



## **DKT A/S**

Fanøvej 6  
4060 Kirke Såby  
CVR No. 82151419

## **Annual report 2022**

The Annual General Meeting adopted the annual report on 18.06.2023

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**Joachim Döring**

Chairman of the General Meeting

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# Entity details

## Entity

DKT A/S

Fanøvej 6

4060 Kirke Såby

Business Registration No.: 82151419

Registered office: Lejre

Financial year: 01.01.2022 - 31.12.2022

## Board of Directors

Christian Hermann Günther Thomas Steer, chairman

Ludwig Michael Modra

Joachim Döring

## Executive Board

Anthony William Joseph Basham

## Auditors

Deloitte Statsautoriseret Revisionspartnerselskab

Weidekampsgade 6

2300 Copenhagen S

# Statement by Management on the annual report

The Board of Directors and the Executive Board have today considered and approved the annual report of DKT A/S for the financial year 01.01.2022 - 31.12.2022.

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

In our opinion, the consolidated financial statements and the parent financial statements give a true and fair view of the Group's and the Parent's financial position at 31.12.2022 and of the results of their operations and the consolidated cash flows for the financial year 01.01.2022 - 31.12.2022.

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

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

Kirke Saaby, 18.06.2023

## Executive Board

**Anthony William Joseph Basham**

## Board of Directors

**Christian Hermann Günther Thomas Steer**  
chairman

**Ludwig Michael Modra**

**Joachim Döring**

# Independent auditor's report

## To the shareholders of DKT A/S

### Opinion

We have audited the consolidated financial statements and the parent financial statements of DKT A/S for the financial year 01.01.2022 - 31.12.2022, which comprise the income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies, for the Group as well as the Parent, and the consolidated cash flow statement. The consolidated financial statements and the parent financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the consolidated financial statements and the parent financial statements give a true and fair view of the Group's and the Parent's financial position at 31.12.2022 and of the results of their operations and the consolidated cash flows for the financial year 01.01.2022 - 31.12.2022 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 financial statements" section of this auditor's report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (IESBA Code) and the additional ethical requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

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

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

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

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

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

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

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

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

#### **Statement on the management commentary**

Management is responsible for the management commentary.

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

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

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

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

Copenhagen, 18.06.2023

**Deloitte**

Statsautoriseret Revisionspartnerselskab  
CVR No. 33963556

**Henrik Wolff Mikkelsen**

State Authorised Public Accountant  
Identification No (MNE) mne33747

# Management commentary

## Financial highlights

|                                      | 2022    | 2021    | 2020    | 2018/19 | 2017/18 |
|--------------------------------------|---------|---------|---------|---------|---------|
|                                      | DKK'000 | DKK'000 | DKK'000 | DKK'000 | DKK'000 |
| <b>Key figures</b>                   |         |         |         |         |         |
| Gross profit/loss                    | 23,887  | 24,621  | 27,269  | 28,355  | 30,179  |
| Operating profit/loss                | 3,342   | 7,603   | 8,315   | 4,690   | 13,640  |
| Net financials                       | (591)   | (297)   | (539)   | (418)   | (567)   |
| Profit/loss for the year             | 1,874   | 5,337   | 8,221   | 4,314   | 10,221  |
| Balance sheet total                  | 94,215  | 77,153  | 80,329  | 74,307  | 71,224  |
| Equity                               | 62,372  | 60,475  | 55,218  | 46,954  | 42,637  |
| Cash flows from operating activities | 10,927  | (3,805) | 12,899  | 12,103  | 22,476  |
| Cash flows from investing activities | (2,923) | (3,234) | (1,749) | (3,573) | 1,107   |
| <b>Ratios</b>                        |         |         |         |         |         |
| Return on equity (%)                 | 3.05    | 9.23    | 16.09   | 9.63    | 24.10   |
| Equity ratio (%)                     | 66.20   | 78.38   | 68.74   | 63.19   | 59.86   |

Financial highlights are defined and calculated in accordance with the current version of "Recommendations & Ratios" issued by the CFA Society Denmark.

### Return on equity (%):

$\frac{\text{Profit/loss for the year} * 100}{\text{Average equity}}$

Average equity

### Equity ratio (%):

$\frac{\text{Equity} * 100}{\text{Balance sheet total}}$

Balance sheet total



### Primary activities

The DKT Group provides a series of products for broadband networks within three main groups: FTTH/FTTB (Fibre To The Home/Fibre To The Building) networks, Coaxial distribution (with focus on DOCSIS 3.1 upgrades and solutions) and Home Networks (with focus on the distribution of broadband services to households, including Wi-Fi/wireless network).

The products are primarily developed by DKT and sold through its own companies or via partners, mainly in Europe.

DKT has more than 45 years of experience with broadband networks. The original basis was to specialize in Coaxial networks, which around year 2000 was expanded to include fibre-optic networks.

The Group will continue to use this historical basis as a springboard for the future, where DKT will develop its position as a partner to operators, installers and solution providers. The vision is to improve the standard of living in Europe via improved broadband performance in networks and in the home with focus on quality and innovation.

DKT is part of BTV Multimedia GmbH, which is an international group of companies based in Germany. All companies in the Group have the same purpose, which is development and consultancy regarding products and solutions for broadband networks. In this cooperative structure, DKT is the international leg in the Group and will thereby act leveraging the Group's collective strength. This is a clear strengthening of the possibilities to achieve the vision, and in continuation thereof, DKT has established a subsidiary in Great Britain, which is a significant market for the Company.

### Development in activities and finances

The income statement for 2022 shows a profit of DKK 1,874,108 against a profit of DKK 5,336,522 last year, and the group's balance sheet at 31 December 2022 shows equity of DKK 62,372,457.

The general sourcing situation of chips sets has impacted the year negative. In that perspective, the management consider the group's financial performance in the year satisfactory. Covid-19 has also had a significant effect with, reduced the availability of products, increases in raw materials, and increased costs for freight. This improved towards the end of 2022 with the world once again opening,

### Profit/loss for the year in relation to expected developments

There has been a lot of focus on the UK market and preparing for the switch from homes past to homes connected and the consolidation of the alternative fibre networks in the UK. This has been a focus for the XGSPON platform, there has been significant movement in the Telecommunications Security Act in the UK with legislation moving away from certain software and firmware, where there could be a security risk. DKT have been developing their own firmware through 2022 to ensure compliance with the legislation. This has had a small impact on the number of XGSPON gateways sold in 2022.

Covid-19 increased the dependency on non-touch products where the Extallation development was to play a key factor. This development has been positive in the market and is expected to enable a new approach to fibre installation.

### Outlook

The outlook is promising, and the management expects an increase in sales of gateways with DKT's own

firmware on them in the future.

Increasing the Fibre market whilst supporting the HFC market has been the standard principle for DKT over the years, this will continue with the expectation that HFC will continue to be a contender against fibre.

DKT will continue to support the environment, as it has before, ensuring that rubbish is sorted and disposed of properly, reusing cardboard, reducing our CO2 footprint, recycling of electronical equipment.

#### **Knowledge resources**

DKT Group is based on knowledge and expertise within its three main groups of products that are subject to further development on an ongoing basis.

#### **Events after the balance sheet date**

No events have occurred after the balance sheet date to this date, which would influence the evaluation of this annual report.

# Consolidated income statement for 2022

|  | Notes | 2022<br>DKK       | 2021<br>DKK       |
|--|-------|-------------------|-------------------|
| <b>Gross profit/loss</b>                         |       | <b>23,887,099</b> | <b>24,621,293</b> |
| Staff costs                                      | 1     | (18,272,133)      | (14,931,522)      |
| Depreciation, amortisation and impairment losses | 2     | (2,272,726)       | (2,086,541)       |
| <b>Operating profit/loss</b>                     |       | <b>3,342,240</b>  | <b>7,603,230</b>  |
| Other financial income                           | 3     | 2,250,587         | 563,558           |
| Other financial expenses                         | 4     | (2,841,569)       | (860,641)         |
| <b>Profit/loss before tax</b>                    |       | <b>2,751,258</b>  | <b>7,306,147</b>  |
| Tax on profit/loss for the year                  | 5     | (877,150)         | (1,969,625)       |
| <b>Profit/loss for the year</b>                  | 6     | <b>1,874,108</b>  | <b>5,336,522</b>  |

# Consolidated balance sheet at 31.12.2022

## Assets

|  | Notes | 2022<br>DKK       | 2021<br>DKK       |
|--|-------|-------------------|-------------------|
| Completed development projects                   | 8     | 5,857,227         | 3,253,668         |
| Acquired intangible assets                       |       | 1,229,690         | 26,529            |
| Goodwill   |       | 904,811           | 1,131,013         |
| Development projects in progress                 | 8     | 504,303           | 3,723,785         |
| <b>Intangible assets</b>                         | 7     | <b>8,496,031</b>  | <b>8,134,995</b>  |
| Plant and machinery                              |       | 269,476           | 54,448            |
| Other fixtures and fittings, tools and equipment |       | 247,630           | 173,536           |
| <b>Property, plant and equipment</b>             | 9     | <b>517,106</b>    | <b>227,984</b>    |
| Deposits   |       | 304,939           | 304,813           |
| <b>Financial assets</b>                          | 10    | <b>304,939</b>    | <b>304,813</b>    |
| <b>Fixed assets</b>                              |       | <b>9,318,076</b>  | <b>8,667,792</b>  |
| Manufactured goods and goods for resale          |       | 28,731,496        | 27,784,416        |
| <b>Inventories</b>                               |       | <b>28,731,496</b> | <b>27,784,416</b> |
| Trade receivables                                | 11    | 30,827,088        | 25,426,839        |
| Receivables from group enterprises               |       | 1,381,713         | 596,082           |
| Deferred tax                                     | 12    | 23,901            | 71,529            |
| Other receivables                                |       | 78,003            | 140,284           |
| Tax receivable                                   |       | 406,348           | 0                 |
| Prepayments                                      | 13    | 1,442,451         | 488,149           |
| <b>Receivables</b>                               |       | <b>34,159,504</b> | <b>26,722,883</b> |
| <b>Cash</b>                                      |       | <b>22,006,021</b> | <b>13,977,912</b> |
| <b>Current assets</b>                            |       | <b>84,897,021</b> | <b>68,485,211</b> |
| <b>Assets</b>                                    |       | <b>94,215,097</b> | <b>77,153,003</b> |

**Equity and liabilities**

|  | <b>Notes</b> | <b>2022<br/>DKK</b> | <b>2021<br/>DKK</b> |
|--|--------------|---------------------|---------------------|
| Contributed capital                              | 14           | 1,000,000           | 1,000,000           |
| Retained earnings                                |              | 61,372,457          | 59,474,546          |
| <b>Equity</b>                                    |              | <b>62,372,457</b>   | <b>60,474,546</b>   |
| Deferred tax                                     | 12           | 982,724             | 0                   |
| Other provisions                                 | 15           | 0                   | 623,230             |
| <b>Provisions</b>                                |              | <b>982,724</b>      | <b>623,230</b>      |
| Prepayments received from customers              |              | 0                   | 646,976             |
| Trade payables                                   |              | 10,068,003          | 8,509,195           |
| Payables to group enterprises                    |              | 7,534,387           | 100,858             |
| Tax payable                                      |              | 47,523              | 1,951,321           |
| Other payables                                   |              | 11,349,710          | 3,346,877           |
| Deferred income                                  | 16           | 1,860,293           | 1,500,000           |
| <b>Current liabilities other than provisions</b> |              | <b>30,859,916</b>   | <b>16,055,227</b>   |
| <b>Liabilities other than provisions</b>         |              | <b>30,859,916</b>   | <b>16,055,227</b>   |
| <b>Equity and liabilities</b>                    |              | <b>94,215,097</b>   | <b>77,153,003</b>   |
| Unrecognised rental and lease commitments        | 18           |                     |                     |
| Contingent liabilities                           | 19           |                     |                     |
| Assets charged and collateral                    | 20           |                     |                     |
| Transactions with related parties                | 21           |                     |                     |
| Group relations                                  | 22           |                     |                     |
| Subsidiaries                                     | 23           |                     |                     |

# Consolidated statement of changes in equity for 2022

|                           | <b>Contributed<br/>capital<br/>DKK</b> | <b>Retained<br/>earnings<br/>DKK</b> | <b>Total<br/>DKK</b> |
|---------------------------|--|--------------------------------------|----------------------|
| Equity beginning of year  | 1,000,000                              | 59,474,546                           | 60,474,546           |
| Exchange rate adjustments | 0                                      | 23,803                               | 23,803               |
| Profit/loss for the year  | 0                                      | 1,874,108                            | 1,874,108            |
| <b>Equity end of year</b> | <b>1,000,000</b>                       | <b>61,372,457</b>                    | <b>62,372,457</b>    |

# Consolidated cash flow statement for 2022

|   | Notes | 2022<br>DKK        | 2021<br>DKK        |
|---|-------|--------------------|--------------------|
| Operating profit/loss   |       | 3,342,240          | 7,603,230          |
| Amortisation, depreciation and impairment losses                                  |       | 2,272,726          | 2,086,541          |
| Working capital changes   | 17    | 8,180,034          | (11,858,438)       |
| <b>Cash flow from ordinary operating activities</b>                               |       | <b>13,795,000</b>  | <b>(2,168,667)</b> |
| Financial income received   |       | 2,250,587          | 563,558            |
| Financial expenses paid   |       | (2,841,569)        | (860,641)          |
| Taxes refunded/(paid)   |       | (2,276,828)        | (1,339,748)        |
| <b>Cash flows from operating activities</b>                                       |       | <b>10,927,190</b>  | <b>(3,805,498)</b> |
| Acquisition etc. of intangible assets   |       | (2,467,016)        | (3,150,810)        |
| Acquisition etc. of property, plant and equipment                                 |       | (455,868)          | (65,476)           |
| Sale of property, plant and equipment   |       | 0                  | 161,925            |
| Purchase of financial assets  |       | 0                  | (180,000)          |
| <b>Cash flows from investing activities</b>                                       |       | <b>(2,922,884)</b> | <b>(3,234,361)</b> |
| <b>Free cash flows generated from operations and investments before financing</b> |       | <b>8,004,306</b>   | <b>(7,039,859)</b> |
| <b>Increase/decrease in cash and cash equivalents</b>                             |       | <b>8,004,306</b>   | <b>(7,039,859)</b> |
| Cash and cash equivalents beginning of year                                       |       | 13,977,912         | 21,097,545         |
| Currency translation adjustments of cash and cash equivalents                     |       | 23,803             | (79,774)           |
| <b>Cash and cash equivalents end of year</b>                                      |       | <b>22,006,021</b>  | <b>13,977,912</b>  |
| Cash and cash equivalents at year-end are composed of:                            |       |                    |                    |
| Cash  |       | 22,006,021         | 13,977,912         |
| <b>Cash and cash equivalents end of year</b>                                      |       | <b>22,006,021</b>  | <b>13,977,912</b>  |

# Notes to consolidated financial statements

## 1 Staff costs

|                                       | 2022<br>DKK       | 2021<br>DKK       |
|---------------------------------------|-------------------|-------------------|
| Wages and salaries                    | 16,605,847        | 12,956,606        |
| Pension costs                         | 1,167,699         | 1,224,835         |
| Other social security costs           | 173,860           | 446,353           |
| Other staff costs                     | 324,727           | 303,728           |
|                                       | <b>18,272,133</b> | <b>14,931,522</b> |
| Average number of full-time employees | 22                | 22                |

|  | Remuneration<br>of management<br>2021<br>DKK |
|--|--|
| Total amount for management categories | 2,919,402                                    |
|  | <b>2,919,402</b>                             |

Referring to section 98b (3) of the Danish Financial Statements Act, management remuneration is not disclosed for 2022.

## 2 Depreciation, amortisation and impairment losses

|   | 2022<br>DKK      | 2021<br>DKK      |
|---|------------------|------------------|
| Amortisation of intangible assets             | 2,105,980        | 1,960,156        |
| Depreciation on property, plant and equipment | 166,746          | 126,385          |
|   | <b>2,272,726</b> | <b>2,086,541</b> |

## 3 Other financial income

|                           | 2022<br>DKK      | 2021<br>DKK    |
|---------------------------|------------------|----------------|
| Exchange rate adjustments | 2,250,587        | 295,235        |
| Other financial income    | 0                | 268,323        |
|                           | <b>2,250,587</b> | <b>563,558</b> |



**4 Other financial expenses**

|                           | <b>2022</b>      | <b>2021</b>    |
|---------------------------|------------------|----------------|
|                           | <b>DKK</b>       | <b>DKK</b>     |
| Other interest expenses   | 104,498          | 429,955        |
| Exchange rate adjustments | 2,737,071        | 430,686        |
|                           | <b>2,841,569</b> | <b>860,641</b> |

**5 Tax on profit/loss for the year**

|                                      | <b>2022</b>    | <b>2021</b>      |
|--------------------------------------|----------------|------------------|
|                                      | <b>DKK</b>     | <b>DKK</b>       |
| Current tax                          | 1,847,335      | 3,153,867        |
| Change in deferred tax               | 1,348,994      | (1,184,242)      |
| Adjustment concerning previous years | (521,601)      | 0                |
| Refund in joint taxation arrangement | (1,797,578)    | 0                |
|                                      | <b>877,150</b> | <b>1,969,625</b> |

**6 Proposed distribution of profit/loss**

|                   | <b>2022</b>      | <b>2021</b>      |
|-------------------|------------------|------------------|
|                   | <b>DKK</b>       | <b>DKK</b>       |
| Retained earnings | 1,874,108        | 5,336,522        |
|                   | <b>1,874,108</b> | <b>5,336,522</b> |

**7 Intangible assets**

|   | <b>Completed<br/>development<br/>projects<br/>DKK</b> | <b>Acquired<br/>intangible<br/>assets<br/>DKK</b> | <b>Goodwill<br/>DKK</b> | <b>Development<br/>projects in<br/>progress<br/>DKK</b> |
|---|---|---|-------------------------|---|
| Cost beginning of year                                    | 13,938,538  | 50,265  | 1,809,619               | 3,723,785   |
| Transfers   | 907,986   | 2,311,496   | 0                       | (3,219,482)   |
| Additions   | 2,519,577   | 1,395,594   | 0                       | 0   |
| Disposals   | (4,222,356)   | (2,185,420)                                       | 0                       | 0   |
| <b>Cost end of year</b>                                   | <b>13,143,745</b>                                     | <b>1,571,935</b>                                  | <b>1,809,619</b>        | <b>504,303</b>  |
| Amortisation and impairment losses<br>beginning of year   | (10,684,870)  | (23,736)  | (678,606)               | 0   |
| Transfers   | 2,171,952   | (2,171,962)                                       | 0                       | 0   |
| Amortisation for the year                                 | (1,547,811)   | (331,967)   | (226,202)               | 0   |
| Reversal regarding disposals                              | 2,774,211   | 2,185,420   | 0                       | 0   |
| <b>Amortisation and impairment losses end<br/>of year</b> | <b>(7,286,518)</b>                                    | <b>(342,245)</b>                                  | <b>(904,808)</b>        | <b>0</b>  |
| <b>Carrying amount end of year</b>                        | <b>5,857,227</b>                                      | <b>1,229,690</b>                                  | <b>904,811</b>          | <b>504,303</b>  |

## 8 Development projects

Completed development projects and development projects in progress comprise development of webpage, products and other IT equipments for use in the operations of the company, as well as the development of products and services with which the company expects to generate additional revenues and where a future market and profit for the company can be proven.

## 9 Property, plant and equipment

|   | Plant and<br>machinery<br>DKK | Other fixtures<br>and fittings,<br>tools and<br>equipment<br>DKK |
|---|-------------------------------|--|
| Cost beginning of year                                | 1,606,127                     | 1,537,398  |
| Additions   | 254,880                       | 200,988  |
| Disposals   | (1,093,479)                   | (230,490)  |
| <b>Cost end of year</b>                               | <b>767,528</b>                | <b>1,507,896</b>   |
| Depreciation and impairment losses beginning of year  | (1,551,679)                   | (1,363,862)  |
| Depreciation for the year                             | (39,852)                      | (126,894)  |
| Reversal regarding disposals                          | 1,093,479                     | 230,490  |
| <b>Depreciation and impairment losses end of year</b> | <b>(498,052)</b>              | <b>(1,260,266)</b>   |
| <b>Carrying amount end of year</b>                    | <b>269,476</b>                | <b>247,630</b>   |

## 10 Financial assets

|                                    | Deposits<br>DKK |
|------------------------------------|-----------------|
| Cost beginning of year             | 304,813         |
| Additions                          | 126             |
| <b>Cost end of year</b>            | <b>304,939</b>  |
| <b>Carrying amount end of year</b> | <b>304,939</b>  |

## 11 Trade receivables

Out of the Group's total receivables, trade receivables totalling DKK 4,608,000 fall due for payment after more than one year after the balance sheet date.

## 12 Deferred tax

|                                     | 2022<br>DKK      | 2021<br>DKK   |
|-------------------------------------|------------------|---------------|
| Intangible assets                   | (1,670,069)      | (1,540,876)   |
| Property, plant and equipment       | 91,515           | 111,202       |
| Inventories                         | (137,319)        | 1,447,711     |
| Provisions                          | 0                | 137,111       |
| Tax losses carried forward          | 757,050          | 2,630         |
| Other taxable temporary differences | 0                | (86,249)      |
| <b>Deferred tax</b>                 | <b>(958,823)</b> | <b>71,529</b> |

| <b>Changes during the year</b>       | <b>2022<br/>DKK</b> | <b>2021<br/>DKK</b> |
|--------------------------------------|---------------------|---------------------|
| Beginning of year                    | 71,529              | (1,114,340)         |
| Recognised in the income statement   | (1,348,994)         | 1,184,242           |
| Currency variances                   | 50                  | 1,627               |
| Adjustment concerning previous years | 318,592             | 0                   |
| <b>End of year</b>                   | <b>(958,823)</b>    | <b>71,529</b>       |

| <b>Deferred tax has been recognised in the balance sheet as follows</b> | <b>2022<br/>DKK</b> | <b>2021<br/>DKK</b> |
|---|---------------------|---------------------|
| Deferred tax assets   | 23,901              | 71,529              |
| Deferred tax liabilities  | (982,724)           | 0                   |
| <b>End of year</b>  | <b>(958,823)</b>    | <b>71,529</b>       |

**Deferred tax assets**

Deferred tax assets relates to temporary differences in balance sheet items.

**13 Prepayments**

Prepayments under assets consists of costs incurred which relates to future accounting periods.

**14 Contributed capital**

|   | <b>Number</b> | <b>Par value<br/>DKK</b> | <b>Nominal<br/>value<br/>DKK</b> |
|---|---------------|--------------------------|----------------------------------|
| 30 shares of DKK 10,000.00 nominal value each | 30            | 10,000.00                | 300,000                          |
| 7 shares of DKK 100,000.00 nominal value each | 7             | 100,000.00               | 700,000                          |
|   | <b>37</b>     |                          | <b>1,000,000</b>                 |

The parent's share capital has remained DKK 1,000,000 over the past 5 years.

**15 Other provisions**

The provision relates to negative equity in the subsidiaries.

**16 Deferred income**

Deferred income under liabilities consists of income incurred which relates to future accounting periods.

**17 Changes in working capital**

|  | <b>2022<br/>DKK</b> | <b>2021<br/>DKK</b> |
|--|---------------------|---------------------|
| Increase/decrease in inventories         | 620,431             | 5,873,407           |
| Increase/decrease in receivables         | (6,428,027)         | (10,496,013)        |
| Increase/decrease in trade payables etc. | 13,867,746          | (7,235,832)         |
| Other changes                            | 119,884             | 0                   |
|  | <b>8,180,034</b>    | <b>(11,858,438)</b> |

## 18 Unrecognised rental and lease commitments

|   | <b>2022</b> | <b>2021</b> |
|---|-------------|-------------|
|   | <b>DKK</b>  | <b>DKK</b>  |
| Total liabilities under rental or lease agreements until maturity | 2,480,287   | 3,017,000   |

## 19 Contingent liabilities

The Parent and the Danish subsidiaries participate in a Danish joint taxation arrangement in which serves as the administration company. According to the joint taxation provisions of the Danish Corporation Tax Act, the Parent and the Danish subsidiaries are therefore liable for income taxes etc. for the jointly taxed entities, and also for obligations, if any, relating to the withholding of tax on interest, royalties and dividends for the jointly taxed entities. The jointly taxed entities' total known net liability under the joint taxation arrangement is disclosed in the administration company's financial statements.

## 20 Assets charged and collateral

As security for bank commitment, a business charge at the amount of DKK 42,875 thousand has been issued with security in receivables, inventories, intellectual rights, fixtures and fittings, tools and equipment and goodwill.

## 21 Non-arm's length related party transactions

Only non-arm's length related party transactions are disclosed in the annual report. No such transactions were conducted during the financial year.

## 22 Group relations

Name and registered office of the Parent preparing consolidated financial statements for the largest group:  
BTV Multimedia GmbH, Merkurstraße 3 c, D-30419 Hannover, Germany

The consolidated financial statements of BTV Multimedia GmbH may be ordered at this address:  
BTV Multimedia GmbH, Merkurstraße 3 c, D-30419 Hannover, Germany

## 23 Subsidiaries

|                            | <b>Registered in</b> |
|----------------------------|----------------------|
| Dansk Kabel Teknik, DKT AB | Sweden               |
| DKT Connect A/S            | Denmark              |
| DKT Fibrecom Ltd.          | Great Britain        |

# Parent income statement for 2022

|  | Notes | 2022<br>DKK        | 2021<br>DKK       |
|--|-------|--------------------|-------------------|
| <b>Gross profit/loss</b>                         |       | <b>11,725,835</b>  | <b>17,367,976</b> |
| Staff costs                                      | 1     | (12,989,316)       | (10,798,145)      |
| Depreciation, amortisation and impairment losses | 2     | (2,018,394)        | (1,832,209)       |
| <b>Operating profit/loss</b>                     |       | <b>(3,281,875)</b> | <b>4,737,622</b>  |
| Income from investments in group enterprises     |       | 3,458,004          | 1,524,732         |
| Other financial income                           | 3     | 2,400,416          | 653,361           |
| Other financial expenses                         | 4     | (1,526,415)        | (495,393)         |
| <b>Profit/loss before tax</b>                    |       | <b>1,050,130</b>   | <b>6,420,322</b>  |
| Tax on profit/loss for the year                  | 5     | 823,978            | (1,083,800)       |
| <b>Profit/loss for the year</b>                  | 6     | <b>1,874,108</b>   | <b>5,336,522</b>  |

# Parent balance sheet at 31.12.2022

## Assets

|  | Notes | 2022<br>DKK       | 2021<br>DKK       |
|--|-------|-------------------|-------------------|
| Completed development projects                   | 8     | 5,857,227         | 3,253,668         |
| Acquired intangible assets                       |       | 1,219,916         | 0                 |
| Development projects in progress                 | 8     | 504,303           | 3,723,785         |
| <b>Intangible assets</b>                         | 7     | <b>7,581,446</b>  | <b>6,977,453</b>  |
| Plant and machinery                              |       | 269,476           | 54,448            |
| Other fixtures and fittings, tools and equipment |       | 237,204           | 151,735           |
| <b>Property, plant and equipment</b>             | 9     | <b>506,680</b>    | <b>206,183</b>    |
| Investments in group enterprises                 |       | 15,560,123        | 8,999,269         |
| Deposits   |       | 300,000           | 300,000           |
| <b>Financial assets</b>                          | 10    | <b>15,860,123</b> | <b>9,299,269</b>  |
| <b>Fixed assets</b>                              |       | <b>23,948,249</b> | <b>16,482,905</b> |
| Manufactured goods and goods for resale          |       | 24,574,184        | 22,791,967        |
| <b>Inventories</b>                               |       | <b>24,574,184</b> | <b>22,791,967</b> |
| Trade receivables                                |       | 8,262,735         | 11,970,276        |
| Receivables from group enterprises               |       | 2,068,556         | 8,296,298         |
| Other receivables                                |       | 75,728            | 31,352            |
| Tax receivable                                   |       | 254,000           | 0                 |
| Joint taxation contribution receivable           |       | 1,797,578         | 0                 |
| Prepayments                                      | 11    | 421,577           | 437,484           |
| <b>Receivables</b>                               |       | <b>12,880,174</b> | <b>20,735,410</b> |
| <b>Cash</b>                                      |       | <b>13,116,315</b> | <b>10,396,231</b> |
| <b>Current assets</b>                            |       | <b>50,570,673</b> | <b>53,923,608</b> |
| <b>Assets</b>                                    |       | <b>74,518,922</b> | <b>70,406,513</b> |

**Equity and liabilities**

|  | <b>Notes</b> | <b>2022<br/>DKK</b> | <b>2021<br/>DKK</b> |
|--|--------------|---------------------|---------------------|
| Contributed capital                                    |              | 1,000,000           | 1,000,000           |
| Reserve for net revaluation according to equity method |              | 10,918,965          | 4,358,126           |
| Reserve for development costs                          |              | 4,568,637           | 5,442,413           |
| Retained earnings                                      |              | 45,884,855          | 49,674,007          |
| <b>Equity</b>  |              | <b>62,372,457</b>   | <b>60,474,546</b>   |
| Deferred tax   | 12           | 982,724             | 9,124               |
| Provisions for investments in group enterprises        | 13           | 289,557             | 115,079             |
| <b>Provisions</b>                                      |              | <b>1,272,281</b>    | <b>124,203</b>      |
| Prepayments received from customers                    |              | 0                   | 646,976             |
| Trade payables   |              | 9,188,360           | 5,890,599           |
| Payables to group enterprises                          |              | 0                   | 92,001              |
| Tax payable  |              | 0                   | 1,008,341           |
| Other payables   |              | 1,685,824           | 2,169,847           |
| <b>Current liabilities other than provisions</b>       |              | <b>10,874,184</b>   | <b>9,807,764</b>    |
| <b>Liabilities other than provisions</b>               |              | <b>10,874,184</b>   | <b>9,807,764</b>    |
| <b>Equity and liabilities</b>                          |              | <b>74,518,922</b>   | <b>70,406,513</b>   |
| Unrecognised rental and lease commitments              | 14           |                     |                     |
| Contingent liabilities                                 | 15           |                     |                     |
| Assets charged and collateral                          | 16           |                     |                     |

# Parent statement of changes in equity for 2022

|                                  | Contributed<br>capital<br>DKK | Reserve for<br>net<br>revaluation<br>according to<br>the equity<br>method<br>DKK | Reserve for<br>development<br>costs<br>DKK | Retained<br>earnings<br>DKK | Total<br>DKK      |
|----------------------------------|-------------------------------|--|--|-----------------------------|-------------------|
| Equity beginning of year         | 1,000,000                     | 4,358,126  | 5,442,413                                  | 49,674,007                  | 60,474,546        |
| Exchange rate adjustments        | 0                             | 23,803   | 0  | 0                           | 23,803            |
| Other entries on equity          | 0                             | 3,440,432  | 0  | (3,440,432)                 | 0                 |
| Dividends from group enterprises | 0                             | (361,400)  | 0  | 361,400                     | 0                 |
| Transfer to reserves             | 0                             | 0  | (873,776)                                  | 873,776                     | 0                 |
| Profit/loss for the year         | 0                             | 3,458,004  | 0  | (1,583,896)                 | 1,874,108         |
| <b>Equity end of year</b>        | <b>1,000,000</b>              | <b>10,918,965</b>  | <b>4,568,637</b>                           | <b>45,884,855</b>           | <b>62,372,457</b> |



# Notes to parent financial statements

## 1 Staff costs

|                                       | 2022<br>DKK       | 2021<br>DKK       |
|---------------------------------------|-------------------|-------------------|
| Wages and salaries                    | 11,524,769        | 9,561,032         |
| Pension costs                         | 1,006,571         | 876,750           |
| Other social security costs           | 158,248           | 167,410           |
| Other staff costs                     | 299,728           | 192,953           |
|                                       | <b>12,989,316</b> | <b>10,798,145</b> |
| Average number of full-time employees | 17                | 17                |

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

## 2 Depreciation, amortisation and impairment losses

|   | 2022<br>DKK      | 2021<br>DKK      |
|---|------------------|------------------|
| Amortisation of intangible assets             | 1,863,023        | 1,717,199        |
| Depreciation on property, plant and equipment | 155,371          | 115,010          |
|   | <b>2,018,394</b> | <b>1,832,209</b> |

## 3 Other financial income

|   | 2022<br>DKK      | 2021<br>DKK    |
|---|------------------|----------------|
| Financial income from group enterprises | 166,407          | 111,029        |
| Other interest income                   | 0                | 8,092          |
| Exchange rate adjustments               | 2,234,009        | 266,233        |
| Other financial income                  | 0                | 268,007        |
|   | <b>2,400,416</b> | <b>653,361</b> |

## 4 Other financial expenses

|   | 2022<br>DKK      | 2021<br>DKK    |
|---|------------------|----------------|
| Financial expenses from group enterprises | 0                | 945            |
| Other interest expenses                   | 98,927           | 64,466         |
| Exchange rate adjustments                 | 1,427,488        | 429,982        |
|   | <b>1,526,415</b> | <b>495,393</b> |

## 5 Tax on profit/loss for the year

|                                      | 2022<br>DKK      | 2021<br>DKK      |
|--------------------------------------|------------------|------------------|
| Current tax                          | 0                | 2,148,341        |
| Change in deferred tax               | 1,292,192        | (1,064,541)      |
| Adjustment concerning previous years | (318,592)        | 0                |
| Refund in joint taxation arrangement | (1,797,578)      | 0                |
|                                      | <b>(823,978)</b> | <b>1,083,800</b> |

## 6 Proposed distribution of profit and loss

|                   | 2022<br>DKK      | 2021<br>DKK      |
|-------------------|------------------|------------------|
| Retained earnings | 1,874,108        | 5,336,522        |
|                   | <b>1,874,108</b> | <b>5,336,522</b> |

## 7 Intangible assets

|   | Completed<br>development<br>projects<br>DKK | Acquired<br>intangible<br>assets<br>DKK | Development<br>projects in<br>progress<br>DKK |
|---|---|---|---|
| Cost beginning of year                                | 13,938,538                                  | 0                                       | 3,723,785                                     |
| Transfers   | 907,986                                     | 2,311,496                               | (3,219,482)                                   |
| Additions   | 2,519,577                                   | 1,395,594                               | 0   |
| Disposals   | (4,222,356)                                 | (2,185,420)                             | 0   |
| <b>Cost end of year</b>                               | <b>13,143,745</b>                           | <b>1,521,670</b>                        | <b>504,303</b>                                |
| Amortisation and impairment losses beginning of year  | (10,684,870)                                | 0                                       | 0   |
| Transfers   | 2,171,952                                   | (2,171,962)                             | 0   |
| Amortisation for the year                             | (1,547,811)                                 | (315,212)                               | 0   |
| Reversal regarding disposals                          | 2,774,211                                   | 2,185,420                               | 0   |
| <b>Amortisation and impairment losses end of year</b> | <b>(7,286,518)</b>                          | <b>(301,754)</b>                        | <b>0</b>                                      |
| <b>Carrying amount end of year</b>                    | <b>5,857,227</b>                            | <b>1,219,916</b>                        | <b>504,303</b>                                |

## 8 Development projects

Completed development projects include the Company's webpage, products and other IT equipments with a carrying amount of DKK 5,857,227 which are used for customers to place orders.

Development projects in progress include product development of a new generation of an existent product group, with a carrying amount of DKK 504,303.

## 9 Property, plant and equipment

|   | Plant and<br>machinery<br>DKK | Other fixtures<br>and fittings,<br>tools and<br>equipment<br>DKK |
|---|-------------------------------|--|
| Cost beginning of year                                | 1,606,127                     | 1,503,274  |
| Additions   | 254,880                       | 200,988  |
| Disposals   | (1,093,479)                   | (230,490)  |
| <b>Cost end of year</b>                               | <b>767,528</b>                | <b>1,473,772</b>   |
| Depreciation and impairment losses beginning of year  | (1,551,679)                   | (1,351,539)  |
| Depreciation for the year                             | (39,852)                      | (115,519)  |
| Reversal regarding disposals                          | 1,093,479                     | 230,490  |
| <b>Depreciation and impairment losses end of year</b> | <b>(498,052)</b>              | <b>(1,236,568)</b>   |
| <b>Carrying amount end of year</b>                    | <b>269,476</b>                | <b>237,204</b>   |

## 10 Financial assets

|   | Investments<br>in group<br>enterprises<br>DKK | Deposits<br>DKK |
|---|---|-----------------|
| Cost beginning of year  | 4,641,158                                     | 300,000         |
| <b>Cost end of year</b>   | <b>4,641,158</b>                              | <b>300,000</b>  |
| Revaluations beginning of year                                      | 4,358,126                                     | 0               |
| Exchange rate adjustments   | 24,393  | 0               |
| Amortisation of goodwill  | (226,202)                                     | 0               |
| Share of profit/loss for the year                                   | 3,684,206                                     | 0               |
| Dividend  | (361,400)                                     | 0               |
| Investments with negative equity value depreciated over receivables | 3,439,842                                     | 0               |
| <b>Revaluations end of year</b>                                     | <b>10,918,965</b>                             | <b>0</b>        |
| <b>Carrying amount end of year</b>                                  | <b>15,560,123</b>                             | <b>300,000</b>  |
| Goodwill or negative goodwill recognised during the financial year  | 904,811                                       |                 |

A specification of investments in subsidiaries is evident from the notes to the consolidated financial statements.

## 11 Prepayments

Prepayments under assets consists of costs incurred which relates to future accounting periods.

## 12 Deferred tax

|                               | <b>2022</b>    | <b>2021</b>  |
|-------------------------------|----------------|--------------|
|                               | <b>DKK</b>     | <b>DKK</b>   |
| Intangible assets             | 1,667,919      | 1,535,040    |
| Property, plant and equipment | (65,464)       | (78,206)     |
| Inventories                   | 137,319        | (1,447,710)  |
| Tax losses carried forward    | (757,050)      | 0            |
| <b>Deferred tax</b>           | <b>982,724</b> | <b>9,124</b> |

|                                      | <b>2022</b>    | <b>2021</b>  |
|--------------------------------------|----------------|--------------|
|                                      | <b>DKK</b>     | <b>DKK</b>   |
| <b>Changes during the year</b>       |                |              |
| Beginning of year                    | 9,124          | 1,073,665    |
| Recognised in the income statement   | 1,292,192      | (1,064,541)  |
| Adjustment concerning previous years | (318,592)      | 0            |
| <b>End of year</b>                   | <b>982,724</b> | <b>9,124</b> |

## 13 Provisions for investments in group enterprises

The provision relates to negative equity in the subsidiaries.

## 14 Unrecognised rental and lease commitments

|   | <b>2022</b> | <b>2021</b> |
|---|-------------|-------------|
|   | <b>DKK</b>  | <b>DKK</b>  |
| Total liabilities under rental or lease agreements until maturity | 2,475,348   | 3,003,000   |

## 15 Contingent liabilities

The Entity serves as the administration company in a Danish joint taxation arrangement. According to the joint taxation provisions of the Danish Corporation Tax Act, the Entity is therefore liable for income taxes etc. for the jointly taxed entities, and also for obligations, if any, relating to the withholding of tax on interest, royalties and dividends for these entities.

## 16 Assets charged and collateral

As security for bank commitment, a business charge at the amount of DKK 42,875 thousand has been issued with security in claims, inventories, intellectual rights and fixtures and fittings, tools and equipment.

# Accounting policies

## Reporting class

This annual report has been prepared in accordance with the provisions of the Danish Financial Statements Act governing reporting class C enterprises (medium).

The accounting policies applied to these consolidated financial statements and parent financial statements are consistent with those applied last year.

## Material errors in previous years

Management has identified an error in the amount for goods in transit which affects both the Parent Company and the Group. This means that inventory and trade payables have been overstated in 2021 by DKK 1.6 million. The error did not affect the profit and loss account and equity.

The error has been corrected through a restatement of the comparative figures for 2021.

## Recognition and measurement

Assets are recognised in the balance sheet when it is probable as a result of a prior event that future economic benefits will flow to the Entity, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when the Entity has a legal or constructive obligation as a result of a prior event, and it is probable that future economic benefits will flow out of the Entity, and the value of the liability can be measured reliably.

On initial recognition, assets and liabilities are measured at cost. Measurement subsequent to initial recognition is effected as described below for each financial statement item.

Anticipated risks and losses that arise before the time of presentation of the annual report and that confirm or invalidate affairs and conditions existing at the balance sheet date are considered at recognition and measurement.

Income is recognised in the income statement when earned, whereas costs are recognised by the amounts attributable to this financial year.

## Consolidated financial statements

The consolidated financial statements comprise the Parent and the group enterprises (subsidiaries) that are controlled by the Parent. Control is achieved by the Parent, either directly or indirectly, holding more than 50% of the voting rights or in any other way possibly or actually exercising controlling influence. Enterprises in which the Group, directly or indirectly, holds between 20% and 50% of the voting rights and exercises significant, but not controlling, influence are regarded as associates.

## Basis of consolidation

The consolidated financial statements are prepared on the basis of the financial statements of the Parent and its subsidiaries. The consolidated financial statements are prepared by combining uniform items. On consolidation, intra-group income and expenses, intra-group accounts and dividends as well as profits and losses on transactions between the consolidated enterprises are eliminated. The financial statements used for

consolidation have been prepared applying the Group's accounting policies.

Subsidiaries' financial statement items are recognised in full in the consolidated financial statements.

Investments in subsidiaries are offset at the pro rata share of such subsidiaries' net assets at the acquisition date, with net assets having been calculated at fair value.

### **Foreign currency translation**

On initial recognition, foreign currency transactions are translated applying the exchange rate at the transaction date. Receivables, payables and other monetary items denominated in foreign currencies that have not been settled at the balance sheet date are translated using the exchange rate at the balance sheet date. Exchange differences that arise between the rate at the transaction date and the rate in effect at the payment date, or the rate at the balance sheet date, are recognised in the income statement as financial income or financial expenses.

When recognising foreign subsidiaries and associates that are independent entities, the income statements are translated at average exchange rates for the months that do not significantly deviate from the rates at the transaction date. Balance sheet items are translated using the exchange rates at the balance sheet date. Goodwill is considered belonging to the independent foreign entity and is translated using the exchange rate at the balance sheet date. Exchange differences arising out of the translation of foreign subsidiaries' equity at the beginning of the year at the balance sheet date exchange rates and out of the translation of income statements from average rates to the exchange rates at the balance sheet date are recognised directly in the translation reserve in equity.

Exchange adjustments of outstanding accounts with independent foreign subsidiaries, which are considered part of the total investment in the subsidiary in question, are recognised directly in the translation reserve in equity.

When recognising foreign subsidiaries that are integral entities, monetary assets and liabilities are translated using the exchange rates at the balance sheet date. Non-monetary assets and liabilities are translated at the exchange rate at the time of acquisition or the time of any subsequent revaluation or writedown. The items of the income statement are translated at the average rates of the months; however, items deriving from non-monetary assets and liabilities are translated using the historical rates applicable to the relevant non-monetary items.

### **Income statement**

#### **Gross profit or loss**

Gross profit or loss comprises revenue, changes in inventories of finished goods and work in progress, own work capitalised, other operating income, costs of raw materials and consumables and external expenses.

#### **Revenue**

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

Income from the sale of goods for resale and finished goods, is recognised in revenue when the most significant rewards and risks have been transferred to the buyer and provided the income can be measured reliably and payment is expected to be received. The date of the transfer of the most significant rewards and risks is based on standardised terms of delivery based on Incoterms® 2010. Revenue is measured at the fair value of the agreed consideration excluding VAT and taxes charged on behalf of third parties. All discounts and rebates granted are recognised in revenue.

**Own work capitalised**

Own work capitalised comprises staff costs and other costs incurred in the financial year and recognised in cost for proprietary intangible assets and property, plant and equipment.

**Other operating income**

Other operating income comprises income of a secondary nature as viewed in relation to the Entity's primary activities.

**Cost of sales**

Cost of sales comprises goods consumed in the financial year measured at cost, adjusted for ordinary inventory writedowns.

**Costs of raw materials and consumables**

Costs of raw materials and consumables comprise the consumption of raw materials and consumables for the financial year after adjustment for changes in inventories of these goods from the beginning to the end of the year. This item includes shrinkage, if any, and ordinary writedowns of the relevant inventories.

**Other external expenses**

Other external expenses include expenses relating to the Entity's ordinary activities, including expenses for premises, stationery and office supplies, marketing costs, etc. This item also includes writedowns of receivables recognised in current assets.

**Staff costs**

Staff costs comprise wages and salaries, and social security contributions, pension contributions, etc. for entity staff.

**Depreciation, amortisation and impairment losses**

Depreciation, amortisation and impairment losses relating to plant and equipment and intangible assets comprise depreciation, amortisation and impairment losses for the financial year, and gains and losses from the sale of intangible assets and plant and equipment.

**Income from investments in group enterprises**

Income from investments in group enterprises comprises the pro rata share of the individual enterprises' profit/loss after full elimination of intra-group profits or losses.

**Other financial income**

Other financial income comprises dividends etc. received on other investments, interest income, including interest income on receivables from group enterprises, net capital or exchange gains on securities, payables and transactions in foreign currencies, amortisation of financial assets, and tax relief under the Danish Tax Prepayment Scheme etc.

**Other financial expenses**

Other financial expenses comprise interest expenses, including interest expenses on payables to group enterprises, net capital or exchange losses on securities, payables and transactions in foreign currencies, amortisation of financial liabilities, and tax surcharge under the Danish Tax Prepayment Scheme etc.

**Tax on profit/loss for the year**

Tax for the year, which consists of current tax for the year and changes in deferred tax, is recognised in the income statement by the portion attributable to the profit for the year and recognised directly in equity by the

portion attributable to entries directly in equity.

The Parent is jointly taxed with all of its Danish group enterprises. The current Danish income tax is allocated among the jointly taxed entities proportionally to their taxable income (full allocation with a refund concerning tax losses).

## Balance sheet

### Goodwill

Goodwill is the positive difference between cost and fair value of assets and liabilities arising from acquisitions. Goodwill is amortised straight-line over its estimated useful life, which is fixed based on the experience gained by Management for each business area. Useful lives are reassessed annually. The amortisation periods used are 10 years.

Goodwill is written down to the lower of recoverable amount and carrying amount.

### Intellectual property rights etc.

Intellectual property rights etc. comprise development projects completed and in progress with related intellectual property rights, acquired intellectual property rights and prepayments for intangible assets.

Development projects on clearly defined and identifiable products and processes, for which the technical rate of utilisation, adequate resources and a potential future market or development opportunity in the enterprise can be established, and where the intention is to manufacture, market or apply the product or process in question, are recognised as intangible assets. Other development costs are recognised as costs in the income statement as incurred. When recognising development projects as intangible assets, an amount equalling the costs incurred less deferred tax is taken to equity in the reserve for development costs that is reduced as the development projects are amortised and written down.

The cost of development projects comprises costs such as salaries and amortisation that are directly and indirectly attributable to the development projects.

Indirect production costs in the form of indirectly attributable staff costs and amortisation of intangible assets and depreciation on property, plant and equipment used in the development process are recognised in cost based on time spent on each project.

Completed development projects are amortised on a straight-line basis using their estimated useful lives which are determined based on a specific assessment of each development project. If the useful life cannot be estimated reliably, it is fixed at 10 years. For development projects protected by intellectual property rights, the maximum period of amortisation is the remaining duration of the relevant rights. The amortisation periods used are 3-5 years.

Intellectual property rights acquired are measured at cost less accumulated amortisation. Patents are amortised on a straight-line basis over their remaining duration, and licences are amortised on a straight-line basis over the term of the agreement.

Intellectual property rights etc. are written down to the lower of recoverable amount and carrying amount.

### Property, plant and equipment

Plant and machinery, and other fixtures and fittings, tools and equipment are measured at



cost less accumulated depreciation and impairment losses.

Cost comprises the acquisition price, costs directly attributable to the acquisition and preparation costs of the asset until the time when it is ready to be put into operation.

The basis of depreciation is cost less estimated residual value after the end of useful life. Straight-line depreciation is made on the basis of the following estimated useful lives of the assets:

|  | <b>Useful life</b> |
|--|--------------------|
| Plant and machinery                              | 5                  |
| Other fixtures and fittings, tools and equipment | 3                  |

Estimated useful lives and residual values are reassessed annually.

Items of property, plant and equipment are written down to the lower of recoverable amount and carrying amount.

### **Investments in group enterprises**

Investments in group enterprises are recognised and measured in the parent financial statements according to the equity method. This means that investments are measured at the pro rata share of the enterprises' equity value plus unamortised goodwill and plus or minus unrealised intra-group profits or loss. Reference is made to the above section on business combinations for more details about the accounting policies applied to acquisitions of investments in group enterprises.

Group enterprises with negative equity value are measured at DKK 0. Any receivables from these enterprises are written down to net realisable value based on a specific assessment. If the Parent has a legal or constructive obligation to cover the liabilities of the relevant enterprise, and it is probable that such obligation will involve a loss, a provision is recognised that is measured at present value of the costs necessary to settle the obligations at the balance sheet date.

Upon distribution of profit or loss, net revaluation of investments in group enterprises is transferred to the reserve for net revaluation according to the equity method in equity.

Goodwill is the difference between cost of investments and fair value of the pro rata share of assets and liabilities arising from acquisitions. Goodwill is amortised straight-line over its estimated useful life, which is fixed based on the experience gained by Management for each business area. Useful lives are reassessed annually. The amortisation periods used are 8 years.

Investments in group enterprises are written down to the lower of recoverable amount and carrying amount.

### **Inventories**

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

Cost consists of purchase price plus delivery costs.

Indirect production costs comprise indirect materials and labour costs, costs of maintenance of, depreciation on machinery, factory buildings and equipment used in the manufacturing process, and costs of factory administration and management. Finance costs are not included in cost.

The net realisable value of inventories is calculated as the estimated selling price less completion costs and costs incurred to execute sale.

**Receivables**

Receivables are measured at amortised cost, usually equalling nominal value, less writedowns for bad and doubtful debts.

**Deferred tax**

Deferred tax is recognised on all temporary differences between the carrying amount and the tax-based value of assets and liabilities, for which the tax-based value is calculated based on the planned use of each asset. However, no deferred tax is recognised for amortisation of goodwill disallowed for tax purposes and temporary differences arising at the date of acquisition that do not result from a business combination and that do not have any effect on profit or loss or on taxable income.

Deferred tax assets, including the tax base of tax loss carryforwards, are recognised in the balance sheet at their estimated realisable value, either as a set-off against deferred tax liabilities or as net tax assets.

**Tax payable or receivable**

Current tax payable or receivable is recognised in the balance sheet, stated as tax computed on this year's taxable income, adjusted for prepaid tax.

**Joint taxation contributions payable or receivable**

Current joint taxation contributions payable or receivable are recognised in the balance sheet, stated as tax computed on this year's taxable income, adjusted for prepaid tax. For tax losses, joint taxation contributions receivable are only recognised if such losses are expected to be used under the joint taxation arrangement.

**Prepayments**

Prepayments comprise incurred costs relating to subsequent financial years. Prepayments are measured at cost.

**Cash**

Cash comprises cash in hand and bank deposits.

**Other provisions**

Other provisions comprise anticipated costs of non-recourse guarantee commitments, returns, loss on contract work in progress, decided and published restructuring, etc.

Other provisions are recognised and measured as the best estimate of the expenses required to settle the liabilities at the balance sheet date. Provisions that are estimated to mature more than one year after the balance sheet date are measured at their discounted value.

**Other financial liabilities**

Other financial liabilities are measured at amortised cost, which usually corresponds to nominal value.

**Prepayments received from customers**

Prepayments received from customers comprise amounts received from customers prior to delivery of the goods agreed or completion of the service agreed.

**Deferred income**

Deferred income comprises income received for recognition in subsequent financial years. Deferred income is measured at cost.

**Cash flow statement**

The cash flow statement shows cash flows from operating, investing and financing activities, and cash and cash equivalents at the beginning and the end of the financial year.

Cash flows from operating activities are presented using the indirect method and calculated as the operating profit/loss adjusted for non-cash operating items, working capital changes, and financial income, financial expenses and income tax paid.

Cash flows from investing activities comprise payments in connection with acquisition and divestment of enterprises, activities and fixed asset investments, and purchase, development, improvement and sale, etc. of intangible assets and property, plant and equipment.

Cash flows from financing activities comprise changes in the size or composition of the contributed capital and related costs, and the raising of loans, repayments of interest-bearing debt, including lease liabilities, purchase of treasury shares and payment of dividend.

Cash and cash equivalents comprise cash.