
DPA Microphones A/S

Kokkedal Industripark 101, DK-2980 Kokkedal

Annual Report for 2024

CVR No. 15 91 22 00

The Annual Report was
presented and adopted
at the Annual General
Meeting of the
company
on 28/4 2025

Claus Abildstrøm
Chairman of the
general meeting



Contents

	<u>Page</u>
Management's Statement and Auditor's Report	
Management's Statement	1
Independent Auditor's Report	2
Management's Review	
Company information	5
Financial Highlights	6
Management's Review	7
Financial Statements	
Income Statement 1 January - 31 December	12
Balance sheet 31 December	13
Statement of changes in equity	16
Cash Flow Statement 1 January - 31 December	17
Notes to the Financial Statements	18

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 2024.

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 2024 of the Company and the Group and of the results of the Company and Group operations and of consolidated cash flows for 2024.

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, 28 April 2025

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 2024 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 2024 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 2024, 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.

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.

Independent Auditor's report

Hellerup, 28 April 2025

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 Præstholm, employee representative
Executive Board	Karl Kristian Nielsen
Auditors	PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab Strandvejen 44 DK-2900 Hellerup

Financial Highlights

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

	Group				
	2024	2023	2022	2021	2020
	TDKK	TDKK	TDKK	TDKK	TDKK
Key figures					
Profit/loss					
Revenue	386,785	367,399	338,489		
Gross profit	217,626	200,598	182,789	124,468	74,550
Profit/loss of primary operations	104,008	94,563	88,250	52,382	2,226
Profit/loss of financial income and expenses	-2,207	-2,520	-5,051	-4,599	-8,044
Net profit/loss for the year	76,420	66,502	61,896	35,830	6,139
Balance sheet					
Balance sheet total	408,658	330,546	332,396	339,583	307,069
Investment in property, plant and equipment	11,631	9,456	5,760	2,327	836
Equity	288,387	258,007	232,121	169,322	131,734
Number of employees	214	210	191	172	167
Ratios					
Gross margin	56.3%	54.6%	54.0%		
Profit margin	26.9%	25.7%	26.1%		
Solvency ratio	70.6%	78.1%	69.8%	49.9%	42.9%
Return on equity	28.0%	27.1%	30.8%	23.8%	4.7%

Revenue for 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 and marketing of microphones and associated equipment for the global market of professional audio and sound recording.

DPA distributes microphones 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 majority of Austrian Audio, who manufactures and distributes microphones and associated equipment from Vienna, Austria.

Development in the year

In 2024, 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 of Austrian Audio GmbH.

End of 2023, DPA entered a strategic alliance with Italian manufacturer of high-end wireless systems, Wisycom srl, to distribute our products in Germany and Austria from November 2023 and in the US from July 2024. Specifically for the US, DPA acquired Wisycom srl's subsidiary, Wisycom Inc., and transferred the activities to DPA Microphones Inc. Wisycom Inc. was thereafter dissolved. The partnership and shared resources will allow the Wisycom brand to grow in these markets.

In December 2024, DPA acquired the Austrian microphone manufacturer, Austrian Audio. The acquisition enhances both companies' product portfolios and provides new opportunities for growth and innovation and thereby reaches more customers with more products. 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 2024, new products also supported growth, including our new 2061 miniature microphone and the Air1 fur windscreen accessories. In 2024, focus was also put on developing and preparing the launch of major product introductions. In January 2025, DPA launched the MicroLock® compact microphone connector, the CORE+ technology and the new N-Series Digital Wireless System. More product launches are scheduled to follow shortly after.

To support the future growth, we have increased investment in sales and marketing as well as new products and technologies. Specifically, we have enhanced our sales organization with wireless competencies required both for the sales of Wisycom as well as DPA N-Series wireless solutions.

DPA increased the inventory levels in 2024 to enable revenue growth and to safeguard product availability and fast delivery time for the customers. Furthermore, the inventory levels increased following the acquisition of Austrian Audio GmbH and Wisycom Inc.

The income statement of DPA for 2024 shows a profit of TDKK 76,420, and on 31 December 2024 the balance sheet of DPA shows a positive equity of TDKK 288,387.

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.

Management's review

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 and USD, 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

Recognition and measurement in the Financial Statements have not been subject to any significant uncertainty.

Unusual events

Our financial position at year-end 2024 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 4 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 80-90 million. The net profit for 2024 was slightly below the expected development due to one-off costs in 2024.

Dividend

At the Annual General Meeting in April 2024, the Board of Directors will propose a dividend of TDKK 45.000.

Outlook

Management expects to continue our sales growth and an increase in operating profit in 2025 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 2025.

The current geopolitical situation and the imposition of US import tariffs in April 2025 have significantly increased market uncertainties and could negatively impact DPA's business and outlook for 2025.

Net profit for 2025 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.

Management's review

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 are introduced 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.

Statement of corporate social responsibility

Business model

DPA's main activity is development, production, sales, and marketing of microphones 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 2024 the following matters have been identified and prioritized as being significant:

- Environment and climate: Legal requirements related to ESG for large enterprises of reporting class C.
- Working environment and employee relations: employee satisfaction and attraction of qualified labor.

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 2024 and hence have not defined specific initiatives within these areas in 2024. Additionally, we do not expect further risks related to human rights or anti-corruption and bribery to arise in 2025 and will therefore not define specific initiatives accordingly.

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.

Results within corporate social responsibility

No changes or updates have been made to DPA's code of conduct in 2024. Management assesses that DPA's code of conduct is still adequate and relevant.

DPA launched an ESG project in 2024. The focus of the project is to create the framework and structure for our work on environmental initiatives as well as work environment and corporate culture.

DPA is constantly improving the work environment. Some of the major initiatives in 2024 included defining the HR-strategy, conducting a workplace assessment 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 2024.

Expectations to key activities within corporate social responsibility in 2025

The ESG project aims to define the strategic vision for our Corporate Social Responsibility initiatives and identify the actions to be taken in the coming years.

Furthermore, the outcome of the workplace assessment will bring a list of initiatives to ensure that our workforce is continuously motivated and engaged.

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.

Management's review

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 22 in the Financial Statements.

Income statement 1 January - 31 December

	Note	Group		Parent company	
		2024	2023	2024	2023
		TDKK	TDKK	TDKK	TDKK
Revenue	2	386,785	367,399	320,462	324,118
Production expenses	3	-169,159	-166,801	-153,154	-163,139
Gross profit		217,626	200,598	167,308	160,979
Distribution expenses	3	-59,699	-52,524	-29,973	-27,470
Administrative expenses	3,4	-53,919	-53,511	-43,771	-46,428
Profit/loss before financial income and expenses		104,008	94,563	93,564	87,081
Income from investments in subsidiaries		0	0	8,659	4,046
Financial income	5	1,410	940	1,364	851
Financial expenses	6	-3,617	-3,460	-3,036	-3,087
Profit/loss before tax		101,801	92,043	100,551	88,891
Tax on profit/loss for the year	7	-25,381	-25,541	-24,292	-22,389
Net profit/loss for the year	8	76,420	66,502	76,259	66,502

Balance sheet 31 December

Assets

	Note	Group		Parent company	
		2024	2023	2024	2023
		TDKK	TDKK	TDKK	TDKK
Completed development projects		17,482	14,679	14,101	14,679
Acquired trademarks		5,146	553	617	553
Acquired intangible assets		13,722	5,241	4,267	5,242
Goodwill		109,432	121,708	107,672	119,346
Development projects in progress		56,804	36,764	52,343	36,764
Intangible assets	9	202,586	178,945	179,000	176,584
Land and buildings		15,962	16,488	15,962	16,488
Other fixtures and fittings, tools and equipment		11,307	5,066	4,693	4,702
Leasehold improvements		6,184	6,618	5,858	6,536
Property, plant and equipment in progress		5,972	3,514	4,996	3,514
Property, plant and equipment	10	39,425	31,686	31,509	31,240
Investments in subsidiaries	11	0	0	52,529	24,962
Deposits	12	1,282	1,185	759	861
Fixed asset investments		1,282	1,185	53,288	25,823
Fixed assets		243,293	211,816	263,797	233,647
Inventories	13	81,992	59,952	52,022	55,164
Trade receivables		40,256	25,230	13,784	14,230
Receivables from group enterprises		0	0	30,615	8,285
Other receivables		1,592	1,288	1,592	1,288
Corporation tax		0	129	0	0
Prepayments	14	3,785	2,402	2,335	1,651
Receivables		45,633	29,049	48,326	25,454

Balance sheet 31 December

Assets

	Note	Group		Parent company	
		2024	2023	2024	2023
		TDKK	TDKK	TDKK	TDKK
Cash at bank and in hand		37,740	29,729	6,348	13,421
Current assets		165,365	118,730	106,696	94,039
Assets		408,658	330,546	370,493	327,686

Balance sheet 31 December

Liabilities and equity

	Note	Group		Parent company	
		2024	2023	2024	2023
		TDKK	TDKK	TDKK	TDKK
Share capital		1,050	1,050	1,050	1,050
Reserve for net revaluation under the equity method		0	0	17,073	13,005
Reserve for development costs		0	0	51,826	40,126
Retained earnings		237,598	206,957	168,699	153,826
Proposed dividend for the year		45,000	50,000	45,000	50,000
Equity attributable to shareholders of the Parent Company		283,648	258,007	283,648	258,007
Minority interests		4,739	0	0	0
Equity		288,387	258,007	283,648	258,007
Provision for deferred tax	15	20,989	12,005	17,160	13,974
Other provisions	16	4,105	3,850	3,550	3,550
Provisions		25,094	15,855	20,710	17,524
Other payables		6,128	5,043	4,978	5,043
Long-term debt	17	6,128	5,043	4,978	5,043
Credit institutions		629	701	446	425
Trade payables		19,708	11,282	13,640	10,838
Payables to group enterprises		42,255	21,376	29,561	22,415
Corporation tax		666	5,422	1,838	5,022
Other payables	17	25,791	12,860	15,672	8,412
Short-term debt		89,049	51,641	61,157	47,112
Debt		95,177	56,684	66,135	52,155
Liabilities and equity		408,658	330,546	370,493	327,686
Uncertainty relating to recognition and measurement	1				
Contingent assets, liabilities and other financial obligations	20				
Related parties	21				
Subsequent events	22				
Accounting Policies	23				

Statement of changes in equity

Group

	Share capital	Retained earnings	Proposed dividend for the year	Equity excl. minority interests	Minority interests	Total
	TDKK	TDKK	TDKK	TDKK	TDKK	TDKK
Equity at 1 January	1,050	206,957	50,000	258,007	0	258,007
Exchange adjustments	0	2,065	0	2,065	0	2,065
Ordinary dividend paid	0	0	-50,000	-50,000	0	-50,000
Addition minority	0	0	0	0	4,578	4,578
Other equity movements	0	-2,683	0	-2,683	0	-2,683
Net profit/loss for the year	0	31,259	45,000	76,259	161	76,420
Equity at 31 December	1,050	237,598	45,000	283,648	4,739	288,387

Parent company

	Share capital	Reserve for net revaluation under the equity method	Reserve for development costs	Retained earnings	Proposed dividend for the year	Total
	TDKK	TDKK	TDKK	TDKK	TDKK	TDKK
Equity at 1 January	1,050	13,005	40,126	153,826	50,000	258,007
Exchange adjustments	0	2,065	0	0	0	2,065
Ordinary dividend paid	0	0	0	0	-50,000	-50,000
Other equity movements	0	-2,683	11,700	-11,700	0	-2,683
Net profit/loss for the year	0	4,686	0	26,573	45,000	76,259
Equity at 31 December	1,050	17,073	51,826	168,699	45,000	283,648

Cash flow statement 1 January - 31 December

	Note	Group	
		2024	2023
		TDKK	TDKK
Result of the year		76,420	66,502
Adjustments	18	51,191	51,260
Change in working capital	19	-1,636	1,571
Cash flow from operations before financial items		125,975	119,333
Financial income		1,410	940
Financial expenses		-3,617	-3,460
Cash flows from ordinary activities		123,768	116,813
Corporation tax paid		-26,442	-21,499
Cash flows from operating activities		97,326	95,314
Purchase of intangible assets		-29,955	-14,252
Purchase of property, plant and equipment		-4,557	-9,455
Business acquisition		-26,955	0
Cash flows from investing activities		-61,467	-23,707
Repayment of loans from credit institutions		-72	0
Raising of other long-term debt		1,150	0
Dividend paid		-50,000	-40,000
Raising of/Repayment of payables to group enterprises		21,074	-40,055
Cash flows from financing activities		-27,848	-80,055
Change in cash and cash equivalents		8,011	-8,448
Cash and cash equivalents at 1 January		29,729	38,177
Cash and cash equivalents at 31 December		37,740	29,729
Cash and cash equivalents are specified as follows:			
Cash at bank and in hand		37,740	29,729
Cash and cash equivalents at 31 December		37,740	29,729

Notes to the Financial Statements

1. Uncertainty relating to recognition and measurement

Valuation of development projects

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

	Group		Parent company	
	2024	2023	2024	2023
	TDKK	TDKK	TDKK	TDKK
2. Revenue				
Geographical segments				
Americas	144,059	127,909	91,640	93,533
Europe, Middle east and Africa	204,718	200,751	190,819	191,846
Asia and Pacific	38,008	38,739	38,003	38,739
	386,785	367,399	320,462	324,118
Business segments				
Microphones	331,810	331,744	281,231	292,888
Wireless	17,440	462	7,237	490
Other	37,535	35,193	31,994	30,740
	386,785	367,399	320,462	324,118

Notes to the Financial Statements

	Group		Parent company	
	2024	2023	2024	2023
	TDKK	TDKK	TDKK	TDKK
3. Staff				
Wages and salaries	125,806	130,180	102,067	110,208
Pensions	8,693	8,111	8,070	7,535
Other social security expenses	6,160	5,265	1,944	1,790
Other staff expenses	3,680	1,267	3,533	1,267
	144,339	144,823	115,614	120,800
Including remuneration to the Executive Board and Board of Directors	9,648	13,017	9,648	13,017
Average number of employees	214	210	170	173

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 development projects amounts to TDKK 12,323 (2023: TDKK 8,576)

	Group		Parent company	
	2024	2023	2024	2023
	TDKK	TDKK	TDKK	TDKK
4. Special items				
Bonuses (included in production expenses, distribution expenses and administrative expenses)	0	18,646	0	18,646
Transaction cost (included in administration cost)	2,220	2,855	2,220	2,855
	2,220	21,501	2,220	21,501

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.

Notes to the Financial Statements

	Group		Parent company	
	2024	2023	2024	2023
	TDKK	TDKK	TDKK	TDKK
5. Financial income				
Interest received from group enterprises	0	0	253	165
Other financial income	1,102	940	717	686
Exchange adjustments	308	0	394	0
	1,410	940	1,364	851

	Group		Parent company	
	2024	2023	2024	2023
	TDKK	TDKK	TDKK	TDKK
6. Financial expenses				
Interest paid to group enterprises	2,686	2,116	2,743	2,116
Other financial expenses	931	738	293	365
Exchange adjustments, expenses	0	606	0	606
	3,617	3,460	3,036	3,087

	Group		Parent company	
	2024	2023	2024	2023
	TDKK	TDKK	TDKK	TDKK
7. Income tax expense				
Current tax for the year	21,932	24,848	21,106	20,847
Deferred tax for the year	3,449	1,052	3,186	1,449
Adjustment of tax concerning previous years	0	-359	0	93
	25,381	25,541	24,292	22,389

Notes to the Financial Statements

	Group		Parent company	
	2024	2023	2024	2023
	TDKK	TDKK	TDKK	TDKK
8. Profit allocation				
Extraordinary dividend paid	0	40,000	0	40,000
Proposed dividend for the year	45,000	50,000	45,000	50,000
Reserve for net revaluation under the equity method	0	0	4,686	-7,090
Minority interests' share of net profit/loss of subsidiaries	161	0	0	0
Retained earnings	31,259	-23,498	26,573	-16,408
	76,420	66,502	76,259	66,502

9. Intangible fixed assets

Group

	Completed development projects	Acquired trademarks	Acquired intangible assets	Goodwill	Development projects in progress
	TDKK	TDKK	TDKK	TDKK	TDKK
Cost at 1 January	49,079	1,983	9,768	183,742	36,783
Additions for the year	3,381	4,814	10,327	0	25,116
Disposals for the year	0	0	0	0	-284
Transfers for the year	4,811	0	0	0	-4,811
Cost at 31 December	57,271	6,797	20,095	183,742	56,804
Impairment losses and amortisation at 1 January	34,400	1,430	4,527	62,034	19
Impairment losses for the year	0	0	0	0	265
Amortisation for the year	5,389	221	1,846	12,276	0
Impairment and amortisation of sold assets for the year	0	0	0	0	-284
Impairment losses and amortisation at 31 December	39,789	1,651	6,373	74,310	0
Carrying amount at 31 December	17,482	5,146	13,722	109,432	56,804

Notes to the Financial Statements

Parent company

	Completed development projects	Acquired trademarks	Acquired intangible assets	Goodwill	Development projects in progress
	TDKK	TDKK	TDKK	TDKK	TDKK
Cost at 1 January	49,080	1,983	9,768	177,712	36,783
Additions for the year	0	285	0	0	20,655
Disposals for the year	0	0	0	0	-284
Transfers for the year	4,811	0	0	0	-4,811
Cost at 31 December	53,891	2,268	9,768	177,712	52,343
Impairment losses and amortisation at 1 January	34,401	1,430	4,526	58,366	19
Impairment losses for the year	0	0	0	0	265
Amortisation for the year	5,389	221	975	11,674	0
Impairment and amortisation of sold assets for the year	0	0	0	0	-284
Impairment losses and amortisation at 31 December	39,790	1,651	5,501	70,040	0
Carrying amount at 31 December	14,101	617	4,267	107,672	52,343

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

10. Property, plant and equipment Group

	Land and buildings	Other fixtures and fittings, tools and equipment	Leasehold improve- ments	Property, plant and equipment in progress
	TDKK	TDKK	TDKK	TDKK
Cost at 1 January	28,149	31,937	6,851	3,514
Exchange adjustment	0	109	7	0
Additions for the year	92	7,568	351	3,621
Disposals for the year	0	-3,726	0	0
Transfers for the year	0	755	0	-755
Cost at 31 December	28,241	36,643	7,209	6,380
Impairment losses and depreciation at 1 January	11,661	26,871	233	0
Exchange adjustment	0	74	4	0
Depreciation for the year	618	2,071	788	0
Impairment and depreciation of sold assets for the year	0	0	0	408
Reversal of impairment and depreciation of sold assets	0	-3,680	0	0
Impairment losses and depreciation at 31 December	12,279	25,336	1,025	408
Carrying amount at 31 December	15,962	11,307	6,184	5,972

Notes to the Financial Statements

Parent company

	Land and buildings	Other fixtures and fittings, tools and equipment	Leasehold improve- ments	Property, plant and equipment in progress
	TDKK	TDKK	TDKK	TDKK
Cost at 1 January	28,149	30,241	6,723	3,514
Additions for the year	91	938	77	2,645
Disposals for the year	0	-3,428	0	0
Transfers for the year	0	755	0	-755
Cost at 31 December	28,240	28,506	6,800	5,404
Impairment losses and depreciation at 1 January	11,661	25,539	187	0
Depreciation for the year	617	1,702	755	0
Impairment and depreciation of sold assets for the year	0	0	0	408
Reversal of impairment and depreciation of sold assets	0	-3,428	0	0
Impairment losses and depreciation at 31 December	12,278	23,813	942	408
Carrying amount at 31 December	15,962	4,693	5,858	4,996

Notes to the Financial Statements

	Parent company	
	2024	2023
	TDKK	TDKK
11. Investments in subsidiaries		
Cost at 1 January	11,957	11,957
Additions for the year	23,499	0
Cost at 31 December	<u>35,456</u>	<u>11,957</u>
Value adjustments at 1 January	13,005	20,093
Exchange adjustment	2,065	-607
Net profit/loss for the year	6,864	6,465
Dividend to the Parent Company	0	-10,442
Other equity movements, net	-5,189	0
Amortisation of goodwill	-603	-603
Change in intercompany profit	931	-1,901
Value adjustments at 31 December	<u>17,073</u>	<u>13,005</u>
Carrying amount at 31 December	<u>52,529</u>	<u>24,962</u>
Remaining positive difference included in the above carrying amount at	<u>1,759</u>	<u>2,362</u>

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%
Sound Network Ltd.	London, UK	100%
Austian Audio GmbH	Wien, Austria	80%

Notes to the Financial Statements

12. Other fixed asset investments

	<u>Group</u>	<u>Parent company</u>
	<u>Deposits</u>	<u>Deposits</u>
	TDKK	TDKK
Cost at 1 January	1,185	861
Exchange adjustment	12	0
Additions for the year	335	7
Disposals for the year	-250	-109
Cost at 31 December	<u>1,282</u>	<u>759</u>
Carrying amount at 31 December	<u>1,282</u>	<u>759</u>

13. Inventories

	<u>Group</u>		<u>Parent company</u>	
	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>
	TDKK	TDKK	TDKK	TDKK
Raw materials and consumables	36,394	17,609	27,203	17,609
Work in progress	22,943	32,502	18,649	32,502
Finished goods and goods for resale	22,655	9,841	6,170	5,053
	<u>81,992</u>	<u>59,952</u>	<u>52,022</u>	<u>55,164</u>

14. Prepayments

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

Notes to the Financial Statements

	Group		Parent company	
	2024	2023	2024	2023
	TDKK	TDKK	TDKK	TDKK
15. Provision for deferred tax				
Deferred tax liabilities at 1 January	12,005	10,953	13,974	12,525
Deferred tax liabilities due to acquisition	5,535	0	0	0
Amounts recognised in the income statement for the year	3,449	1,052	3,186	1,449
Deferred tax liabilities at 31 December	20,989	12,005	17,160	13,974
Intangible assets	20,042	11,858	15,240	11,858
Property, plant and equipment	2,281	2,202	2,281	2,202
Fixed asset investments	2,751	781	-90	-90
Inventories	837	939	837	939
Trade receivables	-312	-290	-95	-154
Other adjustments	-4,610	-3,485	-1,013	-781
	20,989	12,005	17,160	13,974

At year-end the non-recognized tax loss carryforwards amount to TDKK 44,648.

16. Other provisions

Other provisions consist of DPA Microphones A/S' liability to re-establish rented premises of TDKK 2,015 and provision to warranties for sold goods amounting to TDKK 2,090 . 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

Group		Parent company	
2024	2023	2024	2023
TDKK	TDKK	TDKK	TDKK

17. 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:

Other payables

After 5 years	0	0	0	0
Between 1 and 5 years	6,128	5,043	4,978	5,043
Long-term part	6,128	5,043	4,978	5,043
Other short-term payables	25,791	12,860	15,672	8,412
	31,919	17,903	20,650	13,455

Group	
2024	2023
TDKK	TDKK

18. Cash flow statement - Adjustments

Financial income	-1,410	-940
Financial expenses	3,617	3,460
Depreciation, amortisation and impairment losses, including losses and gains on sales	23,603	23,199
Tax on profit/loss for the year	25,381	25,541
	51,191	51,260

Notes to the Financial Statements

	Group	
	2024	2023
	TDKK	TDKK
19. Cash flow statement - Change in working capital		
Change in inventories	-4,360	-5,969
Change in receivables	-5,652	-634
Change in other provisions	255	450
Change in trade payables, etc	9,076	7,794
Other changes in working capital	-955	-70
	<u>-1,636</u>	<u>1,571</u>

	Group		Parent company	
	2024	2023	2024	2023
	TDKK	TDKK	TDKK	TDKK
20. Contingent assets, liabilities and other financial obligations				
Rental and lease obligations				
Rental and lease obligations	11,747	9,846	5,412	6,977

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.

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

Notes to the Financial Statements

21. Related parties and disclosure of consolidated financial statements

	<u>Basis</u>
Controlling interest	
Sound Network ApS, Kokkedal, Denmark	Holds the share capital in the company
SoundTech Group S.r.l., Vicenza, Italy	Holds the share capital in Sound Network ApS
Sonica S.p.A., Vicenza, Italy	Holds the share capital in SoundTech Group S.r.l.
Palladio Holding S.p.A.	Holds share capital in Sonica S.p.A.
Sparta Holding S.p.A.	Holds share capital in Palladio Holding S.p.A.

Transactions

The Company has chosen only to disclose transactions which have not been made on an arm's length basis in accordance with section 98(c)(6) of the Danish Financial Statements Act.

Consolidated Financial Statements

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

<u>Name</u>	<u>Place of registered office</u>
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

22. Subsequent events

No events materially affecting the assessment of the Annual Report have occurred after the balance sheet date.

Notes to the Financial Statements

23. Accounting policies

The Annual Report of DPA Microphones A/S for 2024 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 2024 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 Sound Network ApS, 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

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.

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.

Notes to the Financial Statements

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.

Other operating income and expenses

Other operating income and other operating expenses comprise items of a secondary nature to the main activities of the Group, including gains and losses on the sale of intangible assets and property, plant and equipment.

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.

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).

Notes to the Financial Statements

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 of 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 years.

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.

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

Notes to the Financial Statements

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.

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.

Notes to the Financial Statements

Prepayments

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

Equity

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.

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.

Notes to the Financial Statements

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	$\text{Gross profit} \times 100 / \text{Revenue}$
Profit margin	$\text{Profit/loss of primary operations} \times 100 / \text{Revenue}$
Solvency ratio	$\text{Equity at year end} \times 100 / \text{Total assets at year end}$
Return on equity	$\text{Net profit for the year} \times 100 / \text{Average equity}$