# Phase One A/S

Roskildevej 39, 2000 Frederiksberg

CVR no. 40 98 66 42

## Annual report 2023

Approved at the Company's annual general meeting on 22 May 2024

Chair of the meeting:

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## Contents

## Statement by the Board of Directors and the Executive Board

Today, the Board of Directors and the Executive Board have discussed and approved the annual report of Phase One A/S for the financial year 1 January - 31 December 2023.

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

In our opinion, the consolidated financial statements and the parent company financial statements give a true and fair view of the financial position of the Group and the Company at 31 December 2023 and of the results of the Group's and the Company's operations and of the consolidated cash flows for the financial year 1 January - 31 December 2023.

Further, in our opinion, the Management's review gives a fair review of the matters discussed in the Management's review.

We recommend that the annual report be approved at the annual general meeting.

Copenhagen, 22 May 2024
Executive Board:

Henrik Ole Håkonsson

Board of Directors:

| | | |
|---|---|---|
| Jacob Fonnesbech Aqraou<br>Chairman | Christian Bamberger Bro | Lars Cordt |

Mark Carges

## Independent auditor's report

### To the shareholder of Phase One A/S

### Opinion

We have audited the consolidated financial statements and the parent company financial statements of Phase One A/S for the financial year 1 January - 31 December 2023, which comprise income statement, balance sheet, statement of changes in equity and notes, including accounting policies, for the Group and the Parent Company, and a consolidated cash flow statement. The consolidated financial statements and the parent company financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the consolidated financial statements and the parent company financial statements give a true and fair view of the financial position of the Group and the Parent Company at 31 December 2023, and of the results of the Group's and Parent Company's operations as well as the consolidated cash flows for the financial year 1 January - 31 December 2023 in accordance with the Danish Financial Statements Act.

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the consolidated financial statements and the parent Company financial statements" (herinafter collectively referred to as "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 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.

### Management's responsibilities for the financial statements

Management is responsible for the preparation of consolidated financial statements and parent company financial statements that give a true and fair view in accordance with the Danish Financial Statements Act and for such internal control as Management determines is necessary to enable the preparation of 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 Group's and the Parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting in preparing the financial statements unless Management either intends to liquidate the Group or the Parent 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 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 the 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:

## Independent auditor's report

- 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 Group's and the Parent 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 Group's and the Parent 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 Group and the Parent 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.
- 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'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.

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 Statements Act. We did not identify any material misstatement of the Management's review.

Copenhagen, 22 May 2024
EY Godkendt Revisionspartnerselskab
CVR no. 30 70 02 28

| | |
|---|---|
| Peter Andersen<br>State Authorised Public Accountant<br>mne34313 | Jacob Thøgersen<br>State Authorised Public Accountant<br>mne49102 |

## Management's review

### Company details

| | |
|---|---|
| Name | Phase One A/S |
| Address, Postal code, City | Roskildevej 39, 2000 Frederiksberg |
| CVR no. | 40 98 66 42 |
| Established | 3 December 2019 |
| Financial year | 1 January - 31 December |
| Board of Directors | Jacob Fonnesbech Aqraou, Chairman<br>Christian Bamberger Bro<br>Lars Cordt<br>Mark Carges |
| Executive Board | Henrik Ole Håkonsson |
| Auditors | EY Godkendt Revisionspartnerselskab<br>Dirch Passers Allé 36, P.O. Box 250, 2000 Frederiksberg, Denmark |

# Management's review

## Financial highlights for the Group

| DKK'000 | 2023 | 2022 | 2021 | 2020 |
|---|---|---|---|---|
| **Key figures** | | | | |
| Revenue | 452,700 | 382,300 | 387,574 | 356,914 |
| Earnings before interest, taxes, depreciation and amortisation (EBITDA) | 106,066 | 42,588 | 74,336 | 46,922 |
| Operating profit/loss | 71,228 | -1,779 | 27,670 | -13,527 |
| Net financials | -20,975 | -9,717 | 3,962 | -12,624 |
| Profit/loss for the year | 37,935 | -9,161 | 20,982 | -26,007 |
| Total assets | 350,353 | 331,829 | 340,848 | 348,070 |
| Investments in property, plant and equipment | -8,322 | -6,963 | -5,613 | -2,017 |
| Equity | 142,754 | 161,032 | 211,636 | 233,059 |
| Cash flows from operating activites | 91,154 | 36,010 | 61,873 | 50,586 |
| Total cash flows | 10,410 | -29,199 | -471 | 12,723 |
| **Financial ratios** | | | | |
| Operating margin | 15.9% | -0.3% | 7.1% | -3.8 % |
| Equity ratio | 40.7% | 48.5% | 62.1% | 67.0% |
| Return on equity | 25.0% | -4.9% | 9.4% | -22.3% |
| Average number of full-time employees | 179 | 200 | 189 | 210 |

For terms and definitions, please see the accounting policies.

Figures are presented for 2020-2023 only, as the group was first established in 2020.

# Management's review

## Business review

The Group's core business is to develop, market and sell high quality digital imaging camera and software solutions. Our main customers are:

- I. Industrial imaging end users and integrators within Aerial mapping/documentation, inspection, surveillance, homeland security and cultural heritage applications. All our customers are characterized by their need for world class image quality and a highly efficient workflow.
- II. The World's professional photographers, serious private photo enthusiasts and production studios.

It is our goal to be the world-wide market leader within our target customer groups. In this way, we can ensure satisfactory earnings and at the same time we can attract and retain the best product developers and sales & marketing experts within digital imaging.

## Financial review

### Group:

The year 2023 showed an increase in revenue of 18% compared to an expected increase in revenue of approximately 15%. The 2023 result is considered satisfactory.

The Group's revenue amounted to DKK 453 million in 2023 and profit after tax amounted to DKK 38 million in 2023. Profitability increased from negative DKK 9 million to DKK 38 million which was significantly above expectations. The increase was primarily driven by lower cost of sales relative to revenue as we did not experience the same level of market volatility and negative effects from supply chain disruptions as we did in 2022.

EBITDA for 2023 was DKK 106 million corresponding to 23% of revenue.

The Group employed an average of 179 employees in 2023.

The Group's balance sheet total amounted to DKK 350 million, of which current assets constitute 65%

Equity in the Group amounted to DKK 143 million at 31 December 2023.

In January it was decided to close down Phase Ones operations in Israel to consolidate production in Japan. The close down were completed by end of August.

### Parent:

The year 2023 shows profit after tax of DKK 38 million. Management finds the result for 2023 satisfactory.

No facts or events occurred in the parent company during the financial year which are not reflected in the management report for the Group.

### Branch:

Phase One A/S includes a branch in Germany.

## Knowledge resources

It is essential for the future growth of the Group to attract and retain highly skilled and qualified professionals, including employees with expertise in development and sales & marketing of digital camera systems, lenses, workflow software, artificial intelligence etc.

In order to ensure a high and competitive product quality, the Group uses modern production and quality control processes. This requires a high competence level, and considerable resources are invested in development and optimization of the Group's products and in maintaining the skills of the Group's employees. Throughout the year several highly qualified and talented employees joined the company which has strengthened the knowledge and competence base.

# Management's review

## Risk management

At Phase One Group, we view risk management as an integrated part of managing the Company. We strive to make sure that we do business in a balanced way, assessing and managing both financial and non-financial risks to protect our employees, assets and reputation. At least once a year, the Board of Directors reviews the risk exposure associated with the Group's activities, including the risk mitigating actions. Policies are adopted for areas of risk, and developments are monitored to ensure that identified risks are mitigated and accounted for, including strategic, operational and financial risks.

## Financial risks and use of financial instruments

Due to the Group's activities in the USA and Asia, the profit and equity as well as cash flows are influenced by the USD and JPY exchange rate development. The Group's policy is to primarily offset the currency risk by matching purchases and sales in USD and JPY i.e. natural hedging. Secondarily, we partly hedge the excess exchange rate risk by means of forward exchange contracts.

In addition to the before mentioned currencies, the Group has considerable activities denominated in Euro and Israeli Shekel. No hedging is done in respect of these currencies, as it is not considered optimal from a risk and cost point of view.

## Research and development activities

In 2023, the Group continued the focus to position itself at the forefront of innovation by providing cutting-edge, imaging solutions for the geospatial an heritage market.

Phase One's aerial systems portfolio was bolstered by the development of a new wide-field imaging system boasting the largest coverage on the market. Multiple systems were delivered to our development partner who has been highly productive with them and fulfilling the requirements of the US governments NAIP project. This project culminated in the market launch of the PAS Pana, expected to have a further financial impact in 2024.

Looking into our unmanned portfolio, Phase One was pleased to announce a revolutionary new mapping and surveying payload for drones, the P5, which will be launched in Q2 2024. The P5 is the world's first survey grade payload capable of achieving sub-cm absolute accuracy for fixed-wing UAVs. This project leveraged our global shutter sensor while developing an entirely new body, both lower in weight and smaller in size, which will form the basis for our next generation camera platform.

Phase One continued to increase its push into space with the launch of the iXM-SP150, the first commercial, off the shelf array camera dedicated for space. This technology provides several benefits over traditional approaches that are used for earth observation and is ideal for the rapidly growing field of space domain awareness.

We continued to invest into our IX Suite software to drive a more complete and simpler workflow that provides productivity benefits for our customers.

Looking forward, the components portfolio is undergoing a significant revamping which will result in a smaller, lighter and more dedicated camera portfolio along with a new array of specialized lenses. Development is ongoing and will continue over the coming years.

## Management's review

### Statutory CSR report

Through the Group's main activity to develop, market and sell high quality digital imaging camera and software solutions, the Group has identified employee engagement, and responsible governance as the areas with greatest possible impact on society. The Board of Directors guides and governs the overall strategy for the Group's corporate sustainability and has general oversight of the Group's work with ESG (Environmental, Social, and Governance) topics. The Executive Management is responsible for ensuring the ESG strategy is implemented.

In 2021, the Board of Directors approved an ESG strategy, which included an ESG materiality assessment. Also, the Company has joined the UN Global Compact. In 2022 we defined KPI´s regarding human rights, labour, environment, and anti-corruption. We also established the calculation regarding the GHG.

The Group is knowledge intensive, and its staff is considered the most important resource and an important part of the Group's corporate social responsibility. The Group wants to be an attractive place to work which can attract and maintain qualified and dedicated employees. The risks associated with not being able to do that are ultimately worsening financial performance through lower productivity, delayed introduction of products to the market and lower sales performance.

In 2023 the Group continued to carry out regular measurements of employee satisfaction and these show employee satisfaction and aligned with the industry benchmark. The Group will continue to carry out measurements of the working environment and employee satisfaction to ensure the employees' well-being.

*Human rights*

The Group supports the protection of fundamental human rights in all aspects of the operations and seeks to promote respect for these principles by others where it has an influence, particularly suppliers, and all other entities and individuals with whom it has a business relationship. The risks associated with human rights are i.e., child labor and denial of labor rights, however, the Group continues to specify the expectations to its global organization and to suppliers in our Code of Conduct in 2023.

Among other things, the Code of Conduct includes elimination of discrimination with respect to employment based on age, gender, religion, and race. The Group has not measured the effect of the implementation of said Code of Conduct. The Group will work with new and existing Vendors to secure their compliance with the Code of Conduct.

In 2023 the Group has conducted onsite visits to some of its major Vendors including factory visits.

*Environment*

The Group does not carry out production activities which have a significant impact on the environment and climate. Based on a risk assessment, the Group has not prepared a global environmental and climate policy.

The group is operating an environmental management system in compliance with ISO 14001: 2015 for its manufacturing site in Saku, Japan.

In 2023 it was agreed that the energy supply to the Saku manufacturing site will be green. It is expected to be 100% implemented in 2024.

*Anti corruption*

The Group's policy related to anti-corruption secures that we act according to high ethical standard that forbid the participation in any kind of bribery. The policy was adopted in the last part of 2015 and implemented in the early part of 2016.

Risks of anti-corruption behavior have been identified mainly in the supply chain and among own employees. It is the Group's policy that all new employees are introduced to and trained in the corporate anti-corruption policy. All new employees were introduced and trained in the corporate anti-corruption policy in 2023. Management is not aware of any violation of the policy in 2023.

The Group will continue to introduce new employees to the corporate anti-corruption policy.

# Management's review

## Report on the gender composition of Management

The Group believes that diversity among its employees, including gender balance, contributes positively to the work environment and strengthens the Group's performance and competitiveness.

In 2023 the Group joined the Diversity Pledge by the Federation of Danish Industry promising a 40/60 split in Management no later than 2030.

*5 years overview*

| | 2023 |
|---|---|
| *Supreme governing body* | |
| Total number of members | 4 |
| Underrepresented gender in % | 0 |
| Target figure in % | 25 |
| Year in which the target figure is expected to be met | 2025 |
| *Other levels of management* | |
| Total number of members | 23 |
| Underrepresented gender in % | 9 |
| Target figure in % | 20 |
| Year in which the target figure is expected to be met | 2026 |

*Supreme governing body*

As per 31 December 2023, the Board of Directors consisted of four men and no women (0%). No changes were made to the Board of Directors in the current financial year. The Group targets to elect at least one board member from the underrepresented gender to the Board of Directors no later than 2025.

In 2023, no actions were performed to achieve the target figure for the percentage of the underrepresented gender in the Board of Directors as no new board members were elected during the financial year.

## Other levels of management

As of 31 December 2023, the other levels of management consist of our Senior Leadership team and direct reports to the Senior Leadership team with managerial responsibilities. The Group consisted of 21 men and 2 women (9%). The Group targets to have 20% from the underrepresented gender no later than 2026.

For hiring to management (and all other positions in the Group), the Group targets to have representatives of both genders among the top 3 candidates. In 2023 the Group hired two women for the other levels of management reaching 9% from the underrepresented gender. For other hires to the other levels of management in 2023 no candidates from the underrepresented gender were the best suited to the position.

## Data ethics

The Group does not have a policy for data ethics, as data treatment and data analysis are not an integrated part of the Group’s business strategy or main business activities.

Regularly fully confidential staff engagement surveys are conducted using an external third-party software. The Group uses these data to improve the working environment whether physical or emotional as well as prioritize our efforts in health and safety measures.

## Management's review

### Group relations

Phase One A/S Group is indirectly owned by the private equity fund Axcel with an approximately 58% share; ATP with an approximately 21% share; and members of the Board of Directors and leading employees etc. via the holding companies AX V Phase One Holding I ApS and AX V Phase One Holding II ApS an approximately 21% share.

Phase One A/S' equity consist of one class of shares.

The current capital structure is deemed appropriate in relation to the need for financial flexibility in Phase One A/S and its subsidiaries.

Being owned by the Danish private equity firm Axcel, the Group is subject to the guidelines of the Active Owners Denmark (www.aktiveejere.dk) for responsible ownership and corporate governance. The Group intends to comply with all relevant guidelines, except that the company based on its size, has not established an audit committee. These tasks are handled by the Board and chairmanship.

### Statutory report on corporate governance

The organization of the Management is, among other things, based on the Danish Companies Act, the Danish Financial Statements Act and the company's article of association. The Company has based its corporate governance efforts on a two-tier system where the Board of Directors and the Executive Management have two distinct roles. The Executive Management undertakes the operational management of the Company, whereas the Board of Directors determines the overall company strategy and acts as a sounding board to the Executive Management of the Company. In addition, the Management is continuously monitoring the financial development as well as developments in the field of corporate governance to ensure that the Group – internally as well as externally – is managed in a way that is in accordance with applicable laws, in order to protect these interests of all stakeholders.

Risk management is considered an essential and natural part of the realization of the Group's objectives and strategy. The daily activities, the implementation of the established strategy and the continuous use of business opportunities involve inherent risks, and the Group's handling of these risks is therefore seen as a natural and integrated part of the daily work and a way to ensure stable and reliable growth.

The Board of Directors is appointed by Axcel. The Board of Directors consists of four members. Board meetings are held a minimum of six times a year. Additionally, the Chairman Committee meets with Executive Management on an ongoing basis.

## Management's review

Other board positions of the members of the Board of Directors are:

| Name | Jacob Fonnesbech Aqraou (appointed in Sep-19) | Christian Bamberger Bro (appointed in May-19) | Mark Carges (appointed in Apr-20) | Lars Cordt (appointed in Nov-21) |
|---|---|---|---|---|
| Position | Professional investor | Partner - Axcel Management A/S | Advisor, Ocado Technology and Senior Advisor, Generation Investment Management | Partner - Axcel Management A/S |
| Recommended by | Axcel | Axcel | Axcel | Axcel |
| Chairman of the Board of Directors in: | Phase One Group ApS and related Group companies<br>Loopia Group AB and related Group companies<br>Boats Group, LLC<br>DenmarkBridge | AX V Phase One Holding III ApS and related Group companies<br>AX VI INV7 Holding III ApS and related Group companies<br>emagine Holding III ApS and related Group company<br>AX VI Addpro Group AB<br>Loopia Holding III AB and related Group companies<br>SuperOffice Holding III AS and related Group companies | - | - |
| Vice Chairman of the Board of Directors in: | - | SuperOffice Group AS<br>BullWall Group ApS<br>emagine Holding ApS and related Group company<br>AX VI itm8 Holding ApS | - | AX V Nissens ApS and related Group companies<br>DANX Group ApS and related Group companies<br>Carousel Logistics Holdings Limited<br>NTI Group ApS and related Group companies |
| Board Member in: | - | Axcel Management Holding ApS<br>AX VI INV8 Holding III A/S and related Group companies<br>Phase One Group ApS and related Group companies.<br>AX VI itm8 Holding III ApS and related Group companies.<br>Loopia Aktiebolag | Phase One Group ApS and related Group companies<br>Veeva Systems Inc.<br>Meals on Wheels Inc. | Phase One Group ApS and related Group companies<br>Axcel Management Holding ApS |

## Management's review

### Events after the balance sheet date

No events which could have a significant impact on the consolidated financial statements and Parent Company financial statements have occurred subsequently to December 31, 2023.

### Outlook

The demand for commercial drones/robotics is expected to drive the revenue growth going forward. The combination of presence on markets which are growing at double digit growth rates and having top of the line hardware and software solutions underpins the positive outlook that is reflected in our expectations for the future.

The Group will continue to invest in the further development and knowledge of the Group's products, targeted distribution systems as well as potential new strategic partnerships.

Based on these considerations, the group expects approximately 14-18% revenue growth in 2024 and a corresponding increase in profitability.

# Consolidated financial statements and parent company financial statements 1 January - 31 December

## Income statement

| | | Group | | Parent company | |
|---|---|---|---|---|---|
| Note | DKK'000 | 2023 | 2022 | 2023 | 2022 |
| 3 | **Revenue** | 452,700 | 382,300 | 416,883 | 345,174 |
| | Cost of sales | -157,985 | -141,991 | -241,069 | -224,036 |
| | Other operating income | 675 | 667 | 17,554 | 11,458 |
| 4 | Other external expenses | -73,068 | -71,840 | -63,392 | -60,777 |
| | **Gross profit** | 222,322 | 169,136 | 129,976 | 71,819 |
| 5 | Staff costs | -116,256 | -126,548 | -66,947 | -63,116 |
| 6 | Amortisation/depreciation of intangible assets and property, plant and equipment | -34,162 | -43,700 | -31,720 | -40,420 |
| | **Profit/loss before net financials** | 71,904 | -1,112 | 31,309 | -31,717 |
| | Income from investments in group enterprises | 0 | 0 | 32,706 | 23,519 |
| 7 | Financial income | 1,059 | 495 | 1,910 | 2,718 |
| 8 | Financial expenses | -22,034 | -10,212 | -24,108 | -14,263 |
| | **Profit/loss before tax** | 50,929 | -10,829 | 41,817 | -19,743 |
| 9 | Tax for the year | -12,994 | 1,668 | -3,882 | 10,582 |
| | **Profit/loss for the year** | 37,935 | -9,161 | 37,935 | -9,161 |

## Consolidated financial statements and parent company financial statements 1 January - 31 December

### Balance sheet

| | | Group | | Parent company | |
|---|---|---|---|---|---|
| Note | DKK'000 | 2023 | 2022 | 2023 | 2022 |
| | **ASSETS** | | | | |
| | **Fixed assets** | | | | |
| 12 | **Intangible assets** | | | | |
| | Completed development projects | 12,159 | 7,197 | 12,159 | 7,197 |
| | Customer relationships | 17,000 | 24,750 | 17,000 | 24,750 |
| | Developed technology | 0 | 4,191 | 0 | 4,191 |
| | Acquired trademarks and trade names | 44,026 | 51,693 | 44,026 | 51,693 |
| | Acquired licences | 427 | 74 | 292 | 74 |
| | Development projects in progress and prepayments for intangible assets | 36,523 | 28,540 | 36,523 | 28,540 |
| | | 110,135 | 116,445 | 110,000 | 116,445 |
| 13 | **Property, plant and equipment** | | | | |
| | Fixtures and fittings, other plant and equipment | 11,758 | 8,847 | 5,769 | 4,720 |
| | Leasehold improvements | 341 | 573 | 341 | 573 |
| | | 12,099 | 9,420 | 6,110 | 5,293 |
| 14 | **Investments** | | | | |
| | Investments in group entities | 0 | 0 | 115,381 | 88,998 |
| | Receivables from group entities | 0 | 0 | 44,194 | 49,010 |
| | | 0 | 0 | 159,575 | 138,008 |
| | **Total fixed assets** | 122,234 | 125,865 | 275,685 | 259,746 |
| | **Non-fixed assets** | | | | |
| | **Inventories** | | | | |
| | Raw materials and consumables | 61,535 | 74,198 | 5,132 | 9,140 |
| | Work in progress | 905 | 2,290 | 894 | 689 |
| | Finished goods and goods for resale | 57,036 | 53,791 | 25,356 | 20,646 |
| | | 119,476 | 130,279 | 31,382 | 30,475 |
| | **Receivables** | | | | |
| | Trade receivables | 80,580 | 49,296 | 53,671 | 30,563 |
| | Receivables from group entities | 24 | 25 | 34,188 | 24,420 |
| | Corporation tax receivable | 2,061 | 2,172 | 867 | 0 |
| | Other receivables | 8,815 | 9,020 | 1,584 | 4,211 |
| 15 | Prepayments | 3,085 | 6,529 | 1,364 | 1,336 |
| | | 94,565 | 67,042 | 91,674 | 60,530 |
| | **Cash** | 14,078 | 8,643 | 7,647 | 2,647 |
| | **Total non-fixed assets** | 228,119 | 205,964 | 130,703 | 93,652 |
| | **TOTAL ASSETS** | 350,353 | 331,829 | 406,388 | 353,398 |

# Consolidated financial statements and parent company financial statements 1 January - 31 December

## Balance sheet

| | | Group | | Parent company | |
|---|---|---|---|---|---|
| Note | DKK'000 | 2023 | 2022 | 2023 | 2022 |
| | **EQUITY AND LIABILITIES** | | | | |
| | **Equity** | | | | |
| 16 | Share capital | 500 | 500 | 500 | 500 |
| | Net revaluation reserve according to the equity method | 0 | 0 | 104,926 | 78,543 |
| | Reserve for development costs | 0 | 0 | 37,972 | 27,874 |
| | Translation reserve | -17,107 | -10,093 | -691 | 0 |
| | Hedging reserve | 0 | -801 | 0 | -801 |
| | Retained earnings | 159,361 | 121,426 | 47 | 4,916 |
| | Dividend proposed | 0 | 50,000 | 0 | 50,000 |
| | **Total equity** | 142,754 | 161,032 | 142,754 | 161,032 |
| | **Provisions** | | | | |
| 17 | Deferred tax | 12,943 | 7,861 | 21,064 | 16,430 |
| | Other provisions | 9,714 | 6,464 | 9,714 | 6,464 |
| 19 | **Total provisions** | 22,657 | 14,325 | 30,778 | 22,894 |
| | **Liabilities other than provisions** | | | | |
| 18 | **Non-current liabilities other than provisions** | | | | |
| | Other payables | 3,539 | 3,665 | 3,539 | 3,665 |
| | | 3,539 | 3,665 | 3,539 | 3,665 |
| | **Current liabilities other than provisions** | | | | |
| 18 | Short-term part of long-term liabilities other than provisions | 689 | 474 | 230 | 442 |
| | Bank debt | 20,215 | 25,190 | 24,010 | 25,190 |
| | Trade payables | 23,391 | 18,164 | 6,541 | 6,932 |
| | Payables to group entities | 84,032 | 81,753 | 172,073 | 123,087 |
| | Corporation tax payable | 6,454 | 3,150 | 4,148 | 74 |
| | Other payables | 30,296 | 24,076 | 22,315 | 10,082 |
| | Deferred income | 16,326 | 0 | 0 | 0 |
| | | 181,403 | 152,807 | 229,317 | 165,807 |
| | **Total liabilities other than provisions** | 184,942 | 156,472 | 232,856 | 169,472 |
| | **TOTAL EQUITY AND LIABILITIES** | 350,353 | 331,829 | 406,388 | 353,398 |

1 Accounting policies
2 Events after the balance sheet date
10 Appropriation of profit/loss
20 Contractual obligations and contingencies, etc.
21 Security and collateral
22 Related parties

## Consolidated financial statements and parent company financial statements 1 January - 31 December

### Statement of changes in equity

| | | Group | | | | | |
|---|---|---|---|---|---|---|---|
| Note | DKK'000 | Share capital | Translation reserve | Hedging reserve | Retained earnings | Dividend proposed | Total |
| | **Equity at 1 January 2023** | 500 | -10,093 | -801 | 121,426 | 50,000 | 161,032 |
| | Transfer through appropriation of profit | 0 | 0 | 0 | 37,935 | 0 | 37,935 |
| | Adjustment of investments through forreign exchange adjustments | 0 | -7,014 | 0 | 0 | 0 | -7,014 |
| | Other value adjustments of equity | 0 | 0 | 1,027 | 0 | 0 | 1,027 |
| | Tax on items recognised directly in equity | 0 | 0 | -226 | 0 | 0 | -226 |
| | Dividend distributed | 0 | 0 | 0 | 0 | -50,000 | -50,000 |
| | **Equity at 31 December 2023** | 500 | -17,107 | 0 | 159,361 | 0 | 142,754 |

| | | Parent company | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| Note | DKK'000 | Share capital | Net revaluation reserve according to the equity method | Reserve for development costs | Translation reserve | Hedging reserve | Retained earnings | Dividend proposed | Total |
| | **Equity at 1 January 2023** | 500 | 78,543 | 27,874 | 0 | -801 | 4,916 | 50,000 | 161,032 |
| 10 | Transfer, see "Appropriation of profit/loss" | 0 | 32,706 | 10,098 | 0 | 0 | -4,869 | 0 | 37,935 |
| | Adjustment of investments through forreign exchange adjustments | 0 | -6,323 | 0 | -691 | 0 | 0 | 0 | -7,014 |
| | Other value adjustments of equity | 0 | 0 | 0 | 0 | 1,027 | 0 | 0 | 1,027 |
| | Tax on items recognised directly in equity | 0 | 0 | 0 | 0 | -226 | 0 | 0 | -226 |
| | Dividend distributed | 0 | 0 | 0 | 0 | 0 | 0 | -50,000 | -50,000 |
| | **Equity at 31 December 2023** | 500 | 104,926 | 37,972 | -691 | 0 | 47 | 0 | 142,754 |

# Consolidated financial statements and parent company financial statements 1 January - 31 December

## Cash flow statement

| | | Group | |
|---|---|---|---|
| **Note** | **DKK'000** | **2023** | **2022** |
| | Profit/loss for the year | 37,935 | -9,161 |
| 23 | Adjustments | 66,429 | 48,306 |
| | Cash generated from operations (operating activities) | 104,364 | 39,145 |
| 24 | Changes in working capital | 17,688 | 19,032 |
| | Cash generated from operations (operating activities) | 122,052 | 58,177 |
| | Interest received, etc. | 1,059 | 495 |
| | Interest paid, etc. | -22,804 | -10,212 |
| | Income taxes paid | -9,153 | -12,450 |
| | **Cash flows from operating activities** | 91,154 | 36,010 |
| | Additions of intangible assets | -22,208 | -17,887 |
| | Additions of property, plant and equipment | -8,322 | -6,963 |
| | **Cash flows to investing activities** | -30,530 | -24,850 |
| | Dividends paid | -50,000 | -40,000 |
| | Repayments, leases | -214 | -359 |
| | **Cash flows from financing activities** | -50,214 | -40,359 |
| | **Net cash flow** | 10,410 | -29,199 |
| | Cash and cash equivalents at 1 January | -16,547 | 12,652 |
| 25 | **Cash and cash equivalents at 31 December** | -6,137 | -16,547 |

# Consolidated financial statements and parent company financial statements 1 January - 31 December

## Notes to the financial statements

### 1 Accounting policies

The annual report of Phase One A/S for 2023 has been prepared in accordance with the provisions in the Danish Financial Statements Act applying to large reporting class C entities.

The accounting policies used in the preparation of the financial statements are consistent with those of last year.

#### Omission of a cash flow statement

With reference to section 86(4) of the Danish Financial Statements Act, no cash flow statement is prepared for the parent company, as its cash flows are reflected in the consolidated cash flow statement.

#### Reporting currency

The financial statements are presented in Danish kroner (DKK'000).

#### Consolidated financial statements

*Control*

The consolidated financial statements comprise the Parent Company and group entities controlled by the Parent Company.

Control means a Parent Company’s power to direct a group entity’s financial and operating policy decisions. Besides the above power, the parent company should also be able to yield a return from its investment.

In assessing if the Parent Company controls an entity, de facto control is taken into consideration as well.

The existence of potential voting rights which may currently be exercised or converted into additional voting rights is considered when assessing if an entity can become empowered to direct another entity’s financial and operating decisions.

*Preparation of consolidated financial statements*

The consolidated financial statements are prepared as a consolidation of the Parent Company's and the individual group entities' financial statements, which are prepared according to the group's accounting policies. On consolidation, intra-group income and expenses, shareholdings, intra-group balances and dividends, and realised and unrealised gains on intra-group transactions are eliminated. Unrealised gains on transactions with associates are eliminated in proportion to the group's interest in the entity. Unrealised losses are eliminated in the same way as unrealised gains if they do not reflect impairment.

In the consolidated financial statements, the accounting items of group entities are recognised in full. Non-controlling interests' share of the profit/loss for the year and of the equity of group entities which are not wholly-owned are included in the group's profit/loss and equity, respectively, but are disclosed separately.

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

Investments in associates and joint ventures are recognised in the consolidated financial statements using the equity method.

The group's activities in joint operations are recognised on a line-by-line basis.

#### Foreign currency translation

On initial recognition, transactions denominated in foreign currencies are translated at the exchange rate at the transaction date. Foreign exchange differences arising between the exchange rates at the transaction date and the date of payment are recognised in the income statement as financial income or financial expenses.

## Consolidated financial statements and parent company financial statements 1 January - 31 December

### Notes to the financial statements

1 **Accounting policies (continued)**

Receivables and payables and other monetary items denominated in foreign currencies are translated at the exchange rate at the balance sheet date. The difference between the exchange rates at the balance sheet date and the date at which the receivable or payable arose or was recognised in the most recent financial statements is recognised in the income statement as financial income or financial expenses.

*Foreign group entities*

Foreign group entities and associates are considered separate entities. Items in such entities' income statements are translated at an average exchange rate for the month, and balance sheet items are translated at closing rates. Foreign exchange differences arising on translation of the opening equity of foreign group entities to closing rates and on translation of the income statements from average exchange rates to closing rates are taken directly to equity.

Foreign exchange adjustments of balances with separate foreign subsidiaries, which are considered part of the aggregate investment in the subsidiary, are taken directly to equity.

On recognition of foreign group entities which are integral entities, monetary items are translated at closing rates. Non monetary items are translated at the exchange rate at the acquisition date or at the date of any subsequent revaluation or impairment of the asset. Income statement items are translated at the exchange rates at the transaction date. However, items derived from non monetary items are translated at historical exchange rates for the non monetary item.

#### Derivative financial instruments

On initial recognition, derivative financial instruments are recognised at cost in the balance sheet and are subsequently measured at fair value. Positive and negative fair values of derivative financial instruments are presented as separate items in the balance sheet.

Fair value adjustments of derivative financial instruments designated and qualifying as hedging of future assets or liabilities are recognised as separate items in the balance sheet and in the hedging reserve under equity. If the forecast transaction results in the recognition of assets or liabilities, amounts previously recognised in equity are transferred to the cost of the asset or liability, respectively. If the forecast transaction results in income or expenses, amounts previously recognised in equity are transferred to the income statement in the period in which the hedged item affects the income statement.

### Income statement

#### Revenue

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

Income from the sale of goods for resale and finished goods is recognised in revenue when the most significant rewards and risks have been transferred to the buyer and provided the income can be measured reliably and payment is expected to be received. The date of the transfer of the most significant rewards and risks is based on standardised terms of delivery based on Incoterms® 2020.

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 operating income

Other operating income comprise items of a secondary nature relative to the Company's core activities, including gains on the sale of fixed assets.

#### Cost of sales

Cost of sales includes the cost of goods used in generating the year's revenue.

## Consolidated financial statements and parent company financial statements 1 January - 31 December

### Notes to the financial statements

### 1 Accounting policies (continued)

#### 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 costs

Staff costs include wages and salaries, including compensated absence and pension to the Company's employees, as well as other social security contributions, etc. The item is net of refunds from public authorities.

#### Amortisation/depreciation

The item comprises amortisation/depreciation of intangible assets and property, plant and equipment.

The basis of amortisation/depreciation, which is calculated as cost less any residual value, is amortised/depreciated on a straight line basis over the expected useful life. The expected useful lives of the assets are as follows:

| | |
|---|---|
| Completed development projects | 2 years |
| Customer relationships | 12 years |
| Developed technology | 10 years |
| Acquired trademarks and trade names | 15 years |
| Acquired licences | 3 years |
| Fixtures and fittings, other plant and equipment | 3 years |
| Leasehold improvements | 3 years |

#### Profit/loss from investments in group entities

The income statement includes the proportional share of the underlying companies' profit or loss after elimination of internal profit/loss and after tax. In group entities, the full elimination of internal profit and loss is carried out without regard to ownership shares.

The proportionate share of the individual group entities' profit/loss after tax after full elimination of internal gains/losses are recognised in the parent company's income statement.

#### Financial income and expenses

Financial income and expenses are recognised in the income statements at the amounts that concern the financial year. Net financials include interest income and expenses as well as allowances and surcharges under the advance-payment-of-tax scheme, etc.

## Consolidated financial statements and parent company financial statements 1 January - 31 December

### Notes to the financial statements

1 **Accounting policies (continued)**

**Tax**

Tax for the year includes current tax on the year's expected taxable income and the year's deferred tax adjustments. The portion of the tax for the year that relates to the profit/loss for the year is recognised in the income statement, whereas the portion that relates to transactions taken to equity is recognised in equity.

The Company and its Danish group entities are jointly taxed. The total Danish income tax charge is allocated between profit/loss-making Danish entities in proportion to their taxable income (full absorption).

Jointly taxed entities entitled to a tax refund are reimbursed by the management company based on the rates applicable to interest allowances, and jointly taxed entities which have paid too little tax pay a surcharge according to the rates applicable to interest surcharges to the management company.

### Balance sheet

**Intangible assets**

On initial recognition, intangible assets are measured at cost.

Goodwill and other intangible assets comprising intangible assets acquired in connection with a business combination are measured at cost less accumulated amortisation and impairment. Other intangible assets are amortised over the estimated useful lives.

Development costs comprise expenses and salaries directly or indirectly attributable to development activities.

Development projects that are clearly defined and identifiable, where the technical feasibility, sufficient resources and a potential future market or development opportunities are identifiable and where the Company intends to produce, market or use the project, are recognised as intangible assets provided that the cost can be measured reliably and that there is sufficient assurance that future earnings can cover production costs, selling costs and administrative expenses and development costs. Other development costs are recognised in the income statement as incurred.

Development costs that are recognised in the balance sheet are measured at cost less accumulated amortisation and impairment losses.

On completion of a development project, development costs are amortised on a straight line basis over the estimated useful life. The amortisation period is usually two years.

The basis of amortisation is based on the expected useful life and is reduced by impairment losses, if any. The amortisation period is determined at the time of acquisition and are reassessed every year.

In case of changes in the amortisation period the effect on the amortisation charges is recognised prospectively as a change in accounting estimates.

Gains and losses on the sale of intangible assets are recognised in the income statement under "Other operating income" or "Other operating expenses", respectively. Gains and losses are calculated as the difference between the selling price less selling expenses and the carrying amount at the time of sale.

**Property, plant and equipment**

Items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses. Cost includes the acquisition price and costs directly related to the acquisition until the time at which the asset is ready for use.

# Consolidated financial statements and parent company financial statements 1 January - 31 December

## Notes to the financial statements

### 1 Accounting policies (continued)

Gains or losses are calculated as the difference between the selling price less selling costs and the carrying amount at the date of disposal. Gains and losses from the disposal of property, plant and equipment are recognised in the income statement as other operating income or other operating expenses.

#### Leases

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

On initial recognition, leases for assets that transfer substantially all the risks and rewards incident to the ownership to the Company (finance leases) are measured in the balance sheet at the lower of fair value and the present value of the future lease payments. In calculating the net present value, the interest rate implicit in the lease or the incremental borrowing rate is used as the discount factor. Assets held under finance leases are subsequently accounted for in the same way as the Company's other assets.

The capitalised residual lease liability is recognised in the balance sheet as a liability, and the interest element of the lease payment is recognised in the income statement over the term of the lease.

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".

#### Investments in group entities

Equity investments in group entities are measured according to the equity method. Equity investments in joint ventures are also measured according to the equity method in the consolidated financial statements.

On initial recognition, equity investments in group entities are measured at cost, i.e. plus transaction costs. The cost is allocated in accordance with the acquisition method; see the accounting policies regarding business combinations.

The cost is adjusted by shares of profit/loss after tax calculated in accordance with the Group's accounting policies less or plus unrealised intra-group gains/losses.

Identified increases in value and goodwill, if any, compared to the underlying entity's net asset value are amortised in accordance with the accounting policies for the assets and liabilities to which they can be attributed. Negative goodwill is recognised in the income statement.

Dividend received is deduced from the carrying amount.

Equity investments in group entities measured at net asset value are subject to impairment test requirements if there is any indication of impairment.

#### Impairment of fixed assets

The carrying amount of intangible assets,  property, plant and equipment and investments in group entities is assessed for impairment on an annual basis.

Impairment tests are conducted on assets or groups of assets when there is evidence of impairment. The carrying amount of impaired assets is reduced to the higher of the net selling price and the value in use (recoverable amount).

The recoverable amount is the higher of the net selling price of an asset and its value in use. The value in use is calculated as the present value of the expected net cash flows from the use of the asset or the group of assets and the expected net cash flows from the disposal of the asset or the group of assets after the end of the useful life.

## Consolidated financial statements and parent company financial statements 1 January - 31 December

### Notes to the financial statements

**1 Accounting policies (continued)**

Previously recognised impairment losses are reversed when the reason for recognition no longer exists.

#### Inventories

Inventories are measured at cost in accordance with the FIFO method. Where the net realisable value is lower than cost, inventories are written down to this lower value. The net realisable value of inventories is calculated as the sales amount less costs of completion and expenses required to effect the sale and is determined taking into account marketability, obsolescence and development in the expected selling price.

The cost of raw materials and consumables comprises the cost of acquisition plus delivery costs.

The cost of finished goods and work in progress includes the cost of raw materials, consumables, direct labour and indirect production overheads.

Indirect production overheads include the indirect cost of material and labour as well as maintenance and depreciation of production machinery, buildings and equipment and expenses relating to plant administration and management. Borrowing costs are not recognised in the sales price.

Goods for resale are measured at cost, which comprises the cost of acquisition plus delivery costs as well as other expenses directly attributable to the acquisition.

#### Receivables

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

Receivables are measured at amortised cost.

An impairment loss is recognised if there is objective evidence that a receivable or a group of receivables is impaired. If there is objective evidence that an individual receivable has been impaired, an impairment loss is recognised on an individual basis.

Receivables in respect of which there is no objective evidence of individual impairment are tested for objective evidence of impairment on a portfolio basis. The portfolios are primarily based on the debtors' domicile and credit ratings in line with the Company's risk management policy. The objective evidence applied to portfolios is determined based on historical loss experience.

Impairment losses are calculated as the difference between the carrying amount of the receivables and the present value of the expected cash flows, including the realisable value of any collateral received. The effective interest rate for the individual receivable or portfolio is used as discount rate.

#### Prepayments

Prepayments recognised under "Assets" comprise prepaid expenses regarding subsequent financial reporting years.

#### Cash

Cash comprises cash at banks.

#### Equity

*Reserve for net revaluation according to the equity method*

The net revaluation reserve according to the equity method includes net revaluations of investments in group entities and associates relative to cost. The reserve can be eliminated in case of losses, realisation of investments or a change in accounting estimates. The reserve cannot be recognised at a negative amount.

## Consolidated financial statements and parent company financial statements 1 January - 31 December

### Notes to the financial statements

1 **Accounting policies (continued)**

*Reserve for development costs*

The reserve for development costs comprises recognised development costs. The reserve cannot be used to distribute dividend or cover losses. The reserve will be reduced or dissolved if the recognised development costs are amortised or are no longer part of the Company's operations by a transfer directly to the distributable reserves under equity.

*Translation reserve*

The translation reserve comprises the share of foreign exchange differences arising on translation of financial statements of entities that have a functional currency other than DKK, foreign exchange adjustments of assets and liabilities considered part of the Company's net investments in such entities and foreign exchange adjustments regarding hedging transactions that hedge the Company's net investments in such entities. The reserve is dissolved on the sale of foreign entities or if the conditions for effective hedging no longer exist. When equity investments in group entities and associates in the parent company financial statements are subject to the limitation requirement in the net revaluation reserve according to the equity method, foreign exchange adjustments will be included in this equity reserve instead.

*Proposed dividends*

Dividend proposed for the year is recognised as a liability once adopted at the annual general meeting (declaration date). Dividends expected to be distributed for the financial year are presented as a separate item under "Equity".

#### Provisions

Provisions comprise anticipated expenses relating to warranty commitments, onerous contracts, restructurings, etc. Provisions are recognised when the Company has a legal or constructive obligation at the balance sheet date as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation.

Provisions are measured at net realisable value or at fair value if the obligation is expected to be settled far into the future.

Provisions for warranty commitments are measured at net realisable value and recognised based on past experience. Liabilities that are expected to be settled after one year after the balance sheet date are discounted at average bond yields.

#### Income taxes

Current tax payables and receivables are recognised in the balance sheet as the estimated income tax charge for the year, adjusted for prior-year taxes and tax paid on account.

Deferred tax is measured according to the liability method on all temporary differences between the carrying amount and the tax base of assets and liabilities. However, deferred tax is not recognised on temporary differences relating to goodwill which is not deductible for tax purposes and on office premises and other items where temporary differences, apart from business combinations, arise at the date of acquisition without affecting either profit/loss for the year or taxable income. Where alternative tax rules can be applied to determine the tax base, deferred tax is measured based on Management's intended use of the asset or settlement of the liability, respectively.

Deferred tax is measured according to the tax rules and at the tax rates applicable at the balance sheet date when the deferred tax is expected to crystallise as current tax. Deferred tax assets are recognised at the expected value of their utilisation; either as a set-off against tax on future income or as a set-off against deferred tax liabilities in the same legal tax entity. Changes in deferred tax due to changes in the tax rate are recognised in the income statement.

## Consolidated financial statements and parent company financial statements 1 January - 31 December

### Notes to the financial statements

1 **Accounting policies (continued)**

#### Liabilities

The Company has chosen IAS 39 as interpretation for liabilities.

Financial liabilities are recognised at the date of borrowing at the net proceeds received less transaction costs paid. On subsequent recognition, financial liabilities are measured at amortised cost, corresponding to the capitalised value, using the effective interest rate. Accordingly, the difference between the proceeds and the nominal value is recognised in the income statement over the term of the loan. Financial liabilities also include the capitalised residual lease liability in respect of finance leases.

Other liabilities are measured at net realisable value.

#### Lease liabilities

Lease liabilities are measured at the net present value of the remaining lease payments including any guaranteed residual value based on the interest rate implicit in the lease.

#### Deferred income

Deferred income recognised as a liability comprises payments received concerning income in subsequent financial reporting years.

#### Fair value

The fair value measurement is based on the principal market. If no principal market exists, the measurement is based on the most advantageous market, i.e. the market that maximises the price of the asset or liability less transaction and/or transport costs.

All assets and liabilities which are measured at fair value, or whose fair value is disclosed, are classified based on the fair value hierarchy, see below:

Level 1: Value in an active market for similar assets/liabilities

Level 2: Value based on recognised valuation methods on the basis of observable market information

Level 3: Value based on recognised valuation methods and reasonable estimates (non-observable market information).

If a reliable fair value cannot be stated according to the above levels, the asset or liability is measured at cost.

#### Cash flow statement

The cash flow statement shows the Company's net cash flows broken down according to operating, investing and financing activities, the year's changes in cash and cash equivalents as well as the cash and cash equivalents at the beginning and the end of the year.

Cash flows from operating activities are calculated as the profit/loss for the year adjusted for non cash operating items, changes in working capital and paid corporate income tax.

Cash flows from investing activities comprise payments in connection with acquisitions and disposals of entities and activities and of intangible assets, property, plant and equipment and investments.

Cash flows from financing activities comprise changes in the size or composition of the Company's share capital and related expenses as well as raising of loans, repayment of interest bearing debt and payment of dividends to shareholders.

Cash and cash equivalents comprise cash, short term bank loans and short term securities which are readily convertible into cash and which are subject only to insignificant risks of changes in value.

## Consolidated financial statements and parent company financial statements 1 January - 31 December

### Notes to the financial statements

**1 Accounting policies (continued)**

**Segment information**

The allocation of revenue to activities and geographical markets is disclosed where these activities and markets differ significantly in the organisation of sales of goods and services.

**Financial ratios**

The financial ratios stated under "Financial highlights" have been calculated as follows:

| | |
|---|---|
| Operating profit/loss | Profit/loss before net financials +/- Other operating income and other operating expenses |
| Operating margin | $\frac{\text{Operating profit/loss (EBIT) x 100}}{\text{Revenue}}$ |
| Equity ratio | $\frac{\text{Equity, year-end x 100}}{\text{Total equity and liabilities, year-end}}$ |
| Return on equity | $\frac{\text{Profit/loss after tax x 100}}{\text{Average equity}}$ |

**2 Events after the balance sheet date**

No events which could have a significant impact on the consolidated financial statements and parent company financial statements have occurred subsequently to December 31, 2023.

## Consolidated financial statements and parent company financial statements 1 January - 31 December

### Notes to the financial statements

| DKK'000 | Group 2023 | Group 2022 | Parent company 2023 | Parent company 2022 |
|---|---|---|---|---|
| **3 Segment information** | | | | |
| **Breakdown of revenue by geographical segment:** | | | | |
| Americas | 242,515 | 152,904 | 203,664 | 119,162 |
| Europe | 107,007 | 145,268 | 107,802 | 122,062 |
| Other | 103,178 | 84,128 | 105,417 | 103,950 |
| | 452,700 | 382,300 | 416,883 | 345,174 |

The Company has not disclosed the breakdown of revenue by business segment, see section 96(1) of the Danish Financial Statements Act. The market for medium format camera solutions consist of very few competitors. On this basis, specific segment information is not disclosed as this could have a negative impact on the Company's competitive position.

| DKK'000 | Group 2023 | Group 2022 |
|---|---|---|
| **4 Fee to the auditors appointed in general meeting** | | |
| Total fees to EY | 1,178 | 1,484 |
| Statutory audit | 801 | 785 |
| Assurance engagements | 15 | 0 |
| Tax assistance | 307 | 492 |
| Other assistance | 55 | 207 |
| | 1,178 | 1,484 |

Audit fees are not disclosed for the parent company with reference to section 96(3) of the Danish Financial Statements Act, as audit fees are disclosed for the group.

| DKK'000 | Group 2023 | Group 2022 | Parent company 2023 | Parent company 2022 |
|---|---|---|---|---|
| **5 Staff costs** | | | | |
| Wages/salaries | 128,132 | 125,453 | 74,258 | 66,240 |
| Pensions | 135 | 1,181 | 135 | 105 |
| Other social security costs | 159 | 1,443 | 159 | 151 |
| Other staff costs | 3,003 | 6,755 | 3,003 | 4,904 |
| Staff costs transferred to non-current assets | -15,173 | -8,284 | -10,608 | -8,284 |
| | 116,256 | 126,548 | 66,947 | 63,116 |
| Average number of full-time employees | 179 | 200 | 70 | 65 |

By reference to section 98b(3), (ii), of the Danish Financial Statements Act, remuneration to the group Management is not disclosed.

## Consolidated financial statements and parent company financial statements 1 January - 31 December

### Notes to the financial statements

| | | Group | | Parent company | |
|---|---|---|---|---|---|
| | DKK'000 | 2023 | 2022 | 2023 | 2022 |
| 6 | **Amortisation/depreciation of intangible assets and property, plant and equipment** | | | | |
| | Amortisation of intangible assets | 28,518 | 38,658 | 28,518 | 38,658 |
| | Depreciation of property, plant and equipment | 5,644 | 5,042 | 3,202 | 1,762 |
| | | 34,162 | 43,700 | 31,720 | 40,420 |
| 7 | **Financial income** | | | | |
| | Interest receivable, group entities | 0 | 0 | 1,772 | 2,687 |
| | Other financial income | 1,059 | 495 | 138 | 31 |
| | | 1,059 | 495 | 1,910 | 2,718 |
| 8 | **Financial expenses** | | | | |
| | Interest expenses, group entities | 5,500 | 1,384 | 5,671 | 1,927 |
| | Other financial expenses | 16,534 | 8,828 | 18,437 | 12,336 |
| | | 22,034 | 10,212 | 24,108 | 14,263 |
| 9 | **Tax for the year** | | | | |
| | Estimated tax charge for the year | 13,840 | 9,619 | 4,174 | 332 |
| | Deferred tax adjustments in the year | -767 | -11,287 | -345 | -10,914 |
| | Tax adjustments, prior years | -79 | 0 | 53 | 0 |
| | | 12,994 | -1,668 | 3,882 | -10,582 |

10 **Appropriation of profit/loss**

| | | | |
|---|---|---|---|
| | **Recommended appropriation of profit/loss** | | |
| | Proposed dividend for the financial year | 0 | 50,000 |
| | Net revaluation reserve according to the equity method | 32,706 | 23,519 |
| | Other reserves | 10,098 | 2,501 |
| | Retained earnings/accumulated loss | -4,869 | -85,181 |
| | | 37,935 | -9,161 |

11 **Disclosure of fair values**

The Group has the following assets and liabilities measured at fair value:

| DKK'000 | Currency hedging |
|---|---|
| **Group** | |
| Fair value at year end | -3,040 |
| Unrealised fair value adjustments for the year, recognised in the income statement | -3,040 |
| Unrealised fair value adjustments for the year, recognised in hedging reserve | 1,027 |
| Fair value level | 2 |
| **Parent Company** | |
| Fair value at year end | -3,040 |
| Unrealised fair value adjustments for the year, recognised in the income statement | -3,040 |
| Unrealised fair value adjustments for the year, recognised in hedging reserve | 1,027 |
| Fair value level | 2 |

# Consolidated financial statements and parent company financial statements 1 January - 31 December

## Notes to the financial statements

### 12 Intangible assets

| | Group | | | | | | |
|---|---|---|---|---|---|---|---|
| **DKK'000** | **Completed development projects** | **Customer relationships** | **Developed technology** | **Acquired trademarks and trade names** | **Acquired licences** | **Development projects in progress and prepayments for intangible assets** | **Total** |
| Cost at 1 January 2023 | 93,608 | 93,000 | 92,000 | 115,000 | 7,033 | 28,540 | 429,181 |
| Additions | 0 | 0 | 0 | 0 | 426 | 21,782 | 22,208 |
| Transferred | 13,799 | 0 | 0 | 0 | 0 | -13,799 | 0 |
| Cost at 31 December 2023 | 107,407 | 93,000 | 92,000 | 115,000 | 7,459 | 36,523 | 451,389 |
| Impairment losses and amortisation at 1 January 2023 | 86,411 | 68,250 | 87,809 | 63,307 | 6,959 | 0 | 312,736 |
| Amortisation for the year | 8,837 | 7,750 | 4,191 | 7,667 | 73 | 0 | 28,518 |
| Impairment losses and amortisation at 31 December 2023 | 95,248 | 76,000 | 92,000 | 70,974 | 7,032 | 0 | 341,254 |
| **Carrying amount at 31 December 2023** | 12,159 | 17,000 | 0 | 44,026 | 427 | 36,523 | 110,135 |
| Amortised over | 2 years | 12 years | 10 years | 15 years | 3 years | | |

#### Completed development projects

In 2023, the Group finalized its PAS Pana system for wide-field aerial imaging as well as the iXM-SP150 camera, the first commercial, off the shelf array camera dedicated for use in space.

Management has not identified any evidence of impairment relative to the carrying amount of the completed development projects.

#### Development projects in progress

In 2023, the Group has worked on the development of the P5, a revolutionary new mapping and surveying payload for drones. The P5 is the world's first survey grade payload capable of achieving sub-cm absolute accuracy for fixed-wing UAV's. The Group has also worked on its component's portfolio focusing on a smaller, lighter, and more dedicated camera portfolio along with a new array of specialized lenses.

Management has not identified any evidence of impairment relative to the carrying amount of development projects in progress.

# Consolidated financial statements and parent company financial statements 1 January - 31 December

## Notes to the financial statements

### 12 Intangible assets (continued)

| | Parent company | | | | | | |
|---|---|---|---|---|---|---|---|
| DKK'000 | Completed development projects | Customer relationships | Developed technology | Acquired trademarks and trade names | Acquired licences | Development projects in progress and prepayments for intangible assets | Total |
| Cost at 1 January 2023 | 93,608 | 93,000 | 92,000 | 115,000 | 7,033 | 28,540 | 429,181 |
| Additions | 0 | 0 | 0 | 0 | 291 | 21,782 | 22,073 |
| Transferred | 13,799 | 0 | 0 | 0 | 0 | -13,799 | 0 |
| Cost at 31 December 2023 | 107,407 | 93,000 | 92,000 | 115,000 | 7,324 | 36,523 | 451,254 |
| Impairment losses and amortisation at 1 January 2023 | 86,411 | 68,250 | 87,809 | 63,307 | 6,959 | 0 | 312,736 |
| Amortisation for the year | 8,837 | 7,750 | 4,191 | 7,667 | 73 | 0 | 28,518 |
| Impairment losses and amortisation at 31 December 2023 | 95,248 | 76,000 | 92,000 | 70,974 | 7,032 | 0 | 341,254 |
| **Carrying amount at 31 December 2023** | 12,159 | 17,000 | 0 | 44,026 | 292 | 36,523 | 110,000 |
| Amortised over | 2 years | 12 years | 10 years | 15 years | 3 years | | |

#### Completed development projects

In 2023, the Parent finalized its PAS Pana system for wide-field aerial imaging as well as the iXM-SP150 camera, the first commercial, off the shelf array camera dedicated for use in space.

Management has not identified any evidence of impairment relative to the carrying amount of the completed development projects.

#### Development projects in progress

In 2023, the Parent has worked on the development of the P5, a revolutionary new mapping and surveying payload for drones. The P5 is the world's first survey grade payload capable of achieving sub-cm absolute accuracy for fixed-wing UAV's. The Group has also worked on its component's portfolio focusing on a smaller, lighter, and more dedicated camera portfolio along with a new array of specialized lenses.

Management has not identified any evidence of impairment relative to the carrying amount of development projects in progress.

## Consolidated financial statements and parent company financial statements 1 January - 31 December

### Notes to the financial statements

13 Property, plant and equipment

| | Group | | |
|---|---|---|---|
| DKK'000 | Fixtures and fittings, other plant and equipment | Leasehold improvements | Total |
| Cost at 1 January 2023 | 25,996 | 811 | 26,807 |
| Additions | 8,322 | 0 | 8,322 |
| Disposals | -226 | 0 | -226 |
| Cost at 31 December 2023 | 34,092 | 811 | 34,903 |
| Impairment losses and depreciation at 1 January 2023 | 17,149 | 238 | 17,387 |
| Depreciation | 5,411 | 232 | 5,643 |
| Reversal of accumulated depreciation and impairment of assets disposed | -226 | 0 | -226 |
| Impairment losses and depreciation at 31 December 2023 | 22,334 | 470 | 22,804 |
| **Carrying amount at 31 December 2023** | 11,758 | 341 | 12,099 |
| Property, plant and equipment include finance leases with a carrying amount totalling | 917 | 0 | 917 |

| | Parent company | | |
|---|---|---|---|
| DKK'000 | Fixtures and fittings, other plant and equipment | Leasehold improvements | Total |
| Cost at 1 January 2023 | 7,752 | 811 | 8,563 |
| Additions | 4,018 | 0 | 4,018 |
| Disposals | -226 | 0 | -226 |
| Cost at 31 December 2023 | 11,544 | 811 | 12,355 |
| Impairment losses and depreciation at 1 January 2023 | 3,032 | 238 | 3,270 |
| Depreciation | 2,969 | 232 | 3,201 |
| Reversal of accumulated depreciation and impairment of assets disposed | -226 | 0 | -226 |
| Impairment losses and depreciation at 31 December 2023 | 5,775 | 470 | 6,245 |
| **Carrying amount at 31 December 2023** | 5,769 | 341 | 6,110 |
| Property, plant and equipment include finance leases with a carrying amount totalling | 475 | 0 | 475 |

# Consolidated financial statements and parent company financial statements 1 January - 31 December

## Notes to the financial statements

### 14 Investments

| | Parent company | | |
|---|---|---|---|
| DKK'000 | Investments in group entities | Receivables from group entities | Total |
| Cost at 1 January 2023 | 10,455 | 48,238 | 58,693 |
| Cost at 31 December 2023 | 10,455 | 48,238 | 58,693 |
| Value adjustments at 1 January 2023 | 78,543 | 772 | 79,315 |
| Foreign exchange adjustments | -6,323 | -4,816 | -11,139 |
| Profit/loss for the year | 32,706 | 0 | 32,706 |
| Value adjustments at 31 December 2023 | 104,926 | -4,044 | 100,882 |
| **Carrying amount at 31 December 2023** | 115,381 | 44,194 | 159,575 |

### Parent company

| Name | Domicile | Interest |
|---|---|---|
| Phase One United States Inc. | USA | 100.00% |
| Phase One IL Ltd. | Israel | 100.00% |
| Phase One Japan Co. Ltd. | Japan | 100.00% |
| Phase One Asia Pacific Co. Ltd. | Hong Kong | 100.00% |

### 15 Prepayments

Prepayments include accrual of expenses relating to subsequent financial years, including rent and insurance policies.

| | Parent company | |
|---|---|---|
| DKK'000 | 2023 | 2022 |
| **16 Share capital** | | |
| Analysis of the share capital: | | |
| 500,000 shares of DKK 1.00 nominal value each | 500 | 500 |
| | 500 | 500 |

Analysis of changes in the share capital over the past 4 years:

| DKK'000 | 2023 | 2022 | 2021 | 2020 |
|---|---|---|---|---|
| Opening balance | 500 | 500 | 500 | 400 |
| Capital increase | 0 | 0 | 0 | 100 |
| | 500 | 500 | 500 | 500 |

# Consolidated financial statements and parent company financial statements 1 January - 31 December

## Notes to the financial statements

| DKK'000 | Group 2023 | Group 2022 | Parent company 2023 | Parent company 2022 |
|---|---|---|---|---|
| **17 Deferred tax** | | | | |
| Deferred tax at 1 January | 7,861 | 18,729 | 16,430 | 26,925 |
| Adjustment for the year | -767 | -11,287 | -345 | -10,914 |
| Tax on items recognised directly in equity | 0 | 419 | 0 | 419 |
| Refund in joint taxation | 4,979 | 0 | 4,979 | 0 |
| Transferred to tax receivable | 870 | 0 | 0 | 0 |
| **Deferred tax at 31 December** | 12,943 | 7,861 | 21,064 | 16,430 |

### 18 Non-current liabilities other than provisions

| | Group | | | |
|---|---|---|---|---|
| DKK'000 | Total debt at 31/12 2023 | Short-term portion | Long-term portion | Outstanding debt after 5 years |
| Lease liabilities | 689 | 689 | 0 | 0 |
| Other payables | 3,539 | 0 | 3,539 | 3,539 |
| | 4,228 | 689 | 3,539 | 3,539 |

Other payables is related to holiday liability.

| | Parent company | | | |
|---|---|---|---|---|
| DKK'000 | Total debt at 31/12 2023 | Short-term portion | Long-term portion | Outstanding debt after 5 years |
| Lease liabilities | 230 | 230 | 0 | 0 |
| Other payables | 3,539 | 0 | 3,539 | 3,539 |
| | 3,769 | 230 | 3,539 | 3,539 |

Other payables is related to holiday liability.

### 19 Provisions

Other provisions comprise anticipated expenses relating to warranty commitments. Other provisions are expected to mature within one year with DKK 8,279 thousand and the reamining amount within one to five years.

### 20 Contractual obligations and contingencies, etc.

#### Other contingent liabilities

#### Group

The subsidiary, Phase One IL Ltd. is part of an ongoing transfer pricing audit in Israel, for the income year 2018, where the income years 2014-2017 has expired. No conclusion has been reached on this transfer pricing audit with the authorities in Israel.

Management is of the perception that the company has complied with the transfer pricing rules, and therefore does not expect financial impact on the financial statements for 2023.

## Consolidated financial statements and parent company financial statements 1 January - 31 December

### Notes to the financial statements

20 **Contractual obligations and contingencies, etc. (continued)**

**Other financial obligations**

Other rent and lease liabilities:

| | Group | | Parent company | |
|---|---|---|---|---|
| DKK'000 | 2023 | 2022 | 2023 | 2022 |
| Rent and lease liabilities | 3,857 | 4,268 | 801 | 1,224 |

**Parent company**

The Company is jointly taxed with its ultimate parent, AX V Phase One Holding III ApS, which acts as management company, and other Danish group entities. The Company is jointly and severally with other jointly taxed group entities liable for payment of income taxes and withholding taxes.

The subsidiary, Phase One IL Ltd. is part of an ongoing transfer pricing audit in Israel, for the income year 2018, where the income years 2014-2017 has expired. No conclusion has been reached on this transfer pricing audit with the authorities in Israel.

Management is of the perception that the Company has complied with the transfer pricing rules, and therefore does not expect financial impact on the financial statements for 2023.

21 **Security and collateral**

The Company and group have provided guarantee for debt to banks for Phase One Group ApS and Capture One A/S of TDKK 357,352.

22 **Related parties**

Phase One A/S' related parties comprise the following:

**Significant influence**

| Related party | Domicile | Basis for significant influence |
|---|---|---|
| Phase One Group ApS | Copenhagen | Participating interest |

**Information about consolidated financial statements**

| Parent | Domicile | Requisitioning of the parent company's consolidated financial statements |
|---|---|---|
| AX V Phase One Holding III ApS, largest | Copenhagen | The consolidated financial statement can be retrieved by contacting the Company. |
| Phase One Group ApS, smallest | Copenhagen | The consolidated financial statement can be retrieved by contacting the Company. |

# Consolidated financial statements and parent company financial statements 1 January - 31 December

## Notes to the financial statements

### 22 Related parties (continued)

#### Related party transactions

| DKK'000 | 2023 | 2022 |
|---|---|---|
| **Group** | | |
| Royalty to group enterprises | 4,900 | 4,900 |
| Administration expense from group enterprises | 7,861 | 7,439 |
| Administration income from group enterprises | 600 | 600 |
| | | |
| **Parent Company** | | |
| Sale of goods to group enterprises | 120,867 | 107,526 |
| Purchase of goods from group enterprises | 118,588 | 105,933 |
| Administration income from group enterprises | 17,479 | 11,391 |
| Administration expense from group enterprises | 7,400 | 7,439 |
| Royalty to group enterprises | 4,900 | 4,900 |

Information about related parties transactions in regards to receivables and payables to group enterprises see balance sheet.

Information about related parties transactions in regards to interest to group enterprises see note 7 and 8.

#### Information about security for loans relating to group entities

Information about security for loans relating to group entities appears from 21, "Security and collateral".

| | | Group | |
|---|---|---|---|
| | DKK'000 | 2023 | 2022 |
| 23 | **Adjustments** | | |
| | Amortisation/depreciation and impairment losses | 34,162 | 43,700 |
| | Financial income | -1,059 | -495 |
| | Financial expenses | 22,034 | 10,212 |
| | Tax for the year | 12,994 | -1,668 |
| | Other adjustments | -1,702 | -3,443 |
| | | 66,429 | 48,306 |
| 24 | **Changes in working capital** | | |
| | Change in inventories | 10,803 | -27,725 |
| | Change in receivables | -28,014 | 11,217 |
| | Change in trade and other payables | 34,899 | 35,540 |
| | | 17,688 | 19,032 |
| 25 | **Cash and cash equivalents at year-end** | | |
| | Cash according to the balance sheet | 14,078 | 8,643 |
| | Short-term debt to banks | -20,215 | -25,190 |
| | | -6,137 | -16,547 |