)	0
Impairment losses for the year	0	0	0	0	(19)
Amortisation for the year	(5,952)	(975)	(194)	(12,276)	0
Amortisation and impairment losses end of year	(27,707)	(3,552)	(1,230)	(49,758)	(19)
Carrying amount end of year	14,881	6,216	626	133,984	29,130

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	32,775	92	1,213
Exchange rate adjustments	0	25	6	0
Additions	0	2,088	1,949	1,723
Disposals	0	(3,380)	0	(234)
Cost end of year	28,149	31,508	2,047	2,702
Depreciation and impairment losses beginning of year	(10,268)	(29,711)	(2)	0
Exchange rate adjustments	0	(28)	0	0
Depreciation for the year	(722)	(1,243)	(22)	0
Reversal regarding disposals	0	3,380	0	0
Depreciation and impairment losses end of year	(10,990)	(27,602)	(24)	0
Carrying amount end of year	17,159	3,906	2,023	2,702

11 Financial assets

	Deposits DKK'000
Cost beginning of year	322
Exchange rate adjustments	12
Additions	836
Disposals	(37)
Cost end of year	1,133
Carrying amount end of year	1,133

12 Deferred tax

	2022 DKK'000	2021 DKK'000
Intangible assets	(10,147)	(8,776)
Property, plant and equipment	(2,144)	(1,703)
Inventories	316	786
Receivables	127	115
Provisions	748	275
Tax losses carried forward	147	147
Deferred tax	(10,953)	(9,156)

	2022	2021
Changes during the year	DKK'000	DKK'000
Beginning of year	(9,156)	(2,625)
Recognised in the income statement	(1,789)	(6,531)
Recognised directly in equity	(8)	0
End of year	(10,953)	(9,156)

	2022	2021
Deferred tax has been recognised in the balance sheet as follows	DKK'000	DKK'000
Deferred tax assets	139	147
Deferred tax liabilities	(11,092)	(9,303)
	(10,953)	(9,156)

Deferred tax assets

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 1.700k and provision to warranties for sold goods amounting to DKK 1.700k . 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 are paid each year until it is fully repaid in 2023 as an early loan repayment. Interest is paid continuously over the loan period.

16 Non-current liabilities other than provisions

	Due within 12	Due after
	months	more than 12
	2021	2022
	DKK'000	DKK'000
Payables to owners and management	21,728	0
Other payables	0	5,217
	21,728	5,217

17 Changes in working capital

	2022	2021
	DKK'000	DKK'000
Increase/decrease in inventories	(10,943)	(10,096)
Increase/decrease in receivables	(5,454)	(7,141)
Increase/decrease in trade payables etc.	12,338	4,142
Other changes	682	1,120
	(3,377)	(11,975)

18 Unrecognised rental and lease commitments

	2022	2021
	DKK'000	DKK'000
Total liabilities under rental or lease agreements until maturity	12,285	4,370

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 2022

	Notes	2022 DKK'000	2021 DKK'000
Gross profit/loss	1	142,623	94,440
Distribution costs		(24,695)	(20,172)
Administrative expenses		(39,468)	(30,961)
Other operating expenses		(96)	0
Operating profit/loss		78,364	43,307
Income from investments in group enterprises		6,449	6,609
Income from other fixed asset investments		0	340
Other financial income	4	498	2,308
Other financial expenses	5	(5,115)	(6,834)
Profit/loss before tax		80,196	45,730
Tax on profit/loss for the year	6	(18,300)	(9,900)
Profit/loss for the year	7	61,896	35,830

Parent balance sheet at 31.12.2022

Assets

	Notes	2022 DKK'000	2021 DKK'000
Completed development projects	9	14,881	11,815
Acquired intangible assets		6,217	7,192
Acquired trademarks		626	768
Goodwill		131,019	142,692
Development projects in progress	9	29,130	26,308
Intangible assets	8	181,873	188,775
Land and buildings		17,158	17,881
Other fixtures and fittings, tools and equipment		3,732	2,893
Leasehold improvements		1,949	0
Property, plant and equipment in progress		2,702	1,213
Property, plant and equipment	10	25,541	21,987
Investments in group enterprises		32,050	24,700
Deposits		867	121
Financial assets	11	32,917	24,821
Fixed assets		240,331	235,583

Raw materials and consumables		14,305	16,362
Work in progress		30,810	18,197
Manufactured goods and goods for resale		4,951	4,257
Inventories		50,066	38,816
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Trade receivables		12,730	9,818
Receivables from group enterprises		7,979	6,587
Other receivables		2,022	3,595
Tax receivable		0	2,182
Prepayments	12	1,299	608
Receivables		24,030	22,790
<hr/>			
Cash		14,703	39,758
<hr/>			
Current assets		88,799	101,364
<hr/>			
Assets		329,130	336,947
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Equity and liabilities

	Notes	2022 DKK'000	2021 DKK'000
Contributed capital		1,050	1,050
Reserve for net revaluation according to equity method		20,095	12,745
Reserve for development costs		34,329	29,711
Retained earnings		176,645	125,816
Equity		232,119	169,322
Deferred tax	13	12,525	10,892
Other provisions	14	3,400	1,950
Provisions		15,925	12,842
Payables to owners and management	15	0	103,481
Other payables		5,217	5,709
Non-current liabilities other than provisions	16	5,217	109,190
Current portion of non-current liabilities other than provisions	16	0	21,728
Bank loans		379	126
Trade payables		12,651	10,413
Payables to group enterprises		672	403
Payables to owners and management		48,801	1,987
Tax payable		1,681	0
Other payables		11,685	10,936
Current liabilities other than provisions		75,869	45,593
Liabilities other than provisions		81,086	154,783
Equity and liabilities		329,130	336,947
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 2022

	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	12,745	29,711	125,816	169,322
Exchange rate adjustments	0	901	0	0	901
Transfer to reserves	0	0	4,618	(4,618)	0
Profit/loss for the year	0	6,449	0	55,447	61,896
Equity end of year	1,050	20,095	34,329	176,645	232,119

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 0m DKK (2021: 3m DKK). The compensation for fixed cost compensates the company for the fixed costs, which were unavoidable despite the society's lockdown due to government restrictions, that primarily concerns the other external expenses.

2 Staff costs

	2022	2021
	DKK'000	DKK'000
Wages and salaries	85,216	74,884
Pension costs	6,805	6,131
Other social security costs	1,305	1,297
Other staff costs	1,524	684
	94,850	82,996
Average number of full-time employees	156	140

	Remuneration of Manage- ment 2022	Remuneration of Manage- ment 2021
	DKK'000	DKK'000
Total amount for management categories	4,052	4,079
	4,052	4,079

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 7,437 (2021: DKK´000 5,969).

3 Depreciation, amortisation and impairment losses

	2022	2021
	DKK'000	DKK'000
Amortisation of intangible assets	18,794	18,251
Impairment losses on intangible assets	19	1,252
Depreciation on property, plant and equipment	1,865	2,153
Profit/loss from sale of intangible assets and property, plant and equipment	(25)	16
	20,653	21,672

4 Other financial income

	2022	2021
	DKK'000	DKK'000
Financial income from group enterprises	89	83
Other interest income	105	854
Exchange rate adjustments	304	1,371
	498	2,308

5 Other financial expenses

	2022	2021
	DKK'000	DKK'000
Financial expenses from group enterprises	4,800	6,232
Other interest expenses	193	510
Other financial expenses	122	92
	5,115	6,834

6 Tax on profit/loss for the year

	2022	2021
	DKK'000	DKK'000
Current tax	16,667	3,886
Change in deferred tax	1,633	6,014
	18,300	9,900

7 Proposed distribution of profit and loss

	2022	2021
	DKK'000	DKK'000
Retained earnings	61,896	35,830
	61,896	35,830

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	33,571	9,768	1,804	177,712	26,308
Transfers	9,018	0	0	0	(9,018)
Additions	0	0	52	0	11,859
Cost end of year	42,589	9,768	1,856	177,712	29,149
Amortisation and impairment losses beginning of year	(21,756)	(2,576)	(1,036)	(35,020)	0
Impairment losses for the year	0	0	0	0	(19)
Amortisation for the year	(5,952)	(975)	(194)	(11,673)	0
Amortisation and impairment losses end of year	(27,708)	(3,551)	(1,230)	(46,693)	(19)
Carrying amount end of year	14,881	6,217	626	131,019	29,130

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	31,417	0	1,213
Additions	0	1,982	1,949	1,723
Disposals	0	(3,277)	0	(234)
Cost end of year	28,149	30,122	1,949	2,702
Depreciation and impairment losses beginning of year	(10,268)	(28,524)	0	0
Depreciation for the year	(722)	(1,143)	0	0
Reversal regarding disposals	0	3,277	0	0
Depreciation and impairment losses end of year	(10,990)	(26,390)	0	0
Carrying amount end of year	17,159	3,732	1,949	2,702

11 Financial assets

	Investments in group enterprises DKK'000	Deposits DKK'000
Cost beginning of year	11,957	121
Additions	0	746
Cost end of year	11,957	867
Revaluations beginning of year	12,744	0
Exchange rate adjustments	901	0
Amortisation of goodwill	(603)	0
Share of profit/loss for the year	6,499	0
Adjustment of intra-group profits	552	0
Revaluations end of year	20,093	0
Carrying amount end of year	32,050	867
Goodwill or negative goodwill recognised during the financial year	2,965	

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

	2022 DKK'000	2021 DKK'000
Intangible assets	10,147	8,776
Property, plant and equipment	1,770	1,703
Inventories	1,117	803
Receivables	(135)	(115)
Provisions	(374)	(275)
Deferred tax	12,525	10,892

	2022 DKK'000	2021 DKK'000
Changes during the year		
Beginning of year	10,892	4,878
Recognised in the income statement	1,633	6,014
End of year	12,525	10,892

14 Other provisions

Other provisions consist of DPA Microphones A/S' liability to re-establish rented premises of DKK 1.700k and provision to warranties for sold goods amounting to DKK 1.700k. 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 are paid each year until it is fully repaid in 2023 as an early loan repayment. Interest is paid continuously over the loan period.

16 Non-current liabilities other than provisions

	Due within 12 months 2021 DKK'000	Due after more than 12 months 2022 DKK'000
Payables to owners and management	21,728	0
Other payables	0	5,217
	21,728	5,217

17 Unrecognised rental and lease commitments

	2022 DKK'000	2021 DKK'000
Total liabilities under rental or lease agreements until maturity	10,165	1,864

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. 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.

Other operating expenses

Other operating expenses comprise expenses 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:

	Useful life
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.

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.