Combilent A/S

Ryttermarken 5
3520 Farum
CVR No. 19623742

Annual report 2023

The Annual General Meeting adopted the annual report on 29.02.2024

Annika Irene Isaksson
Conductor

Contents

Entity details

Entity

Combilent A/S

Ryttermarken 5

3520 Farum

Business Registration No.: 19623742

Registered office: Furesø

Financial year: 01.01.2023 - 31.12.2023

Board of Directors

Annika Irene Isakson
Jesper Trier
David Richardson
Martin Johnson
Ingrid Stenmark

Executive Board

Annika Irene Isaksson

Auditors

PriceWaterHouseCoopers Statsautoriseret Revisionspartnerselskab
Milnersvej 43
3400 Hillerød
CVR No.: 33771231

Statement by Management

The Board of Directors and the Executive Board have today considered and approved the annual report of Combilent A/S for the financial year 01.01.2023 - 31.12.2023.

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

In our opinion, the financial statements give a true and fair view of the Entity's financial position at 31.12.2023 and of the results of its operations for the financial year 01.01.2023 - 31.12.2023.

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.

Farum, 29.02.2024

Executive Board

Annika Irene Isaksson

Board of Directors

Annika Irene Isakson

Jesper Trier

David Richardson

Martin Johnson

Ingrid Stenmark

Independent auditor's report

To the shareholders of Combilent A/S

Opinion

We have audited the financial statements of Combilent A/S for the financial year 01.01.2023 - 31.12.2023, which comprise the income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Entity's financial position at 31.12.2023 and of the results of its operations for the financial year 01.01.2023 - 31.12.2023 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 financial statements" section of this auditor's report. We are independent of the Entity 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 financial statements

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

In preparing the financial statements, Management is responsible for assessing 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 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 financial statements

Our objectives are to obtain reasonable assurance about whether the 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 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 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 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 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 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 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 Entity to cease to continue as a going concern.

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

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 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 financial statements, our responsibility is to read the management commentary and, in doing so, consider whether the management commentary is materially inconsistent with the 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 by relevant law and regulations.

Based on the work we have performed, we conclude that the management commentary is in accordance with the 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.

Hillerød, 29.02.2024

PriceWaterHouseCoopers Statsautoriseret Revisionspartnerselskab
CVR No. 33771231

Brian Rønne Nielsen
State Authorised Public Accountant
Identification No (MNE) mne33726

Preben Bøgeskov Eriksen
State Authorised Public Accountant
Identification No (MNE) mne23370

Management commentary

Primary activities

The Entity's activities are development, manufacture and sale of electronic equipment for the telecommunication sector.

Result for the year 2023 shows a loss of DKK 786 thousand and the balance sheet at 31 December 2023 shows an equity of DKK 14,450 thousand.

Events after the balance sheet date

Indutrade will in April 2024 pay in a capital increase of 9,500,000 DKK. However, as this decision was made after December 31, 2023, it will not be included as equity before Q2 2024.

Income statement for 2023

	Notes	2023 DKK	2022 DKK
Gross profit/loss		**23,980,884**	**27,053,704**
Staff costs	1	(15,655,641)	(15,342,905)
Depreciation, amortisation and impairment losses	2	(5,405,738)	(5,382,348)
Operating profit/loss		**2,919,505**	**6,328,451**
Other financial income	3	570,229	931,214
Other financial expenses	4	(3,179,837)	(1,303,586)
Profit/loss before tax		**309,897**	**5,956,079**
Tax on profit/loss for the year	5	(1,095,968)	(2,274,051)
Profit/loss for the year		**(786,071)**	**3,682,028**
Proposed distribution of profit and loss			
Extraordinary dividend distributed in the financial year		0	13,300,000
Retained earnings		(786,071)	(9,617,972)
Proposed distribution of profit and loss		**(786,071)**	**3,682,028**

Balance sheet at 31.12.2023

Assets

	Notes	2023 DKK	2022 DKK
Goodwill		26,127,167	30,638,534
Intangible assets	6	**26,127,167**	**30,638,534**
Other fixtures and fittings, tools and equipment		1,265,472	996,634
Leasehold improvements		38,784	518,014
Property, plant and equipment	7	**1,304,256**	**1,514,648**
Investments in group enterprises		550	550
Other receivables		1,089,742	995,383
Financial assets	8	**1,090,292**	**995,933**
Fixed assets		**28,521,715**	**33,149,115**
Raw materials and consumables		16,244,569	20,068,545
Inventories		**16,244,569**	**20,068,545**
Trade receivables		15,549,531	22,296,683
Receivables from group enterprises	9	1,257,782	0
Other receivables		470,447	441,898
Prepayments		1,126,011	667,362
Receivables		**18,403,771**	**23,405,943**
Cash		**230**	**401**
Current assets		**34,648,570**	**43,474,889**
Assets		**63,170,285**	**76,624,004**

Equity and liabilities

	Notes	2023 DKK	2022 DKK
Contributed capital		600,000	600,000
Retained earnings		13,849,731	14,635,802
Equity		**14,449,731**	**15,235,802**
Deferred tax		128,797	176,451
Provisions		**128,797**	**176,451**
Other payables		570,349	570,349
Non-current liabilities other than provisions	10	**570,349**	**570,349**
Bank loans		30,791	72,243
Trade payables		3,729,052	3,575,665
Payables to group enterprises		38,884,277	53,235,769
Income tax payable		3,785,431	2,641,809
Other payables		1,591,857	1,103,698
Deferred income		0	12,218
Current liabilities other than provisions		**48,021,408**	**60,641,402**
Liabilities other than provisions		**48,591,757**	**61,211,751**
Equity and liabilities		**63,170,285**	**76,624,004**
Unrecognised rental and lease commitments	11		
Contingent liabilities	12		
Group relations	13		

Statement of changes in equity for 2023

	Contributed capital DKK	Retained earnings DKK	Total DKK
Equity beginning of year	600,000	14,635,802	15,235,802
Profit/loss for the year	0	(786,071)	(786,071)
Equity end of year	**600,000**	**13,849,731**	**14,449,731**

Notes

1 Staff costs

	2023 DKK	2022 DKK
Wages and salaries	13,538,342	13,793,293
Pension costs	1,696,577	1,217,320
Other social security costs	420,722	332,292
	15,655,641	**15,342,905**

Average number of full-time employees	**25**	**24**

2 Depreciation, amortisation and impairment losses

	2023 DKK	2022 DKK
Amortisation of intangible assets	4,511,367	4,376,933
Depreciation of property, plant and equipment	894,371	1,005,415
	5,405,738	**5,382,348**

3 Other financial income

	2023 DKK	2022 DKK
Financial income from group enterprises	45,527	0
Other financial income	524,702	931,214
	570,229	**931,214**

4 Other financial expenses

	2023 DKK	2022 DKK
Financial expenses from group enterprises	2,172,160	202,683
Other interest expenses	1,007,677	1,100,903
	3,179,837	**1,303,586**

5 Tax on profit/loss for the year

	2023 DKK	2022 DKK
Current tax	1,143,622	2,261,371
Change in deferred tax	(47,654)	12,680
	1,095,968	**2,274,051**

6 Intangible assets

	Goodwill DKK
Cost beginning of year	65,654,000
Cost end of year	**65,654,000**
Amortisation and impairment losses beginning of year	(35,015,466)
Amortisation for the year	(4,511,367)
Amortisation and impairment losses end of year	**(39,526,833)**
Carrying amount end of year	**26,127,167**

7 Property, plant and equipment

	Other fixtures and fittings, tools and equipment DKK	Leasehold improvements DKK
Cost beginning of year	16,196,476	3,230,495
Additions	683,979	0
Cost end of year	**16,880,455**	**3,230,495**
Depreciation and impairment losses beginning of year	(15,199,842)	(2,712,481)
Depreciation for the year	(415,141)	(479,230)
Depreciation and impairment losses end of year	**(15,614,983)**	**(3,191,711)**
Carrying amount end of year	**1,265,472**	**38,784**

8 Financial assets

	Investments in group enterprises DKK	Other receivables DKK
Cost beginning of year	550	995,383
Additions	0	87,259
Cost end of year	**550**	**1,082,642**
Carrying amount end of year	**550**	**1,082,642**

Investments in subsidiaries	Registered in	Corporate form	Equity interest %	Equity DKK	Profit/loss DKK
TX RX Systems, Inc. EIN 27-3991986	USA	Ltd.	100	6,839,000	(2,738,000)

9 Receivables from group enterprises

Receivables from group enterprises comprise funds that are part of a cash pooling arrangement and an intragroup account. No due date has been decided for the intragroup account. The cash pooling arrangement is like cash resources and, consequently, it is impossible to calculate how much is falling due after one year.

10 Non-current liabilities other than provisions

	Due after more than 12 months 2023 DKK	Outstanding after 5 years 2023 DKK
Other payables	570,349	570,349
	570,349	**570,349**

11 Unrecognised rental and lease commitments

	2023 DKK	2022 DKK
Liabilities under rental or lease agreements until maturity in total	**954,204**	**2,290,624**

12 Contingent liabilities

The Entity participates in a Danish joint taxation arrangement where Indutrade A/S serves as the administration company. According to the joint taxation provisions of the Danish Corporation Tax Act, the Entity is therefore liable for income taxes etc for the jointly taxed entities, and for obligations, if any, relating to the withholding of tax on interest, royalties and dividend for the jointly taxed entities. The jointly taxed entities' total known net liability under the joint taxation arrangement is disclosed in the administration company's financial statements.

13 Group relations

Name and registered office of the Parent preparing consolidated financial statements for the largest group:
Indutrade AB, TIN 5560179367, Stockholm, Sweden

Accounting policies

Reporting class

This annual report has been presented in accordance with the provisions of the Danish Financial Statements Act governing reporting class B enterprises with addition of a few provisions for reporting class C.

The accounting policies applied to these financial statements are as seen below.

Combilent A/S have merged with it's parent company Combilent Holding ApS and simultaneously with the group enterprise JC Investments ApS. The mergers has effect from 1. January 2022.

According to the accounting principles the merger has been incorporated in the figures with effect from 1. January 2021 with adjustment of the comparative figures from prior years. For the use of preparing the initial purchase price allocation (including application of current value of goodwill, which was previously recognized in Combilent Holding ApS at initial cost price) management has decided to use a recalculated amount of goodwill based on the implied amount of goodwill recognized in Combilent Holding ApS when Indutrade AB purchased the shares in Combilent Holding ApS in 2015. Hence, resulting in an initial amount of goodwill of DKK 65,654k. The amortisation period used are 15 years calculated with effect from 2015. This entails that the carrying amount of goodwill 1. January 2021 has been recognized with 39,391k.

Consolidated financial statements

Referring to section 112 of the Danish Financial Statements Act, no consolidated financial statements have been prepared.

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.

Business combinations

Newly acquired or newly established enterprises are recognised in the financial statements from the time of acquiring or establishing such enterprises. Divested or wound-up enterprises are recognised in the consolidated income statement up to the time of their divestment or winding-up.

The purchase method is applied at the acquisition of new enterprises, under which identifiable assets and liabilities of these enterprises are measured at fair value at the acquisition date. Provisions for costs of restructuring of the enterprise acquired are only made in so far as such restructuring was decided by the enterprise acquired prior to acquisition. Allowance is made for the tax effect of restatements.

Positive differences in amount (goodwill) between cost of the acquired share and fair value of the assets and liabilities taken over are recognised in intangible assets, and they are amortised systematically over the income statement based on an individual assessment of their useful lives. If the useful life cannot be estimated reliably, it is fixed at 10 years. Useful life is reassessed annually. Negative balances (negative goodwill) are recognised as income in the income statement.

The modified uniting-of-interests method is applied to reverse vertical mergers in which the participating entities are subject to the Parent's control. Under this method, assets and liabilities of the participating entities are recognised at the amounts at which they are (or would have been) recognised in the consolidated financial statements of the parent forming part of the merger. The comparative figures are restated back to the date when the entities first formed part of the Group.

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.

Income statement

Gross profit or loss

Gross profit or loss comprises revenue, changes in inventories of finished goods and work in progress, own work capitalised, other operating income, cost of raw materials and consumables and external expenses.

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 from the sale of services is recognised in the income statement when delivery is made to the buyer. Revenue is recognised net of VAT, duties and sales discounts and is measured at fair value of the consideration fixed.

Cost of sales

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

Other external expenses

Other external expenses include expenses relating to the Entity's ordinary activities, including expenses for premises, stationery and office supplies, marketing costs, etc. This item also includes writedowns of receivables recognised in current assets.

Property costs

Property costs include costs incurred to operate the Entity's properties in the financial year, including repair and maintenance costs, property tax and electricity, water and heating, which are not charged directly from the lessee.

Staff costs
Staff costs comprise salaries and wages, and social security contributions, pension contributions, etc for entity staff.

Depreciation, amortisation and impairment losses
Depreciation, amortisation and impairment losses relating to property, plant and equipment comprise depreciation, amortisation and impairment losses for the financial year, and gains and losses from the sale of property, plant and equipment.

Other financial income
Other financial income comprises interest income, including interest income on receivables from group enterprises, net capital or exchange gains on securities, payables and transactions in foreign currencies, amortisation of financial assets, and tax relief under the Danish Tax Prepayment Scheme etc.

Other financial expenses
Other financial expenses comprise interest expenses, including interest expenses on payables to group enterprises, net capital or exchange losses on securities, payables and transactions in foreign currencies, amortisation of financial liabilities, and tax surcharge under the Danish Tax Prepayment Scheme etc.

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.

The Entity is jointly taxed with its parent company and all Danish affiliated companies. The current Danish income tax is allocated among the jointly taxed entities proportionally to their taxable income (full allocation with a refund concerning tax losses).

Balance sheet

Goodwill
Goodwill is calculated as the difference between cost of investments and fair value of the pro rata share of assets and liabilities acquired. Goodwill is amortised straight-line over its estimated useful life, which is fixed based on the experience gained by Management for each business area. For amounts of goodwill, useful life has been determined based on an assessment of whether the enterprises are strategically acquired enterprises with a strong market position and a long-term earnings profile and whether the amount of goodwill includes intangible resources of a temporary nature that cannot be separated and recognised as separate assets. Useful lives are reassessed annually. The amortisation period used for goodwill that derives from the merger with Combilent Holding ApS (with effect from 1. January 2022) are 15 years based on best estimate of reasonable lifetime of the business platform (including markets, technology etc.) that is (and has been for many years) the core of Combilent.

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

Property, plant and equipment
Leasehold improvements 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
Other fixtures and fittings, tools and equipment	3-5 years
Leasehold improvements	3-5 years

For leasehold improvements and assets subject to finance leases, the depreciation period cannot exceed the contract period.

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 measured at cost. Investments are written down to the lower of recoverable amount and carrying amount.

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

Intercompany balances
Funds included in the Group cash pooling arrangement are recognised under intercompany balances along with other current receivables or payables from group enterprises.

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.

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

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

Cash
Cash comprises cash in hand and bank deposits.

Dividend

Dividend is recognised as a liability at the time of adoption at the general meeting. Proposed dividend for the financial year is disclosed as a separate item in equity. Extraordinary dividend adopted in the financial year is recognised directly in equity when distributed and disclosed as a separate item in Management's proposal for distribution of profit/loss.

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.

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.

Other financial liabilities

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

Tax receivable or payable

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

Deferred income

Deferred income comprises income received for recognition in subsequent financial years. Deferred income is measured at cost.