Annual Report 2023

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

The Annual Report was presented and adopted at the Annual General Meeting on 15 April 2024

Christophe Duret

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 2023.

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 2023 and of the results of their operations and 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 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, 15 April 2024

Executive Board

Christophe Duret

Christophe Duret,
CEO

ORidd

Oluf Riddersholm,
CFO

Board of Directors

Sven E Lewis
Sven E Lewis (Apr 15, 2024 22:48 GMT+1)

Sven Evan Lewis
Chair

Christophe Duret

Christophe Duret

ORidd

Oluf Riddersholm

Karsten Vollmer-Larsen
Karsten Vollmer-Larsen (Apr 16, 2024 08:40 GMT+2)

Karsten Vollmer-Larsen

Pia Jeppesen
Pia Jeppesen (Apr 16, 2024 15:00 GMT+2)

Pia From Jeppesen

MEtte Christiansen
MEtte Christiansen (Apr 16, 2024 11:42 GMT+2)

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 2023, 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 2023 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 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 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, 15 April 2024

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	2023	2022	2021	2020	2019
Key figures					
Income statement					
Revenue	223	202	233	180	189
Gross profit	75	34	82	60	69
Operating profit/(loss)	11	(30)	19	13	(10)
EBITDA[1])	28	(16)	31	27	6
EBITDA normalized[2])	36	(2)	42	41	6
Profit/(loss) before net financials	11	(30)	19	87	(10)
Net financials	(10)	(0)	1	2	(10)
Net profit/(loss) for the year	(0)	(20)	19	92	(27)
Balance sheet					
Non-current assets	103	103	88	73	78
Current assets	115	134	119	141	77
Total assets	218	237	207	214	155
Equity	84	84	104	138	19
Non-current liabilities	72	13	19	15	14
Current liabilities	62	139	85	61	122
Investments in property, plant and equipment	3	3	4	9	8
Cash flows from operating activities	3	(14)	63	61	-
Cash flows from investing activities	(12)	(18)	(30)	73	-
Cash flows from financing activities	(9)	43	(35)	(137)	-
Cash and cash equivalents, year end	3	22	11	14	-
Average number of full-time employees	427	453	485	518	502
Financial ratios					
Gross margin (bruttomargin)	33,5%	17,1%	35%	33,5%	36,6%
Profit margin (overskudsgrad)	4,9%	-15,1%	8,2%	7,0%	-5,5%
Current ratio (likviditetsgrad)	185,9%	96,3%	140,2%	229,9%	63,1%
Return on assets (afkastningsgrad)	5,0%	-12,8%	9,2%	5,9%	-6,7%
Solvency ratio (soliditetsgrad)	38,6%	35,6%	50,0%	64,3%	12,2%
Return on equity (egenkapitalforrentning)	-0,3%	-20,8%	15,5%	117,4%	-142,5%

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 cf. Note 1 – Special items.
[3] Cash flow figures for 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 and 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 and hereby related products 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 2023, 64% (2022: 66%) 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 36% (2022: 34%) 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.

2023 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 including building a strong pipeline with some of the largest global satellite operators and defense departments.

For Maritime the VSAT market was impacted by the entry of Starlink, which shifted part of the market to Starlink. With a strong focus on Maritime Safety and increased focus on the hybrid model in terms of several antennas on Merchant vessels. Maritime managed to grow 7%.

Research and development

The work done in 2023 by R&D was building on the successes of 2022. The VSAT XTR line of products was enhanced by introducing the TVRO XTR product line replacing the older SeaTel version to further secure the XTR product line new initiatives for finding the optimum balance in cost and performance has been started resulting in several low-cost fit-for-purpose opportunities currently being explored by R&D and Sales with selected partners.

Within the Radio, Safety and Tracking portfolio, Cobham Satcom saw further growth of the SAILOR 7222, SOLAS classified maritime CLASS A VHF radio. During 2023 this product has received SW upgrades with new features to further enhance the competitiveness of the product. Being able to further enhance products through enhanced SW and remote SW is a feature that has become more important, especially in the light of new cyber security requirements into coming years.

Organizational changes late in 2022 created the needed business focus, which was further developed during 2023 by process enhancements and optimizations. This ensures that the R&D organization will continuously to improve and adjust to the changing business needs.

Development in the year

In 2023 the transformation of Cobham SATCOM has continued and significant improvement was realized in the year. After completing the legal restructuring at the end of 2020, the next phase of the transformation was initiated in 2021 and concluded in 2022 and 2023 was therefore the year, where the business was to operate on the new operating model, which included relocation manufacturing to the Asian region.

Management's Review

The global shortage of electronic components dropped during the year, and the affect for Cobham SATCOM in 2023, was significantly less than in previous years. The freight rates have furthermore continued to drop as well, which secured a more stable and predictable pricing on the items, which led to more normalize earnings in 2023. In late 2022 the new Management was established, and they focused the business again, and led the company to a positive year.

Financial Performance 2023

The Group's income statement for the fiscal year 2023 shows a net loss of USD 301 thousand (2022: net loss of USD 19,577 thousand) and the Group's balance sheet at 31 December shows equity of USD 83,893 thousand (2022: 84,194 thousand).

In 2023, revenue was USD 222,874 thousand, which was an increase of 10.4%, compared to USD 201,905 thousand realized in 2022. The increase in revenue was due to strong market focus as well as stronger supply chain, which had caused some difficulties in 2022.

For the Parent company revenue increased by USD 15,953 thousand from USD 175,912 thousand in 2022 to USD 191,865 thousand in 2023.

Maritime revenue showed an increase of USD 9,048 thousand (+6.8%) compared to 2022, due to solving previous years constraints in the supply chain, including strong performance in Maritime safety partly offset by the introduction of Starlink in the traditional VSAT space. The Land business generated an increase in revenue of USD 11,921 thousand, up with 17.2% compared to 2022, which is a result of the strong performance in TRACKER as well as the continued development in our Systems vertical.

Cost of sales amounted to USD 148,129 thousand which resulted in an increase in gross margins of 16.5pp. The increase in gross margins is primarily a result of improvements in the supply chain as well as in the price of components and freight prices moving towards normal territory in 2023.

Gross margins for the Parent company also shows an increase of USD 32,210 thousand as cost of sales decreased by USD 16,257 thousand due to the above reasons, while at the same time a growth of USD 15,953 thousand in revenue compared to 2022.

Investment in R&D continued its focus and resulted in new product launches and released numerous new technologies in 2023. In 2023 additional USD 7,637 thousand was capitalized as "Development projects" and USD 16,669 thousand 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. Cost not defined to meet the criteria for capitalization due to being sustaining related was expensed off during the year.

Distribution and administrative expenses amounted to USD 50,826 thousand (2022: 50,948 thousand), which is a decrease of USD 122 thousand compared to 2022, which reflects the ability to scale revenue without occurring additional costs.

Net cash outflow in 2023 is USD 18,567 thousand compared to inflow of USD 10,455 thousand in 2022. The cash flow is negatively impacted by repayments of group loans as well as timing in milestones received both in our Systems and TRACKER business, as recognition of revenue is in accordance with progress accounting.

Overall, the 2023 result was on a satisfactory level and in line with the expectation set for the year.

Outlook 2024

For 2024 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. The supply chain processes with contract manufactures and regional warehouses have been further developed during 2024.

Cobham SATCOM expects an potential improved 2024 revenue in the range of USD 215-235m and operating profit USD 17-27m. Expectation of operating profit adjusted for special items is in the range of USD 30-40m.

Subsequent events

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

Liquidity 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. The interest is furthermore fixed on the intercompany loans. The company has furthermore received a support letter from the parent company.

Financial Risks

Management's Review

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.

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 zero injuries in Lyngby and Aalborg, and zero injuries at our US facility for 2023.

Our primary risk is non-compliance with environmental regulations, which could result in fines and legal action, alongside reputational damage due to negative public perception of our environmental practices

In 2023 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.

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 its 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 2023, we set the following objectives and targets:

Management's Review

ISO 14001 Cobham Satcom Main environmental categories	Objective	Measurement	Key results		Development 2023 over 2022	Notes
			Status 2022	Status 2023		
Consumption of Water, Heating and Electricity	Invest in one energy program per year.	Water [m^3]	3632	3132	-14 %	Due to the implemented initiatives, the consumption of water, heating and electricity has been reduced significantly. The initiatives is primarily actions limiting the excess use of water, heating and electricity-.
		Heating [MWh]	1000	784	-22 %	
		Electricity [MWh]	1365	1173	-14 %	
Canteen	Reduce CO_2 emmision.	CO_2 emission [ton]	86	70	-19 %	The CO2 emission was reduced due to purchasing raw products with focus on their CO2 emission and using creative solutions for leftovers.
	Reduce food waste.	Food waste [ton]	11022	13380	+21 %	Food waste numbers have increased by 21%. However, the numbers for food waste are affected by increased coffee consuption and therefore, larger amount of coffee crumbs and dishes that include bones is also included in this increase. New initiatives has been implemented to prevent unnecessary food waste, such us "Too good to go" initiatives.
Waste	Reduce amount of waste by 3 % (reuse, reduce, scrap, rethink packaging).	Waste [ton]	57	62	+9 %	The amount of waste has increased compared to prior year. However the non-recyclable waste has decreased by 45% (27 --> 15), which is the primary focus to decrease. This has been achieved by: - Reuse - Only centralized trash cans - Reduced use of plastic
Airtravel	Decrease use of airtravel by 3%.	CO_2 emission [ton]	273	994	+264 %	Increase in travel due to higher need for customer interactions across the world as well as travel between the locations of the Cobham Satcom A/S.
Airfreight	Reduce the CO_2 emission from the use of airfreight by 3%.	CO_2 emission [ton]	2788	876	-69 %	Airfreight has been substituted by seafreight to a much higher degree in 2023. This has resulted in lower CO_2 emission as seafreight can contain a larger capacity of delivery.

Management's Review

Employees

Our employees are the driving force behind our success. The company is deeply committed to creating the best work environment, providing all its employees with equal opportunities, free from all forms of discrimination. This commitment entails empowering a diverse workforce and fostering an inclusive work environment where all employees can thrive and be themselves at work. In a business sense, a diverse workforce is essential for driving innovation and enhancing decision-making processes.

Recruiting individuals from diverse backgrounds, especially within STEM (Science, Technology, Engineering, and Mathematics) fields, has been a priority. Acknowledging the underrepresentation of women in STEM, the company actively encourages and attracts women of all ages to STEM education and careers. Initiatives like Girls' Day in Science, where young women visit our facilities to learn and gain inspiration about working within STEM, have been instrumental in this effort. Additionally, our recruitment efforts aim to replenish the talent pipeline and ensure that all STEM graduates recognize Cobham Satcom as an employer of choice.

Additionally, our recruitment, selection, and career development are based solely on competencies and job requirements, regardless of race, gender, sexual orientation, religion, or disability. We welcome applications for employment from individuals with disabilities and ensure they receive full and fair consideration. For employees who become disabled, our policy is to take all reasonable steps, including retraining, to ensure they can remain in employment and have access to equal career development opportunities.

The primary risk faced by Cobham Satcom in securing a diverse, healthy, and safe working environment is ensuring the physical and mental well-being of our employees. Discrimination and harassment pose significant risks to our employees' well-being. In addition to our anti-harassment and anti-bullying policies, we support our employees' well-being by promoting our Ethics Hotline, we tribute and celebrate events like World Mental Health Day, and utilize our Employee Engagement Survey as a tool to directly address these risks.

During the year a student diversity panel has been implemented, which purpose is to make initiatives to improve diversity.

Social matters

Our company acknowledges its social, societal, and environmental responsibilities and is committed to continuously reinforcing actions toward achieving the UN Sustainable Development Goals. Our Corporate Responsibility and Sustainability (CR&S) strategy exemplifies our dedication to ethical action, inspiring stakeholders, suppliers, and employees alike by creating innovative solutions and managing environmental and social impacts directly and through our business relationships. Our strategy aims to enhance synergy between our company, suppliers, and key stakeholder groups to create value for the communities we serve. Consequently, CSR is integrated into our business practices through corporate governance, long-range strategic plans, performance management systems, product development, and reporting and assurance processes.

We aim to strengthen our social, societal, and environmental commitments through various initiatives, from significant steps to small-scale efforts like inviting homeless individuals in Copenhagen to benefit from collecting deposits from our empty bottles. Beyond engaging in STEM activities and ensuring a healthy and diverse work environment with equal opportunities, our social and societal responsibilities extend to positively contributing to society by promoting respect for fundamental human rights, ensuring justice, and combating corruption.

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 anti-corruption 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 behavior have been adopted as set out in the Code of Business Conduct ("COBC") which is approved by the CEO. 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.

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 promotes and runs a confidential Ethics Helpline where employees and customers can ask questions or 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 help ensure that all types of unethical behavior is avoided, Cobham Satcom requires all employees (including all new employees) to complete COBC training at least once a year and informs the employees of any material changes to the COBC. During 2023, the majority of employees completed the COBC training and all employees had access to the COBC. During 2023, no breaches to our COBC were reported. During 2024, all employees will be required to take the COBC training.

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 and the monitoring was successfully executed in 2023. 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 2023, no breaches to our human right policies were reported.

In 2024, we will continue our efforts to keep our employees informed about human rights policies through the COBC and its associated training programs. Furthermore, we are set to introduce a specialized training course designed to address and prevent human rights violations in 2024."

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

Our commitment to our CR&S strategy underscores our strong belief in diversity among both employees and management, including gender distribution, as a positive contributor to the work environment and company performance. The Board receives annual updates on gender distribution in management to ensure continuous improvement in gender diversity at all levels. Operating in a male-dominated industry necessitates additional focus on increasing the representation of underrepresented genders on the Board of Directors, executive, and managerial levels. We firmly believe that diversity must be reflected in both the workforce and higher management to harness its benefits, contributing positively to our work environment, innovation, and performance.

Accounting policies

Other managerial positions consists of SMT (Senior management team) and EMT (Extended management team). 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). Whereas Extended management team is primarily a manager position.

		2023
Top managerial position (Board of Directors)	Total number of members	6
	Underrepresented gender in pct.	33%
	Target figure in pct.	50%
	Year for fulfilment of target figure	2026

In 2023 the Board of Directors consist of 6 members, the underrepresented gender is 33%. Thus, we have achieved gender balance in the board of directors cf. §99b in 2023, our goal is to reach 50% in 2026. In the financial year we have implemented different initiatives to improve the qualification rate of the underrepresented gender through all levels in the organisation.

Management's Review

		2023
Other Managerial positions (1 & 2)	Total number of members	50
	Underrepresented gender in pct.	12%
	Target figure in pct.	18%
	Year for fulfilment of target figure	2026

For other managerial positions consisting of 50 members, the underrepresented gender is 12%. Thus, we have not achieved an equal gender distribution in the managerial positions in 2023, our goal is to reach 18% in 2026. Through the financial year, we have implemented a student diversity panel to improve the diversity in the company, where the underrepresented gender was an aim to improve too and continuously looking into possibilities when new positions are available in the organisation. During 2023 we have not been able to achieve the target due to very limited changes in the managerial positions.

Income Statement 1 January – 31 December

Note	USD'000	Group 2023	Group 2022	Parent Company 2023	Parent Company 2022
3	Revenue	222,874	201,905	191,865	175,912
4,9,10	Cost of sales	(148,129)	(167,439)	(133,281)	(149,538)
	Gross profit	**74,745**	**34,466**	**58,584**	**26,374**
4,9,10	Development expenses	(13,015)	(13,924)	(8,559)	(7,123)
4,9,10	Distribution expenses	(17,998)	(20,980)	(11,463)	(15,182)
4,9,10	Administrative expenses	(32,828)	(29,968)	(24,114)	(23,878)
	Operating profit/(loss)	**10,904**	**(30.406)**	**14,448**	**(19,809)**
5	Income from investments in subsidiaries	-	-	(3,756)	(6,338)
6	Financial income	861	5,686	2,830	5,621
7	Financial expenses	(10,557)	(5,992)	(9,781)	(5,530)
	Profit/(loss) before tax	**1,208**	**(30,712)**	**3,741**	**(26,056)**
8	Income tax	(1,509)	11,135	(4,042)	6,479
	Net profit/(loss) for the year	**(301)**	**(19,577)**	**(301)**	**(19,577)**

Balance Sheet at 31 December

		Group		Parent Company	
Note	**USD'000**	**2023**	**2022**	**2023**	**2022**
	ASSETS				
	Non-current assets				
	Completed development projects	27,922	14,703	27,922	14,703
	Software	8,009	6,549	7,746	6,379
	Goodwill	15,813	20,738	365	1,276
	Customer relationship	2,663	3,278	2,663	3,278
	Development projects in progress	9,667	21,239	9,667	21,239
9	**Intangible assets**	**64,074**	**66,507**	**48,363**	**46,875**
	Right of use assets	13,483	10,648	12,188	10,395
	Plant and machinery	3,165	3,651	2,470	2,703
	Fixtures and fittings, tools and equipment	722	1,182	611	1,000
	Leasehold improvements	1,524	1,707	1,247	1,419
	Property, plant and equipment in progress	1,765	378	825	220
10	**Property, plant and equipment**	**20,659**	**17,566**	**17,341**	**15,737**
11	Investments in subsidiaries	-	-	31,201	34,957
2,12	Deferred tax assets	17,818	18,735	8,780	12,822
	Loan group	-	-	17,500	13,000
	Other non-current assets	**17,818**	**18,735**	**57,481**	**60,779**
	Total non-current assets	**102,551**	**102,808**	**123,185**	**123,391**
	Current assets				
	Raw materials and consumables	15,834	14,825	4,985	3,432
	Work in progress	11.722	11,910	6,487	4,704
	Finished goods and goods for resale	33.967	38,563	30,001	33,320
	Inventories	**61,523**	**65,298**	**41,473**	**41,456**
	Trade receivables	19,538	29,827	16,200	21,643
13	Contract work in progress	17,928	9,804	11,951	8,737
	Receivables from group entities	-	85	4,554	6,849
	Other receivables	2,163	1,862	2,114	1,863
	Corporation tax	562	173	-	-
15	Prepayments	10,163	5,182	9,417	4,656
	Receivables	**50,354**	**46,933**	**44,236**	**43,748**
	Cash	**3,112**	**21,679**	**1,458**	**17,871**
	Total current assets	**114,989**	**133,910**	**87,167**	**103,075**
	TOTAL ASSETS	**217,540**	**236,718**	**210,352**	**226,466**

Balance Sheet at 31 December

Note	USD'000	Group 2023	Group 2022	Parent Company 2023	Parent Company 2022
	EQUITY AND LIABILITIES				
	Equity				
16	Share capital	19,543	19,543	19,543	19,543
	Reserve for development costs	-	-	29,319	28,034
	Retained earnings	65,664	65,965	36,345	37,931
	Other reserves	(1,314)	(1,314)	(1,314)	(1,314)
	Total equity	**83,893**	**84,194**	**83,893**	**84,194**
	Non-current liabilities				
17	Other provisions	3,078	5,171	2,273	4,070
18	Lease liabilities	11,526	8,313	10,920	8,268
	Loan group	57,174	-	57,174	-
	Total non-current liabilities	**71,778**	**13,484**	**70,367**	**12,338**
	Current liabilities				
18	Lease liabilities	2,719	2,063	2,083	1,893
	Prepayments received from customers	-	12,004	-	12,004
	Trade payables	42,500	51,462	38,374	40,874
	Payables to group entities	3,161	5,275	3,988	7,095
	Loan group	-	55,000	-	55,000
	Credit institutions	2,011	6,775	2,011	6,775
	Other payables	11,478	6,461	9,636	6,293
	Total current liabilities	**61,869**	**139,040**	**56,092**	**129,934**
	Total liabilities	**133,647**	**152,524**	**126,459**	**142,272**
	TOTAL EQUITY AND LIABILITIES	**217,540**	**236,718**	**210,352**	**226,466**

1 Special items
2 Recognition and measurement uncertainties
19 Distribution of net profit/(loss) for the year
20 Fee to auditors appointed at Annual General Meeting
21 Contingent liabilities
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	Total
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 1 January 2023	**19,543**	**65,965**	**(1,314)**	**-**	**84,194**
Net profit/(loss) for the year	-	(301)	-	-	(301)
Equity at 31 December	**19,543**	**65,664**	**(1,314)**	**-**	**83,893**

Statement of Changes in Equity at 31 December

	Parent Company						
USD'000	**Share capital**	**Reserve equity method**	**Reserve for develop-ment costs**	**Retained earnings**	**Translation reserve**	**Reserve for hedges**	**Total**
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 1 January 2023	**19,543**	**-**	**28,034**	**37,931**	**(1,314)**	**-**	**84,194**
Net profit/(loss) for the year	-	-	1,285	(1,586)	-	-	(301)
Equity at 31 December	**19,543**	**-**	**29,319**	**36,345**	**(1,314)**	**-**	**83,393**

Cash Flow Statement at 31 December

Note	USD'000	Group 2023	Group 2022
	Profit/loss before net financials	10,904	(30,406)
9,10	Depreciation and amortisation	17,260	14,071
	Other adjustments of non-cash operating items	10	(1,197)
	Cash generated from operations before changes in working capital	28,174	(17,532)
22	Changes in working capital	(22,847)	4,772
	Cash generated from operations	5,327	(12,760)
6	Interest received	564	102
7	Interest paid	(3,640)	(1,500)
	Corporation tax paid	389	(173)
	Cash flows from operating activities	**2,640**	**(14,331)**
9	Acquisition of intangible assets	(9,331)	(15,749)
10	Acquisition of property, plant and equipment	(2,403)	(2,087)
	Cash flows from investing activities	**(11,734)**	**(17,836)**
	Loan financing:		
	Repayment of lease liability	(3,001)	(2,753)
	Non-current borrowings	57,174	48,275
	Repayment of borrowings	(63,646)	(2,900)
	Cash flows from financing activities	**(9,473)**	**42,622**
	Cash flows for the year	**(18,567)**	**10,455**
	Cash and cash equivalents, beginning of year	21,679	11,224
	Cash and cash equivalents, year end	**3,112**	**21,679**

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	**2023**	**2022**	**2023**	**2022**
Costs				
Restructuring costs	(29)	(2,773)	(9)	(2,246)
Transformation costs	(8,082)	(11,360)	(7,902)	(9,145)
Net loss from special items	**(8,111)**	**(14,133)**	**(7,911)**	**(11,391)**

Special items are recognized in the below line items:				
Cost of sales	(5,537)	(5,771)	(5,517)	(3,826)
Development expenses	(60)	-	(60)	-
Distribution expenses	-	(853)	-	(634)
Administrative expenses	(2,514)	(7,509)	(2,334)	(6,931)
Net loss from special items	**(8,111)**	**(14,133)**	**(7,911)**	**(11,391)**

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 2023, the carrying value of Development Projects and Development Projects in progress amount to USD 37,589 thousand (2022: USD 35,942 thousand).

Deferred tax asset

As of 31 December 2023, the group has recognized a tax asset of USD 17,818 thousand hereof tax-loss carry-forward amounts to USD 26,896 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 the expected utilization on Thrane's assessment is 2024-2026 while Seatel is 2024-2028.

	Group	
USD'000	**2023**	**2022**
3 Revenue		
Geographical segments		
Americas	43,155	36,822
EMEA	136,528	127,923
APAC	43,191	37,160
	222,874	**201,905**
Business segments		
Maritime	141,542	132,494
Land	27,978	28,115
System	32,132	30,582
Tracker	21,222	10,714
	222,874	**201,905**

Notes to the Financial Statements

USD'000	Group 2023	Group 2022	Parent Company 2023	Parent Company 2022
4 Staff cost				
Wages and salaries	35,966	45,253	22,559	30,680
Pensions	1,878	2,116	1,846	2,082
Other social security expenses	1,665	2,309	508	1,216
Other staff expenses	1,604	2,951	1,314	1,972
Total salary cost capitalized in the year	(5,315)	(7,234)	(5,315)	(7,234)
	41,114	**52,629**	**26,227**	**35,950**
In the Income Statement staff costs are recognized as follows:				
Cost of sales	9,127	10,465	5,553	6,030
Development	8,603	14,975	2,951	9,215
Distribution expenses	13,505	16,673	8,715	12,005
Administrative expenses	9,879	10,516	9,008	8,701
	41,114	**52,629**	**26,227**	**35,950**
Key Management compensation				
Wages	1,151	1,525	1,151	1,525
Pensions	77	82	77	82
Executive Board	**1,228**	**1,607**	**1,228**	**1,607**
Board of Directors:	0	0	0	0
Total key management compensation	**1,228**	**1,607**	**1,228**	**1,607**

Remuneration to the executive board in 2022 and 2023 includes severance pay to former members of the executive board.

	Group 2023	Group 2022	Parent Company 2023	Parent Company 2022
Average number of full-time employees	**427**	**453**	**316**	**345**

USD'000	Parent Company 2023	Parent Company 2022
5 Income from investments in subsidiaries		
Share of profit/(loss) in subsidiaries	603	(1,841)
Amortisation of goodwill	(4,359)	(4,497)
Adjusted Income from investments in subsidiary	**(3,756)**	**(6,338)**

Notes to the Financial Statements

USD'000	Group 2023	Group 2022	Parent Company 2023	Parent Company 2022
6 Financial income				
Interest income from group	-	-	2,063	-
Other interest income	564	102	471	38
Foreign exchange rate gains	297	5,584	296	5,583
	861	**5,686**	**2,830**	**5,621**
7 Financial expenses				
Interest expenses to group entities	5,217	1,665	5,218	1,469
Other interest expenses costs	3,136	1,305	2,361	1,040
Foreign exchange rate losses	2,204	3,023	2,202	3,021
	10,557	**5,992**	**9,781**	**5,530**
8 Income tax				
Current tax on profit for the year	51	(795)	-	(629)
Previous year adjustment for tax	541	-	-	-
Change in deferred tax for the year	474	(9,606)	3,170	(5,116)
Previous year deferred tax adjustment	443	(734)	872	(734)
Income tax expense/(income)	**1,509**	**(11,135)**	**4,042**	**(6,479)**

9 Intangible assets

	Group					
USD'000	Completed Development projects	Software	Goodwill	Customer Relationship	Development projects in progress	Total
Cost at 1 January 2023	18,445	14,076	111,072	14,421	21,239	179,253
Additions	2,540	2,480	-	-	5,097	10,117
Transferred	16,669	-	-	-	(16,669)	-
Cost at 31 December 2023	37,654	16,556	111,072	14,421	9,667	189,370
Amortisation and impairment losses at 1 January 2023	3,742	7,527	90,334	11,143	-	112,746
Amortisation	5,990	1,020	4,925	615	-	12,550
Amortisation and impairment losses at 31 December 2023	9,732	8,547	95,259	11,758	-	125,296
Carrying amount at 31 December 2023	**27,922**	**8,009**	**15,813**	**2,663**	**9,667**	**64,074**
Amortised over	5 years	3-5 years	20 years	Up to 20 years	-	

	Parent Company					
USD'000	Completed Development projects	Software	Goodwill	Customer Relationship	Development projects in progress	Total
Cost at 1 January 2023	18,445	13,877	18,224	14,421	21,239	86,206
Additions	2,540	2,254	-	-	5,097	9,891
Transferred	16,669	-	-	-	(16,669)	-
Cost at 31 December 2023	37,654	16,131	18,224	14,421	9,667	96,097
Amortisation and impairment losses at 1 January 2023	3,742	7,498	16,948	11,143	-	39,331
Amortisation	5,990	887	911	615	-	8,403
Amortisation and impairment losses at 31 December 2023	9,732	8,385	17,859	11,758	-	47,734
Carrying amount at 31 December 2023	**27,922**	**7,746**	**365**	**2,663**	**9,667**	**48,363**
Amortised over	5 years	3-5 years	20 years	Up to 20 years	-	

Notes to the Financial Statements

USD'000	Group 2023	Group 2022	Parent Company 2023	Parent Company 2022
Amortisation				
Cost of sales	25	29	12	23
Development	5,984	3,138	6,013	3,138
Distribution	448	495	444	495
Administration	6,093	5,761	1,934	1,743
	12,550	**9,423**	**8,403**	**5,400**

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 2023 or previously. The completed projects generated substantial revenue in 2023 and is expected to do onwards as well.

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 2023	23,441	23,696	4,361	3,417	378	55,293
Additions	5,461	727	53	89	1,534	7,864
Transferred	-	34	-	53	(87)	-
Disposals	-	(60)	(194)	-	(60)	(314)
Cost at 31 December 2023	28,902	24,397	4,220	3,559	1,765	62,843
Depreciation and impairment losses at 1 January 2023	12,793	20,045	3,179	1,710	-	37,727
Depreciation	2,626	1,246	513	325	-	4,710
Disposals	-	(59)	(194)	-	-	(253)
Depreciation and impairment losses at 31 December 2023	15,419	21,232	3,498	2,035	-	42,184
Carrying amount at 31 December 2023	**13,483**	**3,165**	**722**	**1,524**	**1,765**	**20,659**
Depreciated over	3-13 years	3-7 years	3-7 years	3-13 years		

Notes to the Financial Statements

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
	Parent company					
Cost at 1 January 2023	19,109	17,163	3,026	2,024	220	41,542
Additions	4,122	652	53	89	713	5,629
Transferred	-	34	-	14	(48)	-
Disposals	-	-	-	-	(60)	(60)
Cost at 31 December 2023	23,231	17,849	3,079	2,127	825	47,111
Depreciation and impairment losses at 1 January 2023	8,714	14,460	2,026	605	-	25,805
Depreciation	2,329	919	442	275	-	3,965
Depreciation and impairment losses at 31 December 2023	11,043	15,379	2,468	880	-	29,770
Carrying amount at 31 December 2023	**12,188**	**2,470**	**611**	**1,247**	**825**	**17,341**
Depreciated over	3-13 years	3-7 years	3-7 years	3-13 years		

USD'000	Group 2023	Group 2022	Parent Company 2023	Parent Company 2022
Depreciation				
Cost of sales	824	770	512	466
Development	483	463	450	430
Distribution	313	329	309	324
Administration	3,089	3,086	2,694	2,217
	4,710	**4,648**	**3,965**	**3,437**

USD'000	Parent Company 2023	Parent Company 2022
11 Investments in subsidiaries		
Cost at 1 January	136,228	136,228
Value adjustments at 1 January	(101,271)	(94,936)
Foreign exchange adjustment	-	3
Amortisation of goodwill	(4,359)	(4,497)
Share of profit/(loss) for the year	603	(1,841)
Value adjustments at 31 December	(105,027)	(101,271)
Carrying amount at 31 December	**31,201**	**34,957**
Hereof the carrying amount of the non-depreciated value	15,447	19,462

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 2023	Parent Company 2023
12 Deferred tax		
Deferred tax at 1 January	18,735	12,822
Currency adj. def. tax	(1,023)	(1.023)
Deferred tax adjustment for the year	549	(2,147)
Deferred tax adjustment for previous year	(443)	(872)
Deferred tax at 31 December	**17,818**	**8,780**
Deferred tax relates to:		
Intangible assets	(9,204)	(9,264)
Property, plant and equipment	(1,249)	(1,253)
Current assets	133	104
Provisions	1,242	500
Tax loss carried forward	26,896	18,693
	17,818	**8,780**

The Group has recognized a tax asset of USD 17,818 thousand where USD 26,896 thousand relates to tax losses carried forward which is the result of previous years' taxable income. Based upon budgets for 2024 to 2028 it is expected to be utilized over the next 4-5 years.

USD'000	Group 2023	Group 2022	Parent Company 2023	Parent Company 2022
13 Contract work in progress				
Current contract assets	17,928	9,804	11,951	8,737
Contract work in progress	**17,928**	**9,804**	**11,951**	**8,737**

Notes to the Financial Statements

14 Cash

The parent company of Cobham Satcom Group 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	**2023**	**2022**	**2023**	**2022**
17 Other provisions				
Other provisions at 1 January	5,171	7,961	4,070	6,830
Utilised during the year	(2,093)	(4,345)	(1,797)	(4,315)
Provisions for the year	-	1,555	-	1,555
Other provisions at 31 December	**3,078**	**5,171**	**2,273**	**4,070**

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 2,127 thousand (2022: USD 2,422 thousand), have been recognized for warranty claims and expected warranty repairs. Provision for restructuring of USD 0 thousand (2022: USD 1,778 thousand) and other provisions of USD 951 thousand (2022: USD 971 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 2023, the Group has paid USD 3,001 thousand regarding leases, of which interest payments related to recognized leasing commitments amount to USD 209 thousand and repayments on recognized leasing debt USD 2,792 thousand. The lease commitments were impacted by currency adjustment of USD 1,191 thousand due to lease contracts denominated in another currency than USD.

	Group		Parent Company	
USD'000	**2023**	**2022**	**2023**	**2022**
Maturity:				
0-1 year	2,719	2,063	2,083	1,893
1-5 years	9,106	6,432	8,500	6,387
> 5 years	2,420	1,881	2,420	1,881
Lease liabilities at 31 December	14,245	10,376	13,003	10,161

Notes to the Financial Statements

USD'000	Parent Company 2023	Parent Company 2022
19 Distribution of net profit/(loss) for the year		
Retained earnings	(1,586)	(26,247)
Reserve for development costs	1,285	6,670
	(301)	(19,577)

USD'000	Group 2023	Group 2022	Parent Company 2023	Parent Company 2022
20 Fee to auditors appointed at Annual General Meeting				
Audit fee	279	263	191	176
Other assurance engagements	4	5	4	5
Tax advisory services	3	5	3	5
Other services	43	-	43	-
	328	**243**	**240**	**186**

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.

USD'000	Group 2023	Group 2022
22 Changes in working capital		
Changes in inventories	3,775	(22,940)
Changes in receivables	(3,029)	18,471
Changes in trade and other payables	(23,593)	9,241
	(22,847)	**4,772**

Notes to the Financial Statements

23 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 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. All transactions are carried out on an arm's length basis.

	Group	
USD'000	**2023**	**2022**
Transactions of operating nature		
Service charges to Cobham Group companies	2,812	3,280
Service charges from Cobham Group companies	52	624
Sales to Cobham Group companies	766	74
Payables and Receivables		
Payables to Cobham Group companies	3,161	5,275
Receivables from Cobham Group companies	-	85
Loans and dividends		
Interest paid to Cobham Group companies	-	144
Outstanding loans to Group companies	57,174	55,000

The outstanding loan from the group has been refinanced to a non-current loan during 2023.

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-2022/

Notes to the Financial Statements

24 Accounting policies

The Annual Report of Cobham SATCOM Group for 2023 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.

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.

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.

24 Accounting policies (continued)

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

24 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.

Development expenses

Development expenses comprise expenses which is not considered appropriate for capitalization due to either it being sustaining on existing portfolio or expenses early in the development process, depreciation, amortisation, etc.

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.

24 Accounting policies (continued)

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.

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.

24 Accounting policies (continued)

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.

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.

24 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.

24 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

24 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:	$\frac{\text{Net profit for the year x 100}}{\text{Average equity}}$