

Danelec

Value from maritime data

Annual Report 2021/22

1 July 2021 - 30 June 2022

Presented and adopted at the Annual General Meeting 18 November 2022

DocuSigned by:

Peter Lund

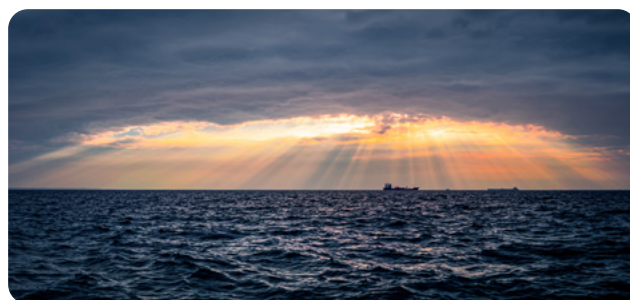
Peter Lund

Chairman of the meeting

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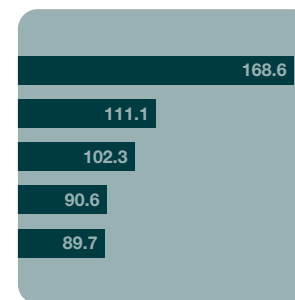
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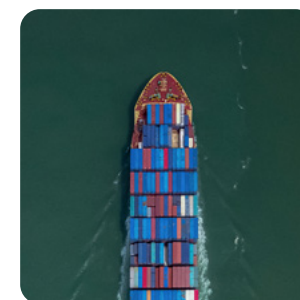
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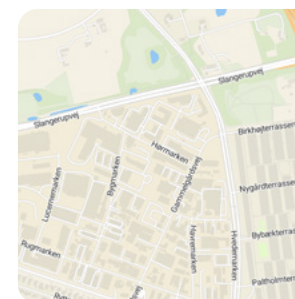
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Company Information

Danelec at a Glance

We are a global leader within maritime Safety, Data Collection and Ship Performance Monitoring.

We are headquartered in Denmark with local offices in the most important shipping markets and a worldwide reach through a global network of partners and agents.

10,000+
systems
installed worldwide.

600+
certified service technicians
in 50+ locations globally.

We **develop software solutions** to improve safety, cost and performance of marine operations as a leading manufacturer of Voyage Data Recorders (VDR), Shaft Power Meters, and provider of IoT infrastructure and Ship Performance Monitoring solutions.

Our **products** are based on an application-specific design ensuring extreme reliability and dependable operation of your vessel.

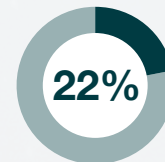
Our **Ship Performance Monitoring** solutions unlock significant financial and operational advantages by enabling the optimum balance between fuel consumption, power output and ship speed, while reducing greenhouse gas emissions.

Revenue
growth



Reported revenue FY 2021/22
compared to FY 2020/21

Organic Revenue
growth



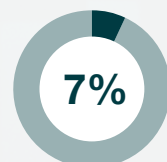
Calculated revenue FY 2021/22
compared to FY 2020/21

20+ years

of know-how with
maritime data collection
technology

and **50+ years**
of ship performance
monitoring.

EBITDA
growth



Employees at year-end incl. full time contractors

112 in **9** countries

Denmark

40

Norway

38

Europe

29

RoW

5

Our Business

Danelec is a global leader within maritime Safety, Data Collection and Ship Performance Monitoring enabling shipowners to report on their CO2 emissions and optimize the performance of their fleets.

We develop software solutions to optimize safety, cost and performance of marine operations as a leading manufacturer of Voyage Data Recorders (VDR), Ship Performance Monitoring and provider of IoT infrastructure and ship performance monitoring solutions.

Danelec is committed to provide the most effective products and services that help customers meet changing regulations and to operate more efficiently through the application of data collected on board and accessed in the cloud.

With offices in Denmark, Norway, Greece, Germany, Poland, Singapore, South Korea and China as well as over 600 factory-trained personnel in more than 50 countries worldwide, Danelec has a truly global presence ensuring reliable, cost-efficient and fast service and support to our customers anywhere.

Headquartered outside of Copenhagen, Denmark, the Group is a leading manufacturer of Voyage Data Recorders (VDR) and IoT infrastructure. Following Danelec's acquisition of Kyma AS, a Norway-based supplier of torque meters and specialist in ship performance monitoring systems, in December 2021, Danelec has become the world's largest maritime data collection solutions provider.

The Group has more than 10,000 installations globally collecting data from equipment across the ship and providing owners and operators the data to more efficiently manage their assets such as travel routes and vessel performance optimisation, thereby reducing CO2 emissions.

Business model

The foundation that enables our strategic efforts is our reinforcing system of multiple products that support the shipowners with valuable insights to safely navigate in today's difficult economy.

Danelec's first ambition is to be a global leader in Voyage Data Recorders, Ship Performance Monitoring systems and IoT infrastructure.

“

Danelec is committed to provide the most effective products and services that help customers meet changing regulations and to operate more efficiently through the application of data collected on board and accessed in the cloud.





Danelec is working with the major shipyards supplying Shaft Power Meter as well as VDR to new-builds and have for years been focusing heavily on reducing installation time in the retrofit market with easy upgrade kits for more than 40 different VDR models in the market.

In the Data Collection and IoT market Danelec partner with OEM companies that are looking for rugged and inexpensive infrastructure to get data on shore. This is done via an agnostic approach where the OEM can monitor the health of the key asset and thereby do preventive maintenance and at the same time reduce cost.

In addition to the OEM partnerships Danelec data collection enables 3rd party analytics companies and shipowners to perform emission reporting and vessel performance optimization to stay compliant and to gain cost savings.

Finally, Danelec works hard to be a preferred partner with strong focus on product usability, rapid installation and cost effective service setup.

Corporate highlights

The ambition is to be a global leader in maritime safety, data collection and smart shipping technologies to provide accurate, regular, and reliable data to safeguard the competitive advantages, and regulatory compliance status of shipping businesses worldwide. To support this, a key acquisition of the Norway-based specialist in digital

ship performance monitoring, Kyma AS, was completed in December 2021.

At Danelec we must make sure we can attract as well as develop and retain talent. Having key talent is the first step in having a performance culture where people understand how they are contributing to the strategy and making Danelec a great place to work. Establishing a common HR policy, aligning policies, respecting national legislation and building a common set of culture and values are areas that are highly prioritized. Business ethics and export control compliance is the heart of Danelec.

Through strategic partnerships, Danelec's leading IoT solutions enable automatic data collection, transfer, storage, extraction and analysis of ship-2-shore data. Danelec is uniquely positioned with more than 10,000 installations.

Innovation and R&D

Danelec R&D pioneered ship performance 50+ years ago in R&D in Norway. Danelec R&D has employees that works across four locations in Denmark, Norway, Poland and Ukraine.

In 2021/22, we launched a number of new innovations, helping shipowners support the shipping industry's commitment to reduce CO2 emissions by providing accurate, regular and reliable data.

The Group holds a dominant global position

within its core activities. To enable continued market leadership and growth the Group is investing significant resources in the development of new products and solutions.

Know how resources

Danelec provides high-tech niche products, involving a high degree of inhouse development and application knowledge. The Group continues to offer standard products that address customer's needs. The Group has a high employee retention with unique skills in research and development, selling and after sales support. In addition, the Group maintains a strong collaboration with highly skilled development partners.

Overview of the global market

The global market for Voyage Data Recorders is highly resilient. The majority of this market is reg-

ulated and based on a known number of new builds and retrofit installations. This is served through well-established channels where ship-owners are supported by partners worldwide.

The maritime data collection and smart shipping technologies segment is broad and diverse. Danelec has actively chosen to be agnostic to be able to serve every channel in the industry. Collaboration is the only way the industry will overcome the significant challenge of zero greenhouse gas emissions and thus more data driven.

Our brands

Rooted in innovation and decades of experience, our brands Danelec Marine and Kyma has strong market position and is renowned for high quality and reliability. There is established positions in the market with safety and monitoring offerings. The

plan forward is to strengthen the overall position to increase brand awareness.

People

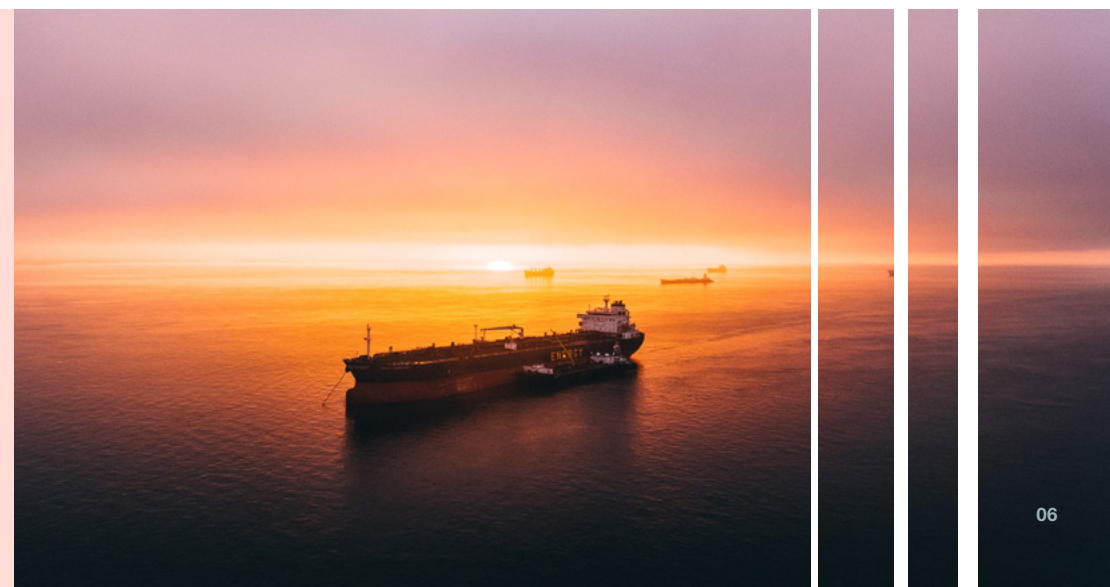
Employees are vital to the success of Danelec, and we strive to provide them with a great place to work and grow. We recognize that we are also responsible for the impact of our business activities on our partners. In the future this will also be strengthened.

Business ethics

At Danelec we are committed to work within the laws of business and against corruption in all its forms, by always acting professionally, fairly and with integrity. We take a zero-tolerance approach to bribery, corruption and fraud. As examples the behavior is clearly demonstrated by daily scrutinizing shipments for local legislation and potential embargo.

“

Danelec's first ambition is to be a global leader in Voyage Data Recorders and Ship Performance Monitor systems.



Geographical Footprint



Designing for Serviceability

When designing new products and solutions we have an eye towards greater reliability (fewer failures and less downtime) and easier serviceability. Great product offering is not enough, therefore our extensive global network of service centers is pivotal to fast serviceability. Our global network carries spare parts and provide service repairs 24/7 with 600+ factory-certified technicians in 50+ countries. As example, a faulty unit can be taken ashore for repair in a Danelec-certified repair facility and if possible put back into inventory. The service call is completed in a matter of hours instead of days. The ship sails on schedule and thereby not reducing the cargo flow.



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Our extensive global network of service centers carries spare parts and provide service repairs 24/7 with 600+ factory-certified technicians in 50+ countries.

Financial Highlights

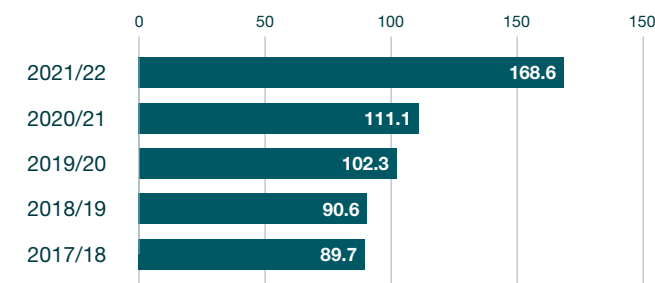
5-year consolidated financial highlights

DKK million	2021/22	2020/21	2019/20	2018/19	2017/18
Income statement					
Revenue	168.6	111.1	102.3	90.6	89.7
Direct profit	103.4	71.7	54.2	48.0	38.8
Gross profit	101.6	71.7	54.2	48.0	38.8
EBITDA	40.9	38.1	35.1	32.0	30.0
Operating profit/loss (EBIT)	20.6	26.2	26.1	21.8	21.0
Net financials	-1.9	-0.1	-0.1	-0.3	0.0
Net profit/loss for the year	16.3	21.4	20.8	16.7	16.3
Balance sheet					
Total assets	224.8	99.0	78.6	71.9	60.1
Investments in property, plant and equipment*	0.4	0.6	0.5	0.5	1.0
Equity	52.8	69.6	48.1	38.0	33.3
Average number of full-time employees	71	30	31	28	26
Financial ratios					
Direct margin	61.3%	64.5%	53.0%	53.0%	43.3%
Gross margin	52.8%	57.7%	57.8%	57.3%	46.7%
Profit margin	12.2%	23.6%	25.5%	24.1%	23.4%
Current ratio	204.1%	295.6%	199.6%	165.6%	177.5%
Solvency ratio	23.5%	70.3%	61.2%	52.9%	55.4%
Return on equity	26.6%	36.4%	48.3%	46.8%	52.1%

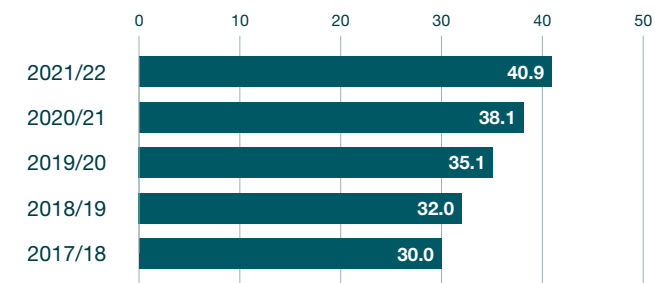
* Additions from acquisitions not included.

The financial ratios have been prepared in accordance with the recommendations and guidelines issued by the Danish Society of Finance Analysts. Financial definitions are disclosed in note 21 Accounting policies.

Revenue (DKKm)



EBITDA (DKKm)



Financial Review

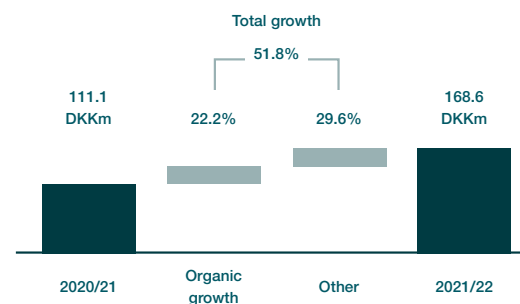
DKK million	2021/22	2020/21
Revenue	168.6	111.1
Own work capitalised	13.6	8.9
Cost of sales	-65.2	-39.4
Other external costs	-28.0	-16.6
Gross profit	89.0	64.0
Staff costs	-48.1	-25.9
EBITDA	40.9	38.1
Depreciation and amortisation	-20.3	-11.9
Operating profit/loss	20.6	26.2
Financial ratios		
Direct margin	61.3%	64.5%
Gross margin	52.8%	57.7%
Profit margin	12.2%	23.6%

Income statement

Revenue

In 2021/22, total revenue for Danelec Group amounted to DKK 168.6 million compared to DKK 111.1 million in 2020/21, corresponding to a reported growth of 51.8%. Onboarding of Kyma AS impacting positively with DKK 32.9 million and 29.6%, consequently organic growth was 22.2%. Organic growth driven by strong development in VDR sale as well as continued growth in DanelecConnect, ship-to-shore IoT data solutions.

Revenue growth



Direct profit

Direct profit (Gross profit before Own work capitalised and Other external costs) for the Group amounted to DKK 103.4 million in 2021/22 compared to DKK 71.7 million in 2020/21. The direct margin was 61.3%, 3.2% lower than in 2021/22, primarily due to significant extraordinary costs supporting growth and acquisition of Kyma. Direct profit slightly impacted by increase in freight rates and component costs during the year.

Staff cost

Staff cost increased by DKK 22.2 million to DKK 48.1 million in 2021/22 (28.5% of revenue) from DKK 25.9 million in 2020/21 (23.3% of revenue). Increase of DKK 15.8 million comes from acquisition of Kyma and DKK 6.4 million from increase in FTE to support growth. Danelec had 71 FTE (full-time equivalent) employees by the end of 2021/22, which is 41 more than 2020/21.

Development cost

Total R&D spend amounted to DKK 28.9 million in 2021/22. Capitalised development costs for 2021/22 were DKK 19.5 million or 11.6% of net revenue compared to 13.6% in 2020/21. The capitalized costs related primarily to continuous development of our VDR and our ship-to-shore IoT data solution to support our strategy.

EBITDA

In 2021/22, EBITDA amounted to DKK 40.9 million compared to DKK 38.1 million in 2020/21, driven by strong growth but also impacted by extraordinary costs related to acquisition of Kyma.

Depreciation and amortisation

In 2021/22, depreciation and amortization totalled DKK 20.3 million, up from DKK 11.9 million in 2020/21. The increase was driven by the higher investment in recent years on development projects as well as amortisation related to acquisition of Kyma.

Net financials

Net financials was an expense of DKK 1.9 million, compared to an expense of DKK 0.1 million in 2020/21. The increase was mainly due to establishing a loan facility in connection with the acquisition of Kyma.

Balance sheet and Cash flow**Tangible and intangible assets**

At 30 June 2022, total assets amounted to DKK 224.8 million, compared to DKK 99.0 million at 30 June 2021. Total non-current assets amounted to DKK 138.5 million compared to DKK 38.8 million at 30 June 2021, an increase of DKK 99.7 million primarily related to impact from acquisition of Kyma.

Total current assets amounted to DKK 83.9 million at 30 June 2022, compared to DKK 60.2 million at 30 June 2021, an increase of DKK 23.7 million related to increase in NWC due to increased activity.

Equity

Total equity amounted to DKK 52.8 million compared to 69.6 million at the beginning of the year. The decrease is related to the positive result but off-set by paid dividend of a total DKK 32.7 million in the year.

Debt to credit institutions

Debt to credit institutions amounted to DKK 115.2 million at 30 June 2022, and comprise establishment of loan facilities in Spar Nord in relation to the acquisition of Kyma AS.



In 2021/22, Danelec realised an EBITDA of DKK 40.9 million, corresponding to an increase of 7.3%. The improved operating earnings were mainly driven by improved revenue, while we continue to invest in our product offerings. Danelec stands on a strong foundation to support future growth.

Casper Jensen, CEO



Cash flow

In 2021/22, net cash flow from operating activities was DKK 23.6 million up DKK 9.9 million from 2020/21. In 2021/22, the operating cash flow was impacted by the strong result as well as improvement in NWC.

Cash flow from investment activities amounted to DKK -116.8 million compared to DKK -17.0 million in 2020/21.

The cash flow from investment activities was impacted by acquisition of group enterprises, net

DKK 96.8 million and increase in intangible assets of DKK 4.3 million.

Net cash flow for the year amounted to DKK 4.3 million compared to a negative cash flow of DKK 3.1 million for 2021/22.

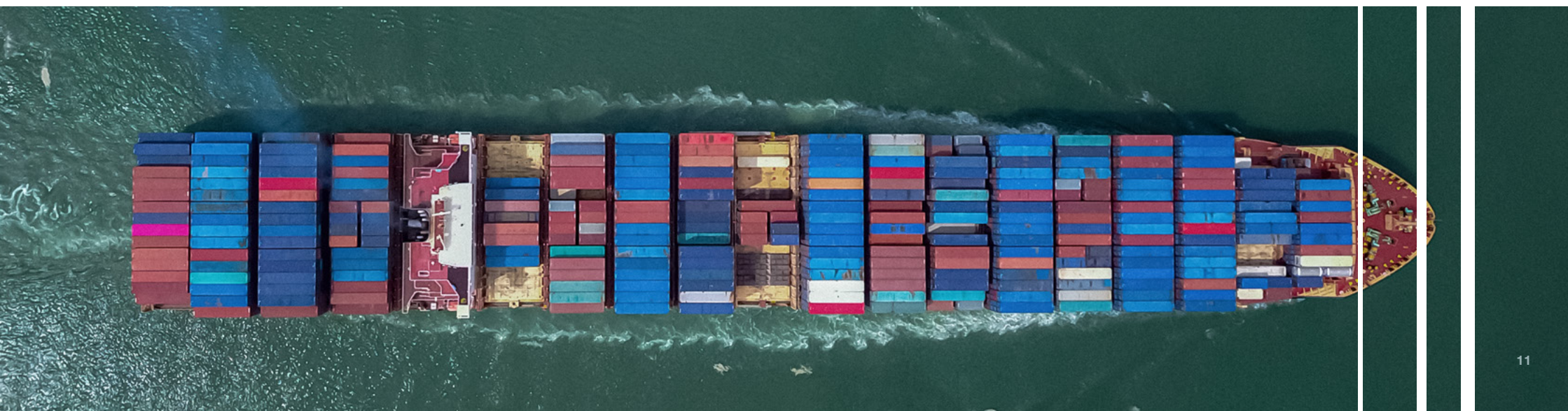
Outlook 2022/23

Danelec will continue to invest in operations and products and keep a strong focus on innovating for both existing and new markets, the outcome of these investments is expected to show results by the years to come. Strengthening our future posi-

tion, as well as expecting increased revenue and improved EBITDA.

Events after the balance sheet date

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



Key events of the year

In 2021/22, we launched a number of groundbreaking innovations helping shipowners support the shipping industry's commitment to reducing CO2 emissions by providing accurate, regular and reliable data from, for example, sensors fitted in the exhaust system or in the engine room to measure fuel consumption.



OCTOBER 2021

Data-driven decision making with Nautilus Labs



NOVEMBER 2021

Announced a VDR turnkey partnership agreement with Radio Holland



DECEMBER 2021

Danelec acquires Kyma AS to create global leader in digital vessel performance management, monitoring and reduction in CO2 emissions



DECEMBER 2021

Launch of widgets for the Kyma dashboard which allows the whole fleet and easy to customize and compare data



JANUARY 2022

Our eService platform aims at providing greater transparency of the Annual Performance Test review process for Danelec VDRs



MAY 2022

Receives the Maritime Innovation Award at the World Maritime Forum in Copenhagen



JUNE 2022

Launch of Vessel Remoter Server (VRS 003). Supporting a future demand on application hosting and extended capacity for data handling



JUNE 2022

Nominated by Børsen, the Danish financial newspaper, as one of Denmark's top 50 contributors to environmental safeguard

ESG & Sustainability

Environmental issues

Danelec's environmental impact is quite limited, as production is not energy intensive, and hazardous chemicals are not used in production. Still the company continuously works to reduce its environmental impact. In addition, Danelec has high focus and strong requirements when selecting sub-suppliers that have ESR/ESG policies in place to ensure limited impact on the environment.

Danelec and its data collection via DanelecConnect plays a vital role for shipowners' ability to save fuel, optimize their operation and more importantly be compliant on CO₂, SO₂ and other emission reporting requirements.

Danelec will work on updating the ESG strategy during 2022/23, and have along with Verdane set ambitious targets towards including the UN 2030 Sustainable Development Goals (SDG) targets.

From 2022/23 we will start measuring and report performance towards these three areas:



Respecting the planet

The next decade is crucial if we are to limit the disastrous effects of global warming, with the scientific community unanimously agreed on the need to reduce global carbon emissions by 50% before 2030. We believe carbon and other externalities will be increasingly priced in going forward, and businesses minimising these externalities or innovating to define new business models with inherently fewer externalities will be the winning businesses of the future.



Being the best companies to work, for everyone

Being the best companies to work, for everyone. Inequality and the fight for fair working conditions present a massive global challenge. At the same time, attracting and retaining top talent is a huge opportunity and prerequisite for success, not least for tech-enabled and sustainable businesses amongst which the competition for talent is especially high.



Creating secure and responsible companies

Cyber crime is on the rise and protecting ourselves from its potentially disastrous consequences is becoming a prerequisite for the ability to conduct business. The probability of cyber attacks has increased, and the costs of such attacks increase with the digitalisation of all areas of the enterprise.

Respecting the planet



– 60%

GHG-scope 1-3 intensity reduction
by 2030 vs 2021 baseline

Being the best companies to work, for everyone



40%

Underrepresented groups in BoD & Mgmt

>30

Minimum eNPS score

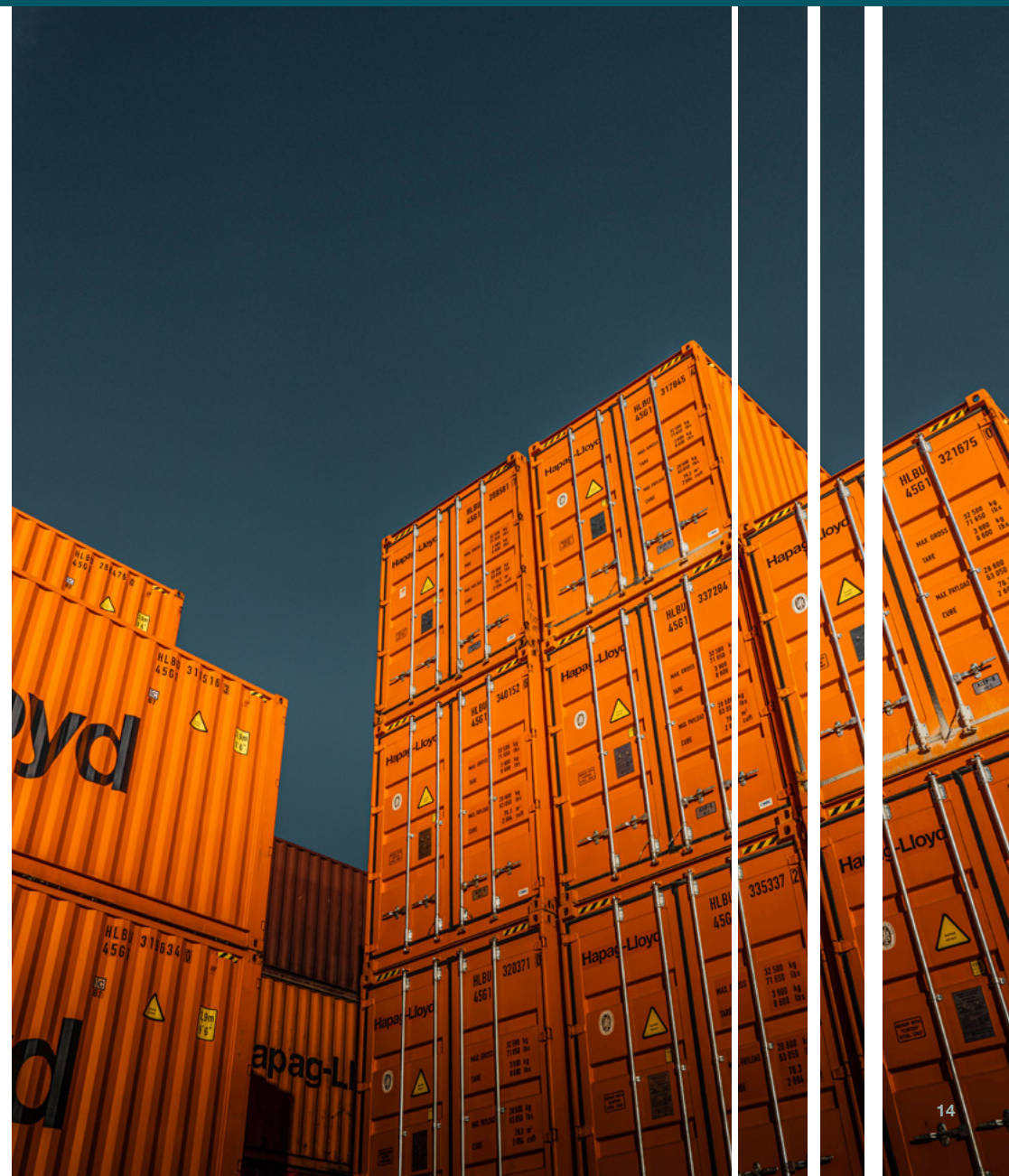
Creating secure and responsible companies



Cyber related initiatives not
publicly communicated
given sensitivities

Financial Statements

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Income statement 1 July - 30 June

Note	DKK'000	Group		Parent Company	
		2021/22	2020/21	2021/22	2020/21
	Revenue	168,640	111,063	135,699	111,063
	Own work capitalised	13,612	8,963	9,040	8,963
	Cost of sales	-65,234	-39,391	-50,002	-39,391
	Other external costs	-27,999	-16,575	-21,594	-16,575
	Gross profit	89,019	64,060	73,143	64,060
2	Staff costs	-48,098	-25,915	-32,328	-25,915
	Operating profit before depreciation, amortisation and impairment losses	40,921	38,145	40,815	38,145
3	Depreciation, amortisation, and impairment losses	-20,280	-11,896	-14,741	-11,896
	Operating profit/loss	20,641	26,249	26,074	26,249
4	Other financial income	723	161	223	161
	Other financial costs	-2,622	-234	-2,582	-234
	Net profit/loss before tax	18,742	26,176	23,715	26,176
5	Tax on net profit/loss for the year	-2,458	-4,773	-4,136	-4,773
	Net profit/loss for the year	16,284	21,403	19,579	21,403

Balance sheet at 30 June

Note	DKK'000	Group		Parent Company	
		2021/22	2020/21	2021/22	2020/21
	ASSETS				
	Non-current assets				
	Completed development projects	35,996	30,711	31,192	30,711
	Software	2,392	2,499	2,392	2,499
	Goodwill	80,194	-	-	-
	Development projects in progress	10,380	4,693	8,154	4,693
6	Intangible assets	<u>128,962</u>	<u>37,903</u>	<u>41,738</u>	<u>37,903</u>
	Fixtures and fittings, tools and equipment	1,353	913	769	913
7	Property, plant and equipment	<u>1,353</u>	<u>913</u>	<u>769</u>	<u>913</u>
8	Investments in group enterprises	-	-	106,594	-
	Other investments and receivables	6,179	-	-	-
	Trade receivables	2,495	-	2,495	-
9	Deferred tax assets	1,969	-	-	-
	Other non-current assets	<u>10,643</u>	<u>-</u>	<u>109,089</u>	<u>-</u>
	Total non-current assets	<u>140,958</u>	<u>38,816</u>	<u>151,596</u>	<u>38,816</u>
	Current assets				
	Raw materials and consumables	8,353	-	-	-
	Work in progress	346	-	-	-
	Finished goods and goods for resale	21,616	15,458	21,151	15,458
	Inventories	<u>30,315</u>	<u>15,458</u>	<u>21,151</u>	<u>15,458</u>
	Trade receivables	28,613	13,182	14,545	13,182
	Amounts owed by group enterprises	868	15,894	4,491	15,894
	Other receivables	4,439	1,195	2,116	1,195
10	Prepayments and accrued income	1,725	988	1,154	988
	Receivables	<u>35,645</u>	<u>31,259</u>	<u>22,306</u>	<u>31,259</u>
	Cash and cash equivalents	<u>17,920</u>	<u>13,466</u>	<u>14,457</u>	<u>13,466</u>
	Total current assets	<u>83,880</u>	<u>60,183</u>	<u>57,914</u>	<u>60,183</u>
	TOTAL ASSETS	<u><u>224,838</u></u>	<u><u>98,999</u></u>	<u><u>209,510</u></u>	<u><u>98,999</u></u>

Balance sheet at 30 June

Note	DKK'000	Group		Parent Company	
		2021/22	2020/21	2021/22	2020/21
	Equity and liabilities				
	Equity				
11	Share capital	10,734	10,734	10,734	10,734
	Reserve for development costs	-	-	30,691	29,166
	Translation reserve	-320	-	-	-
	Retained earnings	42,431	42,817	15,035	13,651
	Proposed dividend for the financial year	-	16,000	-	16,000
	Total equity	52,845	69,551	56,460	69,551
	Non-current liabilities				
12	Provisions for deferred tax	9,008	8,197	9,008	8,197
13	Other provisions	6,653	893	893	893
	Debt to credit institutions	115,234	-	115,234	-
	Total non-current liabilities	130,895	9,090	125,135	9,090
	Current liabilities				
	Debt to credit institutions	-	302	-	302
	Trade payables	15,142	9,017	11,246	9,017
	Tax payables to group enterprises	6,980	4,305	6,980	4,305
	Other payables	16,119	6,734	9,594	6,734
	Deferred income	2,857	-	95	-
	Total current liabilities	41,098	20,358	27,915	20,358
	Total liabilities	171,993	29,448	153,050	29,448
	TOTAL EQUITY AND LIABILITIES	224,838	98,999	209,510	98,999
14	Distribution of net profit/loss of the year				
15	Charges and security				
16	Contingencies				
17	Related parties				
21	Accounting policies				

Statement of changes in equity at 30 June

DKK'000	Group				
	Share capital	Translation reserve	Retained earnings	Proposed dividend	Total
Equity at 1 July 2021	10,734	-	42,817	16,000	69,551
Distributed dividend	-	-	-16,670	-16,000	-32,670
Extraordinary dividend	-	-	16,670	-	16,670
Net profit/loss for the year	-	-	-386	-	-386
Exchange rate adjustments, group enterprises	-	-320	-	-	-320
Equity at 30 June 2022	10,734	-320	42,431	-	52,845

DKK'000	Parent Company				
	Share capital	Reserve for development cost	Retained earnings	Proposed dividend	Total
Equity at 1 July 2021	10,734	29,166	13,651	16,000	69,551
Distributed dividend	-	-	-16,670	-16,000	-32,670
Extraordinary dividend	-	-	16,670	-	16,670
Net profit/loss for the year	-	-	2,909	-	2,909
Transfer to reserve for development costs	-	1,525	-1,525	-	-
Equity at 30 June 2022	10,734	30,691	15,035	-	56,460

Cash flow statement 1 July – 30 June

Note	DKK'000	Group	
		2021/22	2020/21
	Net profit/loss for the year	16,284	21,403
	Depreciation and amortisation	20,280	11,896
18	Other adjustments	4,929	4,846
19	Change in working capital	-15,639	-17,525
	Cash flows from operating activities before net financials	25,854	20,620
	Interest received	81	81
	Interest paid	-2,266	-225
	Income tax paid	-119	-6,826
	Cash flows from operating activities	23,550	13,650
	Acquisition of intangible assets	-20,778	-16,433
	Acquisition of property, plant, and equipment	-363	-578
20	Acquisition of group enterprises	-96,846	-
	Change in pension funds	1,187	-
	Cash flows from investment activities	-116,800	-17,011
	Borrowings of non-current liabilities	115,234	-
	Borrowings to group enterprises	14,954	-
	Change in debt to credit institutions	-	299
	Paid ordinary dividend	-16,000	-
	Paid extraordinary dividend	-16,670	-
	Cash flows from financing activities	97,518	299
	Cash flows for the year	4,268	-3,062
	Cash and cash equivalents at 1 July 2021	13,466	16,528
	Foreign currency translation adjustments (cash and cash equivalents)	186	-
	Cash and cash equivalents at 30 June 2022	17,920	13,466

Notes

1 SPECIAL ITEMS

Special items include significant income and expenses that have a special character in relation to the Group's earnings generating activity such as the costs of comprehensive structuring of processes and basic structural adjustments, as well as any disposal gains and losses associated with them, and which are of considerable importance over time. Special items also include other significant amounts of a non-recurring nature, which, according to management's assessment, are not part of the Group's primary operations.

As reported in the management review, the profit for the period is affected by circumstances that differ from what management considers as part of the primary operations.

Special items for the year included the following costs:

DKK'000	Group		Parent Company	
	2021/22	2020/21	2021/22	2020/21
Costs				
Restructuring	315	-	315	-
Integration and transformation	1,455	-	538	-
Business set-ups and acquisitions	3,487	-	3,487	-
Net loss from special items	5,257	-	4,340	-
Recognised in the income statement as follows:				
Other external costs	4,100	-	4,025	-
Staff costs	1,157	-	315	-
Net loss from special items	5,257	-	4,340	-

Notes

	Group		Parent Company	
	2021/22	2020/21	2021/22	2020/21
DKK'000				
2 STAFF COSTS				
Wages and salaries	40,035	22,914	27,827	22,914
Pensions and other social security costs	8,063	3,001	4,501	3,001
	48,098	25,915	32,328	25,915
Average number of full-time employees	71	30	36	30
Executive Board and Board of Directors (Parent Company)	2,036	2,216	2,036	2,216
3 DEPRECIATION, AMORTISATION, AND IMPAIRMENT				
Amortisation of completed development projects	13,432	10,063	12,878	10,063
Amortisation of software	1,358	1,231	1,358	1,231
Amortisation of goodwill	4,833	-	-	-
Depreciation on fixtures and fittings, tools and equipment	657	602	505	602
	20,280	11,896	14,741	11,896
4 OTHER FINANCIAL INCOME				
Interest income from group enterprises	143	71	143	71
Other interest income	81	90	80	90
Exchange rate adjustments	499	-	-	-
	723	161	223	161
5 TAX ON NET PROFIT/LOSS FOR THE YEAR				
Current tax on profit for the year	3,325	3,656	3,325	3,656
Change in deferred tax for the year	811	1,117	811	1,117
Change in deferred tax assets for the year	-1,678	-	-	-
	2,458	4,773	4,136	4,773

Notes

6 INTANGIBLE ASSETS

DKK'000

Cost at 1 July 2021	-	119,588	5,025	4,692	129,305
Correction at 1 July 2021	-	-60	60	-	-
Additions on acquisition of group enterprises	-	-	-	4,856	4,856
Additions	85,027	-	1,251	19,528	105,806
Transfers	-	18,696	-	-18,696	-
Cost at 30 June 2022	85,027	138,224	6,336	10,380	239,967

Amortisation and impairment at 1 July 2021	-	-88,816	-2,586	-	-91,402
Amortisation	-4,833	-13,432	-1,358	-	-19,623
Currency translation adjustment	-	20	-	-	20
Amortisation and impairment at 30 June 2022	-4,833	-102,228	-3,944	-	-111,005

Carrying amount at 30 June 2022

80,194	35,996	2,392	10,380	128,962
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Amortised over

10 years	4-7 years	3-4 years
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Group

Goodwill	Completed development projects	Software	Development projects in progress	Total
-	119,588	5,025	4,692	129,305
-	-60	60	-	-
-	-	-	4,856	4,856
85,027	-	1,251	19,528	105,806
-	18,696	-	-18,696	-
85,027	138,224	6,336	10,380	239,967
-	-88,816	-2,586	-	-91,402
-4,833	-13,432	-1,358	-	-19,623
-	20	-	-	20
-4,833	-102,228	-3,944	-	-111,005
80,194	35,996	2,392	10,380	128,962
10 years	4-7 years	3-4 years		

Parent Company

DKK'000

Cost at 1 July 2021	119,588	5,025	4,692	129,305
Correction at 1 July 2021	-60	60	-	-
Additions	-	1,251	16,820	18,071
Transfers	13,358	-	-13,358	-
Cost 30 June 2022	132,886	6,336	8,154	147,376

Amortisation and impairment at 1 July 2021	-88,816	-2,586	-	-91,402
Amortisation	-12,878	-1,358	-	-14,236
Amortisation and impairment at 30 June 2022	-101,694	-3,944	-	-105,638

Carrying amount at 30 June 2022

31,192	2,392	8,154	41,738
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Amortised over

4-7 years	3-4 years
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Notes

	Group		Parent Company	
	2021/22	2020/21	2021/22	2020/21
DKK'000				
7	FIXTURES AND FITTINGS, TOOLS AND EQUIPMENT			
Cost 1 July 2021	5,094	4,517	5,094	4,517
Additions on acquisition of group enterprises	4,636	-	-	-
Additions	363	577	363	577
Cost 30 June 2022	10,093	5,094	5,457	5,094
Depreciation and write-down 1 July 2021	-4,182	-3,579	-4,182	-3,579
Depreciation on acquisition of group enterprises	-3,906	-	-	-
Depreciation	-657	-602	-506	-602
Currency translation adjustment	5	-	-	-
Depreciation and write-down 30 June 2022	-8,740	-4,181	-4,688	-4,181
Carrying amount at 30 June 2022	1,353	913	769	913
8	INVESTMENTS IN GROUP ENTERPRISES			
Cost at 1 July 2021			-	-
Additions			106,594	-
Carrying amount at 30 June 2022			106,594	-
Of which the carrying amount of non-depreciated increases in value is			85,027	-

Name and registered office	Currency	Equity	Net profit	Voting rights and ownership
Kyma AS, Ulset, Norway	NOK'000	31,190	-9,645	100%

The financial information disclosed is from the company's most recent annual report covering the period 1 January 2021 - 31 December 2021.

9 DEFERRED TAX ASSETS

The Group has recognised tax assets of DKK 1,969 thousand related to tax losses carried forward which is the result of previous year's taxable income. Based upon budgets it is expected to be utilized within the next 4-5 years.

Notes

	Group		Parent Company	
	2021/22	2020/21	2021/22	2020/21
DKK'000				
10 PREPAYMENTS AND ACCRUED INCOME				
Prepaid costs	1,562	988	1,154	988
Accrued income	163	-	-	-
	1,725	988	1,154	988
11 SHARE CAPITAL				
The share capital consists of A-shares, each with a nominal value of DKK 2,000,000, B-shares, each with a nominal value of DKK 2,000,000, C-shares, each with a nominal value of DKK 1,600,000, D-shares, each with a nominal value of DKK 134,000 and E-shares each with a nominal value of DKK 5,000,000.				
12 PROVISIONS FOR DEFERRED TAX				
Deferred tax at 1 July 2021	8,197	7,080	8,197	7,080
Deferred tax adjustment for the year	811	1,117	811	1,117
Deferred tax at 30 June 2022	9,008	8,197	9,008	8,197
13 OTHER PROVISIONS				
Pension liabilities	5,760	-	-	-
Warranty provision	893	893	893	893
	6,653	893	893	893
14 DISTRIBUTION OF NET PROFIT/LOSS FOR THE YEAR				
Extraordinary dividend	16,670	-	16,670	-
Transferred to retained earnings	-386	5,403	2,909	5,403
Dividend for the financial year	-	16,000	-	16,000
	16,284	21,403	19,579	21,403
15 CHARGES AND SECURITY				
For bank facilities in Spar Nord, the Group has issued a letter of indemnity, DKK 40 million that includes all non-current assets e.g. goodwill, property, plant and equipment and also inventories and other receivables. In addition, a mortgage ban has been given for assets.				

The Group has pledged the share capital in Kyma AS, NOK 2 million for all balances with Spar Nord, including Danelec Electronics A/S and Dolphin BidCo A/S.

The Group has issued a guarantee of payment for all Dolphin BidCo A/S balances with Spar Nord.

Notes

16 CONTINGENCIES

Lease commitments

The Group has entered into operating lease commitments. Total future lease payments amounts to DKK 213 thousand within 1 year and DKK 209 thousand between 1-3 years.

Rent obligations

The Group has a 7-year notice of termination according to rental agreement amounting to DKK 17.3 million.

Joint taxation

With Dolphin HoldCo A/S, company reg. no 41087811 as administration company, the Parent Company is subject to the Danish scheme of joint taxation and unlimitedly, jointly, and severally liable, along with the other jointly taxed companies, for the total corporation tax and for any obligations to withhold tax on interest, royalties, and dividends.

17 RELATED PARTIES

Controlling interest

Dolphin BidCo A/S, Hørmarken 2, 3520 Farum, Denmark	Majority shareholder
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Transactions with related parties

	Group
	<u>2021/22</u>
DKK'000	
Interest received from group enterprises	143
Outstanding loan to group enterprises	868

Apart from the distribution of dividends, there have been no transactions with the capital owners.

Remuneration of the Executive Board and Board of Directors is disclosed in note 2 Staff costs.

Consolidated financial statements

Danelec Electronics A/S is part of the consolidated financial statements of Dolphin HoldCo A/S, Hørmarken 2, 3520 Farum, Denmark.

Notes

	DKK'000	Group	
		2021/22	2020/21
18	OTHER ADJUSTMENTS		
	Other financial income	-723	-161
	Other financial costs	2,622	234
	Tax on net profit/loss for the year	2,458	4,773
	Other adjustments	572	-
		4,929	4,846
19	CHANGE IN WORKING CAPITAL		
	Change in inventories	-6,371	1,794
	Change in receivables	-9,011	-20,045
	Change in trade payables and other payables	-257	726
		-15,639	-17,525
20	ACQUISITION OF GROUP ENTERPRISES		
	Net assets	21,567	-
	Goodwill	85,027	-
	Cost	106,594	-
	Hereof cash and cash equivalents	-9,748	-
	Cost, paid	96,846	-

Notes

21 ACCOUNTING POLICIES

The Annual Report for Danelec Group for 2021/22 has been prepared in accordance with the Danish Financial Statements Act applying to reporting class C enterprises (medium sized enterprises).

A number of minor reclassifications and adjustments of the comparative figures have been made.

The accounting policies described in the financial statements have, besides the above changes, been applied consistently compared with those of last year.

The financial statements for 2021/22 are presented in DKK thousand.

Consolidated financial statements

Control

The consolidated financial statements comprise Parent Company Danelec Electronics A/S and group enterprises controlled by Danelec Electronics A/S.

Control means the power to exercise decisive influence over a group enterprise's financial and operating decisions. Moreover, the possibility of yielding a return from the investment is required.

In assessing whether the Parent Company controls an entity, de facto control is also taken into consideration.

The existence of potential voting rights that may currently be exercised or converted into additional voting rights is considered when assessing whether an entity may become empowered to exercise decisive influence over another entity's financial and operating decisions.

Preparation of the consolidated financial statements

The consolidated financial statements are prepared as a consolidation of the Parent Company's and the individual group enterprises financial statements, which are prepared according to the Group's ac-

counting policies. On consolidation, intra-group income and expenses, shareholdings, intra-group balances and dividends as well as realised and unrealised gains on intra-group transactions are eliminated. Unrealised gains on transactions with associates are eliminated in proportion to the Group's interest in the entity. Unrealised losses are eliminated in the same way as unrealised gains unless they do not reflect impairment.

The group enterprise's financial statement items are included 100% in the consolidated financial statements. Non-controlling interests' share of the profit/loss for the year and of the equity of group enterprises that are not wholly-owned are included in the Group's profit/loss and equity, respectively, but are presented separately.

Acquisitions and disposals of non-controlling interests that are still controlled are recognized directly in equity as a transaction between shareholders.

Business combinations and goodwill

Newly acquired entities are recognized in the consolidated financial statements from the acquisition date. Entities sold or otherwise disposed of are recognized in the consolidated financial statements up to the date of disposal. Comparative figures are not restated to reflect newly acquired entities. Discontinued operations are presented separately, see below.

The acquisition date is the date when the Group actually obtains control of the acquiree.

The purchase method is applied to acquisitions of new businesses over which the Group obtains control. The acquired businesses' identified assets, liabilities and contingent liabilities are measured at fair value at the acquisition date. Identifiable intangible assets are recognized if they are separable or arise from a contractual right. Deferred tax on revaluations is recognized.

Positive differences (goodwill) between, on the one hand, the consideration for the acquiree, the value of non-controlling interests in the

acquired entity and the fair value of any previously acquired equity investments and, on the other hand, the fair value of the assets, liabilities and contingent liabilities acquired are recognized as goodwill in intangible assets. Goodwill is amortised on a straightline basis in the income statement based on an individual assessment of the economic life of the asset.

Negative differences (negative goodwill) are recognized in the income statement at the acquisition date.

Upon acquisition, goodwill is allocated to the cash-generating units, which subsequently form the basis for impairment testing. Goodwill and fair value adjustments in connection with the acquisition of a foreign entity with a functional currency different from the Group's presentation currency are accounted for as assets and liabilities belonging to the foreign entity and are, on initial recognition, translated into the foreign entity's functional currency using the exchange rate at the transaction date.

The purchase consideration for an entity consists of the fair value of the agreed consideration in the form of assets transferred, liabilities assumed and equity instruments issued. If part of the purchase consideration is contingent on future events or compliance with agreed terms, such part of the purchase consideration is recognized at fair value at the acquisition date. Subsequent adjustments of contingent purchase considerations are recognized in the income statement.

Expenses incurred to acquire entities are recognized in the income statement in the year in which they are incurred.

If uncertainties regarding the identification or measurement of acquired assets, liabilities or contingent liabilities or the determination of the purchase consideration exist at the acquisition date, initial recognition will take place based on provisional values. If it turns out subsequently that the identification or measurement of the purchase consideration, acquired assets, liabilities or contingent liabilities was incorrect on initial recognition, the statement will be adjusted retrospectively, including goodwill, until 12 months after the acquisition, and

Notes

comparative figures will be restated. Subsequently, any adjustments are recognized as errors.

Gains or losses from divestment or winding-up of subsidiaries that implies that control is no longer maintained are calculated as the difference between, on the one hand, the net selling price and, on the other hand, the proportionate share of the carrying amount of net assets. If the Parent Company still holds equity investments in the divested entity, the remaining proportionate share of the carrying amount forms the basis for the measurement of equity investments in associates or securities and equity investments.

Recognition and measurement in general

Income is recognized in the income statement concurrently with its realisation, including the recognition of value adjustments of financial assets and liabilities. Likewise, all costs are recognized in the income statement, including depreciations amortisations, writedowns for impairment, provisions, and reversals due to changes in estimated amounts previously recognized in the income statement.

Assets are recognized in the statement of financial position when it seems probable that future economic benefits will flow to the Group and the value of the asset can be reliably measured.

Liabilities are recognized in the statement of financial position when it seems probable that future economic benefits will flow out of the Group and the value of the liability can be reliably measured. Assets and liabilities are measured at cost at the initial recognition. Hereafter, assets and liabilities are measured as described below for each individual accounting item.

Upon recognition and measurement, allowances are made for such predictable losses and risks which may arise prior to the presentation of the annual report and concern matters that exist on the reporting date.

Foreign currency translation

Transactions in foreign currency are translated by using the exchange rate prevailing at the date of the transaction. Differences in the rate of exchange arising between the rate at the date of transaction and the rate at the date of payment are recognized in the profit and loss account as an item under net financials. If currency positions are considered to hedge future cash flows, the value adjustments are recognized directly in equity in a fair value reserve.

Receivables, payables, and other foreign currency monetary items are translated using the closing rate. The difference between the closing rate and the rate at the time of the occurrence or initial recognition in the latest financial statements of the receivable or payable is recognized in the income statement under financial income and expenses.

Fixed assets acquired and paid for in foreign currency are measured at the exchange rate prevailing at the date of the transaction.

Income statement

Revenue

Revenue is recognized in the income statement if delivery and passing of risk to the buyer have taken place before the end of the year and if the income can be determined reliably and inflow is anticipated. Recognition of revenue is exclusive of VAT and taxes and less any discounts relating directly to sales.

Own work capitalised

Own work capitalised include staff costs incurred during the financial year and recognised in the cost of proprietary intangible assets.

Cost of sales

Cost of sales comprises costs all costs related to products and services which have been sold less discounts and changes in inventories.

Other external costs

Other external costs comprise costs incurred for distribution, sales,

advertising, administration, premises, loss on receivables, and operational leasing costs. Other external costs also include research and development costs that do not qualify for capitalisation.

Staff costs

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

Depreciation, amortisation, and impairment

Depreciation, amortisation, and impairment comprise depreciation on, amortisation of, and writedown for impairment of intangible and tangible assets, respectively.

Income from investments in group enterprises

Dividends from investments in group enterprises are recognized in the income statement of the Parent Company in the year the dividends are declared

Financial income and expenses

Financial income and expenses are recognized in the income statement with the amounts concerning the financial year. Financial income and expenses comprise interest income and expenses, financial expenses from financial leasing, realised and unrealised capital gains and losses relating to securities, debt and transactions in foreign currency, amortisation of financial assets and liabilities as well as surcharges and reimbursements under the advance tax scheme, etc.

Tax on net profit/loss for the year

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

The Parent Company is subject to Danish rules on compulsory joint taxation of Danish group enterprises.

Notes

The current Danish income tax is allocated among the jointly taxed companies proportional to their respective taxable income (full allocation with reimbursement of tax losses).

Balance sheet

Intangible assets

Goodwill is measured at cost less accumulated amortisation. Goodwill is amortised on a straight-line basis over the useful life based upon management experience with the business. For strategic acquisitions of businesses with a strong market position and technologies that are complementary to Danelec useful life is considered 10 years.

Costs of development projects comprise salaries, amortisation and other expenses directly or indirectly attributable to the Group's development activities.

Clearly defined and identifiable development projects are recognized as intangible assets provided that they are proven to be technically practicable, that sufficient resources and a potential market or development opportunity exist, and insofar as the intention is to produce, market or utilise the project. It is, however, a condition that the cost can be reliably calculated and that a sufficiently high degree of certainty indicates that future earnings will cover the costs of production, sales, and administration. Other development costs are recognized in the income statement concurrently with their realisation.

Capitalised development costs are measured at cost less accumulated amortisation or at a lower recoverable amount.

After completion of the development work, capitalised development costs are amortised on a straight-line basis over the estimated useful economic life. The amortisation period is usually 4-7 years.

Software is measured at cost less accumulated amortisation and less any accumulated impairment losses or at a lower value in use. The amortization period is 3-4 years.

If the price (fair value) subsequently rises, write down for impairment

must be wholly or partly reversed in the income statement.

Property, plant and equipment

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

The cost comprises acquisition cost and costs directly associated with the acquisition until the time when the asset is ready for use. The cost of a total asset is divided into separate components. These components are depreciated separately, the useful lives of each individual components differing.

Depreciation is done on a straight-line basis according to an assessment of the expected useful life:

Fixtures and fittings, tools and equipment 3-5 years

Minor assets with an expected useful life of less than 1 year are recognized as costs in the income statement in the year of acquisition.

Investments in group enterprises

Investments in group enterprises are measured at cost. If there is indication of impairment, impairment testing is carried out. Where the carrying amount exceeds the recoverable amount it is written down to the recoverable amount.

Leases

Leases are regarded as operating leases. Payments in connection with operating leases and other lease agreements are recognized in the income statement for the term of the contract. The Group's total liabilities concerning operating leases and lease agreements are recognized under contingencies, etc.

Impairment loss relating to non-current assets

The carrying amount of both intangible and tangible fixed assets are subject to annual impairment tests in order to disclose any indications of impairment beyond those expressed by amortisation and depreciation respectively.

If indications of impairment are disclosed, impairment tests are carried out for each individual asset or group of assets, respectively. Writedown for impairment is done to the recoverable amount if this value is lower than the carrying amount.

The recoverable amount is the higher value of value in use and selling price less expected selling cost. The value in use is calculated as the present value of the expected net cash flows from the use of the asset or the asset group and expected net cash flows from the sale of the asset or the asset group after the end of their useful life.

Previously recognized impairment losses are reversed when conditions for impairment no longer exist.

Inventories

Inventories are measured at cost according to the FIFO method. In cases when the net realisable value of the inventories is lower than the cost, the latter is written down for impairment to this lower value.

Costs of goods for resale, raw materials, and consumables comprise acquisition costs plus delivery costs.

Costs of manufactured goods and work in progress comprise the cost of raw materials, consumables, direct wages, and indirect production costs. Indirect production costs comprise indirect materials and wages, maintenance and depreciation of machinery, factory buildings, and equipment used in the production process, and costs for factory administration and factory management. Borrowing expenses are not recognized in cost.

The net realisable value for inventories is recognized as the market price less costs of completion and selling costs. The net realisable value is determined with due consideration of negotiability, obsolescence, and the development of expected market prices.

Receivables

Receivables are measured at amortised cost, which usually corre-

Notes

sponds to face value. In order to meet expected losses, they are written down for impairment to the net realisable value.

Prepayments and accrued income

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

Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand.

Equity

Reserve for development costs

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

The reserve cannot be used as dividends or for covering losses. The reserve is reduced or dissolved if the recognized development costs are amortised or abandoned. This is done by direct transfer to the distributable reserves of the equity.

Dividend

Dividend expected to be distributed for the year is recognized as a separate item under equity. Proposed dividend is recognized as a liability at the time of approval by the annual general meeting (time of declaration).

Income tax and deferred tax

Current tax liabilities and current tax receivable are recognized in the statement of financial position with the amount calculated on the basis of the expected taxable income for the year adjusted for tax on previous years' taxable income and prepaid taxes. Tax receivables and tax liabilities are offset to the extent that a legal right of set-off exists and the items are expected to be settled net or simultaneously.

According to the rules of joint taxation, the Parent Company is unlimitedly, jointly, and severally liable to pay the Danish tax authorities the total income tax, including withholding tax on interest, royalties, and dividends, arising from the jointly taxed group of companies.

Deferred tax is measured on the basis of temporary differences in assets and liabilities with a focus on the statement of financial position. Deferred tax is measured at net realisable value.

Deferred tax is measured based on the tax rules and tax rates applying under the legislation prevailing in the respective countries on the reporting date when the deferred tax is expected to be released as current tax. Changes in deferred tax due to changed tax rates are recognized in the income statement, except for items included directly in the equity.

Deferred tax assets, including the tax value of tax losses allowed for carryforward, are recognized at the value at which they are expected to be realisable, either by settlement against tax of future earnings or by set-off in deferred tax liabilities within the same legal tax unit. Any deferred net tax assets are measured at net realisable value.

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 provisions include pension liabilities and warranty obligations.

Liabilities with respect to defined contribution-based pension plans, where the Group makes payments to independent pension companies, are recognized in the income statement under Staff costs.

Warranty obligations with respect of repair work within the warranty period of 2 years. Provisions are measured and recognized based on experience with guarantee work.

Liabilities other than provisions

Financial liabilities other than provisions related to borrowings are recognized at the received proceeds less transaction costs incurred. In subsequent periods, the financial liabilities are recognized at amortised cost, corresponding to the capitalised value when using the effective

interest rate. The difference between the proceeds and the nominal value is recognized in the income statement during the term of the loan. Other liabilities concerning payables to suppliers, group enterprises, and other payables are measured at amortised cost which usually corresponds to the nominal value.

Cash flow statement

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

The effect on cash flows derived from the acquisition and sale of enterprises appears separately under cash flows from investment activities. In the statement of cash flows, cash flows derived from acquisitions are recognized as of the date of acquisition, and cash flows derived from sold enterprises are recognized until the date of sale.

Cash flows from operating activities

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

Cash flows from investment activities

Cash flows from investment activities comprise payments in connection with the acquisition and sale of enterprises and activities as well as the acquisition and sale of intangible assets, property, plant, and equipment, and investments, respectively.

Cash flows from financing activities

Cash flows from financing activities include changes in the size or the composition of the Group's share capital and costs attached to it, as well as raising loans, repayments of interest-bearing payables and payment of dividend to shareholders.

Notes

Financial definitions

Key figures and ratios stated in the consolidated financial statements have been calculated as follows:

Direct margin	Direct profit (as defined below) as a percentage of Revenue
Gross margin	Gross profit as a percentage of Revenue
Profit margin	Operating profit/loss as a percentage of Revenue
Current ratio	Current assets as a percentage of Current liabilities
Solvency ratio	Equity end of year as a percentage of Total assets end of year
Return on equity	Average equity as a percentage of Net profit/loss for the year
Revenue growth, reported	Absolute revenue growth as a percentage of Revenue in comparative period
Revenue growth, organic	Organic growth is a measure of growth excluding the impact of acquisitions, divestments and foreign exchange rate adjustments from year-on-year comparisons
Special items	As defined in note 1
Direct profit	Revenue minus cost of sales
EBITDA	Earnings before interest, tax, depreciation, amortisation and impairment losses
EBIT	Earnings before interest and tax (operating profit)

Statement by the Management

The Board of Directors and the Managing Director have today considered and approved the Annual Report of Danelec Electronics A/S for the financial year 1 July 2021 - 30 June 2022.

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

In our opinion, the consolidated financial statements and the Parent Company Financial Statements give a true and fair view of the financial position of the Group and the Parent Company as of 30 June 2022 as well as of the results of the Group and the Parent Company operations and the Group's cash flows for the financial year 1 July 2021 - 30 June 2022.

Moreover, in our opinion, the Management's Report gives a true and fair view of the development in the operations and financial matters, the results for the year and the Group's and the Parent Company's financial position.

The Annual Report is submitted for the approval of the Annual General Meeting.

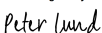
Farum, 11 October 2022

Managing Director

DocuSigned by:

 Casper Jensen

Board of Directors

DocuSigned by:

 Peter Lund

DocuSigned by:

 Hans Ottosen

DocuSigned by:

 Anne Hørdeland



Independent auditor's report

To the shareholders of Danelec Electronics A/S

Opinion

We have audited the consolidated financial statements and the parent company financial statements of Danelec Electronics A/S for the financial year 1 July 2021 - 30 June 2022, which comprise income statement, balance sheet, statement of changes in equity, cash flow statement, notes and accounting policies. The consolidated financial statements and the parent company financial statements have been prepared in accordance with the Danish Financial Statements Act.

In our opinion, the consolidated financial statements and the parent company financial statements give a true and fair view of the financial position of the Group and the Parent Company at 30 June 2022, and of the results of the Group and the Company's operations for the financial year 1 July - 30 June 2022 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's Responsibilities for the Audit of the Consolidated Financial Statements and the Parent Company Financial Statements" section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (IESBA Code) and the additional ethical requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Management's Responsibilities for the Consolidated Financial Statements and the Parent Company Financial Statements

Management is responsible for the preparation of consolidated financial statements and parent company financial statements that give a true and fair view in accordance with the Danish Financial Statements Act, and for such internal control as Management determines is necessary to enable the preparation of consolidated financial statements and parent company financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements and the parent company financial statements, Management is responsible for assessing the Group's and the Parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting in preparing the consolidated financial statements and the parent company financial statements unless Management either intends to liquidate the Group or the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements and the Parent Company Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements and the parent company financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements and parent company financial statements.

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements and the parent company financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the consolidated financial statements and the parent company financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements and the parent company financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and the Company to cease to continue as a going concern.

Independent auditor's report

- Evaluate the overall presentation, structure and contents of the consolidated financial statements and the parent company financial statements, including the disclosures, and whether the consolidated financial statements and the parent company financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Statement on Management's Review

Management is responsible for Management's Review.

Our opinion on the consolidated financial statements and the parent company financial statements does not cover Management's Review, and we do not express any form of assurance conclusion thereon.

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

Moreover, it is our responsibility to consider whether Management's Review provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we conclude that Management's Review is in accordance with the financial statements and has been prepared in accordance with the requirements of the Danish Financial Statement Act. We did not identify any material misstatement of Management's Review.

Copenhagen, 11 October 2022

Grant Thornton

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

DocuSigned by:
Michael Beuchert
B942BC24386C467...
Michael Beuchert
State Authorised Public Accountant
mne32794



Company Information

Danelec Electronics A/S

Hørmarken 2
DK-3520 Farum

Phone + 45 4594 4300

Web site www.danelec.com

Company reg. no. 18 63 08 77

Financial year: 1 July - 30 June

Board of directors

Peter Lund
Arne Handeland
Hans Ottosen

Managing Director

Casper Jensen

Auditors

Grant Thornton
Statsautoriseret Revisionspartnerselskab
Stockholmsgade 45
2100 København Ø

