COBHAM SATCOM
Connecting the future

Annual Report 2022

Thrane & Thrane A/S
(trading as Cobham SATCOM)

The Annual Report was presented and adopted at the Annual General Meeting on 20 June 2023

Christophe Duret, Chair

Contents

Statement by Management

The Board of Directors and the Executive Board have today discussed and approved the Annual Report of Thrane & Thrane A/S for the financial year 1 January - 31 December 2022.

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

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the Group and the Parent Company at 31 December 2022 and of the results of their operations and consolidated cash flows for the financial year 1 January – 31 December 2022.

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

We recommend the Annual Report to be approved at the Annual General Meeting.

Kongens Lyngby, 20 June 2023

Executive Board

Christophe Duret,
CEO

Oluf Riddersholm,
CFO

Board of Directors

Sven Evan Lewis, Chair

Christophe Duret

Oluf Riddersholm

Karsten Vollmer-Larsen

Pia From Jeppesen

Mette Christiansen

Independent Auditor's report

To the shareholder of Thrane & Thrane A/S

Opinion

We have audited the consolidated financial statements and the parent company financial statements of Thrane & Thrane A/S for the financial year 1 January – 31 December 2022, which comprise income statement, balance sheet, statement of changes in equity, consolidated cash flow statement and notes, including accounting policies. 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 gives a true and fair view of the financial position of the Group and the Parent Company at 31 December 2022 and of the results of the Group's and the Parent Company's operations as well as the consolidated cash flows for the financial year 1 January – 31 December 2022 in accordance with the Danish Financial Statements Act.

Basis for opinion

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

Independent Auditor's report

- 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, 20 June 2023

EY Godkendt Revisionspartnerselskab

CVR no. 30 70 02 28

Mikkel Sthyr
State Authorised Public Accountant
mne26693

Ole Becker
State Authorised Public Accountant
mne33732

Company information

The Company	Thrane & Thrane A/S Lundtoftegårdsvej 93 D DK-2800 Kongens Lyngby www.cobham.com/satcom Telephone: +45 3955 8800 CVR no.: 65724618 Financial period: 1 January - 31 December Municipality of reg. office: Lyngby-Taarbæk
Board of Directors	Sven Evan Lewis, Chair Christophe Duret Oluf Riddersholm Karsten Vollmer-Larsen Mette Christiansen Pia From Jeppesen
Executive Board	Christophe Duret, CEO Oluf Riddersholm, CFO
Auditors	EY Godkendt Revisionspartnerselskab Dirch Passers Allé 36 2000 Frederiksberg

Financial Highlights

USD million	2022	2021	2020	2019	2018
Key figures					
Income statement					
Revenue	202	233	180	189	205
Gross profit	21	76	53	32	25
Operating profit/(loss)	(30)	19	13	(10)	(21)
EBITDA[1])	(16)	31	27	6	(10)
EBITDA normalized[2])	(2)	42	41	6	(10)
Profit/(loss) before net financials	(30)	19	87	(10)	(21)
Net financials	(0)	1	2	(10)	(17)
Net profit/(loss) for the year	(20)	19	92	(27)	(32)
Balance sheet					
Non-current assets	103	88	73	78	79
Current assets	134	119	141	77	107
Total assets	237	207	214	155	186
Equity	84	104	138	19	24
Non-current liabilities	13	19	15	14	14
Current liabilities	139	85	61	122	148
Investments in property, plant and equipment	3	4	9	8	7
Cash flows from operating activities	(14)	63	61	-	-
Cash flows from investing activities	(18)	(30)	73	-	-
Cash flows from financing activites	43	(35)	(137)	-	-
Cash and cash equivalents, year end	22	11	14	-	-
Average number of full-time employees	453	485	518	502	576
Financial ratios					
Gross margin (bruttomargin)	10.2%	32.7%	29.4%	16.9%	12.4%
Profit margin (overskudsgrad)	(15.1%)	8.2%	7.0%	(5.5%)	(10.4%)
Current ratio (likviditetsgrad)	96.3%	140.2%	229.9%	63.1%	71.9%
Return on assets (afkastningsgrad)	(12.8%)	9.2%	5.9%	(6.7%)	(11.4%)
Solvency ratio (soliditetsgrad)	35.6%	50.0%	64.3%	12.2%	12.6%
Return on equity (egenkapitalforrentning)	(20.8%)	15.5%	117.4%	(142.5%)	134.3%

Definitions are disclosed in the note for accounting policies.

[1] Profit/(loss) before tax, depreciation and amortisation, net financials and other operating income.
[2] EBITDA normalized: EBTIDA being adjusted for special items.
[3] Cash flow figures for 2018 and 2019 has not been prepared previously, as the Company's cash flow was consolidated into a higher group.

Management's Review

Cobham SATCOM Group's Management Review

Business activities

Thrane & Thrane A/S, trading as Cobham SATCOM, is the market leading provider of radio and satellite communications solutions for fixed and mobile applications across a variety of end markets including maritime, government, military, and enterprise.

Cobham SATCOM designs and manufactures high-performance radio, satellite communications, safety, tracker and critical communications products under the EXPLORER, SAILOR, SeaTel and TRACKER brands. Our products provide customers with outstanding performance, value and support through our global sales and service network. All our solutions are underpinned by the core purpose of keeping people safe and connected across land and sea.

Connecting the future

Cobham SATCOM was carved out as a stand-alone company from the overall Cobham conglomerate acquired by Advent International in January, 2020. Cobham SATCOM is the combination of earlier Cobham acquisitions of Sea Tel, Track Star and Thrane & Thrane, which all have a long history of providing antennas to remote connectivity markets.

Cobham Satcom successfully distributes the maritime product portfolio through a dedicated network of more than 350-400 global partners, situated mainly around the major world ports or shipyards.

In 2022, 66% (2021: 60%) of revenues were generated in the maritime business. The maritime products address the needs for Radio, Safety and Tracking at sea as well as providing maritime connectivity through the market leading portfolio of L-band and VSAT antennas trading under the SAILOR and Sea Tel trademarks.

The remaining 34% (2021: 40%) of Cobham Satcom revenue was derived from the land business. This is partly ground infrastructure for L-band constellation, where Cobham Satcom build and maintains the RAN systems and the TRACKER business. The remaining parts of revenues come from Communication on the Move (COTM) and Communication on the Pause (COTP), trading under the EXPLORER brand. Cobham Satcom offers a range of EXPLORER solutions for critical communications including a network agnostic product for Push to talk (PTT) that allows public safety vehicles and others to be "always on". The solution allows rescue workers to use UHF/terrestrial services when available, and otherwise shift to L-band coming from an EXPLORER satellite terminal on their vehicle. In addition, the EXPLORER brand also includes a Machine to Machine (M2M) solution which helps the utility sector connect to dispatch center even in the most remote parts of the world. The EXPLORER M2M solution offers a dual-mode functionality combining satellite and cellular connectivity in one device. It enables IoT for the energy distribution sector as it solves the connectivity issues the terrestrial network leaves unsolved.

2022 was a busy year for the TRACKER team and saw a number of new customers and contracts being awarded including the first contract with the largest global satellite operator, for development and delivery of Tracker Tactical Terminals and EXPLORER 8120s, adapted for their mPower MEO constellation as well as the first contract with LEO constellation operator OneWeb, who is currently concluding merger discussions with global GEO operator Eutelsat, for mini-Gateway terminals based on the Sea Tel/TRACKER 2400 platform.

Other deals included the partnership with Mangata on the gateway, for their planned HEO constellation and the expanded partnership with RBC Signals, a US-based ground station service provider with emphasis on the government sector, for TRACKER 3400 and TRACKER 6000 multi-band antennas for EO and space situational awareness.

Additional highlights include the completion of the baseline development and initial sales of the 1.3m and 1.5m man-portable Tactical Tracker terminals, certification of Sea Tel/ TRACKER 2400 for operation on the SES mPower system and the initial development of an NGSO-capable Explorer 8120, originally for SES, with global telcos Verizon and AT&T as the end-customers.

After the acquisition by Advent, the carve-out as a stand-alone company and the establishment of the new Senior Management Team, Cobham SATCOM has embarked on a fast-paced transformation, initially focusing on high-impact value-creation plans with direct EBITDA impact across key levers such as procurement, cost-out and go-to-market. These changes have also included increased globalization of value chains and increased outsourcing toward a more 'asset-light' structure. This included a zero-based budgeting exercised in November 2022, where the foundation for the future growth was established.

Research and development

Despite 2022 being an unexpected year the R&D team succeeded in renewing and launching several products. Following the initial launch of the new SAILOR XTR technology platform in 2021, the SAILOR XTR series continued to expand with the introduction of a number of new antennas unlocking a variety of new business and customer segments across various bands and service providers (Ka, Ku, GX, and Telenor). Additional antenna sizes were added to the portfolio with the introduction of the 60 and 80 centimeters.

Towards the end of the year, the Sea Tel 1500 was launched extending the portfolio of large VSAT antennas particularly within the Energy & Off shore, Cruise, and mega yacht segments. With the Sea Tel 1500, Cobham Satcom once again brought new technology to the market in the shape of the world's first 1.5m VSAT electronically switchable antenna which can change from Ku to Ka band in one simple click providing the ultimate flexibility for end users whilst saving significantly on time and costs. The Sea Tel 1500 fits perfectly into the Sea Tel portfolio as it complements the existing Sea Tel 2400 and provides new opportunities to combine the Sea Tel 1500 and Sea Tel 2400 in one network or antenna park to maximize performance even when limited deck space is available.

Within the Radio, Safety and Tracking portfolio, Cobham Satcom saw growth continuing on the back of the launch of SAILOR 7222 in 2021, introducing the next generation SOLAS classified maritime CLASS A VHF radio to the marketplace. This further reiterate Cobham Satcom's commitment to GMDSS and safety, as the preparations for the full GMDSS portfolio ensuring full regulatory compliance continue with the expectation to capture additional market share and profitability in the segment in the future.

As a result of the 2022 challenges due to the changing market impact. R&D went through a restructuring, where the R&D was split in 3 parts:

- Systems
- Tracker
- R&D

The split was made to increase the focus and concentration on high priority projects in each of the categories and to ensure a sustainable setup for the future as R&D still sees a lot of potential and scale up opportunities on several projects for the coming years.

Development in the year

In 2022 the transformation of Cobham SATCOM has continued. After completing the legal restructuring at the end of 2020, the next phase of the transformation was initiated in 2021 and concluded in 2022.

Therefore, as part of the strategic positioning of Cobham SATCOM the production facility in Pandrup, Denmark was finally closed in April 2022. This means a much larger part of Cobham SATCOM's production is now outsourced. Additionally, Cobham SATCOM has set-up 3 regional distribution centers in Rotterdam, Singapore and Miami to provide products with short delivery times to its customers globally within Maritime and Critical Communication. The outsourcing of manufacturing and distribution brings our footprint close to suppliers and customers; while design, development and know-how continue to stay within Cobham SATCOM. A strong US footprint continues to be part of Cobham SATCOM anchored in the production facility in Concord, California.

The global shortage of electronic components has continued to affect Cobham SATCOM in 2022. It has continuedly led to higher costs of products and difficulty in servicing our customers. At the same time freight costs have been at a very high level also adding to the total costs. The Group has to some extent passed these costs onto the market with price increases during the course of 2022. The different changes in internal structure and external factors all resulted in a loss-making year. Based on the performance new initiatives was initiated to accommodate the changes in the global environment and the demand in the market.

Financial Performance 2022

The Group's income statement for the fiscal year 2022 shows a net loss of USD 19,577 thousand (2021: net gain of USD 18,693 thousand) and the Group's balance sheet at 31 December shows equity of USD 84,194 thousand (2021: 103,618 thousand).

In 2022, revenue was USD 201,905 thousand, which was a decrease of 13.5%, compared to USD 233,426 thousand realized in 2021. The decrease in revenue is significantly due to difficulties in the supply chain and global component shortage.

For the Parent company revenue decreased by USD 8,240 thousand from USD 184,152 thousand in 2021 to USD 175,912 thousand in 2022.

Maritime revenue showed a decrease of USD 4,894 thousand (-3.56%) compared to 2021, due to higher constraints in the supply chain. The Land business generated a decrease in revenue of USD 41,944 thousand, down with 59.8% compared to 2021, which is a result of the same difficulties in the supply chain as well as completed development work in 2021.

Cost of sales amounted to USD 181,363 thousand which resulted in a decrease in gross margins of 73%. The decrease in gross margins is primarily a result of increase in the price of components and freight prices going up in 2022.

Gross margins for the Parent company also shows a decrease of 69% compared to 2021. The decrease in gross margins for the Parent Company is also a result of higher prices on raw materials and increase in freight prices.

Investment in R&D continued its focus and resulted in new product launches and released numerous new technologies in 2022. In 2022 additional USD 10,992 thousand was capitalized as "Development projects in progress" (2021: USD 15,438 thousand) and USD 9,209 was completed during the year with a positive revenue stream already being generated. R&D projects are all clearly defined with functional prototypes, technical feasibilities, and sufficient resource allocation to meet the strong future market opportunity we foresee. Accordingly, the projects are recognized as intangible assets.

Distribution and administrative expenses amounted to USD 50,948 thousand (2021: 57,187 thousand), which is a decrease of 10,9% compared to 2021 mainly driven by a decrease in Administration expenses. The business continued the transformation outsourcing production and going from one regional warehouse to 3 regional warehouses and further strengthen the global organization which drives increase in administrative cost.

Net cash inflow in 2022 is USD 10,455 thousand compared to outflow of USD -2,326 thousand in 2021. The cash flow is positively impacted by the funding received in 2022.

Overall the 2022 result was not on a satisfactory level and not in line with the expectation which was set for the year.

Outlook 2023

Cobham SATCOM encountered significant operational issues and adverse macro conditions in 2022, which caused the group to recognize a loss for the year, this was not in line with the expectations for the year where solid growth and increasing operating profit were expected.

Despite the challenges, new sustainable and recovery initiatives were taken, including a revisit of the composition of the Management team and Board, where new members was brought into key positions to accommodate the future of Cobham SATCOM. Generally, 2022 should be seen as a transformation and supple constrained year, which has been mitigated by right-sizing the organization, forcusing resources on key R&D initiatives and proactively securing long-lead components and healthy safety stock levels. Therefore 2022 should be seen as a transformation year.

For 2023 Cobham SATCOM expects a year of strong revenue and improved operating profit. We remain focused on investing in new product launches and innovative technology to create further value for business partners and end customers and drive future revenue. Furthermore, significant investments are made into improving operational processes, time to market and in streamlining delivery performance. In the end of 2022, the Group finalized the footprint transformation that was initiated in 2021. The supply chain processes with contract manufactures and regional warehouses were established to provide products with short delivery times to its customers globally.

Cobham SATCOM expects an improved 2023 revenue in the range of USD 215-240m and operating profit USD 15-25m. Expectation of operating profit adjusted for special items is in the range of USD 25-35m.

Subsequent events

No subsequent events has taken place, that would otherwise have an effect on the Annual Report.

Financial Risks

Cobham SATCOM remains financed through equity and intercompany financing. In connection with financing there is a risk relating to interest fluctuations. The interest risk has not been hedged.

Cobham SATCOM's currency exposure is continuously being assessed. Sales and most significant costs items are concentrated in USD, DKK and EUR. The overall policy is to hedge significant currency risks. Further information can be found in Note 21 Derived financial instruments.

Statement of Corporate Social Responsibility cf. §99a

Cobham SATCOM takes a strategic approach to corporate responsibility and sustainability (CR&S). By managing external impacts, capitalizing on opportunities and conducting business in a responsible and sustainable way, we are better placed to mitigate our principal risks, strengthen business relationships and contribute to wider efforts to combat existential issues such as climate change.

Connectivity is no longer a luxury, but a necessity for economic and human development. By providing reliable communications in challenging environments, Cobham SATCOM brings important environmental and social benefits to the global community.

The decisions and behaviors demonstrated by acting ethically, managing impacts, implementing innovative solutions and engendering positive business relationships also promote and enhance our company culture and reputation. In early 2020, we started a journey to transform our culture, which included new values.

Cobham SATCOM designs and manufactures high-performance radio, satellite communications, safety, tracker and critical communications products. Our products provide customers with outstanding performance, value and support through our global sales and service network. All our solutions are underpinned by the core purpose of keeping people safe and connected across land and sea.

Health, safety and environmental matters

Ensuring the health and safety of the company's people is a core value. As a diverse organization, employees are frequently required to work in different and often challenging environments and manage a range of risks. We have had a continued focus on zero harm, which has resulted in only 1 injury in Lyngby and Aalborg, and zero injuries at our US facility for 2022.

In 2022 several actions were continued to be carried out to ensure that the zero harm policy was fulfilled including necessary introduction during onboarding, fire drills, and during the year the management has had it as a focus area and continuously required employees to comply with company safety policy at all times.

Management's Review

For the future Cobham SATCOM will continue focusing on preventing any injuries, do the necessary precautions and actions to the safety of our employees. We will work towards being more proactive in our approach, preventing work environment challenges prior to them appearing on our journey towards a higher prevention level.

The company also aims to continually ensure efficient use of resources to minimize the environmental impact of its operations.

A Safety, Health and Environment (SHE) policy underpins our commitment to ensuring the safety and health of employees and to minimizing the company's environmental impact. It commits us to continually improving management systems, standards and performance while developing a culture of individual responsibility. Performance was regularly reviewed throughout the year by management, our QA department and Facility Management.

Greenhouse gases

Furthermore, Cobham SATCOM has received an environmental certification (ISO 14001). The Company's environmental policy is to create and embrace an environmentally aware culture and framework that actively promotes employee engagement at all levels.

Cobham SATCOM will continuously endeavor to improve in the following areas:

- Efficiency in the use of raw materials, energy and natural resources through product design, operations and supply chain management and logistics
- Reduction of direct and indirect greenhouse gas emissions
- Protection of the Group's operations (including its supply chain) from the significant adverse effects of climate change, reducing the type and amounts of hazardous substances used
- Capability to reduce, reuse or recycle wastes wherever possible

Each year, we set a list of environmental goals that supports our policy. In 2022, we set the following objectives and targets:

ISO 14001 Cobham Satcom Main environmental categories	Objective	Measurement	Key results		Development 2022 over 2021	Notes
			Status 2021	Status 2022		
Consumption of Water, Heating and Electricity	Invest in one energy program per year	Water [m^3]	2963	3632	+23 %	Water numbers went up due to the remaining onsite contraction work Energy improvement initiatives - Optimization of server-cooling - Optimization of air-conditioning and limiting activity level - Optimization of lighting as part of building re-design (LED lighting installed in all affected areas) - Exchanging Central Heating to Thermal Heating -Lowering heating temperature Implemented: Optimization of lighting as part of building re-design (LED lighting installed in all affected areas)
		Heating [MWh]	993	1000	+1 %	
		Electricity [MWh]	1403	1365	-3 %	
Canteen	Reduce CO_2 emmision.	CO_2 emission [ton]	73	86	+18 %	In 2022 employees are back in office and with more visitors and consultants we are seing an increase in CO_2 emission from the canteen
	Reduce food waste.	Food waste [ton]	6234	11022	+77 %	Food waste has almost doubled as we started to collect coffee grounds from the coffee machines as well as sort in the office. We have implemented waste sorting in all the offices and improved our environmental awareness significantly)
Production (OPS and R&D)	Reduce environmental impact from raw material usage in production	Raw material waste [ton]	No new projects initiated in 2022			
Waste	Reduce amount of waste by 3 % (reuse, reduce, scrap, rethink packaging).	Waste [ton]	229	132	-42 %	Increased focus on reducing waste gave a large reduction in waste send for recycling and scrap.
Airtravel	Decrease use of airtravel by 3%.	CO_2 emission [ton]	273	501	+84 %	2022 is showing more 'pre-corona' travel pattern, which increases the CO_2 emission compared to 2021.
Airfreight	Reduce the CO_2 emission from the use of airfreight by 3%.	CO_2 emission [ton]	2788	2042	-27 %	Reduction is based on freight forwarder reports for 2021 and 2022.

Employees

The company aims to empower a diverse workforce and build an inclusive work environment. A diverse workforce is essential to drive innovation and improve decision-making. Recruiting people from diverse backgrounds can be challenging especially as there is a diminishing talent pool due to a reduction in the number of Science, Technology, Engineering and Maths (STEM) graduates.

The company is committed to providing all its employees with equal opportunities in a workplace free from discrimination. Recruitment efforts aim to replenish the talent pipeline and ensure that STEM graduates recognize Cobham SATCOM as an employer of choice. Recruitment, selection and career development are based on competencies and job requirements, irrespective of race, gender, sexual orientation, religion or disability. Applications for employment from persons with a disability are welcomed and given full and fair consideration. With regard to employees who become disabled, the policy is to take all reasonable steps, including retraining, to ensure that they can remain in employment and are given access to equal career development opportunities as everyone else.

The main risk that Cobham SATCOM faces when trying to secure a healthy and safe working environment while ensuring our employee's physical and mental well-being.

Social matters

We want to increase focus on attracting girls to STEM educations and work, so we invited a class of schoolgirls to visit us on Girls Day in Science in October 2022 to inspire and increase knowledge about working within STEM. Furthermore, we invite homeless people in

Management's Review

Copenhagen areas to benefit from collecting deposits from our empty bottles. The company has a Corporate Responsibility and Sustainability (CR&S) strategy and is committed to acting ethically, inspiring employees, creating innovative solutions and managing environmental and social impacts directly, and through business relationships. CSR is integrated into business practices through corporate governance, long-range strategic plans, performance management systems, product development, and reporting & assurance processes.

Anti-corruption and anti-bribery matters

Cobham SATCOM's culture is to act ethically and with integrity at all times, protecting the company's reputation, stakeholders and employees. The main risk that Cobham SATCOM faces regarding anticorruption is to ensure that business is conducted fairly and honestly.

Cobham SATCOM has a reputation grounded in trust, integrity and of 'doing the right thing'. To protect that reputation and to help ensure business is conducted fairly and honestly, global standards of behaviour have been adopted as set out in the Code of Business Conduct (COBC). This emphasizes the importance that each employee plays in building trust - with each other, customers and partners - to ensure every company employee conducts business to the same high standards of business ethics. The COBC includes a section on bribery and corruption and sets out a zero tolerance to both. It is approved by and signed by the CEO.

As the COBC cannot cover every eventuality or challenge employees may face, it is created as a resource for them to use when guidance is needed, to help them make informed decisions. The company offers a confidential Ethics Helpline for employees, or others, to ask questions or to raise a concern they may have, anonymously if they so wish. It also offers other alternative resources to employees, so they can raise a concern in a way they feel most comfortable.

To ensure that all types of unethical behaviour is avoided, Cobham SATCOM requires all new employees to complete a COBC training, all employees to complete at least once a year and continuously informs the employees about the COBC. During 2022, no breaches to our COBC were reported. During 2022 all new employees completed a COBS training and all employees completed COBC.

Respect for human rights

Human rights are an important issue for Cobham SATCOM. There are growing requirements to comply with legislation and to respond to customer information requests on human rights issues such as modern slavery and conflict minerals. Cobham SATCOM supports the principles contained in the Universal Declaration of Human Rights and seeks to reflect these in the context of its business activities.

The company also respects the rights of its employees in the International Labor Organization Declaration on Fundamental Principles and Rights at Work. Cobham SATCOM demonstrates its support and respect for human rights through the principles and policies contained in the COBC and COBC training.

A large part of Cobham SATCOM is internationally oriented with many touchpoints. Cobham SATCOM monitors throughout the supply chain to ensure that we comply with the policy at all times.
Despite our precautions, there will always be a risk of human rights violations occurring in the supply chain that we don't have visibility over.

Cobham SATCOM opposes modern slavery and human trafficking in all its forms and is committed to acting ethically and with integrity in all business dealings and relationships. During 2022, no breaches to our human right policies were reported.

In 2022 we updated our anti-slavery and anti-human trafficking policy to ensure that our employees stay compliant with the latest human rights policy at all times.

In 2023 we will continue informing our new employees about our human rights policy and at all times update existing employees with the necessary training courses.

Data Protection responsibilities & Data Ethics

Cobham SATCOM's data protection to ensure appropriate data protection standards are adhered in line with applicable privacy law can be found at: Privacy-Notice (cobham-satcom.com). All employees are required to complete our Global Data Privacy training on a yearly basis to comply with company standards.

Gender distribution in management
The Company believes that diversity among employees and management, including gender distribution, contributes positively to the working environment and strengthens the company performance and competitiveness.

It has therefore been planned to further integrate diversity into the recruiting process and leadership programmes, to facilitate having a more diverse workforce in Cobham SATCOM Group. One of the initiatives will be the goal of having both genders represented at the final stages of recruitment processes. We have followed this initiative in FY2022. Furthermore, we are continuing to expose the company in events for females in primary school to inspire their interest in STEM.

Management's Review

The board currently consists of 2 female members and 4 male members. The board is cognizant of the under representation and wants to increase the number of female board members bearing in mind that within the technology business there is a low ratio of women and there was no suitable female candidate found during the changes in the Board of Directors in 2022.

Going forward, we will endeavor to reach the guidelines from the Danish Business Authority in 2021 and beyond by taking competences and qualifications into account and ensuring we consider female employees when a board member resigns.

(Number of Women /Total number of employees)	**2022**	**%**	**2021**	**%**
Board of Directors	2/6	33	0/5	0
Senior Management	1/9	18	1/11	9
Total Workforce	88/385	19	132/394	34

Accounting policies
Senior management positions are defined as peoples with the overall employee responsibility hereof Chief Executive Officer (CEO), Chief Financial Officer (CFO), Chief Transformation officer (CTO) and Senior Vice Presidents (SVP).

Income Statement 1 January – 31 December

Note	USD'000	Group 2022	Group 2021	Parent Company 2022	Parent Company 2021
3	Revenue	201,905	233,426	175,912	184,152
4,9,10	Cost of sales	(181,363)	(157,142)	(156,661)	(121,956)
	Gross profit	**20,542**	**76,284**	**19,251**	**62,196**
4,9,10	Distribution expenses	(20,980)	(19,277)	(15,182)	(13,772)
4,9,10	Administrative expenses	(29,968)	(37,910)	(23,878)	(29,332)
	Operating profit/(loss)	**(30,406)**	**19,097**	**(19,809)**	**19,092**
5	Income from investments in subsidiaries	-	-	(6,338)	(1,769)
6	Financial income	5,686	11,746	5,621	11,703
7	Financial expenses	(5,992)	(10,320)	(5,530)	(9,946)
	Profit/(loss) before tax	**(30,712)**	**20,523**	**(26,056)**	**19,080**
8	Income tax	11,135	(1,830)	6,479	(387)
	Net profit/(loss) for the year	**(19,577)**	**18,693**	**(19,577)**	**18,693**

Balance Sheet at 31 December

		Group		Parent Company	
Note	**USD'000**	**2022**	**2021**	**2022**	**2021**
	ASSETS				
	Non-current assets				
	Development projects in progress	21,239	18,776	21,239	18,776
	Completed development projects	14,703	8,614	14,703	8,614
	Software	6,549	3,672	6,379	3,654
	Goodwill	20,738	25,662	1,276	2,187
	Customer relationship	3,278	3,893	3,278	3,893
9	**Intangible assets**	**66,507**	**60,617**	**46,875**	**37,124**
	Right of use assets	10,648	12,780	10,395	11,769
	Plant and machinery	3,651	2.609	2,703	1,731
	Fixtures and fittings, tools and equipment	1,182	754	1,000	646
	Leasehold improvements	1,707	1,760	1,419	1,456
	Property, plant and equipment in progress	378	797	220	680
10	**Property, plant and equipment**	**17,566**	**18,700**	**15,737**	**16,282**
11	Investments in subsidiaries	-	-	34,957	41,292
12	Deferred tax assets	18,735	9,129	12,822	7,706
	Other non-current assets	**18,735**	**9,129**	**47,779**	**48,998**
	Total non-current assets	**102,808**	**88,446**	**110,391**	**102,404**
	Current assets				
	Raw materials and consumables	14,825	17,579	3,432	11,436
	Work in progress	11,910	8,859	4,704	4,819
	Finished goods and goods for resale	38,563	15,920	33,320	11,941
	Inventories	**65,298**	**42,358**	**41,456**	**28,196**
	Trade receivables	29,827	32,686	21,643	22,878
13	Contract work in progress	9,804	17,094	8,737	14,281
	Receivables from group entities	85	6,709	6,849	11,992
	Other receivables	1,862	2,099	1,863	1,615
	Corporation tax	173	-	-	-
14	Prepayments	5,182	6,643	4,656	6,165
	Receivables	**46,933**	**65,231**	**43,748**	**56,931**
	Cash	**21,679**	**11,224**	**17,871**	**7,826**
	Total current assets	**133,910**	**118,813**	**103,075**	**92,953**
	TOTAL ASSETS	**236,718**	**207,259**	**213,466**	**195,357**

Balance Sheet at 31 December

Note	USD'000	Group 2022	Group 2021	Parent Company 2022	Parent Company 2021
	EQUITY AND LIABILITIES				
	Equity				
15	Share capital	19,543	19,543	19,543	19,543
	Reserve for development costs	-	-	28,034	21.364
	Retained earnings	65,965	85,542	37,931	64.178
	Other reserves	(1,314)	(1,467)	(1,314)	(1,467)
	Total equity	**84,194**	**103,618**	**84,194**	**103,618**
	Non-current liabilities				
16	Other provisions	5,171	7,961	4,070	6,830
17	Lease liabilities	8,313	10,920	8,268	10,876
	Total non-current liabilities	**13,484**	**18,881**	**12,338**	**17,706**
	Current liabilities				
17	Lease liabilities	2,063	3,277	1,893	2,320
	Prepayments received from customers	12,004	9,072	12,004	9,072
	Trade payables	51,462	43,768	40,874	37,701
	Payables to group entities	60,275	14,900	49,095	14,352
	Derivative financial instruments	-	142	-	142
	Credit institutions	6,775	3,773	6,775	3,773
	Other payables	6,461	9,828	6,293	6,673
	Total current liabilities	**139,040**	**84,760**	**116,934**	**74,033**
	Total liabilities	**152,524**	**103,641**	**129,272**	**91,739**
	TOTAL EQUITY AND LIABILITIES	**236,718**	**207,259**	**213,466**	**195,357**

1 Special items
2 Recognition and measurement uncertainties
18 Distribution of net profit/(loss) for the year
19 Fee to auditors appointed at Annual General Meeting
20 Contingent liabilities
21 Derived financial instruments
22 Changes in working capital
23 Related parties with controlling interest
24 Accounting policies

Statement of Changes in Equity at 31 December

USD'000	Group					
	Share capital	Retained earnings	Translation reserve	Reserve for hedges	Proposed Dividend	Total
Equity at 1 January 2021	19,543	66,849	(1,315)	(11)	51.384	136.450
Net profit/(loss) for the year	-	18,693	-	-	-	18,693
Fair value adjustments for hedging instruments	-	-	-	(142)	-	(142)
Foreign exchange adjustments, subsidiaries	-	-	1	-	-	1
Dividend distributed	-	-	-	-	(51.384)	(51.384)
Equity at 1 January 2022	**19,543**	**85,542**	**(1,314)**	**(153)**	**-**	**103,618**
Net profit/(loss) for the year	-	(19,577)	-	-	-	(19,577)
Fair value adjustments for hedging instruments	-	-	-	153	-	153
Equity at 31 December	**19,543**	**65,965**	**(1,314)**	**-**	**-**	**84,194**

Statement of Changes in Equity at 31 December

USD'000	Share capital	Reserve equity method	Reserve for develop-ment costs	Retained earnings	Translation reserve	Reserve for hedges	Proposed Dividend	Total
	Parent Company							
Equity at 1 January 2021	19,543	-	12,574	54,275	(1,315)	(11)	51.384	136.450
Net profit/(loss) for the year	-	-	8,790	9,903	-	-	-	18,693
Fair value adjustments for hedging instruments	-	-	-	-	-	(142)	-	(142)
Foreign exchange adjustments, subsidiaries	-	-	-	-	1	-	-	1
Dividend distributed	-	-	-	-	-	-	(51.384)	(51.384)
Equity at 1 January 2022	**19,543**	**-**	**21,364**	**64,178**	**(1,314)**	**(153)**	**-**	**103,618**
Net profit/(loss) for the year	-	-	6,670	(26,247)	-	-	-	(19,577)
Fair value adjustments for hedging instruments	-	-	-	-	-	153	-	153
Equity at 31 December	**19,543**	**-**	**28,034**	**37,931**	**(1,314)**	**-**	**-**	**84,194**

Cash Flow Statement at 31 December

Note	USD'000	Group 2022	Group 2021
	Profit/loss before net financials	(30.406)	19,097
	Depreciation and amortisation	14,071	12,344
	Other adjustments of non-cash operating items	(1,197)	85
	Cash generated from operations before changes in working capital	(17,532)	31,526
22	Changes in working capital	4,772	32,531
	Cash generated from operations	(12,760)	64,057
6	Interest received	102	1,068
7	Interest paid	(1,500)	(1,233)
	Corporation tax paid	(173)	(1,377)
	Cash flows from operating activities	**(14,331)**	**62,515**
9	Acquisition of intangible assets	(15,749)	(18,490)
10	Acquisition of property, plant and equipment	(2,087)	(11,561)
10	Disposal of property, plant and equipment	-	54
	Cash flows from investing activities	**(17,836)**	**(29,997)**
	Loan financing:		
	Dividends paid	-	(51,384)
	Repayment of lease liability	(2,753)	(3,253)
	Short-term borrowings	48,275	19,793
	Repayment of borrowings	(2,900)	-
	Cash flows from financing activities	**42,622**	**(34,844)**
	Cash flows for the year	**10,455**	**(2,326)**
	Cash and cash equivalents, beginning of year	11,224	13,550
	Cash and cash equivalents, year end	**21,679**	**11,224**

The cash flow statement cannot be directly derived from the other components of the consolidated financial statements.

Notes to the Financial Statements

1 Special items

Special items include significant income and expenses that have a special character in relation to the Group's revenue-generating activity such as the costs of comprehensive structuring of processes and basic structural adjustments, as well as any disposal gains and losses associated with them, and which are of considerable importance over time. Special items also include other significant one-off items of a nonrecurring nature, which, according to management's assessment, are not part of the Group's operating activities.

As reported in the Management's review, the profit for the period is affected by circumstances that differ from what management considers as part of the primary operations.

Special items for the period are specified below, and it is shown, where in the income statement these items are recognized.

	Group		**Parent Company**	
USD'000	**2022**	**2021**	**2022**	**2021**
Costs				
Restructuring costs	(2,773)	(903)	(2,246)	(610)
COVID-19 related costs	-	(208)	-	(127)
Transformation costs	(11,360)	(9,354)	(9,145)	(9,354)
Net gain/(loss) from special items	**(14,133)**	**(10,465)**	**(11,391)**	**(10,091)**

Special items are recognized in the below line items:				
Cost of sales	(5,771)	(262)	(3,826)	(262)
Distribution expenses	(853)	(776)	(634)	(597)
Administrative expenses	(7,509)	(9,427)	(6,931)	(9,232)
Net gain/(loss) from special items	**(14,133)**	**(10,465)**	**(11,391)**	**(10,091)**

Notes to the Financial Statements

2 Recognition and measurement uncertainties

The group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year are address below.

The judgments, estimates, and assumptions made are based on historical experience and other factors that Management considers to be reliable, but which by their very nature are associated with uncertainty and unpredictability. These assumptions may prove incomplete or incorrect, and unexpected events or circumstances may arise. The most critical judgements, estimates, and assumptions for the individual items are described below.

Critical accounting estimates

Critical accounting estimates are expectations of the future based on assumptions, that to the extent possible are supported by historical trends or reasonable expectations. The assumptions may change to adapt to the market conditions and changes in economic factors etc. The Group believe that the estimates are the most likely outcome of future events.

Development projects

For development projects in progress, management estimates on an ongoing basis whether each project is likely to generate future economic benefits for the Group in order to qualify for recognition. The development projects are evaluated on technical as well as commercial criteria. As of 31 December 2022, the carrying value of Development Projects and Development Projects in progress amount to USD 35,942 thousand (2021: USD 27,390 thousand).

Deferred tax asset

As of 31 December 2022 the group has recognized a tax asset of USD 18,735 thousand hereof tax-loss carry-forward amounts to USD 22,770 thousand which is the result of previous years' taxable income related to Thrane & Thrane A/S. Recognition of deferred tax assets requires that it is probable that future taxable profits are available where the unused tax losses can be utilized. Based upon budgets for 2024 to 2027 it is expected to be utilized over the next 4-5 years.

		Group	
	USD'000	**2022**	**2021**
3			
	Geographical segments		
	Americas	36,822	57,082
	EMEA	127,923	142,960
	APAC	37,160	33,384
		201,905	**233,426**
	Business segments		
	Maritime	132,494	137,388
	Land	28,115	28,887
	System	30,582	33,490
	Tracker	10,714	33,661
		201,905	**233,426**

Notes to the Financial Statements

USD'000	Group 2022	Group 2021	Parent Company 2022	Parent Company 2021
4 Staff cost				
Wages and salaries	52,488	52,929	37,915	39,999
Pensions	2,116	2,413	2,082	2,375
Other social security expenses	2,309	2,094	1,216	1,023
Other staff expenses	2,951	2,122	1,972	1,736
	59,864	**59,558**	**43,185**	**45,132**
In the Income Statement staff costs are recognized as follows:				
Cost of sales	32,675	33,558	22,479	24,834
Distribution expenses	16,673	14,444	12,005	10,189
Administrative expenses	10,516	11,555	8,701	10,108
	59,864	**59,558**	**43,185**	**45,132**
Key Management compensation				
Wages	1,525	1,111	1,525	1,111
Pensions	82	28	82	28
Executive Board	**1,607**	**1,139**	**1,607**	**1,139**
Board of Directors:	0	0	0	0
Total key management compensation	**1,607**	**1,139**	**1,607**	**1,139**

Remuneration to the executive board in 2021 and 2022 includes severance pay to former members of the executive board.

	Group 2022	Group 2021	Parent Company 2022	Parent Company 2021
Average number of full-time employees	**453**	**485**	**345**	**377**

USD'000	Parent Company 2022	Parent Company 2021
5 Income from investments in subsidiaries		
Share of profit/(loss) in subsidiaries	(2,320)	3,243
Amortisation of goodwill	(4,497)	(4,497)
Change in intercompany profit	479	479
	(6,338)	**(775)**
Correction re. sales of subsidiary	-	(994)
Adjusted Income from investments in subsidiary	**(6,338)**	**(1,769)**

Notes to the Financial Statements

USD'000	Group 2022	Group 2021	Parent Company 2022	Parent Company 2021
6 Financial income				
Interest income from group	-	543	-	543
Other interest income	102	525	38	483
Foreign exchange rate gains	4,241	10,678	4.240	10,678
	4,343	**11,746**	**4,278**	**11,703**
7 Financial expenses				
Interest expenses to group entities	1,665	145	1,469	24
Other interest expenses costs	1,305	1,088	1,040	838
Foreign exchange rate losses	3,023	9,087	3,021	9,084
	5,992	**10,320**	**5,530**	**9,946**
8 Income tax				
Current tax on profit for the year	(795)	656	(629)	-
Change in deferred tax for the year	(9,606)	3,680	(5,116)	3,402
Previous year adjustment	(734)	(2,506)	(734)	(3,015)
Income tax expense/(income)	**(11,135)**	**1,830**	**(6,479)**	**387**

Notes to the Financial Statements

9 Intangible assets

USD'000	Development projects in progress	Completed Development projects	Software	Goodwill	Customer Relationship	Total
	Group					
Cost at 1 January 2022	18,776	9,236	12,865	111,072	14,421	166,370
Additions	10,992	1,251	3,744	-	-	15,987
Disposals	(571)	-	(2,533)	-	-	(3,104)
Transferred	(7,958)	7,958	-	-	-	-
Cost at 31 December 2022	21,239	18,445	14,076	111,072	14,421	179,253
Amortisation and impairment losses at 1 January 2022	-	622	9,193	85,409	10,528	105,752
Amortisation	-	3,120	763	4,925	615	9,423
Disposals	-	-	(2,429)	-	-	(2,429)
Amortisation and impairment losses at 31 December 2022	-	3,742	7,527	90,334	11,143	112,746
Carrying amount at 31 December 2022	**21,239**	**14,703**	**6,549**	**20,738**	**3,278**	**66,507**
Amortised over	-	5 years	3-5 years	20 years	Up to 20 years	

USD'000	Development projects in progress	Completed Development projects	Software	Goodwill	Customer Relation-ship	Total
	Parent Company					
Cost at 1 January 2022	18,776	9,236	12,827	18,224	14,421	73,484
Additions	10,992	1,251	3,583	-	-	15,826
Disposals	(571)	-	(2,533)	-	-	(3,104)
Transferred	(7,958)	7,958	-	-	-	-
Cost at 31 December 2022	21,239	18,445	13,877	18,224	14,421	86,206
Amortisation and impairment losses at 1 January 2022	-	622	9,173	16,037	10,528	36,360
Amortisation	-	3,120	754	911	615	5,400
Disposals	-	-	(2,429)	-	-	(2,429)
Amortisation and impairment losses at 31 December 2022	-	3,742	7,498	16,948	11,143	39,331
Carrying amount at 31 December 2022	**21,239**	**14,703**	**6,379**	**1,276**	**3,278**	**46,875**
Amortised over	-	5 years	3-5 years	20 years	Up to 20 years	

USD'000	Group 2022	Group 2021	Parent Company 2022	Parent Company 2021
Amortisation				
Cost of sales	3,167	653	3,161	647
Distribution	495	671	495	671
Administration	5,761	5,666	1,743	1,645
	9,423	**6,990**	**5,400**	**2,963**

Development projects in progress

Development projects in progress relates to development of professional radio and satellite communication equipment on the land and maritime business segments covering both hardware and software solutions. The relating expenses primarily consist of internal expenses in the form of payroll costs and production overheads, which are recorded through the Group's internal project module.

Completed development projects

Completed development projects relates to products that has been launched during the year 2022 or previously. The completed projects generated substantial revenue in 2021 and 2022.

Goodwill

Goodwill is initially recognized at the amount by which the purchase price for a business combination exceeds the recognized value of identifiable assets and liabilities acquired.

10 Property, plant and equipment

	Group					
USD'000	Right of use assets	Plant and machinery	Fixtures and fittings, tools and equipment	Lease-hold improve - ments	Property, plant and equipment under con struction	Total
Cost at 1 January 2022	22,817	28,044	6,211	5,632	797	63,501
Additions	624	1,359	797	363	208	3,351
Transferred	-	598	27	2	(627)	-
Disposals	-	(6,305)	(2,674)	(2,580)	-	(11,559)
Cost at 31 December 2022	23,441	23,696	4,361	3,417	378	55,293
Depreciation and impairment losses at 1 January 2022	10,036	25,139	5,457	3,872	-	44,504
Depreciation	2,757	1,169	382	340	-	4,648
Disposals	-	(6,263)	(2,660)	(2,502)	-	(11,425)
Depreciation and impairment losses at 31 December 2022	12,793	20,045	3,179	1,710	-	37,727
Carrying amount at 31 December 2022	**10,648**	**3,651**	**1,182**	**1,707**	**378**	**17,566**
Depreciated over	3-13 years	3-7 years	3-7 years	3-13 years		

Notes to the Financial Statements

USD'000	Parent company					
	Right of use assets	Plant and machinery	Fixtures and fittings, tools and equipment	Lease-hold improve-ments	Property, plant and equipment under con struction	Total
Cost at 1 January 2022	18,514	21,902	5,012	4,263	680	50,371
Additions	595	967	661	339	167	2,729
Transferred	-	598	27	2	(627)	-
Disposals	-	(6,304)	(2,674)	(2,580)	-	(11,558)
Cost at 31 December 2022	19,109	17,163	3,026	2,024	220	41,542
Depreciation and impairment losses at 1 January 2022	6,745	19,875	4,366	2,807	-	33,793
Depreciation	1,969	848	320	300	-	3,437
Disposals	-	(6,263)	(2,660)	(2,502)	-	(11,425)
Depreciation and impairment losses at 31 December 2022	8,714	14,460	2,026	605	-	25,805
Carrying amount at 31 December 2022	**10,395**	**2,703**	**1,000**	**1,419**	**220**	**15,737**
Depreciated over	3-13 years	3-7 years	3-7 years	3-13 years		

USD'000	Group		Parent Company	
	2022	**2021**	**2022**	**2021**
Depreciation				
Cost of sales	1,233	1,442	896	1,164
Distribution	329	379	324	375
Administration	3,086	3,533	2,217	2,724
	4,648	**5,354**	**3,437**	**4,263**

Notes to the Financial Statements

USD'000	Parent Company 2022	Parent Company 2021
11 Investments in subsidiaries		
Cost at 1 January	136,228	136,228
Value adjustments at 1 January	(94,936)	(94,162)
Foreign exchange adjustment	3	1
Amortisation of goodwill	(4,497)	(4,497)
Change in intercompany profit on inventories	479	479
Share of profit/(loss) for the year	(2,320)	3,243
Value adjustments at 31 December	(101,271)	(94,936)
Carrying amount at 31 December	**34,957**	**41,292**
Of which the carrying amount of non-depreciated increases in value is	19,462	22,843

Name and registered office	Voting rights and ownership
Thrane & Thrane Norge AS, Billingstad, Norway	100%
Sea Tel Inc., Concord, USA	100%

All subsidiaries are considered separate entities.

USD'000	Group 2022	Parent Company 2022
12 Deferred tax		
Deferred tax at 1 January	9,129	7,706
Deferred tax adjustment for the year	9,606	5,116
Deferred tax at 31 December	**18,735**	**12,822**
Deferred tax relates to:		
Intangible assets	(7,708)	(10,320)
Property, plant and equipment	446	594
Current assets	307	229
Provisions	2,920	904
Tax loss carried forward	22,770	21,414
	18,735	**12,822**

The Group has recognized a tax asset of USD 18,735 thousand where USD 22,770 thousand relates to tax losses carried forward which is the result of previous years' taxable income. Based upon budgets for 2024 to 2027 it is expected to be utilized over the next 4-5 years.

USD'000	Group 2022	Group 2021	Parent Company 2022	Parent Company 2021
13 Contract work in progress				
Selling price of work in progress	62,419	37,121	61,352	34,198
Payments received on account	(52,615)	(20,027)	(52,615)	(19,917)
Contract work in progress	**9,804**	**17,094**	**8,737**	**14,281**

Notes to the Financial Statements

14 Cash

The parent company has confirmed that they are committed to provide liquidity if necessary for the company to meet its obligations as they fall due for the entire financial year.

15 Prepayments

Prepayments include accrual of expenses relating to subsequent years.

16 Share Capital

The share capital comprises 5,944,665 shares of a nominal value of USD 3.29/DKK 20 each. The share capital is not divided into classes. Every share carries 1 voting right.

	Group		Parent Company	
USD'000	**2022**	**2021**	**2022**	**2021**
17 Other provisions				
Other provisions at 1 January	7,961	8,789	6,830	8,327
Utilised during the year	(4,345)	(1,571)	(4,315)	(1,571)
Provisions for the year	1,555	743	1,555	74
Other provisions at 31 December	**5,171**	**7,961**	**4,070**	**6,830**

The Group provides warranties of 1 to 5 years on some of its products and is therefore committed to repair or replace products that are not satisfactory. Based on previous experience in respect of the level of repairs and returns, warranty provisions of USD 2,422 thousand (2021: USD 2,549 thousand), have been recognized for warranty claims and expected warranty repairs. Provision for restructuring of USD 1,778 thousand (2021: USD 4,126 thousand) and other provisions of USD 971 thousand (2021: USD 1,286 thousand).

18 Lease liabilities

In measuring the lease liabilities, the Group has used weighted average incremental borrowing rate to discount remaining lease payments of 2%.

For 2022, the Group has paid USD 3,109 thousand regarding leases, of which interest payments related to recognized leasing commitments amount to USD 356 thousand and repayments on recognized leasing debt USD 2,753 thousand. The lease commitments were impacted by currency adjustment of USD 1,723 thousand due to lease contracts denominated in another currency than USD.

	Group		Parent Company	
USD'000	**2022**	**2021**	**2022**	**2021**
Maturity:				
0-1 year	2,063	3,277	1,893	2,320
1-5 years	6,432	6,606	6,387	6,562
> 5 years	1,881	4,314	1,881	4,314
Lease liabilities at 31 December	10,376	14,197	10,161	13,196

Notes to the Financial Statements

USD'000	Parent Company 2022	Parent Company 2021
19 Distribution of net profit/(loss) for the year		
Retained earnings	(26,247)	9,903
Reserve for development costs	6,670	8,790
	(19,577)	18,693

USD'000	Group 2022	Group 2021	Parent Company 2022	Parent Company 2021
20 Fee to auditors appointed at Annual General Meeting				
Audit fee	203	382	176	271
Other assurance engagements	5	5	5	5
Tax advisory services	5	44	5	44
Other services	-	83	-	83
	213	**514**	**186**	**403**

21 Contingent liabilities

The Group has purchase commitments with suppliers as a part of normal operations.

The Danish group companies are jointly and severally liable for tax on the Group's jointly tax income.

22 Derived financial instruments

The Group hedges expected currency risks relating to sales of goods and purchases within the next years with forward exchange contracts.

The derivatives are forward exchange contracts not traded on an active market. The fair value is therefore estimated using a valuation technique, where all significant inputs are based on observable market data such as exchange rates, interest rates, credit risk and volatilities (level 2).

No active hedging contracts existed by end of 2022.

USD'000	Period		Group 2022	Group 2021
Forward exchange contracts	0 – 24 months	Contractual value	-	21,000
		Gain/(loss) recognized in the income statement that are expected to be realized after the balance sheet date	-	(2,700)

Notes to the Financial Statements

USD'000	Group 2022	2021
23 Changes in working capital		
Changes in inventories	(22,940)	(10,836)
Changes in receivables	18,471	30,668
Changes in trade and other payables	9,241	12,699
	4,772	**32,531**

24 Related parties

Related party transaction comprises transactions with the Executive Board and the Board of Directors, as well as with other companies within the Cobham Group. Cobham SATCOM's related parties comprise the following:

- Cobham Ltd.
- Cobham Electronics Holding Ltd.
- Cobham Aerospace Aps
- Lockman Investments Ltd.

Transactions with related parties comprise ordinary business transactions and miscellaneous administration services. Remuneration of the Executive Board and the Board of Directors is disclosed in note 4.

USD'000	Group 2022	2021
Transactions of operating nature		
Service charges to Cobham Group companies	3,280	5,204
Service charges from Cobham Group companies	624	1,669
Sales to Cobham Group companies	74	-
Payables and Receivables		
Payables to Cobham Group companies	5,275	7,000
Receivables from Cobham Group companies	85	6,709
Loans and dividends		
Interest paid to Cobham Group companies	144	122
Interest received from Cobham Group companies	-	543
Outstanding loan to Parent company	-	7,900
Outstanding loans to Group companies	55,000	
Dividend Paid to Parent Company	-	51,384

The following shareholders are recorded in the Group's shareholder register as holding at least 5% of the voting rights and/or holding at least 5% of the share capital:

Lockman Electronic Holdings Ltd.
Brook Road, Wimborne Dorset, UK

Thrane & Thrane A/S is part of the consolidated financial statements of AI Convoy (Luxembourg) S.á.r.l. which are the smallest and largest group, respectively in which the Company is included as a subsidiary. The consolidated financial statement of AI Convoy (Luxembourg) S.á.r.l. can be obtained at: https://www.cobham.com/news/posts/ai-convoy-luxembourg-s-a-r-l-annual-report-2021/

Notes to the Financial Statements

25 Accounting policies

The Annual Report of Cobham SATCOM Group for 2022 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to large enterprises of reporting class C.

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

Reporting currency

Financial Statements are presented in USD (USD'000).

Foreign currency translation

On initial recognition, transactions denominated in foreign currencies are translated at the exchange rates 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.

Receivables, payables and other monetary items denominated in foreign currencies are translated at the exchange rates at the balance sheet date at Cobham Group currency rate. 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 latest financial statements is recognised in the income statement as financial income or financial expenses.

Material misstatement

In 2022, an error related to the recognized deferred tax asset in 2021 was identified. The deferred tax asset was recognized with USD 12.4 million instead of correctly USD 7.7 million. The comparative figures for deferred tax assets in the consolidated financial statement and the parent financial statement for 2022 have been corrected. The impact on the comparative figures, means a negative effect on the income statement with USD 4.7 million under taxes for the year, total balance has been decreased from USD 212 million to USD 207 million in the consolidated figures and decreased from USD 200 million to USD 195 million in the parent financial statement, by reduction of the deferred tax assets with USD 4.7 million. The equity has also been reduced at 31 December 2021 with the same amount. The misstatement only impact the figures for 2021. There are no other changes to the comparative figures for the consolidated financial statement or the parent financial statement.

Consolidated financial statements

Control

The consolidated financial statements comprise the Parent Company Cobham SATCOM A/S and subsidiaries controlled by Cobham SATCOM A/S.

Control means the power to exercise decisive influence over a subsidiary's financial and operating decisions. Moreover, the possibility of yielding a return from the investment is required. In assessing whether the Parent Company controls an entity, de facto control is also taken into consideration.

The existence of potential voting rights that may currently be exercised or converted into additional voting rights is considered when assessing whether an entity may become empowered to exercise decisive influence over 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 subsidiaries' 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 as well as realised and unrealised gains on intra-group transactions are eliminated.

Notes to the Financial Statements

25 Accounting policies (continued)

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 unless they do not reflect impairment.

The subsidiaries' financial statement items are included 100% in the consolidated financial statements. Non-controlling interests' share of the profit/loss for the year and of the equity of subsidiaries that are not wholly owned are included in the Group's profit/loss and equity, respectively, but are presented separately.

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

Business combinations

Newly acquired entities are recognized in the consolidated financial statements from the acquisition date. Entities sold or otherwise disposed are recognized in the consolidated financial statements up to the date of disposal. Comparative figures are not restated to reflect newly acquired entities. Discontinued operations are presented separately, see below.

The acquisition date is the date when the Group obtains control of the acquiree.

The purchase method is applied to acquisitions of new businesses over which the Group obtains control. The acquired businesses' identified assets, liabilities and contingent liabilities are measured at fair value at the acquisition date. Identifiable intangible assets are recognized if they are separable or arise from a contractual right. Deferred tax on revaluations is recognized.

Positive differences (goodwill) between, on the one hand, the consideration for the acquiree, the value of non-controlling interests in the acquired entity and the fair value of any previously acquired equity investments and, on the other hand, the fair value of the assets, liabilities and contingent liabilities acquired are recognized as goodwill in intangible assets. Goodwill is amortised on a straight-line basis in the income statement based on an individual assessment of the economic life of the asset.

Negative differences (negative goodwill) are recognized in the income statement at the acquisition date.

Upon acquisition, goodwill is allocated to the cash-generating units, which subsequently form the basis for impairment testing. Goodwill and fair value adjustments in connection with the acquisition of a foreign entity with a functional currency different from the Group's presentation currency are accounted for as assets and liabilities belonging to the foreign entity and are, on initial recognition, translated into the foreign entity's functional currency using the exchange rate at the transaction date.

The purchase consideration for an entity consists of the fair value of the agreed consideration in the form of assets transferred, liabilities assumed, and equity instruments issued. If part of the purchase consideration is contingent on future events or compliance with agreed terms, such part of the purchase consideration is recognized at fair value at the acquisition date. Subsequent adjustments of contingent purchase considerations are recognized in the income statement.

Expenses incurred to acquire entities are recognized in the income statement in the year in which they are incurred.

If uncertainties regarding the identification or measurement of acquired assets, liabilities or contingent liabilities or the determination of the purchase consideration exist at the acquisition date, initial recognition will take place based on provisional values. If it turns out subsequently that the identification or measurement of the purchase consideration, acquired assets, liabilities or contingent liabilities was incorrect on initial recognition, the statement will be adjusted retrospectively, including goodwill, until 12 months after the acquisition, and comparative figures will be restated. Subsequently, any adjustments are recognized as errors.

Gains or losses from divestment or winding-up of subsidiaries that implies that control is no longer maintained are calculated as the difference between, on the one hand, the net selling price and, on the other hand, the proportionate share of the carrying amount of net assets. If the Parent Company still holds equity investments in the divested entity, the remaining proportionate share of the carrying amount forms the basis for the measurement of equity investments in associates or securities and equity investments.

Notes to the Financial Statements

25 Accounting policies (continued)

Recognition and measurement

Revenue is recognized in the income statement as earned. Furthermore, value adjustments of financial assets and liabilities measured at fair value or amortised cost are recognized. Moreover, all expenses incurred to generate earnings for the year are recognized in the income statement.

Income Statement

Revenue

Revenue from the sale of goods is recognized when the risks and rewards relating to the goods sold have been transferred to the purchaser. The revenue can be measured reliable and it is probable that the economic benefits relating to the sale will flow to the Group.

Revenue is accounted for in accordance with IFRS 15, Revenue from Contracts with Customers.

A five-step process must be applied before revenue can be recognised:

1. Identify contracts with customers;

2. identify the separate performance obligations;

3. Determine the transaction price of the contract;

4. Allocate the transaction price to each of the separate performance obligations; and

5. Recognise the revenue as each performance obligation is satisfied.

The transaction price is measured based on the consideration specified in a contract with a customer and, where applicable, the best estimate of any consideration related to modifications to the contract which has yet to be agreed. Any amounts expected to be paid to the customer, such as penalties for late delivery, are deducted from the consideration. Where a transaction price has to be allocated between multiple performance obligations, this is generally achieved through allocating a proportion of total price against each obligation using either standard list sales prices or an estimated costs methodology.

Cost of sales

Cost of sales comprises costs incurred to achieve revenue for the year. Cost comprises raw materials, consumables, direct labour costs and indirect production costs such as maintenance and depreciation, as well as operation and administration.

Cost of sales also includes research and development costs that do not qualify for capitalisation as well as amortisation of capitalised development costs. Finally, provisions for losses on contract work are recognized.

Distribution expenses

Distribution expenses comprise costs of salaries to sales and distribution staff, advertising and marketing expenses as well as operation of motor vehicles, depreciation, etc.

Administrative expenses

Administrative expenses comprise expenses for management, administrative staff, office expenses, depreciation, amortisation, etc.

Other Operating Income

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

Income from investments in subsidiaries (parent only)

A proportionate share of the underlying entities' profit/loss after tax is recognized in the income statement according to the equity method. Shares of profit/loss after tax in subsidiaries are presented as separate line items in the income statement. Full elimination of intra-group gains/losses is made for equity investments in subsidiaries.

The proportionate share of the results after tax of the individual subsidiaries is recognized in the income statement of the Parent Company after full elimination of intra-group profits/losses.

Notes to the Financial Statements

25 Accounting policies (continued)

Financial income and expenses

Financial income and expenses comprise interest income and expenses, gains and losses on securities, payables and transactions denominated in foreign currencies, amortisation of financial assets and liabilities as well as surcharges and refunds under the on-account tax scheme, etc.

Financial income and expenses are recognized in the income statements at the amounts relating to the financial year.

Income tax

Income tax 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 recognized in the income statement, whereas the tax attributable to equity transactions is recognized directly in equity.

The Parent Company is subject to the Danish rules on compulsory joint taxation of the Group's Danish subsidiaries. Subsidiaries are included in the joint taxation arrangement from the date when they are included in the consolidated financial statements and up to the date when they are excluded from the consolidation.

The Parent Company acts as Administration Company for the joint taxation arrangement and consequently settles all corporate income tax payments with the tax authorities.

Balance Sheet

Intangible assets

Goodwill and customer files acquired are measured at cost less accumulated amortisation. Goodwill and customer files are amortized over the expected economic useful life based upon management experience within the business. The assets are amortised on a straight-line basis over their useful lives determined. For strategi acquisitions of businesses with a strong market position and technologies that are complementary to T&T portfolio useful lives is considered 20 years for goodwill and up to 20 years for customer files.

Development projects that are clearly defined and identifiable, where there is a functional prototype and in respect of which technical feasibility, sufficient resources and a potential future market or development opportunity in the enterprise can be demonstrated, and where it is the intention to manufacture, market or use the project, are recognized as intangible assets. This applies if cost can be measured reliably, and sufficient certainty exists that the future earnings can cover cost of sales, distribution and administrative expenses involved as well as investments in development.
Completed development projects are recorded as intangible assets and amortised on a straight-line basis over the expected useful life determined at 5 years.

Software is measured at cost less accumulated amortisation. Software is amortised on a straight-line basis over the expected useful life determined at 3-5 years.

Amortisation is recognised under cost of sales, distribution and administration costs.

Property, plant and equipment

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

Cost comprises the cost of acquisition and expenses directly related to the acquisition until the time when the asset is ready for use. In the case of assets of own construction, the cost comprises direct and indirect expenses for labour, materials, components and sub-suppliers.

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:

Plant and machinery	3 – 7 years
Other fixtures and fittings. tools and equipment	3 – 7 years
Leasehold improvements	Term of lease (3 – 13 years)

Depreciation period and residual values are reassessed annually. Depreciation is recognised under cost of sales, distribution and administration costs.

Notes to the Financial Statements

25 Accounting policies (continued)

Leasing contracts

IFRS 16 is chosen as the interpretative method for leasing contracts. The lease liability is measured as the present value of the remaining lease liabilities and the lease assets are measured at an amount equal to the lease liabilities. Leased assets are then treated as the Group's other assets.

Investments in subsidiaries (parent only)

Equity investments in subsidiaries are measured according to the equity method in the Parent Company financial statements. The Parent Company has chosen to consider the equity method as measurement method.

On initial recognition, equity investments in subsidiaries are measured at cost, i.e. plus transaction costs. The cost is allocated in accordance with the acquisition method; see the accounting policies regarding the consolidated financial statements above.

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.

Dividend received is deducted from the carrying amount.

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

Impairment of non-current assets

The carrying amount of intangible assets and property, plant and equipment and equity investments in subsidiaries is tested annually for evidence of impairment other than the decrease in value reflected by amortisation and depreciation.

An impairment test is conducted on individual assets or cash-generating units when there is indication of impairment. Write-down is made to the lower of the recoverable amount and carrying 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.

Previously recognized impairment losses are reversed when the reason for recognition no longer exists. Impairment losses on goodwill are not reversed.

Notes to the Financial Statements

25 Accounting policies (continued)

Inventories

Inventories are measured at the lower of cost under the FIFO method and net realisable value.

The net realisable value of inventories is calculated at the amount expected to be generated by sale in the process of normal operations with deduction of selling expenses and costs of completion. The net realisable value is determined allowing for marketability, obsolescence and development in expected sales sum.

The cost of goods for resale, raw materials and consumables equals landed cost.

The cost of finished goods and work in progress comprises the cost of raw materials, consumables and direct labour with addition of indirect production costs. Indirect production costs comprise the cost of indirect materials and labour as well as maintenance and depreciation of the machinery, factory buildings and equipment used in the manufacturing process as well as costs of factory administration and management.

Receivables

Receivables are recognized in the balance sheet at amortised cost, which substantially corresponds to nominal value. Provisions for estimated bad debts are made.

Contract work in progress

Contract work in progress is measured at selling price of the work performed calculated on the basis of the stage of completion. The stage of completion is measured by the proportion that the contract expenses incurred to date bear to the estimated total contract expenses. Where it is probable that total contract expenses will exceed total revenues from a contract, the expected loss is recognized as an expense in the income statement.

Where the selling price cannot be measured reliably, the selling price is measured at the lower of expenses incurred and net realisable value.

Payments received on account are set off against the selling price. The individual contracts are classified as receivables when the net selling price is positive and as liabilities when the net selling price is negative.

Expenses relating to sales work and the winning of contracts are recognized in the income statement as incurred.

Equity

Reserve for equity method (Parent only)
Net revaluation of equity investments are recognized under equity as reserve for equity method after the equity method if the accounting value exceeds the acquisition price.

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

Proposed Dividend
Dividend proposed for the year is recognized 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".

Derivative financial instruments and hedge accounting

The majority of foreign exchange contracts entered into by the Group are used to mitigate foreign exchange impacts of trading in non-functional currencies. These are not accounted for using hedge accounting principles.

25 Accounting policies (continued)

A limited number of specific foreign exchange contracts are designated as hedging instruments in cash flow and net investment hedges and hedge accounting is applied.

The effective portion of changes in fair value is recognized through the equity and the gain or loss relating to the ineffective portion is recognized immediately in the Income Statement.

The fair value of derivative financial instruments is classified as a current or non-current asset or liability dependent upon the maturity date of the financial instrument or hedged item as appropriate.

Provisions

Provisions are recognized when - in consequence of an event occurred before or on the balance sheet date - the Group has a legal or constructive obligation and it is probable that economic benefits must be given up to settle the obligation.

Other provisions include warranty obligations in respect of repair work within the warranty period of 1-5 years. Provisions are measured and recognized based on experience with guarantee work.

Deferred tax assets and liabilities

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

Deferred tax assets, including the tax base of tax loss carry-forwards, 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 based on 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 recognized in the income statement.

Current tax receivable and liability

Current tax liabilities and receivables are recognized 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 is recognized in the income statement in financial income and expenses.

Financial liabilities

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

Fair value

Fair value is determined based on the principal market. If no principal market exists, the fair value 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 that are measured at fair value or whose fair value is disclosed are classified based on the fair value hierarchy, see below:

Level 1: Value based on the fair value of similar assets/liabilities in an active market

Level 2: Value based on generally accepted valuation methods based on observable market information

Level 3: Value based on generally accepted valuation methods and reasonable estimates based on non-observable market information

Notes to the Financial Statements

25 Accounting policies (continued)

Cash flow statement

The cash flow statement shows the Group's cash flows from operating, investing and financing activities for the year, the year's changes in cash and cash equivalents as well as the Group's cash and cash equivalents at the beginning and end of the year.

The cash flow effect of acquisitions and disposals of entities is shown separately in cash flows from investing activities. Cash flows from acquisitions of entities are recognized in the cash flow statement from the date of acquisition. Cash flows from disposals of entities are recognized up until the date of disposal.

Cash flows from operating activities
Cash flows from operating activities are calculated as the Group's share of the profit/loss adjusted for non-cash operating items, changes in working capital, interest received and paid as well as corporation tax paid.

Cash flows from investing activities
Cash flows from investing activities comprise payments in connection with acquisitions and disposals of entities, activities and intangible assets, property, plant and equipment and investments. Dividends received regarding securities are also considered investing activities.

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

Financial highlights

Financial ratios are based on following formulas:

Gross margin:	$\frac{\text{Gross profit x 100}}{\text{Revenue}}$
Profit margin:	$\frac{\text{Operating profit x 100}}{\text{Revenue}}$
Current ratio:	$\frac{\text{Current assets x 100}}{\text{Current liabilities}}$
Return on assets:	$\frac{\text{Operating profit x 100}}{\text{Total assets}}$
Solvency ratio:	$\frac{\text{Equity x 100}}{\text{Total assets}}$
Return on equity:	$\frac{\text{Net profit for the year x 100}}{\text{Average equity}}$