



Xena Networks ApS

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

Annual report 01.10.2020 - 30.09.2021

The Annual General Meeting adopted the
annual report on 28.02.2022

Jacob Vestergaard Nielsen
Chairman of the General Meeting

Contents

Entity details	2
Statement by Management on the annual report	3
Independent auditor's report	4
Management commentary	7
Consolidated income statement for 2020/21	9
Consolidated balance sheet at 30.09.2021	10
Consolidated statement of changes in equity for 2020/21	12
Notes to consolidated financial statements	13
Parent income statement for 2020/21	17
Parent balance sheet at 30.09.2021	18
Parent statement of changes in equity for 2020/21	20
Notes to parent financial statements	21
Accounting policies	25

Entity details

Entity

Xena Networks ApS
Gammel Lundtoftevej 1
DK-2800 Kongens Lyngby

Business Registration No.: 30615956
Registered office: Lyngby-taarbæk
Financial year: 01.10.2020 - 30.09.2021

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 01.10.2020 - 30.09.2021.

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

In our opinion, the consolidated financial statements and the parent financial statements give a true and fair view of the Group's and the Parent's financial position at 30.09.2021 and of the results of their operations for the financial year 01.10.2020 - 30.09.2021.

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

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

Lyngby, 28.02.2022

Executive Board

Jacob Vestergaard Nielsen

CEO

Board of Directors

Lars Dige Pedersen

Chairman

Henrik Hvidtfeldt

Jacob Vestergaard Nielsen

Michael Gustav Brock

William John Mortimer

Independent auditor's report

To the shareholders of Xena Networks ApS

Report on the audit of the consolidated financial statements and the parent financial statements

Opinion

We have audited the consolidated financial statements and the parent financial statements of Xena Networks ApS for the financial year 01.10.2020 - 30.09.2021, which comprise the income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies, for the Group as well as the Parent. 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 30.09.2021 and of the results of their operations for the financial year 01.10.2020 - 30.09.2021 in accordance with the Danish Financial Statements Act.

Basis for opinion

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

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

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

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

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements and the parent financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements applicable in

Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements and parent financial statements.

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

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

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

Statement on the management commentary

Management is responsible for the management commentary.

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

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

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

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

Report on other legal and regulatory requirements

Violation of company law and similar legislation

The company has unintentionally as a result of payment of an installment scheme for tax to the Danish Tax Authorities, granted illegal loan of DKK 99 thousand to the company's former main shareholder, whereby management may incur liability. The loan has been repaid in February 2022.

Copenhagen, 28.02.2022

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

The company's activity is the development and sale of test equipment for use in communication networks. The company's products are used by global manufacturers of semiconductors and network equipment, government and defense sectors, automotive, and cloud computing companies. The product offering is sold to customers in primarily in USA, EMEA, and Asia in combination of direct sales direct sales and through a sales partner network.

Description of material changes in activities and finances

No material changes have been observed after the closing of the FY 20/21.

Development in activities and finances

In FY 20/21 Xena Networks realized a strong Revenues growth of 42% compared to previous year. The growth was realized across all markets with North America showing the highest growth rate. The main reasons for the growth can be contributed to our Valkyrie product line, expanding our footprint at Tier-1 semiconductor and network equipment manufacturer companies, as well as strong growth in North America which continues to be the most important market with about 60% of the total Revenues.

Xena Networks continue to accelerate investments into products development in to further expand the product portfolio and to be on the forefront with testing equipment supporting faster networks. In FY 20/21 a significant part of the investment was allocated to the Freya product, which is a new Network testing device supporting 800GE, that is expected to be launched in FY 21/22.

The consolidated profit/loss for the year amounted to DKK 1,011 thousand which was a significant improvement compared to the loss, amounting DKK 2,634 thousand, reported for the FY 20/21. As of September 30th, 2021 The equity amounts to DKK 45,337 thousand and assets amount to DKK 70,248 thousand.

In August 2021 Xena Networks moved to a new modern premises in Lyngby. The organization is very diverse with people coming from 15 countries. Xena Networks is dedicated to encouraging a supportive and inclusive culture amongst the entire work force. It is in our best interest to promote diversity and eliminate any kind of discrimination in the workplace.

Outlook

Xena Networks expects to show a significant growth in FY 21/22 in both orders bookings and Revenues, and consequently to continue to positive development of company. Most of the growth is planned to come from the existing product range, and from the introduction of new and higher networking speed technologies including 800 Gigabit Ethernet.

Additional resources will be added to both S&M and Support, as well as the develop and product management teams to further accelerate market presents and product development.

Knowledge resources

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

Research and development activities

Development projects consists of hardware and software development of new products. Xena Networks ApS business model is highly data driven which requires a high level of continuous development. In FY 20/21 DKK 11.171 thousand was activated as development projects in the balance, which end the year amounted to total DKK 21.299 thousand.

Group relations

The Xena Network Group consist of Xena Networks A/S 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 2020/21

	Notes	2020/21 DKK	2019/20 DKK
Revenue		64,493,208	45,392,776
Cost of sales		(14,730,782)	(7,100,902)
Other external expenses		(28,446,291)	(21,374,454)
Gross profit/loss		21,316,135	16,917,420
Staff costs	1	(12,774,662)	(11,280,646)
Depreciation, amortisation and impairment losses	2	(8,114,500)	(6,626,205)
Operating profit/loss		426,973	(989,431)
Other financial income	3	61,877	5,749
Other financial expenses	4	(558,603)	(2,018,857)
Profit/loss before tax		(69,753)	(3,002,539)
Tax on profit/loss for the year	5	1,081,169	368,481
Profit/loss for the year		1,011,416	(2,634,058)
Proposed distribution of profit and loss			
Retained earnings		1,011,416	(2,634,058)
Proposed distribution of profit and loss		1,011,416	(2,634,058)

Consolidated balance sheet at 30.09.2021

Assets

	Notes	2020/21 DKK	2019/20 DKK
Completed development projects	7	21,299,399	18,192,970
Intangible assets	6	21,299,399	18,192,970
Other fixtures and fittings, tools and equipment		0	2,828
Leasehold improvements		535,600	29,919
Property, plant and equipment	8	535,600	32,747
Deposits		720,999	429,238
Financial assets	9	720,999	429,238
Fixed assets		22,555,998	18,654,955
Manufactured goods and goods for resale		20,103,155	20,022,328
Inventories		20,103,155	20,022,328
Trade receivables		17,454,977	11,696,798
Deferred tax		102,695	355,527
Other receivables		1,056,481	681,565
Tax receivable	10	2,756,836	1,515,359
Receivables from owners and management	11	199,293	168,626
Prepayments		535,190	509,834
Receivables		22,105,472	14,927,709
Cash		5,483,187	11,095,620
Current assets		47,691,814	46,045,657
Assets		70,247,812	64,700,612

Equity and liabilities

	Notes	2020/21 DKK	2019/20 DKK
Contributed capital		310,756	310,756
Share premium		0	28,479,244
Retained earnings		45,026,349	15,531,909
Equity		45,337,105	44,321,909
Deferred tax		3,140,591	3,728,772
Provisions		3,140,591	3,728,772
Payables to owners and management		5,235,122	4,981,603
Other payables		1,915,589	1,519,713
Non-current liabilities other than provisions	12	7,150,711	6,501,316
Bank loans		2,396,765	0
Trade payables		6,317,624	3,960,417
Payables to owners and management		140,140	0
Tax payable		680,111	2,173,898
Other payables	13	5,084,765	4,014,300
Current liabilities other than provisions		14,619,405	10,148,615
Liabilities other than provisions		21,770,116	16,649,931
Equity and liabilities		70,247,812	64,700,612
Unrecognised rental and lease commitments	14		
Assets charged and collateral	15		
Subsidiaries	16		

Consolidated statement of changes in equity for 2020/21

	Contributed capital DKK	Share premium DKK	Retained earnings DKK	Total DKK
Equity beginning of year	310,756	28,479,244	15,531,909	44,321,909
Transferred from share premium	0	(28,479,244)	28,479,244	0
Exchange rate adjustments	0	0	3,780	3,780
Profit/loss for the year	0	0	1,011,416	1,011,416
Equity end of year	310,756	0	45,026,349	45,337,105

Notes to consolidated financial statements

1 Staff costs

	2020/21 DKK	2019/20 DKK
Wages and salaries	18,153,968	15,118,736
Other social security costs	142,836	135,302
Other staff costs	1,507,923	793,057
	19,804,727	16,047,095
Staff costs classified as assets	(7,030,065)	(4,766,449)
	12,774,662	11,280,646
Average number of full-time employees	49	38

2 Depreciation, amortisation and impairment losses

	2020/21 DKK	2019/20 DKK
Amortisation of intangible assets	8,065,498	6,586,193
Depreciation on property, plant and equipment	49,002	40,012
	8,114,500	6,626,205

3 Other financial income

	2020/21 DKK	2019/20 DKK
Other interest income	61,877	5,749
	61,877	5,749

4 Other financial expenses

	2020/21 DKK	2019/20 DKK
Other interest expenses	525,820	976,004
Exchange rate adjustments	32,783	1,042,853
	558,603	2,018,857

5 Tax on profit/loss for the year

	2020/21 DKK	2019/20 DKK
Current tax	(527,124)	(953,510)
Change in deferred tax	(588,181)	585,029
Adjustment concerning previous years	34,136	0
	(1,081,169)	(368,481)

6 Intangible assets

	Completed development projects DKK
Cost beginning of year	40,815,216
Additions	11,171,927
Cost end of year	51,987,143
Amortisation and impairment losses beginning of year	(22,622,246)
Amortisation for the year	(8,065,498)
Amortisation and impairment losses end of year	(30,687,744)
Carrying amount end of year	21,299,399

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	204,620
Additions	0	551,855
Cost end of year	220,687	756,475
Depreciation and impairment losses beginning of year	(217,859)	(174,701)
Depreciation for the year	(2,828)	(46,174)
Depreciation and impairment losses end of year	(220,687)	(220,875)
Carrying amount end of year	0	535,600

9 Financial assets

	Deposits DKK
Cost beginning of year	429,238
Additions	592,605
Disposals	(300,844)
Cost end of year	720,999
Carrying amount end of year	720,999

10 Tax receivable

Tax receivable comprise receivable tax credit, where DKK 1.241 thousand is expected to be received in the financial period 2021/22.

11 Receivables from owners and management

	Executive Board DKK
Receivables	199,293
Interest rate (%)	10,05

The company has unintentionally as a result of payment of an installment scheme for tax to the Danish Tax Authorities, granted illegal loan of DKK 99 thousand to the company's former main shareholder. The amount exceeding DKK 99 thousand are legal, as the loan was granted at the time when the shareholder held majority of the shares. The loan has been repaid in February 2022.

12 Non-current liabilities other than provisions

	Due after more than 12 months 2020/21 DKK
Payables to owners and management	5,235,122
Other payables	1,915,589
	7,150,711

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.

13 Other payables

	2020/21 DKK	2019/20 DKK
Wages and salaries, personal income taxes, social security costs, etc. payable	1,390,652	1,827,921
Holiday pay obligation	1,074,318	390,368
Other costs payable	2,619,795	1,796,011
	5,084,765	4,014,300

14 Unrecognised rental and lease commitments

	2020/21	2019/20
	DKK	DKK
Total liabilities under rental or lease agreements until maturity	4,897,586	1,181,042

15 Assets charged and collateral

Bank loans are secured by floating charge of DKK 10.800 thousand, which comprise receivables, inventories and property, plant and equipment.

16 Subsidiaries

	Registered in	Corporate form	Ownership %	Equity DKK	Profit/loss DKK
Xena Networks, INC	California, USA	INC	100	2,462,651	1,892,498
Xena Networks India Private Limited	Bangalore, India	Private limited	100	332,909	74,695

Parent income statement for 2020/21

	Notes	2020/21 DKK	2019/20 DKK
Revenue		49,042,143	35,592,289
Cost of sales		(13,255,454)	(7,194,383)
Costs of raw materials and consumables		(756,321)	(569,785)
Other external expenses		(16,660,552)	(13,035,161)
Gross profit/loss		18,369,816	14,792,960
Staff costs	1	(12,509,902)	(11,008,026)
Depreciation, amortisation and impairment losses	2	(8,114,500)	(6,626,205)
Operating profit/loss		(2,254,586)	(2,841,271)
Income from investments in group enterprises		2,015,147	679,103
Other financial income	3	13,923	5,740
Other financial expenses	4	(558,590)	(1,350,611)
Profit/loss before tax		(784,106)	(3,507,039)
Tax on profit/loss for the year	5	1,795,522	872,980
Profit/loss for the year		1,011,416	(2,634,059)
Proposed distribution of profit and loss			
Retained earnings		1,011,416	(2,634,059)
Proposed distribution of profit and loss		1,011,416	(2,634,059)

Parent balance sheet at 30.09.2021

Assets

	Notes	2020/21 DKK	2019/20 DKK
Completed development projects	7	21,299,399	18,192,970
Intangible assets	6	21,299,399	18,192,970
Other fixtures and fittings, tools and equipment		0	2,828
Leasehold improvements		535,600	29,919
Property, plant and equipment	8	535,600	32,747
Investments in group enterprises		2,795,560	776,633
Deposits		720,999	429,238
Financial assets	9	3,516,559	1,205,871
Fixed assets		25,351,558	19,431,588
Manufactured goods and goods for resale		20,103,155	20,022,328
Inventories		20,103,155	20,022,328
Trade receivables		5,359,346	5,617,236
Receivables from group enterprises		10,720,188	5,107,884
Other receivables		1,037,895	672,273
Tax receivable	10	2,756,836	1,515,359
Receivables from owners and management	11	199,293	168,626
Prepayments		520,197	507,087
Receivables		20,593,755	13,588,465
Cash		255,516	10,050,515
Current assets		40,952,426	43,661,308
Assets		66,303,984	63,092,896

Equity and liabilities

	Notes	2020/21 DKK	2019/20 DKK
Contributed capital		310,756	310,756
Share premium		0	28,479,244
Reserve for net revaluation according to equity method		2,687,335	668,408
Reserve for development costs		16,613,531	14,190,516
Retained earnings		25,725,483	672,985
Equity		45,337,105	44,321,909
Deferred tax		3,140,591	3,728,772
Provisions		3,140,591	3,728,772
Payables to owners and management		5,235,122	4,981,603
Other payables		1,915,589	1,519,713
Non-current liabilities other than provisions	12	7,150,711	6,501,316
Bank loans		2,396,765	0
Trade payables		4,383,304	3,832,092
Payables to group enterprises		93,635	120,450
Payables to owners and management		140,140	0
Tax payable		267,718	2,170,130
Other payables	13	3,394,015	2,418,227
Current liabilities other than provisions		10,675,577	8,540,899
Liabilities other than provisions		17,826,288	15,042,215
Equity and liabilities		66,303,984	63,092,896
Unrecognised rental and lease commitments	14		
Assets charged and collateral	15		

Parent statement of changes in equity for 2020/21

	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	28,479,244	668,408	14,190,516	672,985
Transferred from share premium	0	(28,479,244)	0	0	28,479,244
Exchange rate adjustments	0	0	3,780	0	0
Transfer to reserves	0	0	0	2,423,015	(2,423,015)
Profit/loss for the year	0	0	2,015,147	0	(1,003,731)
Equity end of year	310,756	0	2,687,335	16,613,531	25,725,483
					Total DKK
Equity beginning of year					44,321,909
Transferred from share premium					0
Exchange rate adjustments					3,780
Transfer to reserves					0
Profit/loss for the year					1,011,416
Equity end of year					45,337,105

Notes to parent financial statements

1 Staff costs

	2020/21 DKK	2019/20 DKK
Wages and salaries	17,889,208	14,846,116
Other social security costs	142,836	135,302
Other staff costs	1,507,923	793,057
	19,539,967	15,774,475
Staff costs classified as assets	(7,030,065)	(4,766,449)
	12,509,902	11,008,026
Average number of full-time employees	22	19

2 Depreciation, amortisation and impairment losses

	2020/21 DKK	2019/20 DKK
Amortisation of intangible assets	8,065,498	6,586,193
Depreciation on property, plant and equipment	49,002	40,012
	8,114,500	6,626,205

3 Other financial income

	2020/21 DKK	2019/20 DKK
Other interest income	13,923	5,740
	13,923	5,740

4 Other financial expenses

	2020/21 DKK	2019/20 DKK
Other interest expenses	299,057	305,725
Exchange rate adjustments	32,783	1,042,853
Other financial expenses	226,750	2,033
	558,590	1,350,611

5 Tax on profit/loss for the year

	2020/21 DKK	2019/20 DKK
Current tax	(1,241,477)	(1,458,009)
Change in deferred tax	(588,181)	585,029
Adjustment concerning previous years	34,136	0
	(1,795,522)	(872,980)

6 Intangible assets

	Completed development projects DKK
Cost beginning of year	40,815,216
Additions	11,171,927
Cost end of year	51,987,143
Amortisation and impairment losses beginning of year	(22,622,246)
Amortisation for the year	(8,065,498)
Amortisation and impairment losses end of year	(30,687,744)
Carrying amount end of year	21,299,399

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	204,620
Additions	0	551,855
Cost end of year	220,687	756,475
Depreciation and impairment losses beginning of year	(217,859)	(174,701)
Depreciation for the year	(2,828)	(46,174)
Depreciation and impairment losses end of year	(220,687)	(220,875)
Carrying amount end of year	0	535,600

9 Financial assets

	Investments in group enterprises DKK	Deposits DKK
Cost beginning of year	108,225	429,238
Additions	0	592,605
Disposals	0	(300,844)
Cost end of year	108,225	720,999
Revaluations beginning of year	668,408	0
Exchange rate adjustments	3,780	0
Share of profit/loss for the year	2,060,143	0
Other adjustments	(44,996)	0
Revaluations end of year	2,687,335	0
Carrying amount end of year	2,795,560	720,999

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 1.241 thousand is expected to be received in the financial period 2021/22.

11 Receivables from owners and management

	Executive Board DKK
Receivables	199,293
Interest rate (%)	10,05

The company has unintentionally as a result of payment of an installment scheme for tax to the Danish Tax Authorities, granted illegal loan of DKK 99 thousand to the company's former main shareholder. The amount exceeding DKK 99 thousand are legal, as the loan was granted at the time when the shareholder held majority of the shares. The loan has been repaid in February 2022.

12 Non-current liabilities other than provisions

	Due after more than 12 months 2020/21 DKK
Payables to owners and management	5,235,122
Other payables	1,915,589
	7,150,711

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.

13 Other payables

	2020/21	2019/20
	DKK	DKK
Wages and salaries, personal income taxes, social security costs, etc. payable	1,390,652	1,827,920
Holiday pay obligation	1,074,318	390,369
Other costs payable	929,045	199,938
	3,394,015	2,418,227

14 Unrecognised rental and lease commitments

	2020/21	2019/20
	DKK	DKK
Total liabilities under rental or lease agreements until maturity	4,897,586	1,181,042

15 Assets charged and collateral

Bank loans are secured by floating charge of DKK 10.800 thousand, which comprise receivables, inventories and property, plant and equipment.

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.

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 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:

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.