
Intel Mobile Communications Denmark ApS

Hørkær 12 A, DK-2730 Herlev

Annual Report for 1 January - 31 December 2020

CVR No 33 16 31 50

The Annual Report was
presented and adopted at
the Annual General
Meeting of the Company on
28/6 2021

Ole Nørgaard
Chairman of the General
Meeting

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Management's Statement

Today, the Executive Board has discussed and approved the annual report of Intel Mobile Communications Denmark ApS for the financial year 1 January - 31 December 2020.

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

In our opinion the Financial Statements give a true and fair view of the financial position of the Company at 31 December 2020 and of the results of the Company operations for the financial year 1 January - 31 December 2020.

Further, in our opinion, Management's Review gives a fair review of the development in the Company's operations and financial matters and the results of the Company's operations and financial position.

We recommend that the Annual Report be adopted at the Annual General Meeting.

Herlev, 25 June 2021

Executive Board

Tiffany Doon Silva

Sharon Lynn Heck

Independent Auditor's Report

To the Shareholder of Intel Mobile Communications Denmark ApS

Opinion

We have audited the financial statements of Intel Mobile Communications Denmark ApS for the financial year 1 January – 31 December 2020, which comprise income statement, balance sheet, statement of changes in equity and notes, including 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 financial position of the Company at 31 December 2020 and of the results of the Company's operations for the financial year 1 January – 31 December 2020 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 our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these rules and requirements.

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 Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting in preparing the financial statements unless Management either intends to liquidate the Company 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 as to 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 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

Independent Auditor's Report

the economic decisions of users taken on the basis of the financial statements.

As part of an audit conducted in accordance with ISAs and 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 Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the 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 Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the 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 Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and contents of the financial statements, including the note disclosures, 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's review

Management is responsible for the Management's review.

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

Independent Auditor's Report

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

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

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

Aarhus, 28 June 2021

EY

Godkendt Revisionspartnerselskab

CVR No 30 70 02 28

Lone Nørgaard Eskildsen
State Authorised Public Accountant
mne32085

Jan Krarup Mortensen
State Authorised Public Accountant
mne40030

Company Information

The Company

Intel Mobile Communications Denmark ApS
Hørkær 12 A
DK-2730 Herlev

CVR No: 33 16 31 50

Financial period: 1 January - 31 December

Incorporated: 24 September 2010

Financial year: 10th financial year

Municipality of reg. office: Herlev

Executive Board

Tiffany Doon Silva
Sharon Lynn Heck

Auditors

EY
Godkendt Revisionspartnerselskab
Værkmestergade 25 P.O. Box 330
DK-8100 Aarhus C

Financial Highlights

Seen over a five-year period, the development of the Company is described by the following financial highlights:

	2020 TDKK	2019 TDKK	2018 TDKK	2017 TDKK	2016 TDKK
Key figures					
Profit/loss					
Revenue	84,045	100,647	414,986	337,870	335,760
Operating profit/loss	1,195	20,067	38,679	34,879	37,790
Net financials	-17,127	11,209	6,917	-10,563	7,261
Net profit/loss for the year	-13,950	27,469	47,165	19,906	39,453
Balance sheet					
Balance sheet total	94,664	277,647	276,735	233,844	267,775
Equity	40,352	254,822	228,050	130,612	199,725
Investment in property, plant and equipment	2,131	1,984	57,295	23,641	35,678
Number of employees	30	31	168	216	229
Ratios					
Gross margin	86.2%	81.5%	90.0%	79.8%	82.3%
Profit margin	-1.4%	22.9%	12.7%	10.3%	11.3%
Return on assets	-1.3%	8.3%	19.0%	14.9%	14.1%
Solvency ratio	42.6%	91.8%	82.4%	55.9%	74.6%
Return on equity	-9.5%	11.4%	26.3%	12.1%	22.0%

Management's Review

Business review

The object of the company is to perform research and development of electronic components, electronic systems and software.

Recognition and measurement uncertainties

Recognition and measurement in the annual report have not been subject to any material uncertainty.

Financial review

The income statement of the Company for 2020 shows a loss of TDKK 13,950, and at 31 December 2020 the balance sheet of the Company shows equity of TDKK 40,352.

Knowledge resources

Focusing on products and productivity Intel Mobile Communications Denmark ApS is a company employing numerous engineers and technicians.

Special risks

The company calculates transfer pricing in DKK and then converts to functional currency USD utilizing Intel month end rate on the quarter the revenue is booked.

Research and development activities

The company performs research and development of electronic components, electronic systems and software.

Outlook

For the 2021 outlook, the revenue is expected to be TDKK 60,000 – TDKK 100,000 and profit is expected to be TDKK 10,000 – TDKK 30,000.

Unusual events

The COVID-19 pandemic has adversely affected significant portions of the Company's business and could have a material adverse effect on the financial condition and results of its operations. However, the COVID-19 pandemic has no significant impact to the Company's results of operations for the financial year ended 31 December 2020 (to amend accordingly) as the Company is able to continue to operate as usual during the pandemic.

The degree to which COVID-19 impacts our results of the coming financial years will depend on future developments, which are highly uncertain and cannot be predicted, including, but not limited to, the duration and severity of the pandemic, the actions taken to contain the virus or treat its impact, other actions taken by governments, businesses, and individuals in response to the virus and resulting economic disruption, and how quickly and to what extent normal economic and operating conditions

Management's Review

can resume. Similarly, the Company is unable to predict the extent of the impact of the pandemic on Intel's customers, suppliers, vendors, and other partners, and their financial conditions, but a material effect on these parties could also materially adversely affect the Company. The Company is continuously monitoring the developments related to COVID-19 in order to respond to risks which may arise.

Subsequent events

No events materially affecting the assessment of the Annual Report have occurred after the balance sheet date.

Income Statement 1 January - 31 December

	Note	2020 TDKK	2019 TDKK
Revenue		84,045	100,647
Other operating income		0	2,947
Other external expenses		-11,562	-21,607
Gross profit/loss		72,483	81,987
Staff expenses	1	-68,093	-53,796
Depreciation, amortisation and impairment of property, plant and equipment		-3,195	-5,177
Other operating expenses		-2,405	0
Profit/loss before financial income and expenses		-1,210	23,014
Financial income	2	2,314	11,296
Financial expenses	3	-19,441	-87
Profit/loss before tax		-18,337	34,223
Tax on profit/loss for the year	4	4,387	-6,754
Net profit/loss for the year		-13,950	27,469

Balance Sheet 31 December

Assets

	Note	2020 TDKK	2019 TDKK
Plant and machinery		8,878	12,351
Property, plant and equipment	5	8,878	12,351
Deposits		402	707
Fixed asset investments	6	402	707
Fixed assets		9,280	13,058
Receivables from group enterprises		73,079	260,620
Other receivables		468	435
Deferred tax asset	7	5,532	3,534
Corporation tax		6,305	0
Receivables		85,384	264,589
Currents assets		85,384	264,589
Assets		94,664	277,647

Balance Sheet 31 December

Liabilities and equity

	Note	2020 TDKK	2019 TDKK
Share capital	8	85	85
Share premium account		-44,828	-44,308
Retained earnings		85,095	299,045
Equity		40,352	254,822
Other payables		4,685	1,357
Long-term debt	10	4,685	1,357
Trade payables		6,490	876
Payables to group enterprises		216	280
Corporation tax		0	4,229
Other payables	10	42,921	16,083
Short-term debt		49,627	21,468
Debt		54,312	22,825
Liabilities and equity		94,664	277,647
Distribution of profit	9		
Contingent assets, liabilities and other financial obligations	11		
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Statement of Changes in Equity

	Share capital	Share premium	Retained	Total
	TDKK	account	earnings	TDKK
	TDKK	TDKK	TDKK	TDKK
Equity at 1 January	85	-44,308	299,045	254,822
Cash capital increase	0	-520	0	-520
Extraordinary dividend paid	0	0	-200,000	-200,000
Net profit/loss for the year	0	0	-13,950	-13,950
Equity at 31 December	85	-44,828	85,095	40,352

Notes to the Financial Statements

	2020	2019
	TDKK	TDKK
1 Staff expenses		
Wages and salaries	72,790	50,503
Other social security expenses	572	384
Other staff expenses	-5,269	2,909
	68,093	53,796
Average number of employees	30	31
Remuneration to the Executive Board has not been disclosed in accordance with section 98 B(3) of the Danish Financial Statements Act.		
2 Financial income		
Interest received from group enterprises	2,314	4,429
Other financial income	0	214
Exchange adjustments	0	51
Exchange gains	0	6,602
	2,314	11,296
3 Financial expenses		
Other financial expenses	81	0
Exchange loss	19,360	87
	19,441	87
4 Tax on profit/loss for the year		
Current tax for the year	0	5,591
Deferred tax for the year	-1,998	1,522
Adjustment of tax concerning previous years	-2,389	1
Adjustment of deferred tax concerning previous years	0	-360
	-4,387	6,754

Notes to the Financial Statements

5 Property, plant and equipment

	Plant and machinery
	TDKK
Cost at 1 January	34,613
Additions for the year	2,131
Disposals for the year	-7,336
Cost at 31 December	<u>29,408</u>
Impairment losses and depreciation at 1 January	22,262
Depreciation for the year	3,195
Reversal of impairment and depreciation of sold assets	-4,927
Impairment losses and depreciation at 31 December	<u>20,530</u>
Carrying amount at 31 December	<u>8,878</u>

6 Fixed asset investments

	Deposits
	TDKK
Cost at 1 January	707
Additions for the year	0
Disposals for the year	-305
Cost at 31 December	<u>402</u>
Carrying amount at 31 December	<u>402</u>

7 Deferred tax asset

	2020	2019
	TDKK	TDKK
Deferred tax asset at 1 January	3,534	4,696
Amounts recognised in the income statement for the year	1,998	-1,162
Deferred tax asset at 31 December	<u>5,532</u>	<u>3,534</u>

Deferred tax asset consist of significant time differences of intangible assets, property, plant and equipment and prepaymant which are realisable within a foreseeable future.

Notes to the Financial Statements

8 Equity

The share capital consists of 85,001 shares of a nominal value of TDKK 1. No shares carry any special rights.

The share capital has increased with 1 share of TDKK 1,0 in relation with merger in 2016. The share capital is therefore TDKK 85,001.

	<u>2020</u> TDKK	<u>2019</u> TDKK
9 Distribution of profit		
Extraordinary dividend paid	200,000	0
Retained earnings	-213,950	27,469
	<u>-13,950</u>	<u>27,469</u>

10 Long-term debt

Payments due within 1 year are recognised in short-term debt. Other debt is recognised in long-term debt.

The debt falls due for payment as specified below:

Other payables

Between 1 and 5 years	<u>4,685</u>	<u>1,357</u>
Long-term part	4,685	1,357
Other short-term payables	<u>42,921</u>	<u>16,083</u>
	<u>47,606</u>	<u>17,440</u>

Notes to the Financial Statements

	2020 TDKK	2019 TDKK
11 Contingent assets, liabilities and other financial obligations		

Contingent liabilities

Rent and lease liabilities	1,653	7,572
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Rent and lease liabilities include a rent obligation totalling DKK 857 thousand in interminable rent agreements with remaining contract terms from 1 year to 5 years. Furthermore, the Company has liabilities under operating leases for cars and IT equipment, totalling DKK 126 thousand, with remaining contract terms of 19 months.

The Company has a bank guarantee totalling TDKK 531 regarding rent obligations.

12 Related parties

Basis

Controlling interest

Intel Deutschland GmbH, Germany	Participating interest
Intel Corporation Inc., USA	Ultimate parent company

Transactions

During the year, the Company had the following transactions with the below related party transactions:

Sale of services to parent entity TDKK 66,394. (2019: TDKK 40,016)

Purchase of services from parent entity TDKK 2,9. (2019: TDKK 70)

Sales to group entities TDKK 56,458. (2019: TDKK 60,152)

Purchase from group entities TDKK 0.7 (2019: TDKK 6,556)

Receivables from group entities TDKK 87,681. (2019: TDKK 260,620)

Payables to group entities TDKK 216. (2019: TDKK 280)

Notes to the Financial Statements

12 Related parties (continued)

Consolidated Financial Statements

The Company is included in the Group Annual Report of the ultimate parent Company:

<u>Name</u>	<u>Place of registered office</u>
Intel Corporation Inc.	USA

The Group Annual Report of Intel Corporation Inc. may be obtained at www.intc.com.

Notes to the Financial Statements

13 Accounting Policies

The Annual Report of Intel Mobile Communications Denmark ApS for 2020 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to medium-sized enterprises of reporting class C.

The accounting policies applied remain unchanged from last year.

The Financial Statements for 2020 are presented in TDKK.

Cash flow statement

With reference to section 86(4) of the Danish Financial Statements Act and to the cash flow statement included in the consolidated financial statements of Intel Corporation Inc., the Company has not prepared a cash flow statement.

Recognition and measurement

Revenues are recognised in the income statement as earned. Furthermore, value adjustments of financial assets and liabilities measured at fair value or amortised cost are recognised. Moreover, all expenses incurred to achieve the earnings for the year are recognised in the income statement, including depreciation, amortisation, impairment losses and provisions as well as reversals due to changed accounting estimates of amounts that have previously been recognised in the income statement.

Assets are recognised in the balance sheet when it is probable that future economic benefits attributable to the asset will flow to the Company, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when it is probable that future economic benefits will flow out of the Company, and the value of the liability can be measured reliably.

Assets and liabilities are initially measured at cost. Subsequently, assets and liabilities are measured as described for each item below.

Leases

The Company has chosen IAS 17 as interpretation for classification and recognition of leases.

Leases that do not transfer substantially all the risks and rewards incident to the ownership to the Company are classified as operating leases. Payments relating to operating leases and any other rent agreements are recognised in the income statement over the term of the lease. The Company's aggregate liabilities relating to operating leases and other rent agreements are disclosed under "Contingent liabilities".

Notes to the Financial Statements

13 Accounting Policies (continued)

Translation policies

Danish kroner is used as the presentation currency. All other currencies are regarded as foreign currencies.

Transactions in foreign currencies are translated at the exchange rates at the dates of transaction. Exchange differences arising due to differences between the transaction date rates and the rates at the dates of payment are recognised in financial income and expenses in the income statement. Where foreign exchange transactions are considered hedging of future cash flows, the value adjustments are recognised directly in equity.

Receivables, payables and other monetary items in foreign currencies that have not been settled at the balance sheet date are translated at the exchange rates at the balance sheet date. Any differences between the exchange rates at the balance sheet date and the rates at the time when the receivable or the debt arose are recognised in financial income and expenses in the income statement.

Fixed assets acquired in foreign currencies are measured at the transaction date rates.

Income Statement

Revenue

The Company has chosen IAS 11/IAS 18 as interpretation for revenue recognition.

The compensation model used by Intel Deutschland GmbH for all its affiliated group companies, including Intel Mobile Communication Denmark ApS, is a cost plus method.

Revenue is measured at the fair value of the agreed consideration excluding VAT and taxes charged on behalf of third parties. All discounts and rebates granted are recognised in revenue.

Other external expenses

Other external expenses include the year's expenses relating to the Company's core activities, including expenses relating to distribution, sale, advertising, administration, premises, bad debts, payments under operating leases, etc.

Staff expenses

Staff expenses comprise wages and salaries as well as payroll expenses.

Amortisation, depreciation and impairment losses

Amortisation, depreciation and impairment losses comprise amortisation, depreciation and impairment of intangible assets and property, plant and equipment.

Notes to the Financial Statements

13 Accounting Policies (continued)

Other operating income and expenses

Other operating income and other operating expenses comprise items of a secondary nature to the main activities of the Company, including gains and losses on the sale of intangible assets and property, plant and equipment.

Financial income and expenses

Financial income and expenses are recognised in the income statement at the amounts relating to the financial year.

Tax on profit/loss for the year

Tax for the year consists of current tax for the year and changes in deferred tax for the year. The tax attributable to the profit for the year is recognised in the income statement, whereas the tax attributable to equity transactions is recognised directly in equity.

Balance Sheet

Property, plant and equipment

Property, plant and equipment are measured at cost less accumulated depreciation and less any accumulated impairment losses.

Cost comprises the cost of acquisition and expenses directly related to the acquisition up until the time when the asset is ready for use.

Interest expenses on loans raised directly for financing the construction of property, plant and equipment are recognised in cost over the period of construction.

Depreciation based on cost reduced by any residual value is calculated on a straight-line basis over the expected useful lives of the assets, which are:

Other fixtures and fittings, tools and equipment	2-5	years
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Depreciation period and residual value are reassessed annually.

Impairment of fixed assets

The carrying amounts of intangible assets and property, plant and equipment are reviewed on an annual basis to determine whether there is any indication of impairment other than that expressed by amortisation and depreciation.

If so, the asset is written down to its lower recoverable amount.

Notes to the Financial Statements

13 Accounting Policies (continued)

Fixed asset investments

Fixed asset investments consist of Deposits. Deposits are measured at cost.

Receivables

Receivables are measured at amortized cost, which usually corresponds to the nominal value. Provisions are made for bad debts on the basis of objective evidence that a receivable or a group of receivables are impaired. Provisions are made to the lower of the net realizable value and the carrying amount.

The Company has chosen IAS 39 as interpretation for impairment of financial receivables.

Equity

Treasury shares

Purchase and sales prices for treasury shares are recognised directly in retained earnings under equity. A reduction of capital by cancellation of treasury shares reduces the share capital by an amount equal to the nominal value of the shares and increases retained earnings. Dividend on treasury shares is recognised directly in equity under retained earnings.

Deferred tax assets and liabilities

Deferred income tax is measured using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes on the basis of the intended use of the asset and settlement of the liability, respectively.

Deferred tax assets are measured at the value at which the asset is expected to be realised, either by elimination in tax on future earnings or by set-off against deferred tax liabilities within the same legal tax entity.

Deferred tax is measured on the basis of the tax rules and tax rates that will be effective under the legislation at the balance sheet date when the deferred tax is expected to crystallise as current tax. Any changes in deferred tax due to changes to tax rates are recognised in the income statement or in equity if the deferred tax relates to items recognised in equity.

Current tax receivables and liabilities

Current tax liabilities and receivables are recognised in the balance sheet as the expected taxable income for the year adjusted for tax on taxable incomes for prior years and tax paid on account. Extra payments and repayment under the on-account taxation scheme are recognised in the income statement in financial income and expenses.

Notes to the Financial Statements

13 Accounting Policies (continued)

Financial debts

Debts are measured at amortised cost, substantially corresponding to nominal value.

Financial Highlights

Explanation of financial ratios

Gross margin	$\frac{\text{Gross profit} \times 100}{\text{Revenue}}$
Profit margin	$\frac{\text{Profit before financials} \times 100}{\text{Revenue}}$
Return on assets	$\frac{\text{Profit before financials} \times 100}{\text{Total assets}}$
Solvency ratio	$\frac{\text{Equity at year end} \times 100}{\text{Total assets at year end}}$
Return on equity	$\frac{\text{Net profit for the year} \times 100}{\text{Average equity}}$