

DPA Microphones A/S

Kokkedal Industripark 101, DK-2980 Kokkedal

Annual Report for 2025

CVR No. 15 91 22 00

The Annual Report was presented and adopted at the
Annual General Meeting of the company on
21/04/2026

Claus Abildstrøm
Chairman of the general meeting

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Management's statement

The Executive Board and Board of Directors have today considered and adopted the Annual Report of DPA Microphones A/S for the financial year 1 January - 31 December 2025.

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

In our opinion the Parent Company Financial Statements and the Consolidated Financial Statements give a true and fair view of the financial position at 31 December 2025 of the Company and the Group and of the results of the Company and Group operations and of consolidated cash flows for 2025.

In our opinion, Management's Review includes a true and fair account of the matters addressed in the Review.

We recommend that the Annual Report be adopted at the Annual General Meeting.

Kokkedal, 21 April 2026

Executive Board

Karl Kristian Nielsen
CEO

Board of Directors

Nicola Iorio
Chairman

Karl Kristian Nielsen

Nadia Buttignol

Bjarni Martin Gaard
Employee representative

Anna Grimstrup Præstholt
Employee representative

Independent Auditor's report

To the shareholder of DPA Microphones A/S

Opinion

In our opinion, the Consolidated Financial Statements and the Parent Company Financial Statements give a true and fair view of the financial position of the Group and the Parent Company at 31 December 2025 and of the results of the Group's and the Parent Company's operations as well as of the consolidated cash flows for the financial year 1 January - 31 December 2025 in accordance with the Danish Financial Statements Act.

We have audited the Consolidated Financial Statements and the Parent Company Financial Statements of DPA Microphones A/S for the financial year 1 January - 31 December 2025, which comprise income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies, for both the Group and the Parent Company, as well as consolidated statement of cash flows ("the Financial Statements").

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the Financial Statements" section of our 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.

Statement on Management's Review

Management is responsible for Management's Review.

Our opinion on the Financial Statements does not cover Management's Review, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the Financial Statements, our responsibility is to read Management's Review and, in doing so, consider whether Management's Review is materially inconsistent with the Financial Statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether Management's Review provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, in our view, Management's Review is in accordance with the Consolidated Financial Statements and the Parent Company Financial Statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement in Management's Review.

Management's responsibilities for the Financial Statements

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

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

Independent Auditor's report

Auditor's responsibilities for the audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these 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 Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Parent Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the Financial Statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Parent Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and the Parent Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and contents of the Financial Statements, including the disclosures, and whether the Financial Statements represent the underlying transactions and events in a manner that gives a true and fair view.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the Consolidated Financial Statements and the Parent Company Financial Statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

Independent Auditor's report

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.

Hellerup, 21 April 2026

PricewaterhouseCoopers

Statsautoriseret Revisionspartnerselskab

CVR No 33 77 12 31

Bo Schou-Jacobsen

State Authorised Public Accountant

mne28703

Sune Christensen Bjerre

State Authorised Public Accountant

mne47832

Company information

The Company	DPA Microphones A/S Kokkedal Industripark 101 DK-2980 Kokkedal CVR No: 15 91 22 00 Financial period: 1 January - 31 December Municipality of reg. office: Fredensborg
Board of Directors	Nicola Iorio, chairman Karl Kristian Nielsen Nadia Buttignol Bjarni Martin Gaard, employee representative Anna Grimstrup Præstholt, employee representative
Executive Board	Karl Kristian Nielsen
Auditors	PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab Strandvejen 44 2900 Hellerup

Financial Highlights

Seen over a 5-year period, the development of the Group is described by the following financial highlights:

(TDKK)	Group				
	2025	2024	2023	2022	2021
Key figures					
Profit/loss					
Revenue	453,348	386,785	367,399	338,489	
Gross profit	220,202	217,626	200,598	182,789	124,468
Profit/loss of primary operations	67,796	104,008	94,563	88,250	52,382
Profit/loss of financial income and expenses	-8,072	-2,207	-2,520	-5,051	-4,599
Net profit/loss for the year	31,937	76,420	66,502	61,896	35,830
Balance sheet					
Balance sheet total	417,847	408,658	330,546	332,396	339,583
Investment in property, plant and equipment	4,321	11,631	9,456	5,760	2,327
Equity	271,451	288,387	258,007	232,121	169,322
Number of employees	249	214	210	191	172
Ratios					
Gross margin	48.6%	56.3%	54.6%	54.0%	
Profit margin	15.0%	26.9%	25.7%	26.1%	
Solvency ratio	65.0%	70.6%	78.1%	69.8%	49.9%
Return on equity	11.4%	28.0%	27.1%	30.8%	23.8%

Revenue for 2025, 2024, 2023 and 2022 is disclosed in accordance with the Danish Financial Statements Act for large enterprises of reporting class C.

Management's review

Key activities

DPA Microphones A/S' (DPA) main activities are development, production, sales, service, and marketing of microphones, wireless systems, and associated equipment for the global market of professional audio and sound recording.

DPA distributes microphones, wireless systems, and associated equipment to the North American market through our subsidiary, DPA Microphones Inc., Colorado, US and to the UK market through our subsidiary, DPA Microphones UK Ltd., London, UK. DPA also owns subsidiaries in Germany and Hong Kong as well as a branch in France. Furthermore, DPA owns a majority of Austrian Audio, who manufactures and distributes microphones and associated equipment from Vienna, Austria.

Development in the year

In 2025, DPA generated growth in sales benefitting from a strong position in the microphone market and the strategic alliance with Wisycom as well as our acquisition in December 2024 of Austrian Audio GmbH.

In December 2024, DPA acquired the Austrian microphone manufacturer, Austrian Audio. The acquisition enhanced the microphone product portfolio while adding an impressive range of headphone products enabling new opportunities for growth and innovation and thereby reaching more customers with more products throughout 2025. While DPA has microphones at the very top of the market, Austrian Audio has a wider span in their product range and together we cover a big part of the premium microphone market.

In 2025, new products also supported growth. In January 2025, DPA launched the CORE+ technology which was introduced in 2/3 of the total DPA product portfolio as well as the MicroLock® compact microphone connector that also improved a large amount of the DPA products. Furthermore, DPA took an important step into the wireless microphone market with the new N-Series Digital Wireless System that was gradually launched in selected countries.

The geopolitical environment, along with the implementation of US import tariffs in 2025, adversely affected DPA's business. From the time the tariffs were imposed until an agreement was reached with the EU, DPA absorbed the tariff-related costs within its financial results. Effective October 1st 2025, DPA revised our pricing strategy in the US market to address the ongoing impact of these tariffs.

DPA increased the inventory levels in 2025 to enable revenue growth and to safeguard product availability and fast delivery time for the customers. In the US, inventory was also increased to meet the additional tariffs that were implemented by the US government.

Beginning of 2026, Audiotonix announced its agreement to acquire three pioneering microphone and wireless audio companies: DPA Microphones, Wisycom, and Austrian Audio. The acquisition is expected to be completed in H1 2026.

Audiotonix is a global market leader in the design, engineering and manufacture of professional audio mixing consoles and ancillary products. With innovative solutions from premium audio brands, their products are used extensively in live sound, broadcast, theatre production, installations, house of worship, television and film production, and recording studios globally.

The income statement of DPA for 2025 shows a profit of TDKK 31,937, and on 31 December 2025 the balance sheet of DPA shows a positive equity of TDKK 271,451.

Revenue has in 2025 increased due to further sales in the Americas and the full effect of the Austrian Audio acquisition in 2024.

Management's review

Operating risks, foreign exchange risks, interest rate risks and credit risks

Operation risks

DPA has maintained long-term relationships with our suppliers and has entered into the necessary agreements for the supply of raw materials that are included in production, aiming to secure a stable supply. The risk in this regard remains unchanged.

The current geopolitical situation and the imposition of US import tariffs are still creating uncertainties and could negatively impact DPA's business.

Currency risks

Currency risks mainly relate to DPA's operating activity, where income or costs are in a currency other than DKK. In addition, DPA is exposed to currency risks on intra-group balances. DPA is primarily exposed to EUR, USD and GBP, which means that profit, cash flow and equity are affected by changes in exchange rates.

It is DPA's policy to naturally hedge commercial currency risks related to turnover and purchases, to the extent possible. DPA does not engage in forward exchange transactions for hedging purposes, nor does it make speculative currency dispositions.

Interest rate risks and credit risks

DPA does not have any loans and therefore does not have any exposure to fluctuations in the interest rates.

Uncertainty in relation to recognition and measurement

Reference is made to note 1 in the Financial Statements.

Unusual events

Our financial position at year-end 2025 and the result of our activities for the financial year have not been affected by any unusual events, except for the Special items mentioned in note 5 in the Financial Statements.

Profit/loss for the year in relation to expected developments

Net profit for the year was expected to be approx. DKK 80-100 million. The net profit for 2025 was below the expected development mainly due to one-off costs in 2025 and the effects of the geopolitical environment, including tariffs imposed in the United States.

Dividend

At the Annual General Meeting in April 2026, the Board of Directors will propose a dividend of TDKK 0.

Management's review

Outlook

Management expects to continue our sales growth and an increase in operating profit in 2026 based on the strengthened presence and distribution in key markets, acquisition of Austrian Audio and strategic partnership with Wisycom, as well as continued investments in technology, products, and in the organization. We have a strong pipeline of new and interesting products that are being finalized and prepared for market launch during 2026 and the synergies between the three companies will begin to pay off, especially in R&D and in the sales channel.

Furthermore, Audiotonix' acquisition of DPA, Wisycom and Austrian Audio (still awaiting final closure) is expected to generate synergies with the other companies owned by Audiotonix, that are also operating in the pro audio industry as well as strengthening the individual brands even more.

The current geopolitical situation and the imposition of US import tariffs are still creating uncertainties and could negatively impact DPA's business and outlook for 2026.

Net profit for 2026 is expected to be approx. DKK 80-100 million.

Forward-looking statements are subject to risks and uncertainties that could cause DPA's actual results to differ materially from those expressed in the forward-looking statements. Accordingly, forward-looking statements should not be relied on as a prediction of actual results.

Knowledge resources

Knowledge, and the ability to utilize knowledge, are essential for DPA.

We have competent and highly dedicated employees as well as a great focus on being an attractive workplace and keeping employees motivated.

We work with knowledge-sharing and competence development. Through policies and procedures, we ensure that knowledge is shared and stored securely. All employees have access to our policies and code of conduct, all of which are available on our intranet. The employees constitute DPA's knowledge resources, and their commitment is crucial for the development of the business.

Environmental performance

DPA adheres to the guidelines outlined in the RoHS Directive 2002/95 I EC (Restriction and Hazardous Materials) and the WEEE Directive 2002/95 I EC (Waste from Electrical and Electronic Equipment).

Research and development activities

DPA has a continuous focus on the development of new products for the industry we are operating within. We work on several development projects, which aim to develop, optimize and extend our product range.

Our R&D team consists of a strong team of highly skilled experts.

Foreign branches

DPA has a branch in France.

Management's review

Statement of corporate social responsibility

Business model

DPA's main activity is development, production, sales, service, and marketing of microphones, wireless systems, and associated equipment for the global market of professional audio and sound recording. DPA has its own sales force in the US and in key European markets. In the markets where we do not have our own sales force, sales are made through local distributors.

Significant risks within corporate social responsibility

DPA has assessed the most significant risks within corporate social responsibility.

In 2025 the following matters have been identified and prioritized as being significant:

- Working environment and employee relations: employee satisfaction and attraction of qualified labor. DPA depends on highly qualified employees. Ensuring optimal motivation and satisfaction among our valued employees remains a key focus.
- Environment and climate: our products climate footprint throughout their lifecycle, including production, usage, and end-of-life disposal.

The primary risks within human rights and corruption are most relevant for suppliers in markets where the inherent risk related to these areas is bigger than in the more regulated western markets. Most of our suppliers are based in western markets and we only have a few suppliers in the Asian region. Our standard supplier contract includes provisions on compliance with our corporate social responsibility rules.

We have not identified significant risks within human rights or corruption in 2025 and hence have not defined specific initiatives within these areas in 2025. Additionally, we do not expect further risks related to human rights or anti-corruption and bribery to arise in 2026 and will therefore not define specific initiatives accordingly.

The primary risks within environment and climate are related to the impact our products have throughout their lifecycle, including production, usage, and end-of-life disposal. We are committed to delivering high-quality, durable products and continually strive to reduce the carbon footprint associated with them. Integrating sustainability is a vital aspect of our new product development processes and production initiatives, which focus on reducing resource consumption, increasing yield, and reworking materials to minimize waste.

Management's review

Corporate social responsibility policy

DPA's policy in relation to business ethics strives for a healthy balance between our stakeholders' interests and the desire to work in harmony with the environment and the society we are part of. This policy applies to all DPA activities worldwide. DPA must comply with the policy and will encourage, and if possible, require suppliers and other partners to comply with it.

DPA's code of conduct policy is:

- DPA's ambition is to have a pleasant and safe working environment to ensure the health and quality of life for our valued employees.
- DPA safeguards the environment and works to ensure that our activities do not negatively affect the environment.
- DPA supports and respects international human rights and does not accept forced labor, human trafficking or child labor.
- DPA supports employees' "freedom to organize" and recognizes their right to collective bargaining.
- DPA supports a respectful and fair working environment and will combat any form of discrimination in employment and hiring practices.
- DPA opposes and resists all forms of corruption, including economic exploitation and extortion.
- DPA values a peaceful world and will actively oppose the use of our high-tech products for military aggression.

DPA's corporate code of conduct has been published on our intranet and new employees are informed about the policy when they start working for DPA. Furthermore, it will be part of our updated employee handbook in 2026.

Results within corporate social responsibility

No changes or updates have been made to DPA's code of conduct in 2025. Management assesses that DPA's code of conduct is still adequate and relevant.

DPA is constantly improving the work environment. Some of the major initiatives in 2025 included defining the HR-strategy, conducting a workplace satisfaction survey in Denmark, and ensuring employees were updated on and trained in GDPR and IT security to prevent data or IT breaches.

We have a whistleblower system to provide a safe and confidential way for the employees to report violations of our code of conduct. There were no reports of any incidents in 2025.

In 2025, our headquarters underwent an upgrade with the installation of new windows. This initiative aimed to minimize drafts, enhance the overall work environment, and decrease the environmental impact caused by heating the building.

In 2025 our company's car fleet in Denmark finalized its transition from carbon fuel cars to electric or hybrid vehicles.

Expectations to key activities within corporate social responsibility in 2026

The outcome of the workplace satisfaction survey will bring a list of initiatives to ensure that our workforce is continuously motivated and engaged.

In 2026, we plan to upgrade our US facilities, including a full replacement of the existing lighting system. The installation of new LED panels throughout the premises will improve the working environment and contribute to sustainability efforts by lowering energy consumption and reducing environmental impact.

Management's review

Statement on data ethics

DPA has made IT security and data ethics policies. The policies comply with both Danish and EU law on data and privacy protection (GDPR). The policies describe the rules and principles for handling personal and other sensitive data.

DPA is committed to using data in a responsible and ethical manner. We will ensure that data is used in compliance with all applicable laws and regulations. We will also ensure that data is used in a manner that is transparent, explainable, and secure.

DPA acknowledges and respects that our use of data may create risks for the users, and therefore, we manage these risks by adhering to our policies. We comply with legal requirements in our use of data.

We strive for high data ethics standards for the use of both personal and non-personal data. We use a variety of technologies when processing data. Data collection is important to fulfil our business purpose. We have high standards in relation to where we collect data and how we use the data.

DPA values IT security and data ethics as vital fields. Substantial investments have been made in IT security and have been followed up by training of all employees. The same has been done for GDPR. The training is ongoing and keeps new and existing staff updated.

DPA recognizes data and technology as crucial components for which the global IT function is accountable. The function operates under the supervision of DPA's CFO. In 2024, projects involving new technologies and data were reviewed by DPA's IT department prior to decision-making and implementation.

Subsequent events

Reference is made to note 2 in the Financial Statements.

Income statement 1 January - 31 December

(TDKK)	Note	Group		Parent company	
		2025	2024	2025	2024
Revenue	3	453,348	386,785	331,257	320,462
Production expenses	4	-233,146	-169,159	-159,708	-153,154
Gross profit		220,202	217,626	171,549	167,308
Distribution expenses	4	-71,470	-59,699	-29,904	-29,973
Administrative expenses	4,5	-80,936	-53,919	-68,579	-43,771
Profit/loss before financial income and expenses		67,796	104,008	73,066	93,564
Income from investments in subsidiaries		0	0	-6,045	8,659
Financial income	6	325	1,410	706	1,364
Financial expenses	7	-8,397	-3,617	-6,994	-3,036
Profit/loss before tax		59,724	101,801	60,733	100,551
Tax on profit/loss for the year	8	-27,787	-25,381	-27,168	-24,292
Net profit/loss for the year	9	31,937	76,420	33,565	76,259

Balance sheet 31 December

Assets

(TDKK)	Note	Group		Parent company	
		2025	2024	2025	2024
Completed development projects		62,238	17,482	55,559	14,101
Acquired trademarks		5,228	5,146	1,026	617
Acquired intangible assets		10,847	13,722	3,292	4,267
Goodwill		97,154	109,432	95,999	107,672
Development projects in progress		28,755	56,804	23,276	52,343
Intangible assets	10	204,222	202,586	179,152	179,000
Land and buildings		15,583	15,962	15,583	15,962
Other fixtures and fittings, tools and equipment		12,562	11,307	6,981	4,693
Leasehold improvements		5,382	6,184	5,166	5,858
Property, plant and equipment in progress		4,397	5,972	3,754	4,996
Property, plant and equipment	11	37,924	39,425	31,484	31,509
Investments in subsidiaries	12	0	0	39,946	52,529
Deposits	13	1,287	1,282	779	759
Fixed asset investments		1,287	1,282	40,725	53,288
Fixed assets		243,433	243,293	251,361	263,797
Inventories	14	90,296	81,992	55,479	52,022
Trade receivables		48,357	40,256	17,241	13,784
Receivables from group enterprises		0	0	38,511	30,615
Other receivables		3,972	1,592	873	1,592
Prepayments	15	3,359	3,785	2,233	2,335
Receivables		55,688	45,633	58,858	48,326
Cash at bank and in hand		28,430	37,740	19,162	6,348
Current assets		174,414	165,365	133,499	106,696
Assets		417,847	408,658	384,860	370,493

Balance sheet 31 December

Liabilities and equity

(TDKK)	Note	Group		Parent company	
		2025	2024	2025	2024
Share capital		1,050	1,050	1,050	1,050
Reserve for net revaluation under the equity method		0	0	4,490	17,073
Reserve for development costs		0	0	61,492	51,826
Retained earnings		267,287	237,598	201,304	168,699
Proposed dividend for the year		0	45,000	0	45,000
Equity attributable to shareholders of the Parent Company		268,337	283,648	268,336	283,648
Minority interests		3,114	4,739	0	0
Equity		271,451	288,387	268,336	283,648
Provision for deferred tax	16	22,051	20,989	20,151	17,160
Other provisions	17	3,942	4,105	3,530	3,550
Provisions		25,993	25,094	23,681	20,710
Other payables		6,254	6,128	5,103	4,978
Long-term debt	18	6,254	6,128	5,103	4,978
Credit institutions		484	629	368	446
Trade payables		19,693	19,708	12,809	13,640
Payables to group enterprises		31,491	42,255	20,815	29,561
Corporation tax		6,757	666	6,422	1,838
Other payables	18	55,724	25,791	47,326	15,672
Short-term debt		114,149	89,049	87,740	61,157
Debt		120,403	95,177	92,843	66,135
Liabilities and equity		417,847	408,658	384,860	370,493
Uncertainty relating to recognition and measurement	1				
Subsequent events	2				
Contingent assets, liabilities and other financial obligations	21				
Related parties	22				
Fee to auditors appointed at the general meeting	23				
Accounting policies	24				

Statement of changes in equity

Group

(TDKK)	Share capital	Retained earnings	Proposed dividend for the year	Equity excl. minority interests	Minority interests	Total
Equity at 1 January	1,050	237,598	45,000	283,648	4,739	288,387
Exchange adjustments	0	-3,877	0	-3,877	4	-3,873
Ordinary dividend paid	0	0	-45,000	-45,000	0	-45,000
Net profit/loss for the year	0	33,566	0	33,566	-1,629	31,937
Equity at 31 December	1,050	267,287	0	268,337	3,114	271,451

Parent company

(TDKK)	Share capital	Reserve for net revaluation under the equity method	Reserve for development costs	Retained earnings	Proposed dividend for the year	Total
Equity at 1 January	1,050	17,073	51,826	168,699	45,000	283,648
Exchange adjustments	0	-3,877	0	0	0	-3,877
Ordinary dividend paid	0	0	0	0	-45,000	-45,000
Other equity movements	0	0	9,666	-9,666	0	0
Net profit/loss for the year	0	-8,706	0	42,271	0	33,565
Equity at 31 December	1,050	4,490	61,492	201,304	0	268,336

Cash flow statement 1 January - 31 December

(TDKK)	Note	Group	
		2025	2024
Result of the year		31,937	76,420
Adjustments	19	64,346	51,191
Change in working capital	20	12,006	-1,636
Cash flow from operations before financial items		108,289	125,975
Financial income		325	1,410
Financial expenses		-8,397	-3,617
Cash flows from ordinary activities		100,217	123,768
Corporation tax paid		-20,634	-26,442
Cash flows from operating activities		79,583	97,326
Purchase of intangible assets		-25,773	-29,955
Purchase of property, plant and equipment		-4,321	-4,557
Business acquisition		0	-26,955
Cash flows from investing activities		-30,094	-61,467
Repayment of loans from credit institutions		0	-72
Raising of other long-term debt		0	1,150
Dividend paid		-45,000	-50,000
Raising of/Repayment of payables to group enterprises		-13,799	21,074
Cash flows from financing activities		-58,799	-27,848
Change in cash and cash equivalents		-9,310	8,011
Cash and cash equivalents at 1 January		37,740	29,729
Cash and cash equivalents at 31 December		28,430	37,740
Cash and cash equivalents are specified as follows:			
Cash at bank and in hand		28,430	37,740
Cash and cash equivalents at 31 December		28,430	37,740

Notes to the Financial Statements

1. Uncertainty relating to recognition and measurement

In the preparation of the Financial Statements, Management undertakes several accounting estimates and judgments and makes assumptions which provide the basis for recognition and measurement of the assets, liabilities, revenues and expenses of the Group and the Parent Company, DPA Microphones A/S

These assumptions are based on historical experience and other factors which the Management considers reasonable under the circumstances, but which by their nature are uncertain and unpredictable.

The assumptions may be incomplete or inaccurate and unanticipated events or circumstances may occur, for which reason the actual results may deviate from the applied estimates, assessments, and assumptions.

In the opinion of Management, significant accounting estimates and judgments in the preparation of the Financial Statements relate to the following:

- Impairment testing of other non-current intangible assets, other non-current tangible assets, if indications exist (estimate)
- Assessment of useful life and scrap values (estimate)
- Purchase Price Allocation in connection with acquisitions (judgment and estimate)
- Measurement and valuation of development projects

2. Subsequent events

In the beginning of 2026, Audiotonix announced its agreement to acquire DPA Microphones, Wisycom & Austrian Audio. The acquisition is expected to be completed in H1 2026.

3. Revenue

(TDKK)	Group		Parent company	
	2025	2024	2025	2024
Geographical segments				
Americas	174,478	144,059	102,660	91,640
Europe, Middle east and Africa	224,572	204,718	184,500	190,819
Asia and Pacific	54,298	38,008	44,098	38,003
Other	0	0	-1	0
	453,348	386,785	331,257	320,462
Business segments				
Microphones	348,614	331,810	291,780	281,231
Wireless	47,296	17,440	10,845	7,237
Other	57,438	37,535	28,632	31,994
	453,348	386,785	331,257	320,462

Notes to the Financial Statements

4. Staff

(TDKK)	Group		Parent company	
	2025	2024	2025	2024
Wages and salaries	170,127	125,806	129,091	102,067
Pensions	9,096	8,693	8,394	8,070
Other social security expenses	11,076	6,160	2,003	1,944
Other staff expenses	4,120	3,680	3,492	3,533
	194,419	144,339	142,980	115,614
Including remuneration to the Executive Board and Board of Directors	28,099	9,648	28,099	9,648
Average number of employees	249	214	167	170

A part of the occurred staff costs has been capitalized under development projects and as inventories. The capitalized costs on inventories are reduced when products are sold and then accounted for as cost of goods sold. Capitalized costs for the group for development projects amounts to TDKK 16,926 (2024: TDKK 12,323) and for the Company 12,434 (2024: TDKK 12.052).

As mentioned in Management's review, Audiotonix is expected to acquire the Group in 2026. Consequently, Management has received a bonus.

5. Special items

(TDKK)	Group		Parent company	
	2025	2024	2025	2024
Bonuses (included in production expenses, distribution expenses and administrative expenses)	30,964	0	30,964	0
Transaction cost (included in administration cost)	3,295	2,220	3,295	2,220
	34,259	2,220	34,259	2,220

Special items comprise costs, which is special due to their size or nature e.g. additional cost due to acquisition. Special items for the year relates to a number of different non-recurring events as shown and are recognised in the income statement as described.

6. Financial income

(TDKK)	Group		Parent company	
	2025	2024	2025	2024
Interest from group enterprises	0	0	498	253
Other financial income	325	1,102	208	717
Exchange adjustments	0	308	0	394
	325	1,410	706	1,364

Notes to the Financial Statements

7. Financial expenses

(TDKK)	Group		Parent company	
	2025	2024	2025	2024
Interest to group enterprises	2,889	2,686	2,449	2,743
Other financial expenses	1,293	931	770	293
Exchange adjustments, expenses	4,215	0	3,775	0
	8,397	3,617	6,994	3,036

8. Income tax expense

(TDKK)	Group		Parent company	
	2025	2024	2025	2024
Current tax for the year	23,973	21,932	21,582	21,106
Deferred tax for the year	1,078	3,449	2,991	3,186
Adjustment of tax concerning previous years	2,736	0	2,595	0
	27,787	25,381	27,168	24,292

9. Profit allocation

(TDKK)	Group		Parent company	
	2025	2024	2025	2024
Proposed dividend for the year	0	45,000	0	45,000
Reserve for net revaluation under the equity method	0	0	-8,706	4,686
Minority interests' share of net profit/loss of subsidiaries	-1,629	161	0	0
Retained earnings	33,566	31,259	42,271	26,573
	31,937	76,420	33,565	76,259

Notes to the Financial Statements

10. Intangible fixed assets

Group					
(TDKK)	Completed development projects	Acquired trademarks	Acquired intangible assets	Goodwill	Development projects in progress
Cost at 1 January	57,271	6,797	20,095	183,742	56,804
Exchange adjustment	0	0	-877	0	0
Additions for the year	0	699	32	0	25,044
Disposals for the year	0	0	0	0	-452
Transfers for the year	52,641	0	0	0	-52,641
Cost at 31 December	109,912	7,496	19,250	183,742	28,755
Impairment losses and amortisation at 1 January	39,789	1,651	6,373	74,310	0
Exchange adjustment	0	0	27	0	0
Amortisation for the year	7,885	617	2,003	12,278	0
Impairment losses and amortisation at 31 December	47,674	2,268	8,403	86,588	0
Carrying amount at 31 December	62,238	5,228	10,847	97,154	28,755

Notes to the Financial Statements

10. Intangible fixed assets (continued)

Parent company

(TDKK)	Completed development projects	Acquired trademarks	Acquired intangible assets	Goodwill	Development projects in progress
Cost at 1 January	53,891	2,268	9,768	177,712	52,343
Exchange adjustment	0	0	0	0	0
Additions for the year	0	699	0	0	19,808
Disposals for the year	0	0	0	0	-452
Transfers for the year	48,423	0	0	0	-48,423
Cost at 31 December	102,314	2,967	9,768	177,712	23,276
Impairment losses and amortisation at 1 January	39,790	1,651	5,501	70,040	0
Exchange adjustment	0	0	0	0	0
Amortisation for the year	6,965	290	975	11,673	0
Impairment losses and amortisation at 31 December	46,755	1,941	6,476	81,713	0
Carrying amount at 31 December	55,559	1,026	3,292	95,999	23,276

As previous years the Company has capitalized development costs. The development costs are related to the development of new unique product technology and new products. The development costs are expected to add significant value to the product portfolio.

The calculation of development costs are based on actual progress in terms of time registrations and costs incurred in the development projects. Costs are capitalized as incurred if this relates to the development projects. The calculation of progress is based on achieved milestones. The Company possess the resources and skills to complete the developments.

Notes to the Financial Statements

11. Property, plant and equipment

Group				
(TDKK)	Land and buildings	Other fixtures and fittings, tools and equipment	Leasehold improvements	Property, plant and equipment in progress
Cost at 1 January	28,241	36,643	7,209	6,380
Exchange adjustment	0	-203	-15	0
Additions for the year	170	2,298	72	1,781
Disposals for the year	0	-101	0	0
Transfers for the year	0	3,356	0	-3,356
Cost at 31 December	28,411	41,993	7,266	4,805
Impairment losses and depreciation at 1 January	12,279	25,336	1,025	408
Exchange adjustment	0	-155	-8	0
Depreciation for the year	549	4,290	867	0
Reversal of impairment and depreciation of sold assets	0	-40	0	0
Impairment losses and depreciation at 31 December	12,828	29,431	1,884	408
Carrying amount at 31 December	15,583	12,562	5,382	4,397
Parent company				
(TDKK)	Land and buildings	Other fixtures and fittings, tools and equipment	Leasehold improvements	Property, plant and equipment in progress
Cost at 1 January	28,240	28,506	6,800	5,404
Additions for the year	170	1,516	72	1,781
Disposals for the year	0	-101	0	0
Transfers for the year	0	3,023	0	-3,023
Cost at 31 December	28,410	32,944	6,872	4,162
Impairment losses and depreciation at 1 January	12,278	23,813	942	408
Depreciation for the year	549	2,190	764	0
Reversal of impairment and depreciation of sold assets	0	-40	0	0
Impairment losses and depreciation at 31 December	12,827	25,963	1,706	408
Carrying amount at 31 December	15,583	6,981	5,166	3,754

Notes to the Financial Statements

12. Investments in subsidiaries

(TDKK)	Parent company	
	2025	2024
Cost at 1 January	35,456	11,957
Additions for the year	0	23,499
Cost at 31 December	35,456	35,456
Value adjustments at 1 January	17,073	13,005
Exchange adjustment	-3,877	2,065
Net profit/loss for the year	1,108	6,864
Dividend to the Parent Company	-2,662	0
Other equity movements, net	0	-6,655
Amortisation of goodwill	-603	-603
Change in intercompany profit	-5,938	931
Other adjustments	-611	1,466
Value adjustments at 31 December	4,490	17,073
Carrying amount at 31 December	39,946	52,529
Remaining positive difference included in the above carrying amount at	1,156	1,759

Investments in subsidiaries are specified as follows:

Name	Place of registered office	Ownership
DPA Microphones Inc.	Colorado, US	100%
DPA Microphones Ltd.	Wanchai, Hong Kong	100%
DPA Microphones GmbH.	Frankfurt am Main, Germany	100%
DPA Microphones UK Ltd.	London, UK	100%
Austian Audio GmbH	Wien, Austria	80%

13. Other fixed asset investments

(TDKK)	Group	Parent company
	Deposits	Deposits
Cost at 1 January	1,282	759
Exchange adjustment	-15	0
Additions for the year	20	20
Cost at 31 December	1,287	779
Carrying amount at 31 December	1,287	779

Notes to the Financial Statements

14. Inventories

(TDKK)	Group		Parent company	
	2025	2024	2025	2024
Raw materials and consumables	30,091	36,394	25,568	27,203
Work in progress	28,943	22,943	21,310	18,649
Finished goods and goods for resale	31,262	22,655	8,601	6,170
	90,296	81,992	55,479	52,022

15. Prepayments

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

16. Provision for deferred tax

(TDKK)	Group		Parent company	
	2025	2024	2025	2024
Deferred tax liabilities at 1 January	20,989	12,005	17,160	13,974
Deferred tax liabilities due to acquisition	0	5,535	0	0
Amounts recognised in the income statement for the year	1,078	3,449	2,991	3,186
Amounts recognised in equity for the year	-16	0	0	0
Deferred tax liabilities at 31 December	22,051	20,989	20,151	17,160
Intangible assets	17,885	20,042	17,885	15,240
Property, plant and equipment	2,291	5,032	2,291	2,191
Inventories	2,746	837	846	837
Trade receivables	-94	-312	-94	-95
Other adjustments	-777	-4,610	-777	-1,013
	22,051	20,989	20,151	17,160

At year-end the non-recognized value of the tax loss carryforwards amount to TDKK 17,980 (2024: TDKK 14,237) for the Group.

17. Other provisions

Other provisions consists of DPA Microphones A/S' liability to re-establish rented premises of TDKK 1,949 and provision to warranties for sold goods amounting to TDKK 1,994. The provision to warranty claims is calculated as a percentage of the revenue. The percentage is based on historical key figures for annual warranty claims and costs associated with the claims.

Notes to the Financial Statements

18. Long-term debt

Payments due within 1 year are recognised in short-term debt. Other debt is recognised in long-term debt.

The debt falls due for payment as specified below:

(TDKK)	Group		Parent company	
	2025	2024	2025	2024
Other payables				
After 5 years	0	0	0	0
Between 1 and 5 years	6,254	6,128	5,103	4,978
Long-term part	6,254	6,128	5,103	4,978
Other short-term payables	55,724	25,791	47,326	15,672
	61,978	31,919	52,429	20,650

19. Cash flow statement - Adjustments

(TDKK)	Group	
	2025	2024
Financial income	-325	-1,410
Financial expenses	8,397	3,617
Depreciation, amortisation and impairment losses, including losses and gains on sales	28,487	23,603
Tax on profit/loss for the year	27,787	25,381
	64,346	51,191

20. Cash flow statement - Change in working capital

(TDKK)	Group	
	2025	2024
Change in inventories	-8,304	-4,360
Change in receivables	-10,060	-5,652
Change in other provisions	-163	255
Change in trade payables, etc	32,934	9,076
Other changes in working capital	-2,401	-955
	12,006	-1,636

Notes to the Financial Statements

21. Contingent assets, liabilities and other financial obligations

(TDKK)	Group		Parent company	
	2025	2024	2025	2024
Rental and lease obligations				
Rental and lease obligations	8,483	11,747	4,288	5,412

Other contingent liabilities

The group companies are jointly and severally liable for tax on the jointly taxed incomes etc of the Group. The total amount of corporation tax payable is disclosed in the Annual Report of Sound Network ApS, which is the management company of the joint taxation purposes. Moreover, the group companies are jointly and severally liable for Danish withholding taxes by way of dividend tax, tax on royalty payments and tax on unearned income. Any subsequent adjustments of corporation taxes and withholding taxes may increase the Company's liability.

The DPA Microphones Group and the parent company DPA Microphones A/S has entered into a number of contracts with suppliers including a obligation of TDKK 32,140 and TDKK 29,378 respectively as of December 31, 2025.

Except for the above there are no other contingent assets, liabilities and other financial obligations, hereunder pledges.

Other financial obligations

DPA Microphones A/S has provided a surety obligation in favor of the parent company Sound Network ApS amounting to a total of TDKK 335,477. The guarantee has been issued to the parent company' credit institutions.

Notes to the Financial Statements

22. Related parties and disclosure of consolidated financial statements

Transactions

DPA Microphones A/S has following transactions with related parties:

Sales of services/goods TDKK 122,833
Purchase of services/goods TDKK 4,439
Management fee net TDKK 14,093
Financial income from subsidiaries TDKK 502
Financial cost from subsidiaries TDKK 4
Financial costs to parent company TDKK 2,445
External project costs TDKK 3,650
Loan to subsidiary TDKK 20,981
Receivable from group companies TDKK 17,530
Payables to group companies TDKK 20,815
Dividend from subsidiaries TDKK 2,662
Dividend paid to parent company TDKK 45,000
Remuneration to Executive Board and Board of Directors is disclosed in note 4

The DPA Microphones Group has following transactions with related parties:

Purchase of services/goods TDKK 3,640
Management fee net TDKK -1,821
Financial costs to parent company TDKK 2,445
Financial costs to group company TDKK 444
External project costs TDKK 3,650
Payables to group companies TDKK 31,491
Dividend paid to parent company TDKK 45,000
Remuneration to Executive Board and Board of Directors is disclosed in note 4

Notes to the Financial Statements

22. Related parties and disclosure of consolidated financial statements (continued)

Consolidated Financial Statements

The company is reflected in the consolidated financial statements of the parent company.

Name	Place of registered office
Sound Network ApS	Kokkedal, Denmark
Sparta Holding S.p.A	Vicenza

The Group Annual Report of Sound Network ApS may be obtained at the following address:

Kokkedal Industripark 101
DK-2980 Kokkedal
Denmark

The Group Annual Report of Sparta Holding S.p.A may be obtained at the following address:

S.S. Padana verso Verona 6
IT-36100 Vicenza

23. Fee to auditors appointed at the general meeting

(TDKK)	Group	
	2025	2024
Audit fee	842	677
Tax advisory services	86	71
Non-audit services	743	1,348
	1,671	2,096

Notes to the Financial Statements

24. Accounting policies

The Annual Report of DPA Microphones A/S for 2025 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to large enterprises of reporting class C.

The accounting policies applied remain unchanged from last year.

The Consolidated Financial Statements and the Parent Company Financial Statements for 2025 are presented in TDKK.

With reference to section 96(3) of the Danish Financial Statements Act and to the fee to auditors appointed at the general meeting included in the consolidated financial statements of DPA Microphones A/S, the Company has not prepared a fee to auditors appointed at the general meeting specification.

Recognition and measurement

Revenues are recognised in the income statement as earned. Furthermore, value adjustments of financial assets and liabilities measured at fair value or amortised cost are recognised. Moreover, all expenses incurred to achieve the earnings for the year are recognised in the income statement, including depreciation, amortisation, impairment losses and provisions as well as reversals due to changed accounting estimates of amounts that have previously been recognised in the income statement.

Assets are recognised in the balance sheet when it is probable that future economic benefits attributable to the asset will flow to the Company, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when it is probable that future economic benefits will flow out of the Company, and the value of the liability can be measured reliably.

Assets and liabilities are initially measured at cost. Subsequently, assets and liabilities are measured as described for each item below.

Basis of consolidation

The Consolidated Financial Statements comprise the Parent Company, DPA Microphones A/S, and subsidiaries in which the Parent Company directly or indirectly holds more than 50% of the votes or in which the Parent Company, through share ownership or otherwise, exercises control. Enterprises in which the Group holds between 20% and 50% of the votes and exercises significant influence but not control are classified as associates.

On consolidation, items of a uniform nature are combined. Elimination is made of intercompany income and expenses, shareholdings, dividends and accounts as well as of realised and unrealised profits and losses on transactions between the consolidated enterprises.

The Parent Company's investments in the consolidated subsidiaries are set off against the Parent Company's share of the net asset value of subsidiaries stated at the time of consolidation.

Business combinations

Acquisitions of subsidiaries are accounted for using the purchase method under which the identifiable assets and liabilities of the entity acquired are measured at fair value at the time of acquisition. Acquired contingent liabilities are recognised at fair value in the Consolidated Financial Statements to the extent that the value can be measured reliably.

Positive differences between the cost of the entity acquired and identifiable assets and liabilities are recognised as goodwill in intangible assets in the balance sheet and are amortised in the income statement on a straight-line basis over their estimated useful lives. Where the differences are negative, they are recognised immediately in the income statement.

Notes to the Financial Statements

24. Accounting policies (continued)

Where the purchase price allocation is not final, positive and negative differences from acquired subsidiaries due to changes to the recognition and measurement of identifiable net assets may be adjusted for up to 12 months after the time of acquisition. These adjustments are also reflected in the value of goodwill or negative goodwill, including in amortisation already made.

Minority interests

Minority interests form part of the Group's total equity. Upon distribution of net profit, net profit is broken down on the share attributable to minority interests and the share attributable to the shareholders of the Parent Company. Minority interests are recognised on the basis of a remeasurement of acquired assets and liabilities to fair value at the time of acquisition of subsidiaries.

Business acquisitions

Minority interests are initially measured at their proportionate share of the fair value of the acquired entity's identifiable net assets. In this way, only goodwill related to the Parent Company's share of the entity acquired is recognised.

On subsequent changes to minority interests where the Group retains control of the subsidiary, the consideration is recognised directly in equity.

Leases

All leases are considered operating leases. Payments made under operating leases are recognised in the income statement on a straight-line basis over the lease term.

Translation policies

Danish kroner is used as the presentation currency. All other currencies are regarded as foreign currencies.

Transactions in foreign currencies are translated at the exchange rates at the dates of transaction. Exchange differences arising due to differences between the transaction date rates and the rates at the dates of payment are recognised in financial income and expenses in the income statement. Where foreign exchange transactions are considered hedging of future cash flows, the value adjustments are recognised directly in equity.

Receivables, payables and other monetary items in foreign currencies that have not been settled at the balance sheet date are translated at the exchange rates at the balance sheet date. Any differences between the exchange rates at the balance sheet date and the transaction date rates are recognised in financial income and expenses in the income statement; however, see the section on hedge accounting.

Income statements of foreign subsidiaries and associates that are separate legal entities are translated at transaction date rates or approximated average exchange rates. Balance sheet items are translated at the exchange rates at the balance sheet date. Exchange adjustments arising on the translation of the opening equity and exchange adjustments arising from the translation of the income statements at the exchange rates at the balance sheet date are recognised directly in equity.

Income statements of enterprises that are integrated entities are translated at transaction date rates or approximated average exchange rates; however, items derived from non-monetary balance sheet items are translated at the transaction date rates of the underlying assets or liabilities. Monetary balance sheet items are translated at the exchange rates at the balance sheet date, whereas non-monetary items are translated at transaction date rates. Exchange adjustments arising on the translation are recognised in financial income and expenses in the income statement.

Notes to the Financial Statements

24. Accounting policies (continued)

Segment information on revenue

Information on business segments and geographical segments is based on the Group's risks and returns and its internal financial reporting system. Business segments are regarded as the primary segments.

Income statement

Revenue

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

Revenue is measured at the consideration received and is recognised exclusive of VAT and net of discounts relating to sales.

Production expenses

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

Production expenses also include amortisation of goodwill to the extent that goodwill relates to production activities.

Distribution expenses

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

Administrative expenses

Administrative expenses comprise expenses for Management, administrative staff, office expenses, depreciation, etc.

Income from investments in subsidiaries

The item "Income from investments in subsidiaries" in the income statement includes the proportionate share of the profit for the year.

Financial income and expenses

Financial income and expenses comprise interest, financial expenses in respect of finance leases, realised and unrealised exchange adjustments, amortisation of mortgage loans as well as extra payments and repayment under the on-account taxation scheme.

Tax on profit/loss for the year

Tax for the year consists of current tax for the year and deferred tax for the year. The tax attributable to the profit for year is recognised in the income statement, whereas the tax attributable to equity transactions is recognised directly in equity.

Any changes in deferred tax due to changes to tax rates are recognised in the income statement.

Notes to the Financial Statements

24. Accounting policies (continued)

The Company is jointly taxed with the Parent Company. The tax effect of the joint taxation with the subsidiaries is allocated to enterprises showing profits or losses in proportion to their taxable incomes (full allocation with credit for tax losses).

Balance sheet

Intangible fixed assets

Goodwill

Goodwill is amortised on a straight-line basis over the estimated useful life of 10-20 years, determined on the basis of Management's experience with the individual business areas.

Useful life is determined based on an assessment of whether the amount of goodwill includes intangible resources of a temporary nature that cannot be separated and recognised as separate assets. If it is not possible to estimate the useful life reliably, it is set at 10 years. Useful lives are reassessed on an annual basis. Goodwill is written down to the lower of recoverable amount and carrying amount.

Development projects

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

Development projects that are clearly defined and identifiable and in respect of which technical feasibility, sufficient resources and a potential future market or development opportunity in the enterprise can be demonstrated, and where it is the intention to manufacture, market or use the project, are recognised as intangible assets. This applies if sufficient certainty exists that the value in use of future earnings can cover cost of sales, distribution and administrative expenses involved as well as the development costs.

Development projects that do not meet the criteria for recognition in the balance sheet are recognised as expenses in the income statement as incurred.

Capitalised development costs are measured at cost less accumulated amortisation and impairment losses or at a lower recoverable amount. An amount corresponding to the recognised development costs is allocated to the equity item 'Reserve for development costs'. The reserve is reduced by amortisation and impairment losses on the development projects on a continuing basis.

As of the date of completion, capitalised development costs are amortised on a straight-line basis over the period of the expected economic benefit from the development work. The amortisation period is 5 year.

Other intangible fixed assets

Patents and rights are measured at cost less accumulated amortisation and less any accumulated impairment losses or at a lower value in use.

Trademarks are amortised over the remaining period or a shorter useful life. The amortisation period is 10 years. Rights are amortised over the period of the agreements, which is 10 years.

Property, plant and equipment

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

Cost comprises the cost of acquisition and expenses directly related to the acquisition up until the time when the asset is ready for use.

Notes to the Financial Statements

24. Accounting policies (continued)

Depreciation based on cost reduced by any residual value is calculated on a straight-line basis over the expected useful lives of the assets, which are:

Buildings	10-50 years
Other fixtures and fittings, tools and equipment	3-5 years
Leasehold improvements	5 years

The fixed assets' residual values are determined at nil.

Depreciation period and residual value are reassessed annually.

Impairment of fixed assets

The carrying amounts of intangible assets and property, plant and equipment and investments are reviewed on an annual basis to determine whether there is any indication of impairment other than that expressed by amortisation and depreciation.

The recoverable amount of the asset is calculated as the higher of net selling price and value in use. Where a recoverable amount cannot be determined for the individual asset, the assets are assessed in the smallest group of assets for which a reliable recoverable amount can be determined based on a total assessment.

Goodwill, head office buildings and other assets for which a separate value in use cannot be determined as the asset does not on an individual basis generate future cash flows are reviewed for impairment together with the group of assets to which they are attributable.

Investments in subsidiaries

Investments in subsidiaries are recognised and measured under the equity method.

The item "Investments in subsidiaries" in the balance sheet include the proportionate ownership share of the net asset value of the enterprises calculated on the basis of the fair values of identifiable net assets at the time of acquisition with deduction or addition of unrealised intercompany profits or losses and with addition of the remaining value of any increases in value and goodwill calculated at the time of acquisition of the enterprises.

The total net revaluation of investments in subsidiaries is transferred upon distribution of profit to "Reserve for net revaluation under the equity method" under equity. The reserve is reduced by dividend distributed to the Parent Company and adjusted for other equity movements in the subsidiaries.

Subsidiaries with a negative net asset value are recognised at DKK 0. Any legal or constructive obligation of the Parent Company to cover the negative balance of the enterprise is recognised in provisions.

Other fixed asset investments

Other fixed asset investments consist of deposits.

Inventories

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

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

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

Notes to the Financial Statements

24. Accounting policies (continued)

The cost of finished goods and work in progress comprises the cost of raw materials, consumables and direct labour.

Receivables

Receivables are measured in the balance sheet at the lower of amortised cost and net realisable value, which corresponds to nominal value less provisions for bad debts.

Prepayments

Prepayments comprise prepaid expenses concerning rent, insurance premiums, subscriptions and interest.

Dividend

Dividend distribution proposed by Management for the year is disclosed as a separate Dividend item.

Provisions

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

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

Deferred tax assets and liabilities

Deferred tax is recognised in respect of all temporary differences between the carrying amount and the tax base of assets and liabilities. However, deferred tax is not recognised in respect of temporary differences concerning goodwill not deductible for tax purposes and other items - apart from business acquisitions - where temporary differences have arisen at the time of acquisition without affecting the profit for the year or the taxable income.

Deferred tax is measured on the basis of the tax rules and tax rates that will be effective under the legislation at the balance sheet date when the deferred tax is expected to crystallise as current tax. In cases where the computation of the tax base may be made according to alternative tax rules, deferred tax is measured on the basis of the intended use of the asset and settlement of the liability, respectively.

Deferred tax assets, including the tax base of tax loss carry-forwards, are measured at the value at which the asset is expected to be realised, either by elimination in tax on future earnings or by set-off against deferred tax liabilities.

Deferred tax assets and liabilities are offset within the same legal tax entity.

Current tax receivables and liabilities

Current tax receivables and liabilities are recognised in the balance sheet at the amount calculated on the basis of the expected taxable income for the year adjusted for tax on taxable incomes for prior years. Tax receivables and liabilities are offset if there is a legally enforceable right of set-off and an intention to settle on a net basis or simultaneously.

Financial liabilities

Loans, such as loans from credit institutions, are recognised initially at the proceeds received net of transaction expenses incurred. Subsequently, the loans are measured at amortised cost; the difference between the proceeds and the nominal value is recognised as an interest expense in the income statement over the loan period.

Other debts are measured at amortised cost, substantially corresponding to nominal value.

Notes to the Financial Statements

24. Accounting policies (continued)

Cash Flow Statement

With reference to section 86(4) of the Danish Financial Statements Act, the Parent Company has not prepared a cash flow statement for the Company itself but has only prepared a cash flow statement for the Group.

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

Cash flows from operating activities

Cash flows from operating activities are calculated as the net profit/loss for the year adjusted for changes in working capital and non-cash operating items such as depreciation, amortisation and impairment losses, and provisions. Working capital comprises current assets less short-term debt excluding items included in cash and cash equivalents.

Cash flows from investing activities

Cash flows from investing activities comprise cash flows from acquisitions and disposals of intangible assets, property, plant and equipment as well as fixed asset investments.

Cash flows from financing activities

Cash flows from financing activities comprise cash flows from the raising and repayment of long-term debt as well as payments to and from shareholders.

Cash and cash equivalents

Cash and cash equivalents comprise "Cash at bank and in hand".

The cash flow statement cannot be immediately derived from the published financial records.

Financial Highlights

Explanation of financial ratios

Gross margin	Gross profit x 100 / Revenue
Profit margin	Profit/loss of primary operations x 100 / Revenue
Solvency ratio	Equity at year end x 100 / Total assets at year end
Return on equity	Net profit for the year x 100 / Average equity