



Xena Networks ApS

Gammel Lundtoftevej 1 B
DK-2800 Kongens Lyngby
CVR No. 30615956

Annual report 01.10.2021 - 30.09.2022

The Annual General Meeting adopted the
annual report on 10.02.2023

Jacob Vestergaard Nielsen
Chairman of the General Meeting

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Entity details

Entity

Xena Networks ApS

Gammel Lundtoftevej 1 B

DK-2800 Kongens Lyngby

Business Registration No.: 30615956

Registered office: Lyngby-taarbæk

Financial year: 01.10.2021 - 30.09.2022

Board of Directors

Lars Dige Pedersen, Chairman

Henrik Hvidtfeldt

Jacob Vestergaard Nielsen

Michael Gustav Brock

William John Mortimer

Executive Board

Jacob Vestergaard Nielsen, CEO

Auditors

Deloitte Statsautoriseret Revisionspartnerselskab

Weidekampsgade 6

2300 Copenhagen S

Statement by Management on the annual report

The Board of Directors and the Executive Board have today considered and approved the annual report of Xena Networks ApS for the financial year 01.10.2021 - 30.09.2022.

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

In our opinion, the consolidated financial statements and the parent financial statements give a true and fair view of the Group's and the Parent's financial position at 30.09.2022 and of the results of their operations for the financial year 01.10.2021 - 30.09.2022.

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

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

Lyngby, 10.02.2023

Executive Board

Jacob Vestergaard Nielsen
CEO

Board of Directors


Lars Dige Pedersen
Chairman

Henrik Hvidtfeldt

Jacob Vestergaard Nielsen

Michael Gustav Brock


William John Mortimer
16.02.2023

Independent auditor's report

To the shareholders of Xena Networks ApS

Opinion

We have audited the consolidated financial statements and the parent financial statements of Xena Networks ApS for the financial year 01.10.2021 - 30.09.2022, which comprise the income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies, for the Group as well as the Parent. The consolidated financial statements and the parent financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the consolidated financial statements and the parent financial statements give a true and fair view of the Group's and the Parent's financial position at 30.09.2022 and of the results of their operations for the financial year 01.10.2021 - 30.09.2022 in accordance with the Danish Financial Statements Act.

Basis for opinion

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

Management's responsibilities for the consolidated financial statements and the parent financial statements

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

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

Auditor's responsibilities for the audit of the consolidated financial statements and the parent financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements and the parent financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements and parent financial statements.

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

- Identify and assess the risks of material misstatement of the consolidated financial statements and the parent financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the consolidated financial statements and the parent financial statements, and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements and the parent financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements and the parent financial statements, including the disclosures in the notes, and whether the consolidated financial statements and the parent financial statements represent the underlying transactions and events in a manner that gives a true and fair view.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

Statement on the management commentary

Management is responsible for the management commentary.

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

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

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

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

Copenhagen, 10.02.2023

Deloitte

Statsautoriseret Revisionspartnerselskab
CVR No. 33963556

Bjørn Winkler Jakobsen

State Authorised Public Accountant
Identification No (MNE) mne32127

Frederik Juhl Hestbæk

State Authorised Public Accountant
Identification No (MNE) mne47807

Management commentary

Primary activities

Xena Networks develops and sells equipment for testing components, modules, and equipment for communication networks. The company's products are used by global network equipment and semiconductor vendors, automotive, industrial, and cloud computing companies. The products are sold around the world through direct regional sales organizations and sales partners.

Description of material changes in activities and finances

No material changes have been observed by management after the closing of FY2022, apart from the acquiring additional funding to support the growth plans.

Development in activities and finances

Xena Networks continues its track record of robust growth, reporting revenue of DKK 79 million, in FY2022, 23% revenue growth compared to the previous year.

The consolidated loss for the year amounted to DKK (3.9) million, which is driven by a write-down of obsolete stock of DKK 3.5 million.

Xena Networks competes in attractive segment of the communications test & measurement market; the market segment is sufficiently large, growing, and driven by the unrelenting demand for faster networks. Xena Networks targets the design validation and quality assurance organizations for gigabit and terabit Ethernet performance testing and network impairment. Xena Network estimates its market size at about \$200 million, growing 4-6% annually. Social networking, e-commerce, and video streaming are already an integral part of everyday life. Now big data, cloud services, artificial intelligence, new media, and augmented reality are further accelerating an unprecedented explosion of data and traffic, driving the continuous adoption of faster Ethernet networking speeds across internet, data center, and 5G cellular networks. As a result, there is high demand for performance testing of Ethernet networks and equipment.

Xena Networks' strong results are attributed to its Valkyrie product line, which provides traffic generation & analysis and accounted for about 75% of its bookings in FY2022.

Xena Networks expanded its footprint at Tier-1 semiconductor and network equipment manufacturers, driven by its new Freya Terabit Ethernet and Chimera 5G Network Impairment products.

In FY2022, Xena Networks grew bookings in all geographic regions. Xena Networks reported solid growth in North America which continues to be its largest market with about 50% of the total bookings. Xena Network had growth of over 16% in East Asia (China, Japan, Korea, and Taiwan), over 40% in Southeast Asia & Middle East and in Israel, and over 70% growth in Europe.

Xena Networks recruited and hired new members in the management team to lead Engineering, Finance and Marketing to build and lead future scale-up plans.

Outlook

Xena Networks expects to show significant growth in FY2023 in order bookings and revenues, and consequently to continue the positive development of the company.

Additional resources will be added to scale-up sales, marketing, and engineering projects.

Knowledge resources

Xena Networks is a knowledge-based organization with half of the organization deployed into R&D, and recruited from the EMEA and APAC regions, with the majority holding a master's degree from a technical university.

The organization continues to grow its talent with a diversity of employees from more than fifteen countries. Xena Networks encourages a supportive and inclusive culture, promotes diversity, and eliminates discrimination in the workplace.

Research and development activities

Development projects are mainly software development of new products. In FY2022, DKK 14,6 million was capitalized as development projects in the balance, which amounts to a total DKK 26,5 million at the end of the year. The investment in new products in FY2022 represents 18% of total revenue.

Xena Networks continues to accelerate investments into new product development to expand our product portfolio to compete at the forefront for testing high-speed Ethernet networks. In FY2022, Xena Networks invested in the development of our terabit Ethernet product line for up to 800 Gigabit Ethernet; virtual editions of our test tools; Layer 1 testing capabilities; Open Automation (XOA), our new architecture for test suite execution and automation; and Xena Manger (XM3), our next generation test manager that integrates all our test tools under a common operating environment.

Group relations

The Xena Network Group consist of Xena Networks ApS with base in Lyngby, and two fully owned subsidiaries in respectively USA and India, a Branch office in China, and employees based in Israel and the UK.

Events after the balance sheet date

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

Consolidated income statement for 2021/22

	Notes	2021/22 DKK	2020/21 DKK
Revenue		79,005,341	64,493,208
Cost of sales		(13,971,570)	(13,974,461)
Costs of raw materials and consumables		(886,274)	(756,321)
Other external expenses		(40,341,960)	(28,446,291)
Gross profit/loss		23,805,537	21,316,135
Staff costs	1	(18,194,277)	(12,774,662)
Depreciation, amortisation and impairment losses	2	(11,438,270)	(8,114,500)
Operating profit/loss		(5,827,010)	426,973
Other financial income	3	431,789	61,877
Other financial expenses	4	(535,890)	(558,603)
Profit/loss before tax		(5,931,111)	(69,753)
Tax on profit/loss for the year	5	2,048,327	1,081,169
Profit/loss for the year		(3,882,784)	1,011,416
Proposed distribution of profit and loss			
Retained earnings		(3,882,784)	1,011,416
Proposed distribution of profit and loss		(3,882,784)	1,011,416

Consolidated balance sheet at 30.09.2022

Assets

	Notes	2021/22 DKK	2020/21 DKK
Completed development projects	7	26,536,418	23,711,842
Intangible assets	6	26,536,418	23,711,842
Other fixtures and fittings, tools and equipment		10,615	0
Leasehold improvements		729,215	535,600
Property, plant and equipment	8	739,830	535,600
Deposits		775,593	720,999
Financial assets	9	775,593	720,999
Fixed assets		28,051,841	24,968,441
Manufactured goods and goods for resale		19,631,424	14,066,320
Inventories		19,631,424	14,066,320
Trade receivables		21,562,326	17,454,977
Deferred tax		98,247	102,695
Other receivables		1,852,235	1,056,481
Tax receivable	10	4,045,334	2,756,836
Receivables from owners and management		0	199,293
Prepayments		3,735,928	4,159,582
Receivables		31,294,070	25,729,864
Cash		1,615,429	5,483,187
Current assets		52,540,923	45,279,371
Assets		80,592,764	70,247,812

Equity and liabilities

	Notes	2021/22 DKK	2020/21 DKK
Contributed capital		311,256	310,756
Translation reserve		608,416	3,780
Reserve for development costs		20,698,406	16,613,531
Retained earnings		20,516,379	28,409,038
Equity		42,134,457	45,337,105
Deferred tax		3,150,378	3,140,591
Provisions		3,150,378	3,140,591
Payables to owners and management		5,501,548	5,235,122
Other payables		1,402,948	1,915,589
Non-current liabilities other than provisions	11	6,904,496	7,150,711
Bank loans		16,755,963	2,396,765
Trade payables		6,087,248	6,317,624
Payables to owners and management		0	140,140
Tax payable		908,828	680,111
Other payables	12	4,651,394	5,084,765
Current liabilities other than provisions		28,403,433	14,619,405
Liabilities other than provisions		35,307,929	21,770,116
Equity and liabilities		80,592,764	70,247,812
Unrecognised rental and lease commitments	13		
Assets charged and collateral	14		
Subsidiaries	15		

Consolidated statement of changes in equity for 2021/22

	Contributed capital DKK	Share premium DKK	Translation reserve DKK	Reserve for development costs DKK	Retained earnings DKK
Equity beginning of year	310,756	0	3,780	16,613,531	28,409,038
Increase of capital	500	75,000	0	0	0
Transferred from share premium	0	(75,000)	0	0	75,000
Transfer to reserves	0	0	604,636	4,084,875	(4,084,875)
Profit/loss for the year	0	0	0	0	(3,882,784)
Equity end of year	311,256	0	608,416	20,698,406	20,516,379
					Total DKK
Equity beginning of year					45,337,105
Increase of capital					75,500
Transferred from share premium					0
Transfer to reserves					604,636
Profit/loss for the year					(3,882,784)
Equity end of year					42,134,457

Notes to consolidated financial statements

1 Staff costs

	2021/22 DKK	2020/21 DKK
Wages and salaries	24,130,909	18,153,968
Other social security costs	205,339	142,836
Other staff costs	2,219,888	1,507,923
	26,556,136	19,804,727
Staff costs classified as assets	(8,361,859)	(7,030,065)
	18,194,277	12,774,662
Average number of full-time employees	47	42

Special incentive programmes

The parent company has a warrant program to management and key employees where a total of 28.896 warrants have been issued.

2 Depreciation, amortisation and impairment losses

	2021/22 DKK	2020/21 DKK
Amortisation of intangible assets	11,246,427	8,065,498
Depreciation on property, plant and equipment	191,843	49,002
	11,438,270	8,114,500

3 Other financial income

	2021/22 DKK	2020/21 DKK
Other interest income	1,856	61,877
Exchange rate adjustments	429,933	0
	431,789	61,877

4 Other financial expenses

	2021/22 DKK	2020/21 DKK
Other interest expenses	289,017	525,820
Exchange rate adjustments	0	32,783
Other financial expenses	246,873	0
	535,890	558,603

5 Tax on profit/loss for the year

	2021/22 DKK	2020/21 DKK
Current tax	(2,058,114)	(527,124)
Change in deferred tax	9,787	(588,181)
Adjustment concerning previous years	0	34,136
	(2,048,327)	(1,081,169)

6 Intangible assets

	Completed development projects DKK
Cost beginning of year	54,399,586
Additions	14,596,042
Disposals	(525,039)
Cost end of year	68,470,589
Amortisation and impairment losses beginning of year	(30,687,744)
Amortisation for the year	(11,246,427)
Amortisation and impairment losses end of year	(41,934,171)
Carrying amount end of year	26,536,418

7 Development projects

Development projects consists of hardware and software development to Xena Networks ApS main business areas in order to maintain relevant and updated products. Xena Networks ApS business model is highly data driven which requires a high level of continuous development.

The expected lifetime of the development projects are assessed in accordance with expected revenue streams of the development projects, and is assessed to 3-5 years.

8 Property, plant and equipment

	Other fixtures and fittings, tools and equipment DKK	Leasehold improvements DKK
Cost beginning of year	220,687	756,475
Additions	11,868	384,205
Cost end of year	232,555	1,140,680
Depreciation and impairment losses beginning of year	(220,687)	(220,875)
Depreciation for the year	(1,253)	(190,590)
Depreciation and impairment losses end of year	(221,940)	(411,465)
Carrying amount end of year	10,615	729,215

9 Financial assets

	Deposits DKK
Cost beginning of year	720,999
Additions	54,594
Cost end of year	775,593
Carrying amount end of year	775,593

10 Tax receivable

Tax receivable comprise receivable tax credit, where DKK 2,804 thousand is expected to be received in the financial period 2023/24.

11 Non-current liabilities other than provisions

	Due after more than 12 months 2021/22 DKK
Payables to owners and management	5,501,548
Other payables	1,402,948
	6,904,496

Non-current liabilities other than provisions falls due within 5 years. Other payables relates to the frozen holiday pay due to the new holiday law, and therefore it is uncertain when these will be paid.

12 Other payables

	2021/22 DKK	2020/21 DKK
Wages and salaries, personal income taxes, social security costs, etc. payable	1,024,078	1,390,652
Holiday pay obligation	1,069,393	1,074,318
Other costs payable	2,557,923	2,619,795
	4,651,394	5,084,765

13 Unrecognised rental and lease commitments

	2021/22 DKK	2020/21 DKK
Total liabilities under rental or lease agreements until maturity	3,672,229	4,897,586

14 Assets charged and collateral

Bank loans are secured by floating charge of DKK 20,000 thousand, which comprise receivables, inventories and property, plant and equipment. The carrying amount as of the balance sheet date are the listed below:

- Leasehold improvements, 729 TDKK
- Inventories, 19,631 TDKK
- Trade receivables, 10,291 TDKK
- Receivables from group enterprises, 5,409 TDKK
- Tax receivable, 4,045 TDKK

15 Subsidiaries

	Registered in	Corporate form	Ownership %	Equity DKK	Profit/loss DKK
Xena Networks, INC	California, USA	INC	100	4,008,034	980,351
Xena Networks India Private Limited	Bangalore, India	Private limited	100	485,007	155,522

Parent income statement for 2021/22

	Notes	2021/22 DKK	2020/21 DKK
Revenue		63,842,714	49,042,143
Cost of sales		(13,152,720)	(12,422,657)
Costs of raw materials and consumables		(886,274)	(756,321)
Other external expenses		(28,443,224)	(17,493,349)
Gross profit/loss		21,360,496	18,369,816
Staff costs	1	(17,588,765)	(12,509,902)
Depreciation, amortisation and impairment losses	2	(11,437,017)	(8,114,500)
Operating profit/loss		(7,665,286)	(2,254,586)
Income from investments in group enterprises		1,092,844	2,015,147
Other financial income	3	430,556	13,923
Other financial expenses	4	(534,968)	(558,590)
Profit/loss before tax		(6,676,854)	(784,106)
Tax on profit/loss for the year	5	2,794,070	1,795,522
Profit/loss for the year		(3,882,784)	1,011,416
Proposed distribution of profit and loss			
Retained earnings		(3,882,784)	1,011,416
Proposed distribution of profit and loss		(3,882,784)	1,011,416

Parent balance sheet at 30.09.2022

Assets

	Notes	2021/22 DKK	2020/21 DKK
Completed development projects	7	26,536,418	23,711,842
Intangible assets	6	26,536,418	23,711,842
Other fixtures and fittings, tools and equipment		0	0
Leasehold improvements		729,215	535,600
Property, plant and equipment	8	729,215	535,600
Investments in group enterprises		4,493,040	2,795,560
Deposits		775,593	721,000
Financial assets	9	5,268,633	3,516,560
Fixed assets		32,534,266	27,764,002
Manufactured goods and goods for resale		19,631,424	14,066,320
Inventories		19,631,424	14,066,320
Trade receivables		10,290,571	5,359,346
Receivables from group enterprises		5,409,466	10,720,188
Other receivables		1,829,934	1,037,895
Tax receivable	10	4,045,334	2,756,836
Receivables from owners and management		0	199,293
Prepayments		3,735,928	4,144,589
Receivables		25,311,233	24,218,147
Cash		34,517	255,516
Current assets		44,977,174	38,539,983
Assets		77,511,440	66,303,985

Equity and liabilities

	Notes	2021/22 DKK	2020/21 DKK
Contributed capital		311,256	310,756
Reserve for net revaluation according to equity method		4,384,815	2,687,335
Reserve for development costs		20,698,406	16,613,531
Retained earnings		16,739,980	25,725,483
Equity		42,134,457	45,337,105
Deferred tax		3,150,378	3,140,591
Provisions		3,150,378	3,140,591
Payables to owners and management		5,501,548	5,235,122
Other payables		1,402,948	1,915,589
Non-current liabilities other than provisions	11	6,904,496	7,150,711
Bank loans		16,755,963	2,396,765
Trade payables		5,610,680	4,383,304
Payables to group enterprises		118,415	93,635
Payables to owners and management		0	140,140
Tax payable		0	267,719
Other payables	12	2,837,051	3,394,015
Current liabilities other than provisions		25,322,109	10,675,578
Liabilities other than provisions		32,226,605	17,826,289
Equity and liabilities		77,511,440	66,303,985
Unrecognised rental and lease commitments	13		
Assets charged and collateral	14		

Parent statement of changes in equity for 2021/22

	Contributed capital DKK	Share premium DKK	Reserve for net revaluation according to the equity method DKK	Reserve for development costs DKK	Retained earnings DKK
Equity beginning of year	310,756	0	2,687,335	16,613,531	25,725,483
Increase of capital	500	75,000	0	0	0
Transferred from share premium	0	(75,000)	0	0	75,000
Exchange rate adjustments	0	0	604,636	0	0
Transfer to reserves	0	0	0	4,084,875	(4,084,875)
Profit/loss for the year	0	0	1,092,844	0	(4,975,628)
Equity end of year	311,256	0	4,384,815	20,698,406	16,739,980
					Total DKK
Equity beginning of year					45,337,105
Increase of capital					75,500
Transferred from share premium					0
Exchange rate adjustments					604,636
Transfer to reserves					0
Profit/loss for the year					(3,882,784)
Equity end of year					42,134,457

Notes to parent financial statements

1 Staff costs

	2021/22 DKK	2020/21 DKK
Wages and salaries	23,525,397	17,889,208
Other social security costs	205,339	142,836
Other staff costs	2,219,888	1,507,923
	25,950,624	19,539,967
Staff costs classified as assets	(8,361,859)	(7,030,065)
	17,588,765	12,509,902
Average number of full-time employees	28	22

Special incentive programmes

The parent company has a warrant program to management and key employees where a total of 28.896 warrants have been issued.

2 Depreciation, amortisation and impairment losses

	2021/22 DKK	2020/21 DKK
Amortisation of intangible assets	11,246,427	8,065,498
Depreciation on property, plant and equipment	190,590	49,002
	11,437,017	8,114,500

3 Other financial income

	2021/22 DKK	2020/21 DKK
Other interest income	623	13,923
Exchange rate adjustments	429,933	0
	430,556	13,923

4 Other financial expenses

	2021/22 DKK	2020/21 DKK
Other interest expenses	288,095	299,057
Exchange rate adjustments	0	32,783
Other financial expenses	246,873	226,750
	534,968	558,590

5 Tax on profit/loss for the year

	2021/22 DKK	2020/21 DKK
Current tax	(2,803,857)	(1,241,477)
Change in deferred tax	9,787	(588,181)
Adjustment concerning previous years	0	34,136
	(2,794,070)	(1,795,522)

6 Intangible assets

	Completed development projects DKK
Cost beginning of year	54,399,586
Additions	14,596,042
Disposals	(525,039)
Cost end of year	68,470,589
Amortisation and impairment losses beginning of year	(30,687,744)
Amortisation for the year	(11,246,427)
Amortisation and impairment losses end of year	(41,934,171)
Carrying amount end of year	26,536,418

7 Development projects

Development projects consists of hardware and software development to Xena Networks ApS main business areas in order to maintain relevant and updated products. Xena Networks ApS business model is highly data driven which requires a high level of continuous development.

The expected lifetime of the development projects are assessed in accordance with expected revenue streams of the development projects, and is assessed to 5 years.

8 Property, plant and equipment

	Other fixtures and fittings, tools and equipment DKK	Leasehold improvements DKK
Cost beginning of year	220,687	756,475
Additions	0	384,205
Cost end of year	220,687	1,140,680
Depreciation and impairment losses beginning of year	(220,687)	(220,875)
Depreciation for the year	0	(190,590)
Depreciation and impairment losses end of year	(220,687)	(411,465)
Carrying amount end of year	0	729,215

9 Financial assets

	Investments in group enterprises DKK	Deposits DKK
Cost beginning of year	108,225	720,999
Additions	0	54,594
Cost end of year	108,225	775,593
Revaluations beginning of year	2,687,335	0
Exchange rate adjustments	604,636	0
Share of profit/loss for the year	1,092,844	0
Revaluations end of year	4,384,815	0
Carrying amount end of year	4,493,040	775,593

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

10 Tax receivable

Tax receivable comprise receivable tax credit, where DKK 2,804 thousand is expected to be received in the financial period 2023/24.

11 Non-current liabilities other than provisions

	Due after more than 12 months 2021/22 DKK
Payables to owners and management	5,501,548
Other payables	1,402,948
	6,904,496

Non-current liabilities other than provisions falls due within 5 years. Other payables relates to the frozen holiday pay due to the new holiday law, and therefore it is uncertain when these will be paid.

12 Other payables

	2021/22 DKK	2020/21 DKK
Wages and salaries, personal income taxes, social security costs, etc. payable	1,024,078	1,390,652
Holiday pay obligation	1,069,393	1,074,318
Other costs payable	743,580	929,045
	2,837,051	3,394,015

13 Unrecognised rental and lease commitments

	2021/22	2020/21
	DKK	DKK
Total liabilities under rental or lease agreements until maturity	3,672,229	4,897,586

14 Assets charged and collateral

Bank loans are secured by floating charge of DKK 20,000 thousand, which comprise receivables, inventories and property, plant and equipment. The carrying amount as of the balance sheet date are the listed below:

- Leasehold improvements, 729 TDKK
- Inventories, 19,631 TDKK
- Trade receivables, 10,291 TDKK
- Receivables from group enterprises, 5,409 TDKK
- Tax receivable, 4,045 TDKK

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 consolidated financial statements and parent financial statements are consistent with those applied last year.

As a result of clean up of the company's inventory and more precise registrations, management has presented R&D equipment as completed development projects and demo equipment as cost to obtain sales and presented as prepayments. As a result the comparative figures are affected respectively an increase of 2,412 t.DKK on completed development projects and an increase of 3,624 t.DKK on prepayments, and a total decrease of inventory of 6,036 t.DKK.

Recognition and measurement

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

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

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

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

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

Consolidated financial statements

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

Basis of consolidation

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

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

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

Income statement

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 ordinary inventory writedowns.

Costs of raw materials and consumables

Costs of raw materials and consumables comprise the consumption of raw materials and consumables for the financial year after adjustment for changes in inventories of these goods from the beginning to the end of the year. This item includes shrinkage, if any, and ordinary writedowns of the relevant inventories.

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.

Staff costs

Staff costs comprise wages and salaries, 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 and intangible assets comprise depreciation, amortisation and impairment losses for the financial year, and gains and losses from the sale of intangible assets and property, plant and equipment.

Income from investments in group enterprises

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

Other financial income

Other financial income comprises dividends etc. received on other investments, 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.

Balance sheet**Intellectual property rights etc.**

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

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

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

Completed development projects are amortised on a straight-line basis using their estimated useful lives which are determined based on a specific assessment of each development project. If the useful life cannot be estimated reliably, it is fixed at 10 years. For development projects protected by intellectual property rights, the maximum period of amortisation is the remaining duration of the relevant rights. The amortisation periods used are 3-5 years.

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

Property, plant and equipment

Leasehold improvements and other fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation and impairment losses. Land is not depreciated.

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

Estimated useful lives and residual values are reassessed annually.

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

Investments in group enterprises

Investments in group enterprises are recognised and measured in the parent financial statements according to the equity method. This means that investments are measured at the pro rata share of the enterprises' equity value.

Upon distribution of profit or loss, net revaluation of investments in group enterprises is transferred to the reserve for net revaluation according to the equity method in equity.

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

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.

Receivables

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

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.

Tax payable or receivable

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

Prepayments

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

Cash

Cash comprises cash in hand and bank deposits.

Operating leases

Lease payments on operating leases are recognised on a straight-line basis in the income statement over the term of the lease.

Other financial liabilities

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