Danelec

Value from maritime data

Annual Report 2022/23

1 July 2022 – 30 June 2023

Contents

Photos: Unsplash.com and iStock.com

Danelec at a Glance

We are a global leader within maritime Safety, Data Colletion and Ship Performance Monitoring

We are headquartered in Denmark with local offices in the most important shipping markets and a worldwide reach through a global network of partners and agents.

20+ years of know-how with maritime data collection technology and **40+ years** of ship performance monitoring.

We **develop software solutions** to improve safety, cost and performance of marine operations as a leading manufacturer of Voyage Data Recorders (VDR), Shaft Power Meters, and provider of IoT infrastructure and Ship Performance Monitoring solutions.

Our **products** are based on an application-specific design ensuring extreme reliability and dependable operation of your vessel.

Our **Ship Performance Monitoring** solutions unlock significant financial and operational advantages by enabling the optimum balance between fuel consumption, power out-put and ship speed, while reducing greenhouse gas (GHG) emissions.

EBITDA Growth	Revenue Growth	Organic Revenue Growth
100.6%	**76.7%**	**57.4%**
Offices	Install base	Partners
9	**14K**	**175**
Years in market	Employees	Technicians
44	**120**	**600**

Market Outlook

The Maritime Industry is Charting a Transformative Course
The maritime industry is charting a transformative course, increasingly steadfast in its commitment to sustainability. This mission gains momentum from the convergence of two powerful drivers: the demand for a greener future and the abundant business potential inherent in steering the maritime sector toward greater efficiency.

However, macro uncertainties—the threat of recession, geopolitical volatility, crew shortages, escalation of operational costs, and fluctuations in cargo demand—affect all aspects of operations.

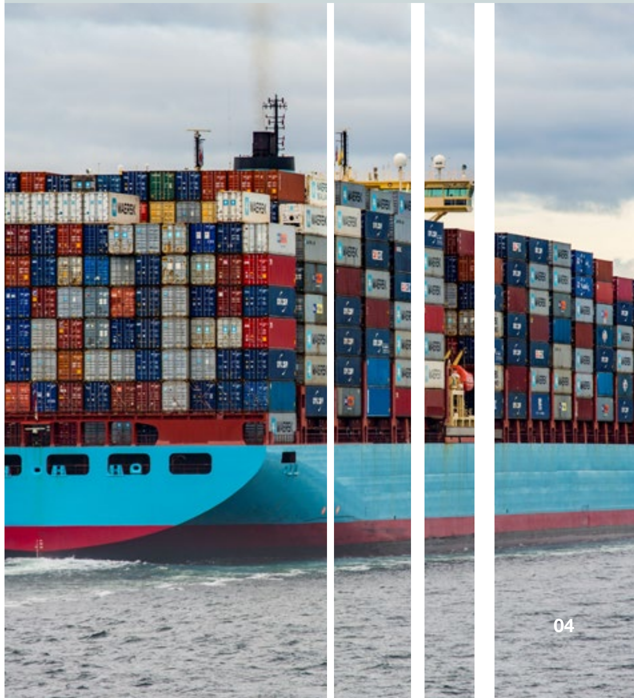
Altogether, the maritime industry stands before a horizon of drastic change-factors that will – not only challenge the way we've been shipping for decades – but radically transform our entire sector.

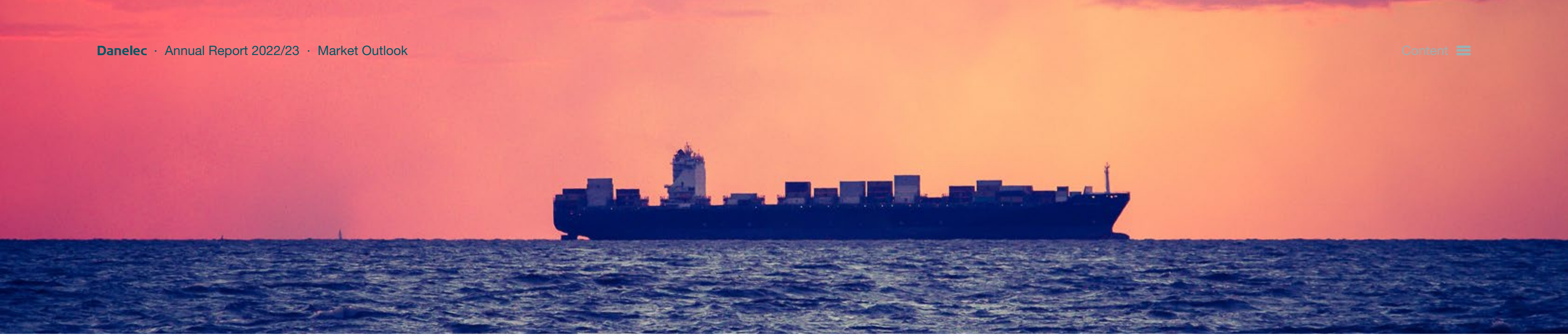
IMO Defines the Pace to Net-Zero Shipping
With the ink barely dry, an updated strategy from the International Maritime Organisation (IMO) defines the path to net-zero shipping. The revised strategy from IMO provides the maritime industry with a clear, long-term objective alongside a number of indicative checkpoints. On the one hand, we can celebrate that we, as an industry, now have a common lighthouse to navigate towards. On the other hand, IMO leaves it up to the industry to define the concrete actions that will enable the maritime sector to reach net-zero, let alone the first checkpoint of 30% CO2 reductions by 2030.

Mandatory Efficiency Regulations Spark Urgent Need for Compliance
Amendments to MARPOL Annex VI, which were established within the Initial IMO Strategy on Reduction of GHG Emissions from Ships in 2018, came into effect on November 1, 2022.

These adjustments, both technical and operational in nature, necessitate ships to enhance their energy efficiency in the near term, consequently leading to a reduction in their emissions of greenhouse gases. Starting from January 1, 2023, it is obligatory for all vessels to compute their Attained Energy Efficiency Existing Ship Index (EEXI) to evaluate their energy efficiency and commence

> Altogether, the maritime industry stands before a horizon of drastic change-factors that will – not only challenge the way we've been shipping for decades – but radically transform our entire sector.





the collection of data for reporting their annual operational carbon intensity indicator (CII) and CII rating.

With Shaft Power Limitation as one of the suggested methods to lower CO_2 emissions, the demand for solutions has seen a significant increase during the past 12 months.

New Regulations Illuminates a Massive Transition Gap

Environmental regulations and initiatives, recently accelerated further by the updated IMO agreement to reach carbon neutrality by 2050, sets an unswerving course for the maritime industry to drastically reducing its footprint.

The updated strategy from IMO sets the ambition for the industry at large and was presented with several milestones that will pace further compliance. While clean technologies, alternative fuels, and dual-fuel vessels rightfully take the spotlight, it's essential to recognize that our path towards net-zero hinge on more than the industry's ability to replace the current global fleet.

According to a recent report from UNCTAD[1], the average age of a commercial fleet is 21.9 years. In practice, this leaves us with a transition gap of upwards 30 years to fully transform the current global fleet. In short, complying to the IMO's recently defined route to net-zero will require alternative measures.

The Route to Maritime Sustainability Stands on the Shoulders of Digitalization

While the route to net-zero calls for digitalization, the shipping industry still lags behind on key digital parameters to enable for the green transition, prompt decision making, operational and cost efficiencies, and improved performance. With lacking digitalization, the maritime industry is in critical need for a strong infrastructure to provide foundational data. Data that can translate into the actionable insights needed to drive the sustainable transition.

However, leaning into the digitalization is easier said than done. To investigate the challenges holding back digitalization in the maritime sector, Lloyd's List[2] found that 68% of industry professionals believe the ability to digitalize existing infrastructure and retrofit vessels is challenging. So, what's standing in the way?

Several factors are challenging the digital adoption throughout the maritime sector. Lacking standardization, lacking return on investment, low data quality, cyber security and instable connectivity among others.

The lack of standardization make integration and data analysis complex and time-consuming.

[1] United Nations Conference on Trade and Development: Review of Maritime Transport, 2022

[2] Lloyd's List for Wärtsila: 'Debunking the Mythical Beasts of Maritime Digital Transformation', 2023

Different vessels, even within the same fleet, may use different systems and technologies – and as the vast majority of onboard data is still collected by pen and paper in the form of noon reports, the process of collecting and integrating data across the fleet is complicated further.

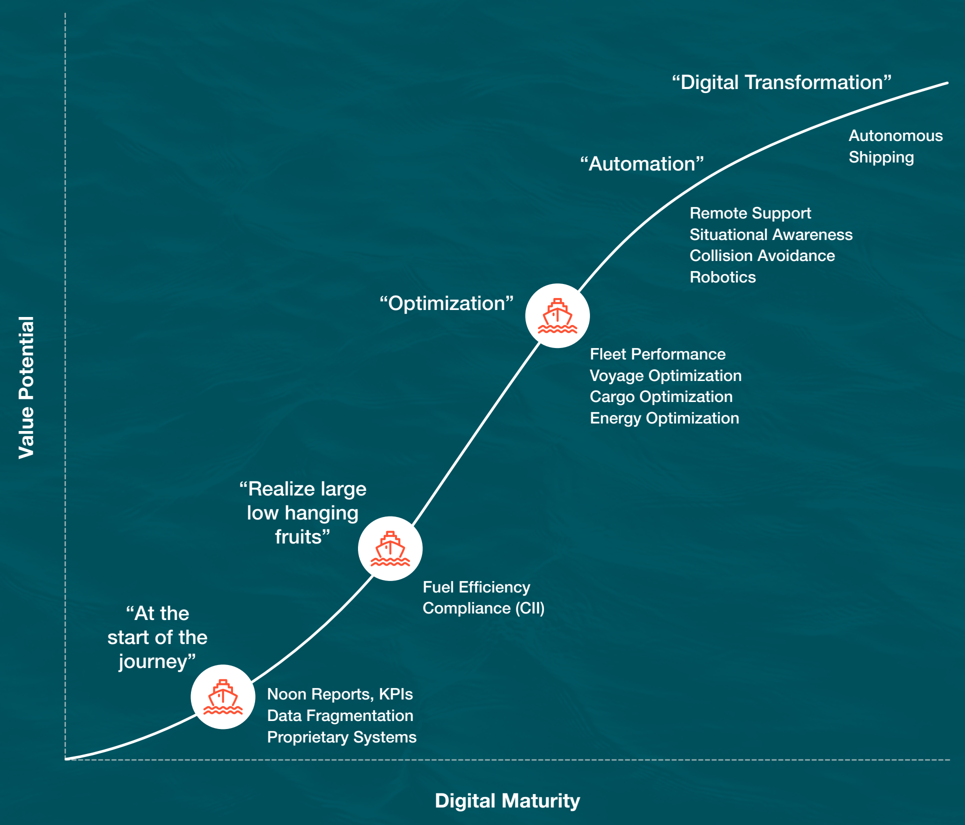
Incorrect or incomplete data sets lead to inaccurate analysis and faulty decision-making, hence leaves a valid gap in the business case. As a result, implementing data collection and management systems can seem to require a significant upfront investment without delivering the expected return. Today, more than half (56%) agree that the time and cost implications involved with digital transformation projects are simply too high.

The Digital Tides are Turning

While the voyage to fully extract the potential of digitalization, the tides for digitalization are turning. Today, 69% of shipping companies are currently exploring digital solutions.

While the demand is on the rise, a solid business case for the digitalization of the maritime sector, stands on its ability to secure a solid data foundation. Leveraging high-frequency high-quality data, will empower shipowners and charterers with transparent and accountable information, enabling them to climb the curve of digital maturity and pave the way to superior operational and technical fleet-wide improvements.

Digital Maturity



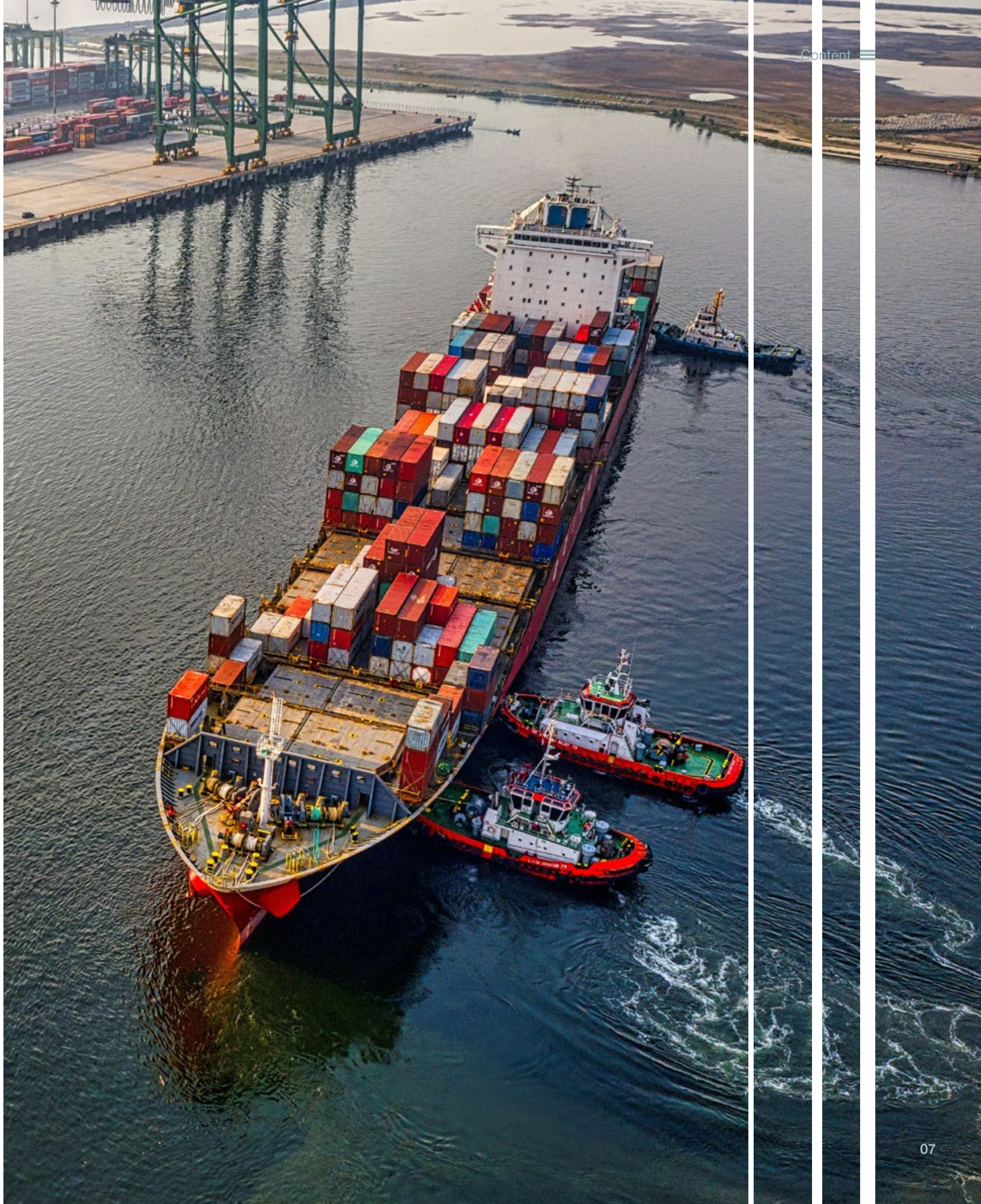
Digitalization Paves the Way for Increased Safety at Sea

While the focus on sustainability gains traction, the importance of safety at sea cannot be underestimated. Not only has the rising focus and prominence of ESG factors driving the agenda, but several high-risk accidents has also solidified the fact that the maritime sector is still among the most hazardous of all requiring a renewed emphasis on safety measures.

This is where digitalization and quality data collection play a crucial role. With the introduction novel technologies like real-time monitoring and predictive analytics based on high-frequency, high-quality data, the maritime sector will be able to proactively identify risks and prevent accidents.

Adhering to international regulations and ESG principles further enhances safety standards by fostering transparency and accountability. This concerted effort not only ensures individual vessel safety but also contributes to the overall well-being of marine ecosystems.

In summary, the parallel growth of sea safety and sustainability highlights a significant shift in maritime priorities. Utilizing digital tools and prioritizing regulatory compliance fosters a safer environment for both maritime operations and the world's oceans.



Our Business

Danelec is a global leader within maritime Safety, Data Collection and Ship Performance Monitoring enabling shipowners to report on their CO_2 emissions and optimize the performance of their fleets.

We develop software solutions to optimize safety, cost and performance of marine operations as a leading manufacturer of Voyage Data Recorders (VDR), Ship Performance Monitoring and provider of IoT infrastructure and ship performance monitoring solutions.

Danelec is committed to provide the most effective products and services that help customers meet changing regulations and to operate more efficiently through the application of data collected on board and accessed in the cloud.

With offices in Denmark, Norway, Greece, Germany, Poland, Singapore, South Korea, India, and China as well as over 600 certified service technicians in more than 50 countries worldwide, Danelec has a truly global presence ensuring reliable, cost-efficient and fast service and support to our customers anywhere.

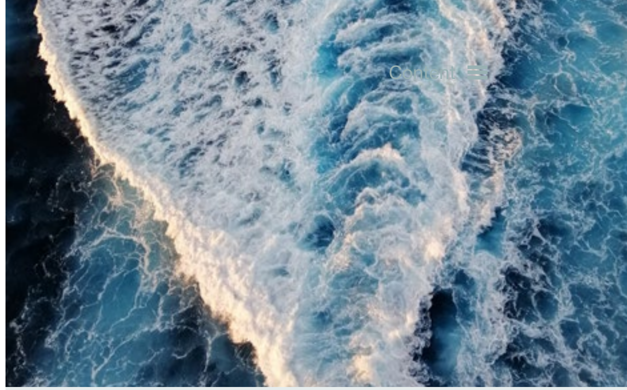
Headquartered outside of Copenhagen, Denmark, the Danelec is the world's largest maritime data collection solutions provider. Altogether, the Group is a leading provider of IoT infrastructure to the maritime industry, manufacturing market leading Voyage Data Recorders (VDR), torque meters and ship performance monitoring systems.

Danelec has more than 14,000 installations globally collecting data from equipment across the ship and providing owners and operators with high-frequency, high-quality data to efficiently manage their assets such as travel routes and vessel performance optimization, thereby vastly reducing CO_2 emissions.

Business Model

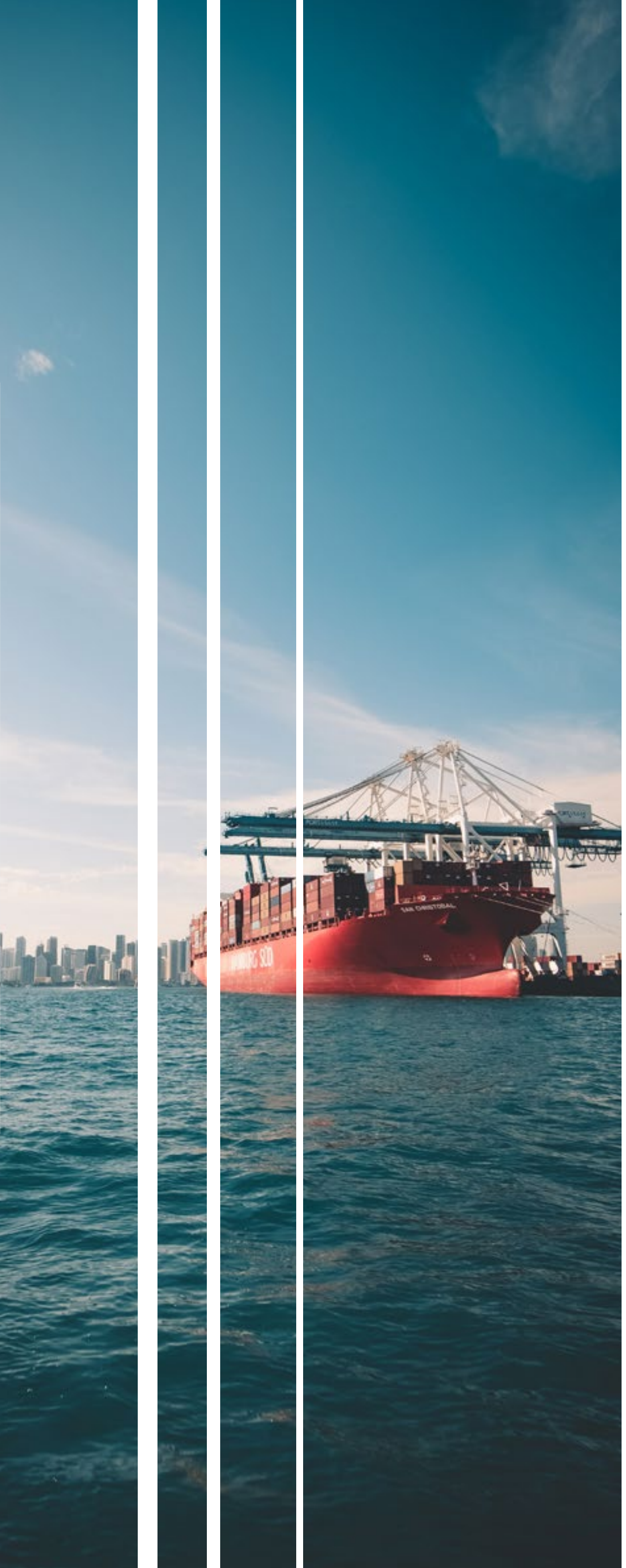
The foundation that enables our strategic efforts is our reinforcing system of multiple products that support the shipowners with valuable insights to safely navigate in today's net-zero economy.

Danelec's first ambition is to provide a solid IoT infrastructure based on high-frequency, high-quality data collection to propel the sustainable transition of the global shipping sector.



"The bedrock of our offering is a solid foundation of high-quality data that empowers the maritime sector with the right insight, to the right people, at the right time.

Casper Jensen, CEO at Danelec



As a global leader in Voyage Data Recorders, Ship Performance Monitoring systems, Danelec is working with the major shipyards supplying Shaft Power Meter as well as VDR to newbuilds and have for years been focusing heavily on reducing installation time in the retrofit market with easy upgrade kits for more than 40 different VDR models in the market.

In the Data Collection and IoT market Danelec partner with OEM companies that are looking for rugged and inexpensive infrastructure to get data on shore. This is done via an agnostic approach where the OEM can monitor the health of the key asset and thereby do preventive maintenance and at the same time reduce cost.

In addition to the OEM partnerships Danelec's data collection enables 3rd party analytic companies and shipowners to perform emission reporting and vessel performance optimization to stay compliant and to gain cost savings.

Finally, Danelec works hard to be a preferred partner with strong focus on product usability, rapid installation and cost-effective service setup.

Through strategic partnerships, Danelec's leading IoT solutions enable automatic data collection, transfer, storage, extraction and analysis of ship-2-shore data. Danelec is uniquely positioned with more than 14,000 installations.

Digital Business & IoT

Danelec continues to invest in the DanelecConnect & IoT Business, in order to strengthen the long-standing position as a leading maritime digitalization services provider. Renowned for maritime digital solutions and focused on the provision of validated, high-quality, high-frequency data, Danelec is ramping up the focus on digital business to introduce new digital products. Danelec's digital business and IoT solutions underpin the Groups overriding objective to enhance and advance digital solutions that effectively address the challenging demands of tomorrow's shipping industry, especially in the context of meeting essential new GHG emissions targets in the coming decades.

Innovation and R&D

Danelec R&D pioneered ship performance 40+ years ago in R&D in Norway. Danelec R&D has employees that works across four locations in Denmark, Norway, Poland and Ukraine.

In 2022/23, we launched a number of new innovations, helping shipowners support the shipping industry's commitment to reduce CO_2 emissions by providing accurate, regular and reliable data.

The Group holds a dominant global position within its core activities. To enable continued market leadership and growth the Group is investing significant resources in the development of new products and solutions.

Deep Domain Knowledge
Danelec provides high-tech niche products, involving a high degree of inhouse development and application knowledge. The Group continues to offer standard products that address customer's needs.

Altogether, Danelec has a high employee retention with unique skills in research and development, selling and after sales support. In addition, the Group maintains a strong collaboration with highly skilled development partners.

Our Brands
Rooted in innovation and decades of experience, our brands Danelec and Kyma has strong market position and is renowned for high quality and reliability.

In 2023, Kyma AS officially changed name to Danelec Norway AS to strengthen the coherence in our corporate brand and fully leverage the synergies of being one company. With a strong position in the market with data collection at the heart of our offering, the plan forward is to further strengthen the coherent position and increase the Groups brand awareness.

People
At Danelec, we know that our route to successful innovations and solid products fit for the market stands on the shoulders of our people. In order to attract and retain the very best professionals in business, we strive to provide a great place to work and vast opportunities to grow. We do so, by offering an inclusive culture with focus on psychological safety as a we believe that a sense of belonging increases our ability to experiment, fail fast, and push truly useful innovations to the market.

Business Ethics
At Danelec we are committed to work within the laws of business and against corruption in all its forms, by always acting professionally, fairly and with integrity. We take a zero-tolerance approach to bribery, corruption and fraud. As examples the behavior is clearly demonstrated by daily scrutinizing shipments for local legislation and potential embargo.

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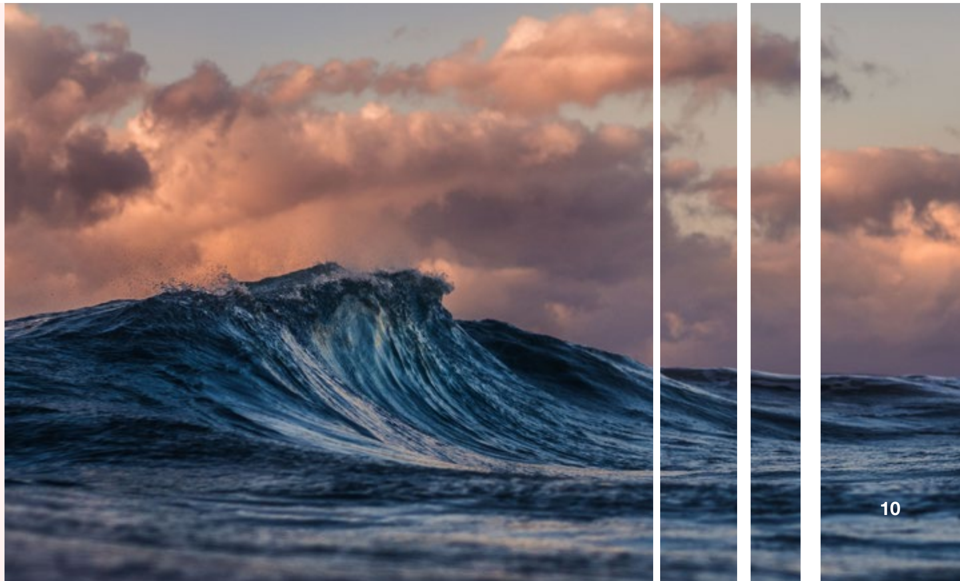
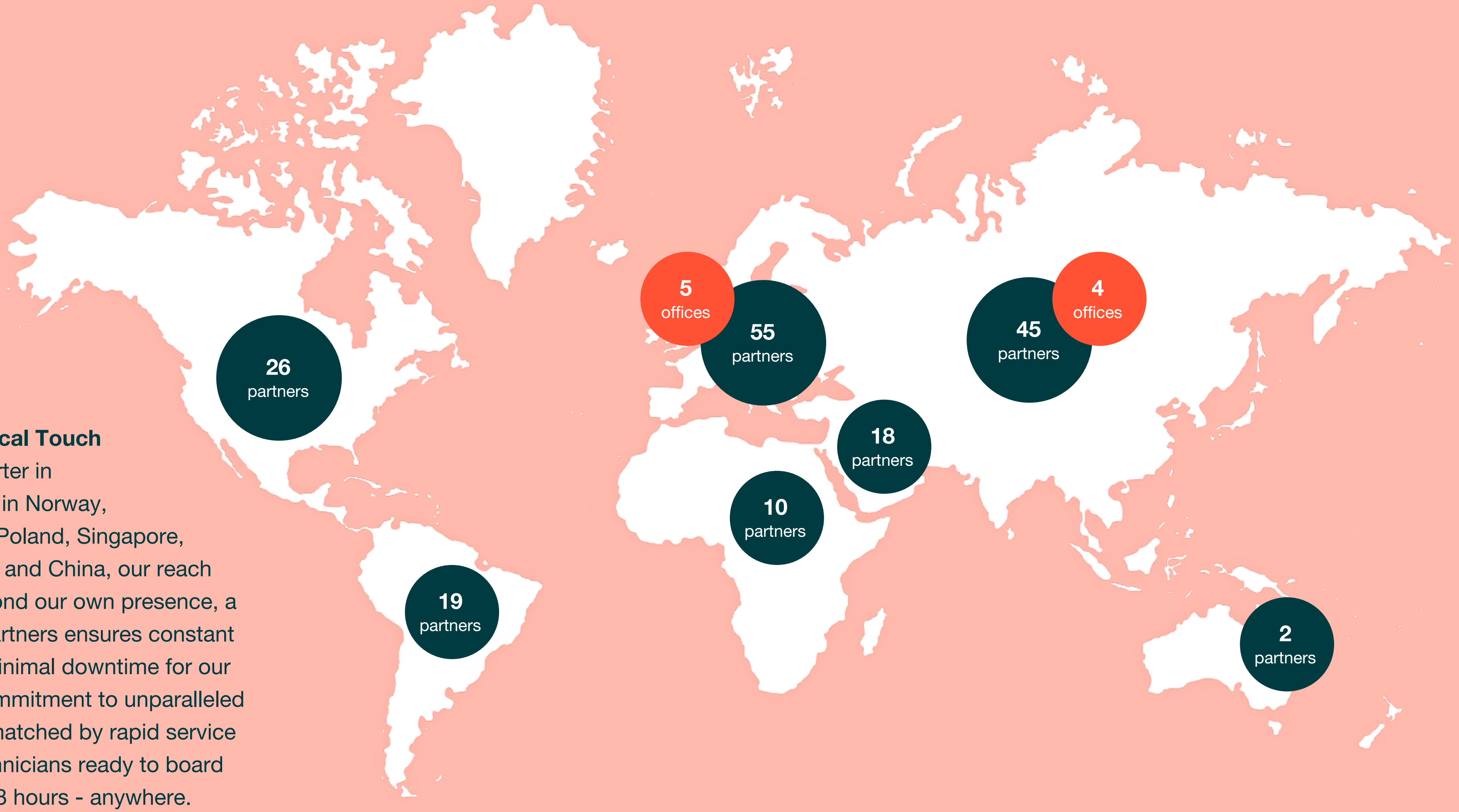
As the maritime industry ventures into an increasingly digital era, the race for sustainability and increased productivity is on.

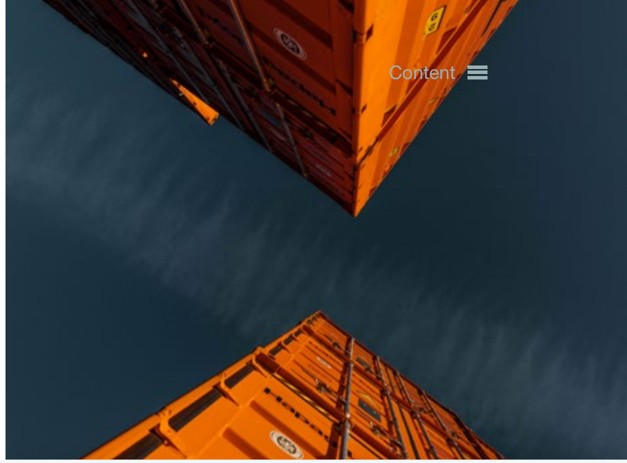
Casper Jensen, CEO at Danelec



Geographical Footprint



Global Reach - Local Touch
From our Headquarter in Denmark to offices in Norway, Greece, Germany, Poland, Singapore, South Korea, India, and China, our reach is truly global. Beyond our own presence, a network of +175 partners ensures constant accessibility and minimal downtime for our customers. Our commitment to unparalleled product quality is matched by rapid service response, with technicians ready to board any vessel within 48 hours - anywhere.



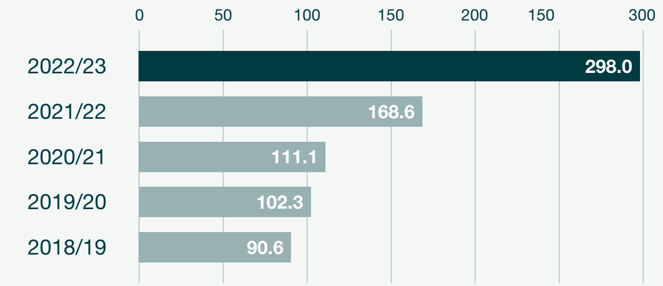
Financial Highlights

5-year consolidated financial highlights

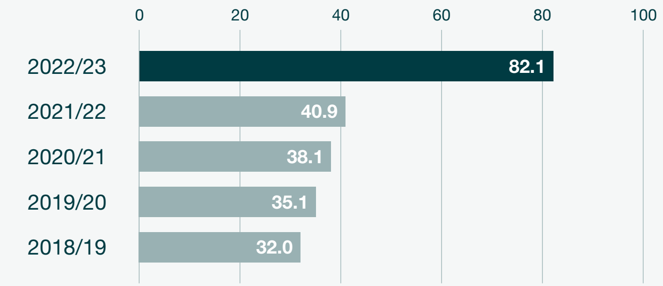
DKK million	2022/23	2021/22	2020/21	2019/20	2018/19
Income statement					
Revenue	298.0	168.6	111.1	102.3	90.6
Direct profit	180.0	103.4	71.7	54.2	48.0
Gross profit	153.8	89.0	64.1	59.1	52.0
EBITDA	82.1	40.9	38.1	35.1	32.0
Operating profit/loss (EBIT)	55.7	20.6	26.2	26.1	21.8
Net financials	-6.1	-1.9	-0.1	-0.1	-0.3
Net profit/loss for the year	38.8	16.3	21.4	20.8	16.7
Balance sheet					
Total assets	276.1	225.6	99.0	78.6	71.9
Investments in property, plant and equipment	4.3	0.4	0.6	0.5	0.5
Equity	87.9	52.8	69.6	48.1	38.0
Average number of full-time employees	84	71	30	31	28
Financial ratios					
Direct margin	60.4%	61.3%	64.5%	53.0%	53.0%
Gross margin	51.6%	52.8%	57.7%	57.8%	57.3%
Profit margin	18.7%	12.2%	23.6%	25.5%	24.1%
Current ratio	205.6%	173.5%	295.6%	199.6%	165.6%
Solvency ratio	31.8%	23.4%	70.3%	61.2%	52.9%
Return on equity	55.1%	26.6%	36.4%	48.3%	46.8%

The financial ratios have been prepared in accordance with the recommendations and guidelines issued by the Danish Society of Finance Analysts. Financial definitions are disclosed in note 22 Accounting policies.

Revenue (DKKm)



EBITDA (DKKm)



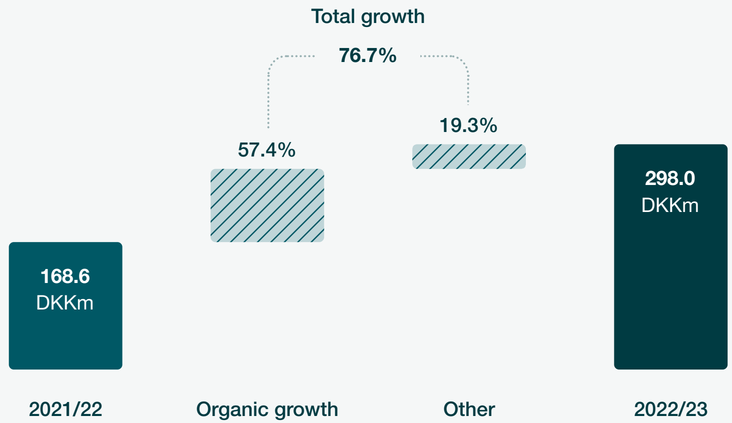
Financial Review

Income statement

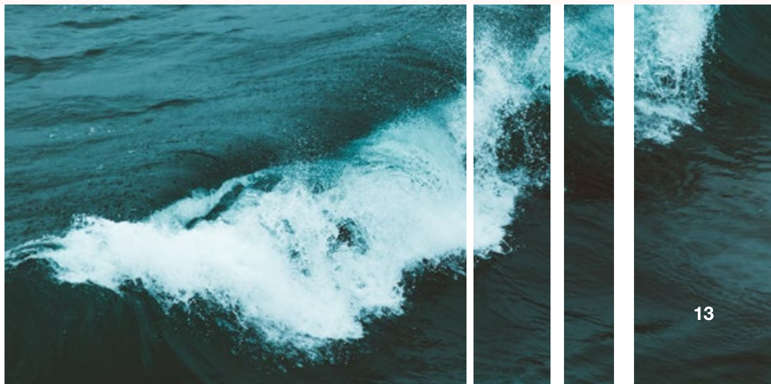
Revenue

In 2022/23, total revenue for Danelec Group amounted to DKK 298.0 million compared to DKK 168.6 million in 2021/22, corresponding to a reported growth of 76.7%. Onboarding of Danelec Norway AS impacting revenue positively with DKK 82.9 million and 19.3% growth, consequently organic growth was 57.4%. The organic growth is driven by two key drivers: The first being a rapid growth within the VDR market mainly driven by increased market share. With new regulations kicking in on Attained Energy Efficiency Existing Ship Index

Revenue growth



DKK million	2022/23	2021/22
Revenue	298.0	168.6
Own work capitalised	12.0	13.6
Cost of sales	-118.0	-65.2
Other external costs	-38.1	-28.0
Gross profit	**153.8**	**89.0**
Staff costs	-71.8	-48.1
EBITDA	**82.1**	**40.9**
Depreciation and amortisation	-26.4	-20.3
Operating profit/loss	**55.7**	**20.6**
Financial ratios		
Direct margin	60.4%	61.3%
Gross margin	51.6%	52.8%
Profit margin	18.7%	12.2%



(EEXI). Another key driver for the organic growth is the consequential demand within Ship Performance Monitoring systems. While the new regulations has provided an unexpected spike in the demand and hence in the organic growth of revenue, it is also a testament to Danelec's ability to act fast to provide the solutions the market demands.

Direct Profit

Direct profit (Gross profit before Own work capitalised and Other external costs) for the Group amounted to DKK 180.0 million in 2022/23 compared to DKK 103.4 million in 2021/22. The direct margin was 60.4%, 0.9% lower than in 2021/22, primarily due to extraordinary costs supporting growth. Direct profit slightly impacted by increase in freight rates, revaluation of discontinued products and component costs during the year.

Staff Cost

Staff cost increased by DKK 23.7 million to DKK 71.8 million in 2022/23 (24.1% of revenue) from DKK 48.1 million in 2021/22 (28.5% of revenue). Increase from acquisition of Danelec Norway AS as well as organic increase in FTE's to support growth. Danelec had 84 FTE (full-time equivalent) employees by the end of 2022/23, which is 13 more than 2021/22.

Development Cost

Total R&D spend amounted to DKK 38.6 million in 2022/23. Capitalised development costs for 2022/23 were DKK 23.8 million or 8.0% of net revenue compared to 11.6% in 2021/22. The capitalized costs primarily related to continuous development of our VDR and ship-to-shore IoT data solution to support our strategy.

EBITDA

In 2022/23, EBITDA amounted to DKK 82.1 million compared to DKK 40.9 million in 2021/22, driven by strong growth in revenue.

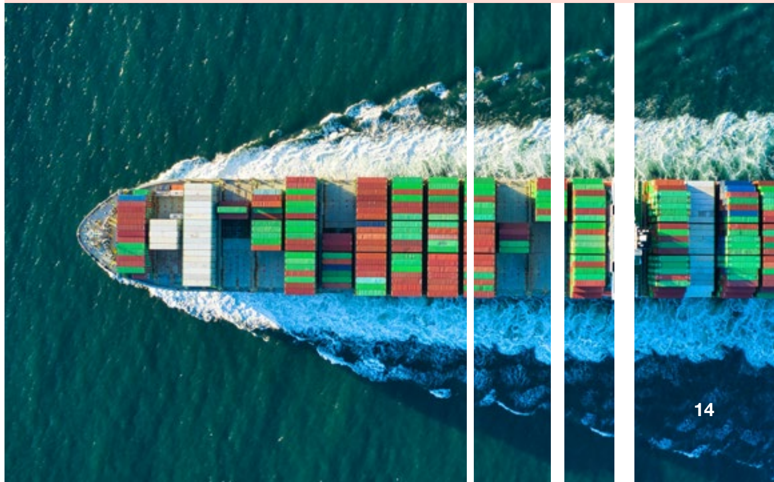
Depreciation and Amortisation

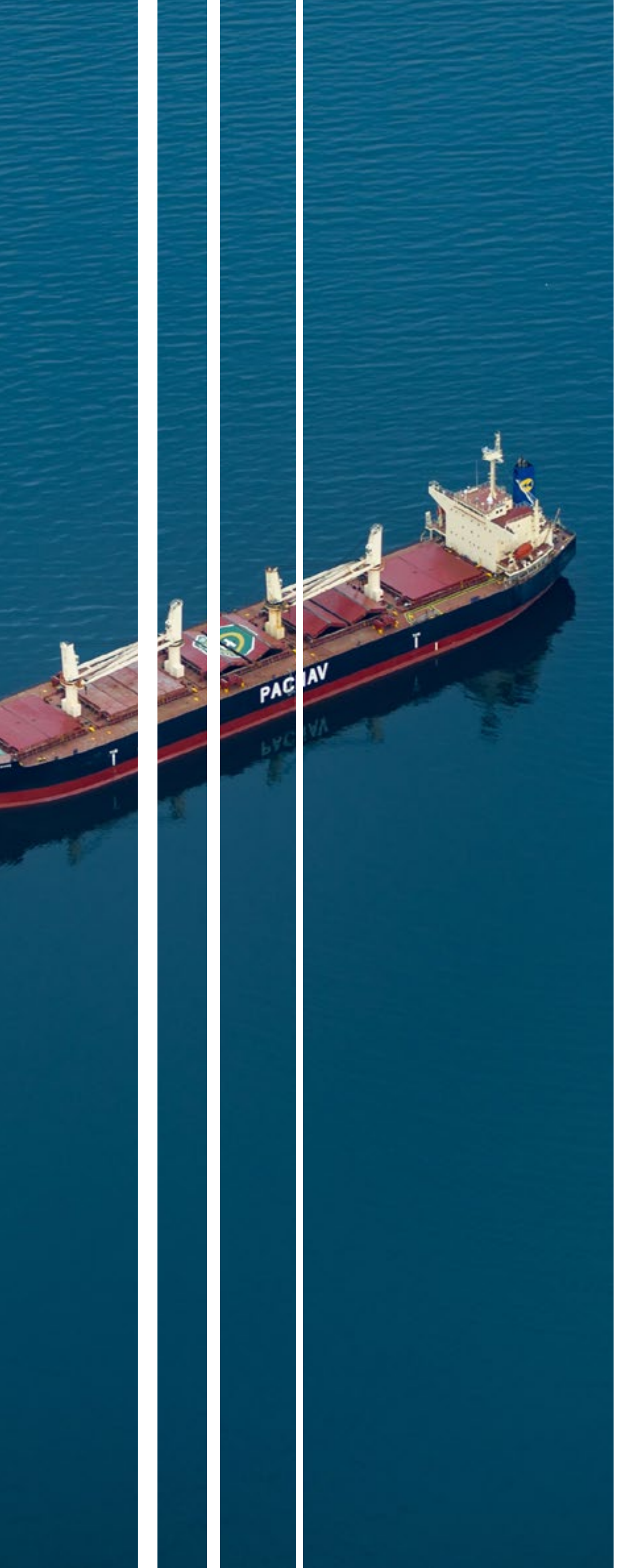
In 2022/23, depreciation and amortisation totalled DKK 26.4 million, up from DKK 20.3 million in 2021/22. The increase was mainly driven by amortisation on goodwill related to acquisition of Danelec Norway AS in December 2021.

Net Financials

Net financials was an expense of DKK 6.1 million, compared to an expense of DKK 1.9 million in 2021/22. The increase was mainly due to increasing interest rate level on loan facilities in connection with the acquisition of Danelec Norway AS.

> **In 2022/23, Danelec realised an EBITDA of DKK 82.1 million, corresponding to an increase of 100.6%. The improved operating earnings were mainly driven by improved revenue, while we continue to invest in our product offerings. Danelec stands on a strong foundation to support future growth.**
>
> **Casper Jensen, CEO**





Balance sheet and Cash flow

Tangible and Intangible Assets

At 30 June 2023, total assets amounted to DKK 276.1 million, compared to DKK 225.6 million at 30 June 2022. Total non-current assets amounted to DKK 145.7 million compared to DKK 143.3 million at 30 June 2022, an increase of DKK 2.4 million.

Total current assets amounted to DKK 130.4 million at 30 June 2023, compared to DKK 82.3 million at 30 June 2022, an increase of DKK 48.1 million related to increase in NWC due to increased activity and significant investment in inventory.

Equity

Total equity amounted to DKK 87.9 million compared to 52.8 million at the beginning of the year. The increase is related to the positive results.

Debt to Credit Institutions

Debt to credit institutions amounted to DKK 109.9 million at 30 June 2023, and comprise loan facilities in Spar Nord related to the acquisition of Danelec Norway AS in December 2021.

Cash Flow

In 2022/23, net cash flow from operating activities was DKK 41.9 million up DKK 18.4 million from 2021/22. In 2022/23, the operating cash flow was impacted by the strong results.

Cash flow from investment activities amounted to DKK -27.6 million compared to DKK -116.8 million in 2021/22 impacted by the acquisition of group enterprises, net DKK 96.8 million.

Net cash flow for the year amounted to DKK 1.0 million compared to DKK 4.3 million for 2021/22.

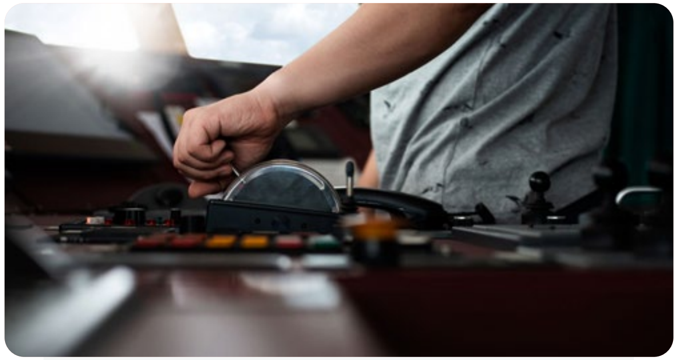
Outlook 2023/24

Danelec will continue to invest in operations and products and keep a strong focus on innovating for both existing and new markets, the outcome of these investments is expected to show results by the years to come. Strengthening our future position, as well as expecting increased revenue and improved EBITDA.

Events After the Balance Sheet Date

No significant events have occurred after the financial year-end which could significantly affect the Group's financial position.

Highlights of the Year



OCTOBER 2022

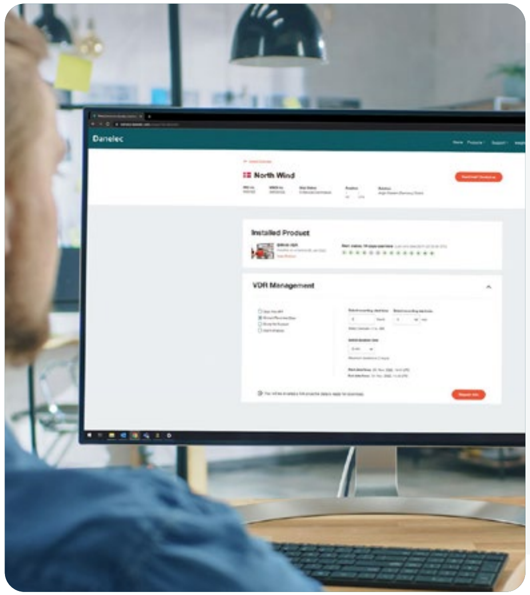
Move to new HQ

Danelec proudly unveiled a new modern headquarters, spanning 2,000 m2, just a short distance from the previous building where we were based for over two decades. The spacious, luminous office interiors, coupled with specialized training zones and high-tech testing laboratory, align seamlessly with our vision of spearheading advancements in maritime technology for the decades ahead.

SEPTEMBER 2022

Danelec launches Shaft Power Limitation (SHaPoLi) system

In a monumental stride toward sustainable maritime operations, Danelec has unveiled the Kyma SHaPoLi (Shaft Power Limitation) system. This revolutionary technology, devised to integrate effortlessly with shaft power meters from any brand, is a direct response to the impending IMO MEPC76 regulations, set in June 2021, targeting a reduction in GHG emissions by 2023.



NOVEMBER 2022

Launch of VDR Remote Services

Danelec has unveiled ground-breaking web-based Voyage Data Recorder (VDR) remote services, propelling a new era of maritime operational efficiency and safety. These state-of-the-art services empower ship managers and operators with secure remote access to onboard VDRs, allowing real-time monitoring and a vast variety of management functionalities.

MARCH 2023

Danelec and StormGeo forms strategic partnership agreement with Turkish Ship Association

Danelec proudly entered in a partnership with StormGeo, endorsed by the Turkish Shipowners' Association (TSA). This collaboration empowers over 100 TSA members with our advanced data solutions, seamlessly integrated into StormGeo's S-Suite software, aimed at accelerating fleet decarbonization, enhancing efficiency, and slashing emissions.

JUNE 2023

Danelec announces +120 vessel deal for ship performance monitoring with SeaTankers Group under Frontline Management

Danelec has seamlessly executed a ship performance monitoring solution across +120 SeaTankers Group ships, promoting fleet digitalization and an eco-friendly maritime future. Our advanced solution integrates the Kyma Shaft Power Meter, Vessel Remote Server, and DanelecConnect IoT tocentralize and streamline onboard data collection, targeting substantial fuel efficiency and reduced GHG emissions.

JUNE 2023

Danelec nominated EY Entrepreneur of the Year

We were thrilled to announce that Danelec had been nominated for the prestigious EY Entrepreneur Of The Year award, a significant honor that recognizes visionary leadership and remarkable achievement. This honor reflects our innovative technology, commitment to increasing eco-efficiency, and our notable revenue growth.

ESG & Sustainability

Shifting from a Nice-to-Have to a Business-Critical Imperative

The maritime industry is developing faster than ever. With new regulations from governing bodies and rapidly increasing consumer expectations, the pressure is increasing for all stakeholders operating within the maritime sector.

As an industry, we carry more than 90% of all global trade, and it comes with a large footprint: Altogether, our sector accounts for approximately 3% of all emissions.

To accelerate the path to net-zero, IMO released a revised strategy to bring the maritime industry to net-zero carbon emissions. Developed under the framework of the Initial IMO Strategy on Reduction of GHG Emissions from Ships agreed in 2018, the revised strategy provides concrete objectives to reach 20-30% reductions compared to 2008 levels by 2030, 70-80% by 2040, and ultimately net-zero by 2050.

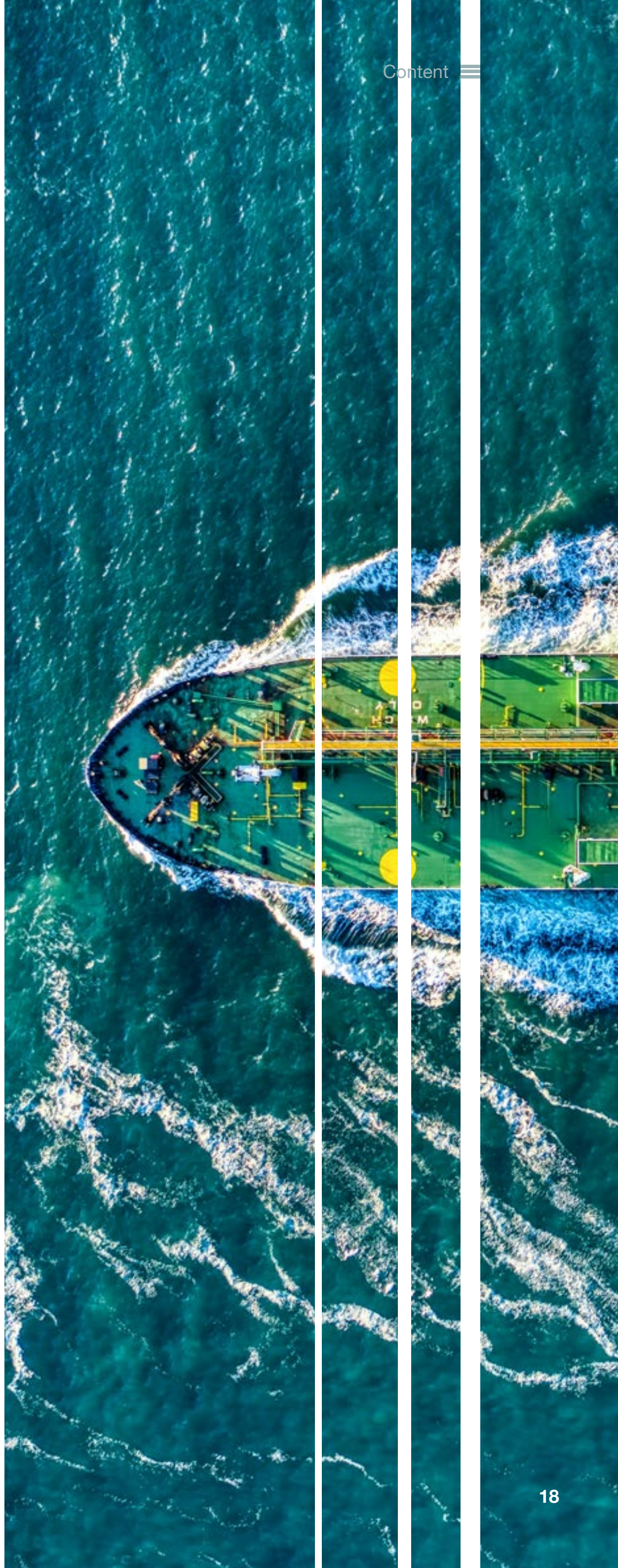
At Danelec, we firmly believe that digitalization holds the key to solving the essential challenges of sustainability, productivity, and transparency within the maritime industry.

Today, 69% of all shipping companies are exploring digital solutions. To meet the rapidly increasing demand for digitalization, securing a foundation of high frequency, high quality data is key to developing a solid foundation.

As a leading technology provider to the maritime industry, we have a central part of the solution. Our data collection plays a vital role in ship owners' ability to save fuel, optimize their operation, and, more importantly, be compliant with CO_2, SO_2, and other emission reporting requirements.

Along with our impact on the broader market's ability to push for progress on both the sustainability and safety agenda, we have also defined a number of concrete Sustainable Development Goals (SDGs) for reporting on our internal business. In cooperation with our lead investor, Verdane, we have defined a set of ambitious targets including the UN 2030 ESG targets.

Read more on the concrete ESGs on the following page.



Respecting the planet

– 60%

GHG-scope 1-3 intensity reduction by 2030 vs 2021 baseline

Being the best companies to work, for everyone

40%

Underrepresented groups ind BoD & Mgmt

>30

Minimum eNPS score

Creating secure and responsible companies

Cyber related initiatives not publicity communicated given sensitivities

Respecting the planet

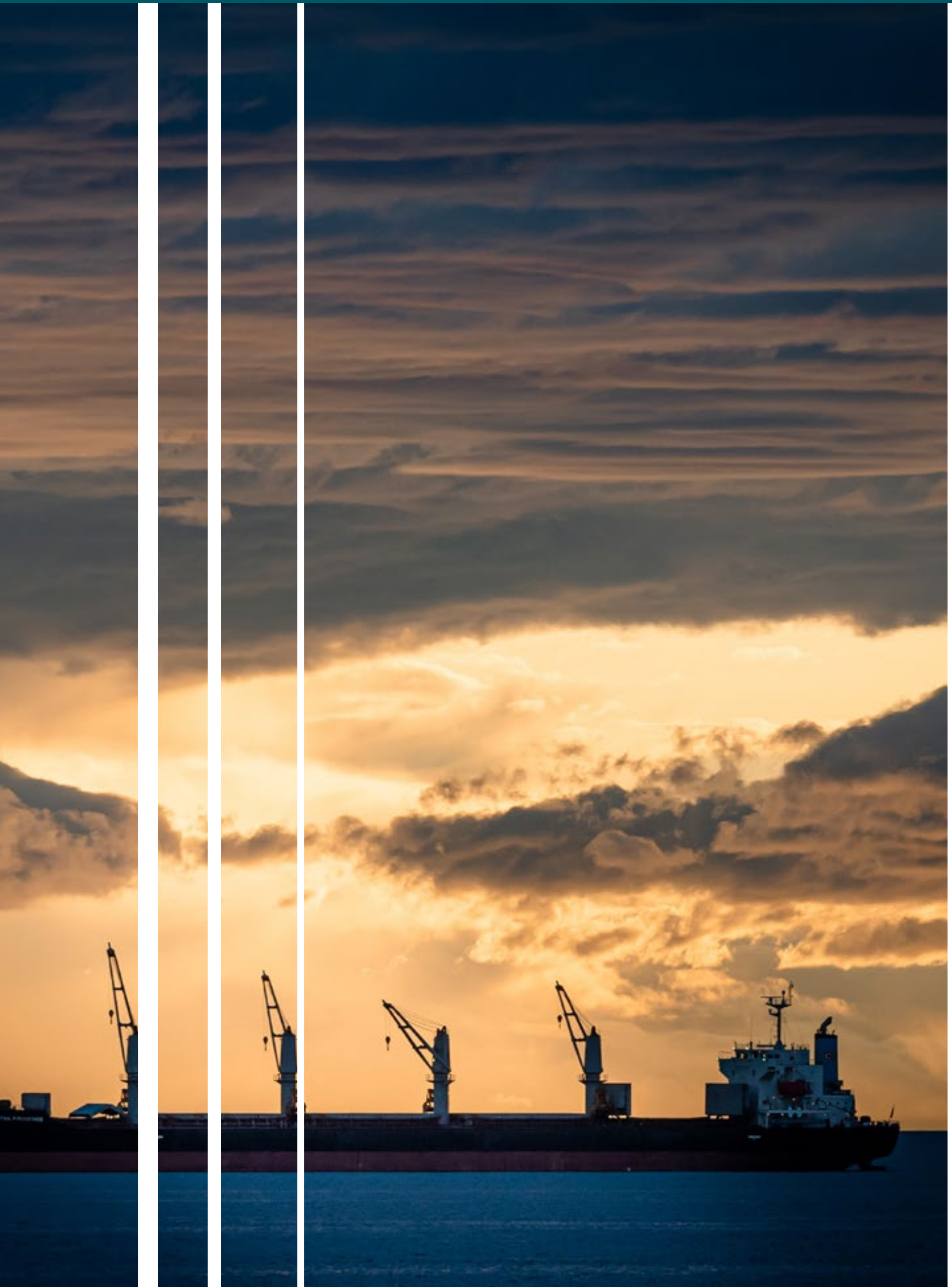
The next decade is crucial if we are to limit the disastrous effects of global warming, with the scientific community unanimously agreed on the need to reduce global carbon emissions by 50% before 2030. We believe carbon and other externalities will be increasingly priced in going forward, and businesses minimising these externalities or innovating to define new business models with inherently fewer externalities will be the winning businesses of the future.

Being the best companies to work, for everyone

Being the best companies to work, for everyone. Inequality and the fight for fair working conditions present a massive global challenge. At the same time, attracting and retaining top talent is a huge opportunity and prerequisite for success, not least for tech-enabled and sustainable businesses amongst which the competition for talent is especially high.

Creating secure and responsible companies

Cyber crime is on the rise and protecting ourselves from its potentially disastrous consequences is becoming a prerequisite for the ability to conduct business. The probability of cyber attacks has increased, and the costs of such attacks increase with the digitalisation of all areas of the enterprise.



Financial Statements

Income statement

1 July - 30 June

		Group		Parent Company	
Note	**DKK'000**	**2022/23**	2021/22	**2022/23**	2021/22
	Revenue	298,007	168,640	182,453	135,699
	Own work capitalised	11,967	13,612	9,148	9,040
	Cost of sales	-118,010	-65,234	-68,498	-50,002
	Other external costs	-38,121	-27,999	-32,090	-21,594
	Gross profit	**153,843**	**89,019**	**91,013**	**73,143**
2	Staff costs	-71,750	-48,098	-43,652	-32,328
	Operating profit before depreciation, amortisation and impairment losses	**82,093**	**40,921**	**47,361**	**40,815**
3	Depreciation, amortisation, and impairment losses	-26,401	-20,280	-16,006	-14,741
	Operating profit/loss	**55,692**	**20,641**	**31,355**	**26,074**
4	Other financial income	960	723	439	223
	Other financial costs	-7,013	-2,622	-6,891	-2,582
	Net profit/loss before tax	**49,638**	**18,742**	**24,904**	**23,715**
5	Tax on net profit/loss for the year	-10,877	-2,458	-5,429	-4,136
6	**Net profit/loss for the year**	**38,762**	**16,284**	**19,474**	**19,579**

Balance sheet

at 30 June

Note	DKK'000	Group 2022/23	Group 2021/22	Parent Company 2022/23	Parent Company 2021/22
	ASSETS				
	Non-current assets				
	Completed development projects	35,527	35,996	31,267	31,192
	Software	2,187	2,392	2,131	2,392
	Goodwill	71,692	80,194	-	-
	Development projects in progress	19,509	11,172	14,927	8,946
7	**Intangible assets**	128,915	129,754	48,325	42,530
	Fixtures and fittings, tools and equipment	4,224	1,353	3,672	769
8	**Property, plant and equipment**	4,224	1,353	3,672	769
9	Investments in group enterprises	-	-	106,594	106,594
	Other investments and receivables	7,642	7,719	1,488	1,540
	Trade receivables	4,938	2,495	4,938	2,495
	Deferred tax assets	-	1,969	-	-
	Other non-current assets	12,580	12,183	113,020	110,629
	Total non-current assets	145,719	143,290	165,017	153,928
	Current assets				
	Raw materials and consumables	12,158	8,353	-	-
	Work in progress	641	346	-	-
	Finished goods and goods for resale	27,205	21,616	26,350	21,151
	Inventories	40,004	30,315	26,350	21,151
	Trade receivables	55,153	28,613	18,643	14,545
	Amounts owed by group enterprises	9,544	868	15,013	4,491
	Other receivables	2,781	2,899	722	576
10	Prepayments and accrued income	4,908	1,725	1,038	1,154
	Receivables	72,387	34,105	35,416	20,766
	Cash and cash equivalents	18,030	17,920	8,737	14,457
	Total current assets	130,421	82,340	70,503	56,374
	TOTAL ASSETS	**276,140**	**225,630**	**235,520**	**210,302**

Balance sheet

at 30 June

		Group		Parent Company	
Note	**DKK'000**	**2022/23**	2021/22	**2022/23**	2021/22
	Equity and liabilities				
	Equity				
11	Share capital	10,734	10,734	10,734	10,734
	Reserve for development costs	-	-	36,031	31,309
	Translation reserve	-4,011	-320	-	-
	Retained earnings	81,193	42,431	29,169	14,417
	Total equity	87,916	52,845	75,934	56,460
	Non-current liabilities				
12	Provisions for deferred tax	13,404	9,008	9,999	9,008
13	Other provisions	7,048	6,653	893	893
14	Debt to credit institutions	104,349	109,679	104,349	109,679
	Total non-current liabilities	124,801	125,340	115,241	119,580
	Current liabilities				
14	Debt to credit institutions	5,555	5,555	5,555	5,555
	Trade payables	21,144	15,142	14,641	11,247
	Tax payables to group enterprises	7,763	6,980	7,763	6,980
	Other payables	25,077	16,119	12,860	9,594
15	Prepayments and deferred income	3,884	3,649	3,526	886
	Total current liabilities	63,423	47,445	44,345	34,262
	Total liabilities	188,224	172,785	159,586	153,842
	TOTAL EQUITY AND LIABILITIES	**276,140**	**225,630**	**235,520**	**210,302**

16 **Other non-cash adjustments**
17 **Change in working capital**
18 **Acquisition of group enterprises**
19 **Contingencies**
20 **Charges and security**
21 **Related parties**
22 **Accounting policies**

Statement of changes in equity

at 30 June

	Group			
DKK'000	Share capital	Translation reserve	Retained earnings	Total
Equity at 1 July 2022	10,734	-320	42,431	52,845
Net profit/loss for the year	-	-	38,762	38,762
Exchange rate adjustments, group enterprises	-	-3,691	-	-3,691
Equity at 30 June 2023	**10,734**	**-4,011**	**81,193**	**87,916**

	Parent Company			
DKK'000	Share capital	Reserve for development cost	Retained earnings	Total
Equity at 1 July 2022	10,734	31,309	14,417	56,460
Net profit/loss for the year	-	-	19,474	19,474
Transfer to reserve for development costs	-	4,722	-4,722	-
Equity at 30 June 2023	**10,734**	**36,031**	**26,169**	**75,934**

Cash flow statement

1 July – 30 June

Note	DKK'000	Group 2022/23	Group 2021/22
	Net profit/loss for the year	38,762	16,284
	Depreciation and amortisation	26,401	20,280
16	Other non-cash adjustments	15,142	4,929
17	Change in working capital	-29,107	-15,639
	Cash flows from operating activities before net financials	51,198	25,854
	Interest received	555	81
	Interest paid	-6,173	-2,266
	Income tax paid	-3,656	-119
	Cash flows from operating activities	41,924	23,550
	Acquisition of intangible assets	-23,755	-20,778
	Acquisition of property, plant, and equipment	-4,234	-363
18	Acquisition of group enterprises	-	-96,846
	Change in pension funds	407	1,187
	Cash flows from investment activities	-27,582	-116,800
	Borrowings of non-current liabilities	-5,330	115,234
	Borrowings to group enterprises	-8,029	14,954
	Paid ordinary dividend	-	-16,000
	Paid extraordinary dividend	-	-16,670
	Cash flows from financing activities	-13,359	97,518
	Cash flows for the year	**983**	**4,268**
	Cash and cash equivalents at 1 July	17,920	13,466
	Foreign currency translation adjustments (cash and cash equivalents)	-873	186
	Cash and cash equivalents at 30 June	**18,030**	**17,920**

Notes

1 **SPECIAL ITEMS**

Special items include significant income and expenses that have a special character in relation to the Group's earnings 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 amounts of a non-recurring nature, which, according to management's assessment, are not part of the Group's primary operations.

As reported in the management 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 year included the following costs:

	Group		Parent Company	
DKK'000	**2022/23**	2021/22	**2022/23**	2021/22
Income				
EU funding repayment	324	-	-	-
Total income	324	-	-	-
Costs				
Restructuring	25	315	25	315
Integration and transformation	4,308	1,455	3,065	538
Business set-ups and acquisitions	1,592	3,487	1,592	3,487
Total costs	5,925	5,257	4,682	4,340
Net loss from special items	**6,249**	**5,257**	**4,682**	**4,340**
Recognised in the income statement as follows:				
Revenue	324	-	-	-
Other external costs	4,236	4,100	3,696	4,025
Staff costs	1,689	1,157	986	315
Net loss from special items	**6,249**	**5,257**	**4,682**	**4,340**

Notes

DKK'000	Group 2022/23	Group 2021/22	Parent Company 2022/23	Parent Company 2021/22
2 **STAFF COSTS**				
Wages and salaries	61,110	40,035	37,705	27,827
Pensions	5,360	3,824	2,491	1,701
Other social security costs	5,280	4,239	3,456	2,800
	71,750	**48,098**	**43,652**	**32,328**
Executive Board and Board of Directors (Parent Company)	**2,666**	**2,036**	**2,666**	**2,036**
Average number of full-time employees	**84**	**71**	**45**	**36**

Share-base payments
In January 2021, an incentive scheme was established comprising both the Board of Directors, the Executive Board and other executives to maintain the management. When an option has vested, the option holder may subscribe for one new share in Dolphin Bidco A/S at an exercise price of DKK 147. As it is the Company's practice to settle the schemes by way of shares (equity-settled share-based payment arrangements), no costs have been recognised in 2021/22 or 2022/23.

Notes

	DKK'000	Group 2022/23	Group 2021/22	Parent Company 2022/23	Parent Company 2021/22
3	**DEPRECIATION, AMORTISATION, AND IMPAIRMENT**				
	Amortisation of completed development projects	14,796	13,432	13,269	12,878
	Amortisation of software	1,752	1,358	1,752	1,358
	Amortisation of goodwill	8,503	4,833	-	-
	Depreciation on fixtures and fittings, tools and equipment	1,350	657	985	505
		26,401	**20,280**	**16,006**	**14,741**
4	**OTHER FINANCIAL INCOME**				
	Interest income from group enterprises	301	143	301	143
	Other interest income	253	81	138	80
	Exchange rate adjustments	406	499	-	-
		960	**723**	**439**	**223**
5	**TAX ON NET PROFIT/LOSS FOR THE YEAR**				
	Current tax on profit for the year	4,512	3,325	4,439	3,325
	Change in deferred tax for the year	4,396	811	990	811
	Change in deferred tax assets for the year	1,969	-1,678	-	-
		10,877	**2,458**	**5,429**	**4,136**
6	**DISTRIBUTION OF NET PROFIT/LOSS FOR THE YEAR**				
	Extraordinary dividend	-	16,670	-	16,670
	Transferred to retained earnings	38,762	-386	19,474	2,909
	Dividend for the financial year	-	-	-	-
		38,762	**16,284**	**19,474**	**19,579**

Notes

7 INTANGIBLE ASSETS

DKK'000	Group				
	Goodwill	Completed development projects	Software	Development projects in progress	Total
Cost at 1 July 2022	85,027	138,224	6,336	11,172	240,759
Additions	-	-	1,549	23,641	25,190
Transfers		15,048	-	-15,048	-
Exchange rate adjustments	-	-613	-	-256	-869
Cost at 30 June 2023	85,027	152,659	7,885	19,509	265,080
Amortisation and impairment at 1 July 2022	-4,832	-102,228	-3,944	-	-111,004
Amortisation	-8,503	-15,067	-1,754	-	-25,324
Exchange rate adjustments	-	163	-	-	163
Amortisation and impairment at 30 June 2023	-13,335	-117,132	-5,698	-	-136,165
Carrying amount at 30 June 2023	**71,692**	**35,527**	**2,187**	**19,509**	**128,915**
Amortised over	10 years	4-7 years	3-4 years		

DKK'000	Parent Company			
	Completed development projects	Software	Development projects in progress	Total
Cost at 1 July 2022	132,886	6,336	8,946	148,168
Additions	-	1,493	19,594	21,087
Transfers	13,613	-	-13,613	-
Cost 30 June 2023	146,499	7,829	14,927	169,255
Amortisation and impairment at 1 July 2022	-101,694	-3,944	-	-105,638
Amortisation	-13,538	-1,754	-	-15,292
Amortisation and impairment at 30 June 2023	-115,232	-5,698	-	-120,930
Carrying amount at 30 June 2023	**31,267**	**2,131**	**14,927**	**48,325**
Amortised over	4-7 years	3-4 years		

Development projects in progress relates to development of software solutions to improve safety, cost and performance of marine operations such as Voyage Data Recorders (VDR), Shaft Power Meters, IoT infrastructure and Ship Performance Monitoring Solutions. The relating expenses primarily consist of internal expenses such as payroll costs, recorded through an internal project module, external consultancy costs and other direct related costs. Completed projects related to products launched before 30 June 2023 and already generating revenue.

Notes

DKK'000	Group 2022/23	Group 2021/22	Parent Company 2022/23	Parent Company 2021/22
8 FIXTURES AND FITTINGS, TOOLS AND EQUIPMENT				
Cost 1 July	10,093	5,094	5,457	5,094
Additions on acquisition of group enterprises	-	4,636	-	-
Additions	4,273	363	3,888	363
Disposals	-551	-	-551	-
Exchange rate adjustments	-533	-	-	-
Cost 30 June	13,282	10,093	8,794	5,457
Depreciation and write-down 1 July	-8,740	-4,182	-4,688	-4,182
Depreciation on acquisition of group enterprises	-	-3,906	-	-
Depreciation	-1,305	-657	-940	-506
Reversal of depreciation and writedown of disposals	506	-	506	-
Exchange rate adjustments	481	5	-	-
Depreciation and write-down 30 June	-9,058	-8,740	-5,122	-4,688
Carrying amount at 30 June	**4,224**	**1,353**	**3,672**	**769**
9 INVESTMENTS IN GROUP ENTERPRISES				
Cost at 1 July			106,594	-
Additions			-	106,594
Carrying amount at 30 June			**106,594**	**106,594**
Of which the carrying amount of non-depreciated increases in value is			**85,027**	**85,027**

Name and registered office	Currency	Equity	Net profit	Voting rights and ownership
Danelec AS, Ulset, Norway	NOK'000	31,190	-9,645	100%

The financial information disclosed is from the company's most recent annual report covering the period 1 January 2021 - 31 December 2021.

Notes

DKK'000	Group 2022/23	Group 2021/22	Parent Company 2022/23	Parent Company 2021/22
10 PREPAYMENTS AND ACCRUED INCOME				
Prepaid expenses	1,834	1,562	1,038	1,154
Accrued income	3,074	163	-	-
	4,908	**1,725**	**1,038**	**1,154**

Prepayments include accrual of expenses relating to subsequent years and accrued income related to current year not yet invoiced.

11 SHARE CAPITAL

The share capital consists of A-shares, each with a nominal value of DKK 2,000,000, B-shares, each with a nominal value of DKK 2,000,000, C-shares, each with a nominal value of DKK 1,600,000, D-shares, each with a nominal value of DKK 134,000 and E-shares each with a nominal value of DKK 5,000,000.

DKK'000	Group 2022/23	Group 2021/22	Parent Company 2022/23	Parent Company 2021/22
12 PROVISIONS FOR DEFERRED TAX				
Deferred tax at 1 July	9,008	8,197	9,008	8,197
Deferred tax adjustment for the year	4,396	811	991	811
Deferred tax at 30 June	**13,404**	**9,008**	**9,999**	**9,008**
13 OTHER PROVISIONS				
Pension liabilities	6,155	5,760	-	-
Warranty provision	893	893	893	893
	7,048	**6,653**	**893**	**893**
14 DEBT TO CREDIT INSTITUTIONS				
Due within 1 year	5,555	5,555	5,555	5,555
Due within 1-5 years	104,349	109,679	104,349	109,679
Due after 5 years	-	-	-	-
	109,904	**115,234**	**109,904**	**115,234**
15 PREPAYMENTS AND DEFERRED INCOME				
Deferred income	3,884	3,649	3,526	886
	3,884	**3,349**	**3,526**	**886**

Deferred income include accrual of revenue from subscriptions and other income from funded projects relating to subsequent years.

Notes

DKK'000		Group	
		2022/23	2021/22
16	**OTHER NON-CASH ADJUSTMENTS**		
	Other financial income	-960	-723
	Other financial costs	7,013	2,622
	Tax on net profit/loss for the year	10,877	2,458
	Other adjustments	-1,788	572
		15,142	**4,929**
17	**CHANGE IN WORKING CAPITAL**		
	Change in inventories	-11,305	-6,371
	Change in receivables	-34,758	-9,011
	Change in trade payables and other payables	16,956	-257
		-29,107	**-15,639**
18	**ACQUISITION OF GROUP ENTERPRISES**		
	Net assets	-	21,567
	Goodwill	-	85,027
	Cost	-	106,594
	Hereof cash and cash equivalents	-	-9,748
	Cost, paid	**-**	**96,846**

19 CONTINGENCIES

Lease commitments

The Group has entered into operating lease commitments. Total future lease payments amounts to DKK 237 thousand within 1 year and DKK 172 thousand between 1-3 years.

Rent obligations

The Group has entered into rental agreements amounting to DKK 16.1 million in the 6-year notice of termination period, hereof DKK 3.2 million efter 5 years.

Joint taxation

With Dolphin HoldCo A/S, company reg. no 41087811 as administration company, the Parent Company is subject to the Danish scheme of joint taxation and unlimitedly, jointly, and severally liable, along with the other jointly taxed companies, for the total corporation tax and for any obligations to withhold tax on interest, royalties, and dividends.

Notes

20 CHARGES AND SECURITY

For bank facilities in Spar Nord, the Group has issued a letter of indemnity, DKK 40 million that includes all non-current assets e.g. goodwill, property, plant and equipment and also inventories and other receivables. In addition, a mortgage ban has been given for assets.

The Group has pledged the share capital in Kyma AS, NOK 2 million for all balances with Spar Nord, including Danelec Electronics A/S and Dolphin BidCo A/S.

21 RELATED PARTIES

Controlling interest

Dolphin BidCo A/S, Hørmarken 2, 3520 Farum, Denmark	Majority shareholder
Dolphin HoldCo A/S, Hørmarken 2, 3520 Farum, Denmark	
Danelec Norway AS, Åsamyrane 88B, 5116 Ulset, Norway	Subsidiary

Transactions with related parties	**Group**		**Parent Company**	
DKK'000	**2022/23**	2021/22	**2022/23**	2021/22
Income statement				
Sales to subsidiaries	-	-	42	-
Finance income	183	115	301	143
Balance sheet				
Trade receivables from subsidiaries	-	-	119	-
Loans to group enterprises	9,544	868	15,013	4,491

Apart from the distribution of dividends, there have been no transactions with the capital owners.

Remuneration of the Executive Board and Board of Directors is disclosed in note 2 Staff costs.

Consolidated financial statements

Danelec Electronics A/S is part of the consolidated financial statements of Dolphin HoldCo A/S, Hørmarken 2, 3520 Farum, Denmark.

Notes

22 ACCOUNTING POLICIES

The Annual Report for Danelec Group for 2022/23 has been prepared in accordance with the Danish Financial Statements Act applying to reporting class C enterprises (medium sized enterprises).

There has been a correction of classifications in this year's annual report due to the fact that last year there was an incorrect classification between Development projects in progress and Prepayments and deferred income. The incorrect classification from last year has no influence on last years results or the equity.

The comparative figures for Development projects in progress and Prepayments and deferred income has been increased with DKK 792 thousand compared to the annual report last year effecting the total balance sheet last year with an increase of DKK 792 thousand.

The accounting policies described in the financial statements have, besides the above changes, been applied consistently compared with those of last year.

The financial statements for 2022/23 are presented in DKK thousand.

Consolidated financial statements

Control

The consolidated financial statements comprise Parent Company Danelec Electronics A/S and group enterprises controlled by Danelec Electronics A/S.

Control means the power to exercise decisive influence over a group enterprise'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 the consolidated financial statements

The consolidated financial statements are prepared as a consolidation of the Parent Company's and the individual group enterprises 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.

The group enterprise's 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 group enterprises 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 and goodwill

Newly acquired entities are recognized in the consolidated financial statements from the acquisition date. Entities sold or otherwise disposed of 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 actually 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 straightline 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 acqui-

Notes

red 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.

Recognition and measurement in general
Income is recognized in the income statement concurrently with its realisation, including the recognition of value adjustments of financial assets and liabilities. Likewise, all costs are recognized in the income statement, including depreciations amortisations, writedowns for impairment, provisions, and reversals due to changes in estimated amounts previously recognized in the income statement.

Assets are recognized in the statement of financial position when it seems probable that future economic benefits will flow to the Group and the value of the asset can be reliably measured.

Liabilities are recognized in the statement of financial position when it is seems probable that future economic benefits will flow out of the Group and the value of the liability can be reliably measured.
Assets and liabilities are measured at cost at the initial recognition. Hereafter, assets and liabilities are measured as described below for each individual accounting item.

Upon recognition and measurement, allowances are made for such predictable losses and risks which may arise prior to the presentation of the annual report and concern matters that exist on reporting date.

Foreign currency translation
Transactions in foreign currency are translated by using the exchange rate prevailing at the date of the transaction. Differences in the rate of exchange arising between the rate at the date of transaction and the rate at the date of payment are recognized in the profit and loss account as an item under net financials. If currency positions are considered to hedge future cash flows, the value adjustments are recognized directly in equity in a fair value reserve.

Receivables, payables, and other foreign currency monetary items are translated using the closing rate. The difference between the closing rate and the rate at the time of the occurrence or initial recognition in the latest financial statements of the receivable or payable is recognized in the income statement under financial income and expenses.

Fixed assets acquired and paid for in foreign currency are measured at the exchange rate prevailing at the date of the transaction.

Income statement
Revenue
Revenue is recognized in the income statement if delivery and passing of risk to the buyer have taken place before the end of the year and if the income can be determined reliably and inflow is anticipated. Recognition of revenue is exclusive of VAT and taxes and less any discounts relating directly to sales.

Own work capitalised
Own work capitalised include staff costs incurred during the financial year and recognised in the cost of proprietary intangible assets.

Cost of sales
Cost of sales comprises costs all costs related to products and services which have been sold less discounts and changes in inventories.

Other external costs
Other external costs comprise costs incurred for distribution, sales, advertising, administration, premises, loss on receivables, and operational leasing costs. Other external costs also include research and development costs that do not qualify for capitalisation.

Staff costs
Staff costs include salaries and wages, including holiday allowances, pensions, and other social security costs, etc., for staff members. Staff costs are less government reimbursements.

Depreciation, amortisation, and impairment
Depreciation, amortisation, and impairment comprise depreciation on, amortisation of, and writedown for impairment of intangible and tangible assets, respectively.

Income from investments in group enterprises
Dividends from investments in group enterprises are recognized in the income statement of the Parent Company in the year the dividends are declared

Financial income and expenses
Financial income and expenses are recognized in the income statement with the amounts concerning the financial year. Financial income and expenses comprise interest income and expenses, financial expenses from financial leasing, realised and unrealised capital gains and losses relating to securities, debt and transactions in foreign currency, amortisation of financial assets and liabilities as well as surcharges and reimbursements under the advance tax scheme, etc.

Tax on net profit/loss for the year
Tax for the year comprises the current income tax for the year and changes in deferred tax and is recognized in the income statement with the share attributable to the net profit or loss for the year and directly in equity with the share attributable to entries directly in equity.

Notes

The Parent Company is subject to Danish rules on compulsory joint taxation of Danish group enterprises.
The current Danish income tax is allocated among the jointly taxed companies proportional to their respective taxable income (full allocation with reimbursement of tax losses).

Balance sheet
Intangible assets
Goodwill is measured at cost less accumulated amortisation. Goodwill is amortised on a straight-line basis over the useful life based upon management experience with the business. For strategic acquisitions of businesses with a strong market position and technologies that are complementary to Danelec useful life is considered 10 years.

Costs of development projects comprise salaries, amortisation and other expenses directly or indirectly attributable to the Group's development activities.

Clearly defined and identifiable development projects are recognized as intangible assets provided that they are proven to be technically practicable, that sufficient resources and a potential market or development opportunity exist, and insofar as the intention is to produce, market or utilise the project. It is, however, a condition that the cost can be reliably calculated and that a sufficiently high degree of certainty indicates that future earnings will cover the costs of production, sales, and administration. Other development costs are recognized in the income statement concurrently with their realisation.

Capitalised development costs are measured at cost less accumulated amortisation or at a lower recoverable amount.

After completion of the development work, capitalised development costs are amortised on a straight-line basis over the estimated useful economic life. The amortisation period is usually 4-7 years.
Software is measured at cost less accumulated amortisation and less any accumulated impairment losses or at a lower value in use. The amortisation period is 3-4 years.

If the price (fair value) subsequently rises, write down for impairment must be wholly or partly reversed in the income statement.

Property, plant and equipment
Property, plant and equipment are measured at cost less accrued depreciation and writedown for impairment.

The cost comprises acquisition cost and costs directly associated with the acquisition until the time when the asset is ready for use. The cost of a total ansset is divided into separate components. These components are depreciated separately, the useful lives of each individual components differing.

Depreciation is done on a straight-line basis according to an assessment of the expected useful life:

Fixtures and fittings, tools and equipment 3-5 years.

Minor assets with an expected useful life of less than 1 year are recognized as costs in the income statement in the year of acquisition.

Investments in group enterprises
Investments in group enterprises are measured at cost. If there is indication of impairment, impairment testing is carried out. Where the carrying amount exceeds the recoverable amount it is written down to the recoverable amount.

Leases
Leases are regarded as operating leases. Payments in connection with operating leases and other lease agreements are recognized in the income statement for the term of the contract. The Group's total liabilities concerning operating leases and lease agreements are recognized under contingencies, etc.

Impairment loss relating to non-current assets
The carrying amount of both intangible and tangible fixed assets are subject to annual impairment tests in order to disclose any indications of impairment beyond those expressed by amortisation and depreciation respectively.

If indications of impairment are disclosed, impairment tests are carried out for each individual asset or group of assets, respectively. Writedown for impairment is done to the recoverable amount if this value is lower than the carrying amount.

The recoverable amount is the higher value of value in use and selling price less expected selling cost. The value in use is calculated as the present value of the expected net cash flows from the use of the asset or the asset group and expected net cash flows from the sale of the asset or the asset group after the end of their useful life.

Previously recognized impairment losses are reversed when conditions for impairment no longer exist.

Inventories
Inventories are measured at cost according to the FIFO method. In cases when the net realisable value of the inventories is lower than the cost, the latter is written down for impairment to this lower value.

Costs of goods for resale, raw materials, and consumables comprise acquisition costs plus delivery costs.

Costs of manufactured goods and work in progress comprise the cost of raw materials, consumables, direct wages, and indirect production costs. Indirect production costs comprise indirect materials and wages, maintenance and depreciation of machinery, factory buildings, and equipment used in the production process, and costs for factory administration and factory management. Borrowing expenses are not recognized in cost.
The net realisable value for inventories is recognized as the market price less costs of completion and selling costs. The net realisable value is determined with due consideration of negotiability, obsolescence, and the development of expected market prices.

Receivables
Receivables are measured at amortised cost, which usually corre-

Notes

sponds to face value. In order to meet expected losses, they are written down for impairment to the net realisable value.

Prepayments and accrued income
Prepayments and accrued income recognized under assets comprise incurred costs concerning the following financial year.

Cash and cash equivalents
Cash and cash equivalents comprise cash at bank and on hand.

Equity
Reserve for development costs
The reserve for development costs comprises recognized development costs less related deferred tax liabilities.

The reserve cannot be used as dividends or for covering losses. The reserve is reduced or dissolved if the recognized development costs are amortised or abandoned. This is done by direct transfer to the distributable reserves of the equity.

Dividend
Dividend expected to be distributed for the year is recognized as a separate item under equity. Proposed dividend is recognized as a liability at the time of approval by the annual general meeting (time of declaration).

Income tax and deferred tax
Current tax liabilities and current tax receivable are recognized in the statement of financial position with the amount calculated on the basis of the expected taxable income for the year adjusted for tax on previous years' taxable income and prepaid taxes. Tax receivables and tax liabilities are offset to the extent that a legal right of set-off exists and the items are expected to be settled net or simultaneously.

According to the rules of joint taxation, the Parent Company is unlimitedly, jointly, and severally liable to pay the Danish tax authorities the total income tax, including withholding tax on interest, royalties, and dividends, arising from the jointly taxed group of companies.

Deferred tax is measured on the basis of temporary differences in assets and liabilities with a focus on the statement of financial position. Deferred tax is measured at net realisable value.

Deferred tax is measured based on the tax rules and tax rates applying under the legislation prevailing in the respective countries on the reporting date when the deferred tax is expected to be released as current tax. Changes in deferred tax due to changed tax rates are recognized in the income statement, except for items included directly in the equity.

Deferred tax assets, including the tax value of tax losses allowed for carryforward, are recognized at the value at which they are expected to be realisable, either by settlement against tax of future earnings or by set-off in deferred tax liabilities within the same legal tax unit. Any deferred net tax assets are measured at net realisable value.

Other 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 pension liabilities and warranty obligations.

Liabilities with respect to defined contribution-based pension plans, where the Group makes payments to independent pension companies, are recognized in the income statement under Staff costs.

Warranty obligations with respect of repair work within the warranty period of 2 years. Provisions are measured and recognized based on experience with guarantee work.

Liabilities other than provisions
Financial liabilities other than provisions related to borrowings are recognized at the received proceeds less transaction costs incurred. In subsequent periods, the financial liabilities are recognized at amortised cost, corresponding to the capitalised value when using the effective interest rate. The difference between the proceeds and the nominal value is recognized in the income statement during the term of the loan. Other liabilities concerning payables to suppliers, group enterprises, and other payables are measured at amortised cost which usually corresponds to the nominal value.

Cash flow statement
The cash flow statement shows the Group's cash flows for the year, divided in cash flows deriving from operating activities, investment activities and financing activities, respectively, the changes in the liabilities, and cash and cash equivalents at the beginning and the end of the year, respectively.

The effect on cash flows derived from the acquisition and sale of enterprises appears separately under cash flows from investment activities. In the statement of cash flows, cash flows derived from acquirees are recognized as of the date of acquisition, and cash flows derived from sold enterprises are recognized until the date of sale.

Cash flows from operating activities
Cash flows from operating activities are calculated as the Group's share of the profit adjusted for noncash operating items, changes in the working capital, and corporate income tax paid. Dividend income from equity investments are recognized under "Interest income and dividend received".

Cash flows from investment activities
Cash flows from investment activities comprise payments in connection with the acquisition and sale of enterprises and activities as well as the acquisition and sale of intangible assets, property, plant, and equipment, and investments, respectively.

Cash flows from financing activities
Cash flows from financing activities include changes in the size or the composition of the Group's share capital and costs attached to it, as well as raising loans, repayments of interest-bearing payables and payment of dividend to shareholders.

Notes

Financial definitions

Key figures and ratios stated in the consolidated financial statements have been calculated as follows:

Direct margin	Direct profit (as defined below) as a percentage of Revenue
Gross margin	Gross profit as a percentage of Revenue
Profit margin	Operating profit/loss as a percentage of Revenue
Current ratio	Current assets as a percentage of Current liabilities
Solvency ratio	Equity end of year as a percentage of Total assets end of year
Return on equity	Average equity as a percentage of Net profit/loss for the year
Revenue growth, reported	Absolute revenue growth as a percentage of Revenue in comparative period
Revenue growth, organic	Organic growth is a measure of growth excluding the impact of acquisitions, divestments and foreign exchange rate adjutsments from year-on-year comparisons
Special items	As defined in note 1
Direct profit	Revenue minus cost of sales
EBITDA	Earnings before interest, tax, depreciation, amortisation and impairment losses
EBIT	Earnings before interest and tax (operating profit)

Statement by the Management

The Board of Directors and the Managing Director have today considered and approved the Annual Report of Danelec Electronics A/S for the financial year 1 July 2022 - 30 June 2023.

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

In our opinion, the consolidated financial statements and the Parent Company Financial Statements give a true and fair view of the financial position of the Group and the Parent Company as of 30 June 2023 as well as of the results of the Group and the Parent Company operations and the Group's cash flows for the financial year 1 July 2022 - 30 June 2023.

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

The Annual Report is submitted for the approval of the Annual General Meeting.

Farum, 26 October 2023

Managing Director

Casper Jensen

Board of Directors

Peter Lund

Hans Ottosen

Arne Handeland

Henrik Leerberg

Independent auditor’s report

To the shareholders of Danelec Electronics A/S

Opinion
We have audited the consolidated financial statements and the parent financial statements of Danelec Electronics A/S for the financial year 1 July 2022 - 30 June 2023, 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 and of the results of their operations and the consolidated cash flows for the financial year 1 July 2022 - 30 June 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 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 judgment and maintain professional skepticism 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.

Independent auditor’s report

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.

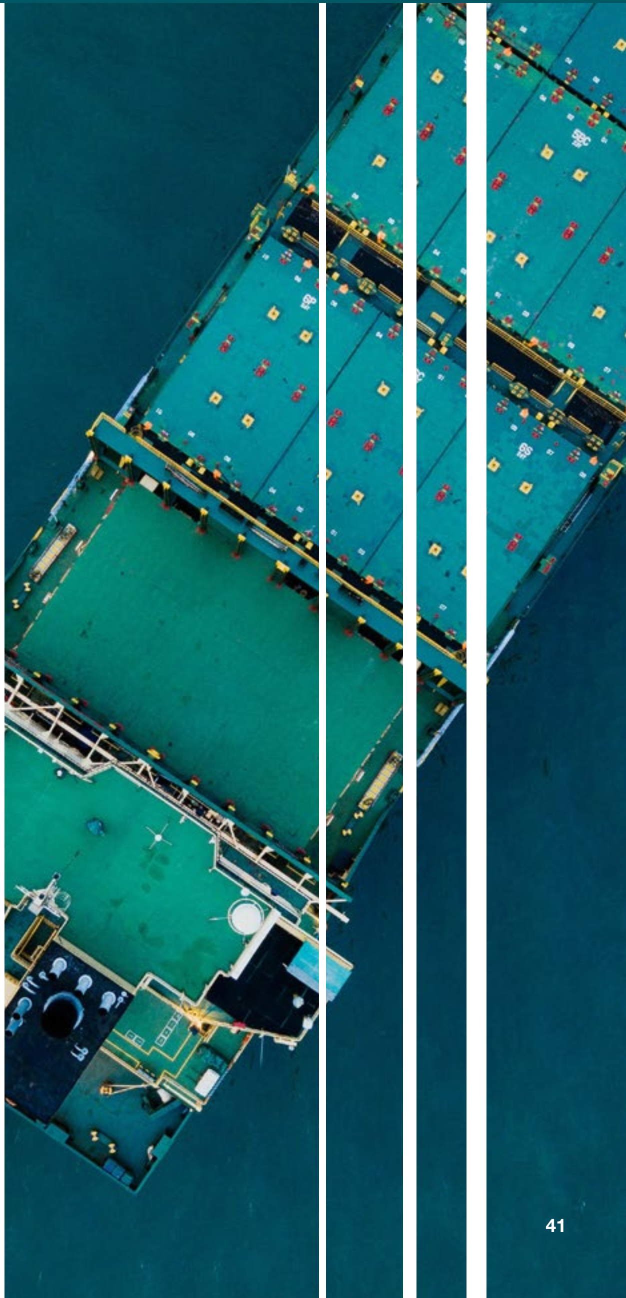
Based on the work we have performed, we conclude that the management commentary is in accordance with the consolidated financial statements and the parent financial statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material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

Report on other legal and regulatory requirements
The Company has not complied with the Danish Companies Act in terms of self-financing, and Management, therefore, may be held responsible for such non-compliance. After the Balance Sheet date the Company has distributed an extraordinary divided to clear the outstanding amounts. As of the formal approval of the Annual Report there is no direct loan to its Parent Company.

Copenhagen, 26 October 2023

Deloitte
State Authorised Public Accountants
Company reg. no. 33 96 35 56

Mads Haugegaard Albrechtsen
State Authorised Public Accountant
mne45846



Company Information

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Company reg. no. 18 63 08 77
Financial year: 1 July - 30 June

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Henrik Leerberg
Arne Handeland
Hans Ottosen

Managing Director
Casper Jensen

Auditors
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