

# ZYXEL COMMUNICATIONS

## A/S

Gladsaxevej 378  
DK-2860 Søborg

CVR no. 21 22 92 37

### Annual report 2024

The annual report was presented and approved at  
the Company's annual general meeting on

27 June 2025

Torben Thomasen

Chairman of the annual general meeting

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## **Statement by the Board of Directors and the Executive Board**

The Board of Directors and the Executive Board have today discussed and approved the annual report for ZYXEL COMMUNICATIONS A/S for the financial year 1 January - 31 December 2024.

The annual report has been prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Company's assets, liabilities and financial position at 31 December 2024 and of the results of the Company's operations for the financial year 1 January - 31 December 2024.

Further, in our opinion, the Management's review gives a fair review of the development in the Company's activities and financial matters, of the results for the year and of the Company's financial position.

We recommend that the annual report be approved at the annual general meeting.

Gladsaxe, 27 June 2025  
Executive Board:

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Karsten Gewecke  
CEO

Board of Directors:

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Shun-I Chu  
Chairman

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Torben Thomasen

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Kuo-Long Yang



## Independent auditor's report

### To the shareholder of ZYXEL COMMUNICATIONS A/S

#### Opinion

We have audited the financial statements of ZYXEL COMMUNICATIONS A/S for the financial year 1 January - 31 December 2024, comprising income statement, balance sheet, statement of changes in equity and notes, including accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Company's assets, liabilities and financial position at 31 December 2024 and of the results of the Company's operations for the financial year 1 January - 31 December 2024 in accordance with the Danish Financial Statements Act.

#### 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 Company in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (IESBA Code) and the additional ethical requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Management's responsibility for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the Danish Financial Statements Act and for such internal control that 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 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 Company or to cease operations, or has no realistic alternative but to do so.

#### Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance as to whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements in Denmark will always detect a material misstatement when it exists. Misstatements may 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 financial statement users made 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 company 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.



## Independent auditor's report

- 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 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 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 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 audit of the financial statements to obtain sufficient appropriate audit evidence regarding the consolidated financial information of the entities or business units as a basis for forming an opinion on the financial statements. We are responsible for the direction, supervision and review of the audit work performed. We remain solely responsible for our audit opinion.

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

### Statement on the Management's review

Management is responsible for the Management's review.

Our opinion on the financial statements does not cover the Management's review, and we do not express any form of assurance conclusion thereon.

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

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

Based on the work we have performed, we conclude that the Management's review is in accordance with the financial statements and has been prepared in accordance with the requirements of the Danish Financial Statement Act. We did not identify any material misstatement of the Management's review.

Copenhagen, 27 June 2025

**KPMG**  
Statsautoriseret Revisionspartnerselskab  
CVR no. 25 57 81 98

Sara Carstensen  
State Authorised Public Accountant  
mne34191

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## Management's review

### Company details

ZYXEL COMMUNICATIONS A/S  
Gladsaxevej 378  
DK-2860 Søborg

CVR no.:	21 22 92 37
Established:	8 October 1998
Registered office:	Gladsaxe
Financial year:	1 January - 31 December

### Board of Directors

Shun-I Chu, Chairman  
Torben Thomasen  
Kuo-Long Yang

### Executive Board

Karsten Gewecke, CEO

### Audit

KPMG  
Statsautoriseret Revisionspartnerselskab  
Dampfærgevej 28  
DK-2100 København Ø  
CVR no. 25 57 81 98

## Management's review

### Financial highlights

EUR'000	2024	2023	2022	2021	2020
Revenue	151,576	151,975	155,002	123,356	81,326
Gross profit	11,252	10,253	9,599	10,167	7,303
Profit before financial income and expenses	1,812	1,526	2,127	2,375	602
Profit from financial income and expenses	880	26	72	384	1,001
Profit for the year	2,833	491	2,452	2,592	1,723
Total assets	92,944	76,848	97,731	88,645	62,043
Investments in property, plant and equipment	31	21	2	63	39
Equity	23,956	20,818	21,468	19,016	15,805
Gross margin	7.4%	6.7%	6.2%	8.2%	9.0%
Operating margin	1.2%	1.0%	1.4%	1.9%	0.8%
Return on equity	12.7%	2.3%	12.1%	14.9%	11.5%
Solvency ratio	25.8%	27.1%	22.0%	21.5%	25.6%
Average number of full-time employees	25	24	23	22	31

The financial ratios have been calculated as follows:

Gross margin	$\text{Gross profit/loss} \times 100 / \text{Revenue}$
Operating margin	$\text{Profit/loss before financial income and expenses} \times 100 / \text{Revenue}$
Return on equity	$\text{Profit/loss after tax} \times 100 / \text{Average equity}$
Solvency ratio	$\text{Equity at year end} \times 100 / \text{Total equity and liabilities at year end}$

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## Management's review

### Operating review

#### Principal activities

The Company's primary activities consist of trading Zyxel branded IT network products in several countries across EMEA, with key countries in regions such as Denmark, Norway, Sweden, Finland, Germany, the Netherlands, Czech Republic, Spain, Italy, the UK and Ireland.

The Company operates in the business segment Service Provider. The products sold via Telco companies are mostly customized products for consumer subscribers.

All sales take place via the parent company as is the case for most part of the administrative functions. Offices are located in Norway, Finland, Sweden, Britain, Germany, Poland, Italy, Spain and Czech Republic provide sales and technical support, etc., locally.

#### Development in activities and financial position

##### Profit for the year (including comparison with forecasts previously announced)

The Company's income statement for 2024 shows a profit of EUR 2,833 thousand as against a profit of EUR 491 thousand in 2023. Equity in the Company's balance sheet at 31 December 2024 stood at EUR 23,956 thousand as against EUR 20,818 thousand at 31 December 2023.

Revenue for 2024 is 151.000 thousand EUR, same level as the revenue for 2023. The revenue is considered satisfactory and in line with the expectations for 2024

#### Outlook

The Group expected results for 2025 - revenue in the range of EUR 180,000 – 200,000 thousand and profit before tax on EUR 2,160-3,200 thousand.

#### Intellectual capital

It is necessary that our employees are updated on the development within our business areas and complementary areas as well. This is made via education, exhibitions, networking, etc.

#### Branches

Zyxel Communications FI, Helsinki, registration 2250843-8

Zyxel Communications SE, Kista, registration 516402-8507

Zyxel Communications NO, Oslo, registration 992803649

#### Financial instruments

##### The Company's risk exposure

ZYXEL Communications A/S is a trading company that sells products for the Company's owner to a limited number of customers in the countries where the Company is represented and, on this background, the Company does not have any specific general risks.

ZYXEL Communication A/S operates in the British market through its subsidiary ZYXEL Communications UK Ltd. but does not expect any special financial impact related to Brexit.

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## Management's review

### Operating review

ZYXEL Communications A/S invoices its subsidiaries for purchase of goods in EUR. Moreover, the majority of sales is also invoiced in EUR. An exchange rate risk exists in UK, Norway and the Czech Republic due to the fact that sales are invoiced in local currencies or USD. The risks are not hedged using financial instruments. In the other countries, the risk is minimal.

### Events after the balance sheet date

No events have occurred after the balance sheet date that may affect the Company's financial position.

### Statement on corporate social responsibility

The Company's primary activities consist of trading Zyxel branded IT network products in several countries across EMEA, with key countries in regions such as Denmark, Norway, Sweden, Finland, Germany, the Netherlands, Czech Republic, Spain, Italy, the UK and Ireland.

The Company operates in the business segment Service Provider. The products sold via Telco companies are mostly customized products for consumer subscribers.

All sales take place via the parent company as is the case for most parts of the administrative functions.

Offices located in Norway, Finland, Sweden, Britain, Germany, Poland, Italy, Spain and Czech Republic provide sales and technical support, etc., locally.

Based on the performed internal risk assessment, and considering the countries in which we operate, it is our understanding that the risks to environment, climate, human rights, social and staff matters, and anticorruption and bribery are limited. Therefore, the Group does not have individual policies.

Zyxel Communication A/S plans to implement customer and vendor ethics policy in 2025, the project was delayed due to implementation and focus on Know Your Customer procedures.

### Statement on gender composition of Management

The Board of Directors of ZYXEL Communications A/S has three representatives who have been chosen in relation to their professional experience. While these members have been elected based on aforementioned qualities, we do recognize that there are advantages of having a board comprising of a wide range of backgrounds, culture and gender.

In 2024 there were no changes in the elected board of directors and therefore no change in distribution of gender within the board. However, it is the aim of Zyxel to increase the overall share of the underrepresented gender over the next 4 years by 33% in that time. It is however important to note that taking the industry into consideration, we might encounter challenges in achieving our target within the defined timeframe.

The senior management team included five persons in 2024, all of whom have been chosen with due respect to their professional experience. Two of the senior managers are female. Below senior management level there is additional two persons, where one is female.

ZYXEL Communications A/S has acknowledged the changes in the Danish Financial Statements Act regarding an equal gender distribution among the senior management and will take it into consideration in addition to the professional experience of a candidate when a position becomes available.

#### Our Managerial Positions

Zyxel Communications A/S aspires to have one of each gender in the final stage of the hiring processes. In 2025 we will continue to work towards making changes to the gender distribution in management roles to increase female representation to a more equal distribution.

In accordance with ARL § 99 b, stk. 7, the figures do not include comparative figures.

## Management's review

### Operating review

	2024	2023	2022	2021	2020
<b>Supreme management body</b>					
Number of persons serving on the supreme management body	3	3	-	-	-
Share of the underrepresented gender serving on the supreme management body	0%	0%	-	-	-
Target for the underrepresented gender on the supreme management body	33%	33%	-	-	-
Annual figures for projected numbers	2028	2027	-	-	-
<b>Other management levels</b>					
Number of persons serving on other management levels	7	8	-	-	-
Share of the underrepresented gender on other management levels	43%	38%	-	-	-
Target for the underrepresented gender on other management levels	50%	50%	-	-	-
Annual figures for projected numbers	2028	2027	-	-	-

### Statement on data ethics

Zyxel Communications A/S is committed to following best practice when it comes to the ongoing management of our customer data, to ensure that we are adhering to ethical guidelines. The amount of exposure we have to customer data is limited, due to the type of data we have on customers and personal data within our customer relationship management tool and other data tools. We are still in transition to fully implement the guidelines on ethical policies including data ethics implemented in 2024, alongside our data protection policy that already fulfils GDPR compliance.

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## Financial statements 1 January – 31 December

### Income statement

EUR'000	Note	2024	2023
<b>Revenue</b>	2	151,576	151,975
Production costs		<u>-140,324</u>	<u>-141,722</u>
<b>Gross profit</b>		11,252	10,253
Distribution costs	3	-5,554	-5,033
Administrative expenses	3,4,5	<u>-3,886</u>	<u>-3,694</u>
<b>Profit before financial income and expenses</b>		1,812	1,526
Income from equity investments in group entities		532	-316
Other financial income	6	899	529
Other financial expenses	7	<u>-19</u>	<u>-503</u>
<b>Profit before tax</b>		3,224	1,236
Tax on profit for the year	8	<u>-391</u>	<u>-745</u>
<b>Profit for the year</b>	9	<u><u>2,833</u></u>	<u><u>491</u></u>

## Financial statements 1 January – 31 December

### Balance sheet

EUR'000	Note	31/12 2024	31/12 2023
<b>ASSETS</b>			
<b>Fixed assets</b>			
<b>Intangible assets</b>	10		
Patents, licences and trademarks		<u>294</u>	<u>399</u>
<b>Property, plant and equipment</b>	11		
Fixtures and fittings, tools and equipment		<u>24</u>	<u>28</u>
<b>Financial assets</b>			
Equity investments in group entities	12	7,551	6,711
Deposits		<u>39</u>	<u>39</u>
		<u>7,590</u>	<u>6,750</u>
<b>Total fixed assets</b>		<u>7,908</u>	<u>7,177</u>
<b>Current assets</b>			
<b>Inventories</b>			
Finished goods and goods for resale		<u>37,155</u>	<u>26,321</u>
<b>Receivables</b>			
Trade receivables		25,235	16,459
Receivables from group entities		15,624	20,652
Other receivables		2,009	2,050
Prepayments	13	<u>1,730</u>	<u>1,718</u>
		<u>44,598</u>	<u>40,879</u>
<b>Cash at bank and in hand</b>		<u>3,283</u>	<u>2,471</u>
<b>Total current assets</b>		<u>85,036</u>	<u>69,671</u>
<b>TOTAL ASSETS</b>		<u>92,944</u>	<u>76,848</u>

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## Financial statements 1 January – 31 December

### Balance sheet

EUR'000	Note	31/12 2024	31/12 2023
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Contributed capital	14	2,781	2,781
Retained earnings		21,175	18,037
<b>Total equity</b>		<b>23,956</b>	<b>20,818</b>
<b>Provisions</b>			
Provisions for deferred tax	15	354	53
Other provisions	16	66	158
<b>Total provisions</b>		<b>420</b>	<b>211</b>
<b>Liabilities other than provisions</b>			
<b>Current liabilities other than provisions</b>			
Trade payables		890	475
Payables to group entities		65,943	52,296
Other payables, including taxes payable		1,735	3,048
		<b>68,568</b>	<b>55,819</b>
<b>Total liabilities other than provisions</b>		<b>68,568</b>	<b>55,819</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>92,944</b>	<b>76,848</b>

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## Financial statements 1 January – 31 December

### Statement of changes in equity

EUR'000	Contributed capital	Retained earnings	Total
Equity at 1 January 2024	2,781	18,037	20,818
Exchange adjustment	0	305	305
Transferred over the profit appropriation	0	2,833	2,833
<b>Equity at 31 December 2024</b>	<b>2,781</b>	<b>21,175</b>	<b>23,956</b>

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## Financial statements 1 January – 31 December

### Notes

#### 1 Accounting policies

The annual report of ZYXEL COMMUNICATIONS A/S for 2024 has been prepared in accordance with the provisions applying to reporting class C large entities under the Danish Financial Statements Act.

The accounting policies used in the preparation of the financial statements are consistent with those of last year.

#### Reclassifications

Referring to the true and fair view set out in the Danish Financial Statements Act, the Company has reclassified individual items in the balance sheet. The reclassifications have affected the items deposits, other receivables, prepayments and other payables but have not affected results before tax, results for the year or equity. Comparative figures have been restated accordingly.

#### Omission of presentation of consolidated financial statements

Pursuant to section 112(1) of the Danish Financial Statements Act, no consolidated financial statements have been prepared. The financial statements of ZYXEL COMMUNICATIONS A/S and group entities are included in the consolidated financial statements of ZyXEL Communications Corporation, Industry East Road IX, Hsin-Chu, Taiwan.

#### Omission of cash flow statement

Pursuant to section 86(4) of the Danish Financial Statements Act, no cash flow statement has been prepared. The Company's cash flows are included in the cash flow statement in the consolidated financial statements of ZyXEL Communications Corporation.

#### Foreign currency translation

On initial recognition, transactions denominated in foreign currencies are translated at the exchange rates at the transaction date. Foreign exchange differences arising between the exchange rates at the transaction date and the date of payment are recognised in the income statement as financial income or financial expenses.

Receivables, payables and other monetary items denominated in foreign currencies are translated at the exchange rates at the balance sheet date. The difference between the exchange rates at the balance sheet date and the date at which the receivable or payable arose or was recognised in the latest financial statements is recognised in the income statement as financial income or financial expenses.

Upon recognition of foreign subsidiaries and associates that are independent entities, the income statements are translated into EUR at average exchange rates for the month, and balance sheet items are translated at the exchange rates at the balance sheet date. Foreign exchange differences arising upon translation of foreign subsidiaries' opening equity and results at the exchange rates at the balance sheet date are recognised directly in equity.

## Financial statements 1 January – 31 December

### Notes

#### 1 Accounting policies

##### Income statement

###### Revenue

Income from the sale of goods, is recognised in revenue when delivery and transfer of risk to the buyer have taken place, and the income may be measured reliably and is expected to be received. The date of transfer of the most significant benefits and risks is determined using standard Incoterms ®2020.

Revenue is measured at the fair value of the agreed consideration excluding VAT and taxes charged on behalf of third parties. All discounts granted are recognised in revenue.

###### Production costs

Production costs comprise costs, incurred in generating revenue for the year. Such costs include direct and indirect costs of consumables, as well as impairment losses on goods for resale.

###### Distribution costs

Costs incurred in distributing goods sold during the year and in conducting sales campaigns, etc., are recognised as distributions costs. Also, costs relating to sales staff and depreciation are recognised.

###### Administrative expenses

Administrative expenses comprise expenses incurred during the year for management and administration of the Parent Company, including expenses for administrative staff, Management, office premises, office expenses and depreciation.

###### Income from equity investments in group entities

The proportionate share of the individual subsidiaries' profit/loss after tax is recognised in the Parent Company's income statement after full elimination of internal gains/losses and amortisation of goodwill.

###### Financial income and expenses

Financial income and expenses comprise interest income and expense, gains and losses on payables and transactions denominated in foreign currencies, as well as surcharges and refunds under the on account tax scheme, etc.

###### Tax on profit for the year

The Company is subject to the Danish rules on compulsory joint taxation of the Group's Danish subsidiaries. The subsidiaries are included in the joint taxation from the date when they are included in the consolidated financial statements and up to the date when they are excluded from the consolidation.

ZYXEL COMMUNICATIONS A/S is the administrative company for the joint taxation and accordingly settles all payments of corporation tax to the tax authorities.

On payment of joint taxation contributions, current Danish corporation tax is allocated between the jointly taxed entities in proportion to their taxable income. Entities with tax losses receive joint taxation contributions from entities that have used the losses to reduce their own taxable profit.

## Financial statements 1 January – 31 December

### Notes

#### 1 Accounting policies

Tax for the year comprises current tax for the year and changes in deferred tax, including changes in tax rates. The tax expense relating to the profit/loss for the year is recognised in the income statement at the amount attributable to the profit/loss for the year and directly in equity at the amount attributable to entries directly in equity.

#### Balance sheet

##### Intangible assets

###### *Patents, licences and trademarks*

Acquired intangible assets are measured at cost less accumulated depreciation and impairment losses.

Cost comprises the purchase price and any costs directly attributable to the acquisition until the date when the asset is available for use.

Amortisation is provided on a straight-line basis over the expected useful lives of the assets which are 5-7 years.

Gains and losses on the disposal of intangible assets are determined as the difference between the sales price less disposal costs and the carrying amount at the date of disposal. Gains and losses are recognised in the income statement as the operating income or operating costs, respectively.

##### Property, plant and equipment

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

Cost comprises the purchase price and any costs directly attributable to the acquisition until the date on which the asset is available for use. Indirect production overheads and borrowing costs are not recognised in cost.

The basis of depreciation is cost less any projected residual value after the end of the useful life. Depreciation is provided on a straight-line basis over the estimated useful life. The estimated useful lives are as follows:

Fixtures and fittings, tools and equipment	2-5 years
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The useful life and residual value are reassessed annually. Changes are treated as accounting estimates, and the effect on depreciation is recognised prospectively.

Fixed assets under construction are recognised and measured at cost at the balance sheet date. Upon entry into service, the cost is transferred to the relevant group of property, plant and equipment.

Gains and losses on the disposal of property, plant and equipment are stated as the difference between the selling price less selling costs and the carrying amount at the date of disposal. Gains and losses are recognised in the income statement as other operating income or other operating costs, respectively.

##### Financial assets

Investments in subsidiaries are measured according to the equity method.

Investments in subsidiaries are measured at the proportionate share of the subsidiaries' net asset values calculated in accordance with the accounting policies minus or plus unrealised intra-group profits and losses and plus or minus any residual value of positive or negative goodwill determined in accordance with the purchase method.

## Financial statements 1 January – 31 December

### Notes

#### 1 Accounting policies

Investment in subsidiaries with negative net asset values are measured at EUR 0 (nil), and any amounts owed by such subsidiaries are written down if the amount owed is irrecoverable. If the Parent Company has a legal or constructive obligation to cover a deficit that exceeds the amount owed, the remaining amount is recognised under provisions.

Net revaluation of investments in subsidiaries is recognised in the reserve for net revaluation according to the equity method in equity to the extent that the carrying amount exceeds cost. Dividends from subsidiaries which are expected to be adopted before the approval of the annual report of ZyXEL Communications A/S are not recognised in the reserve for net revaluation.

Other receivables are recognised at amortised cost.

#### Impairment of fixed assets

The carrying amount of intangible assets and property, plant and equipment as well as equity investments in subsidiaries is subject to an annual test for indications of impairment other than the decrease in value reflected by depreciation or amortisation.

Impairment tests are conducted of individual assets or groups of assets when there is an indication that they may be impaired. Write-down is made to the recoverable amount if this is lower than the carrying amount.

The recoverable amount is the higher of an asset's net selling price and its value in use. The value in use is determined as the present value of the forecast net cash flows from the use of the asset or the group of assets, including forecast net cash flows from the disposal of the asset or the group of assets after the end of the useful life.

#### Inventories

Inventories are measured at cost, comprising purchase price plus delivery costs, in accordance with the FIFO method. Where the net realisable value is lower than cost, inventories are written down to this lower value.

The net realisable value of inventories is calculated as the sales amount less costs of completion and costs necessary to make the sale and is determined taking into account marketability, obsolescence and development in expected selling price.

#### Receivables

Receivables are measured at amortised cost.

Write-down is made for bad debt losses where there is an objective indication that a receivable has been impaired. If there is an objective indication that an individual receivable has been impaired, write-down is made on an individual basis.

Write-downs are calculated as the difference between the carrying amount of receivables and the present value of forecast cash flows, including the realisable value of any collateral received. The effective interest rate for the individual receivable or portfolio is used as discount rate.

#### Prepayments

Prepayments comprise prepayment of costs incurred relating to subsequent financial years.

## Financial statements 1 January – 31 December

### Notes

#### 1 Accounting policies

##### Cash at bank and in hand

Cash at bank and in hand comprise cash and bank deposits.

##### Equity

###### *Net revaluation reserve according to the equity method*

Net revaluation reserve according to the equity method comprises net revaluation of equity investments in subsidiaries and participating interests (including associates) in proportion to cost.

The reserve can be eliminated in case of loss, realisation of equity investments or changes to accounting estimates.

The reserve cannot be recognised at a negative amount.

##### Provisions

Provisions comprise anticipated costs of warranties. Provisions are recognised when, as a result of past events, the Company has a legal or a constructive obligation, and it is probable that there may be outflow of resources embodying economic benefits to settle the obligation. Provisions are measured at value in use.

Provisions are measured at net realisable or fair value if the obligation is expected to be settled in the distant future.

Warranties comprise obligations to make good any defects on goods sold. Provisions are measured at net realisable value and recognised on the basis of the Company's past record with warranties. Provisions expected to be maintained for more than one year from the balance sheet date are discounted at a rate reflecting risk and the due date for payment.

##### Corporation tax and deferred tax

Current tax payable and receivable is recognised in the balance sheet as tax computed on the taxable income for the year, adjusted for tax on the taxable income of prior years and for tax paid on account.

Deferred tax is measured using the balance sheet liability method on all temporary differences between the carrying amount and the tax value of assets and liabilities measured on the planned use of the asset or settlement of the liability, respectively. However, deferred tax is not recognised on temporary differences relating to office buildings non-deductible for tax purposes and other items where temporary differences arise at the date of acquisition without affecting either profit/loss or taxable income.

Deferred tax assets, including the tax value of tax loss carryforwards, are recognised at the expected value of their utilisation within the foreseeable future; either as a set-off against tax on future income or as a set-off against deferred tax liabilities in the same legal tax entity. Any deferred net assets are measured at net realisable value.

Deferred tax is measured in accordance with the tax rules and at the tax rates applicable at the balance sheet date when the deferred tax is expected to crystallise as current tax. Changes in deferred tax as a result of changes in tax rates are recognised in the income statement or equity, respectively.

## Financial statements 1 January – 31 December

### Notes

#### 1 Accounting policies

##### Liabilities other than provisions

Financial liabilities are recognised at the date of borrowing at cost, corresponding to the proceeds received less transaction costs paid. In subsequent periods, the financial liabilities are measured at amortised cost, corresponding to the capitalised value using the effective interest rate. Accordingly, the difference between cost and the nominal value is recognised in the income statement over the term of the loan together with interest expenses.

Other liabilities are measured at amortised cost.

##### Segment information

Segment information is provided on business segments and geographical markets. The segment information is in line with the Company's accounting policies, risks and internal financial management.

Assets in the segment comprise assets used directly in revenue-generating activities.

Segment liabilities comprise liabilities derived from the operations of the segment, including trade payables and other payables.

#### 2 Segment information

##### Geographical - secondary segment

EUR'000	Denmark	The Nordic countries excluding Denmark	Europe excluding Denmark and the Nordics	Outside Europe	Total
<b>2024</b>					
Revenue	4,950	39,656	101,428	5,542	151,576
<b>2023</b>					
Revenue	4,355	44,392	95,300	7,928	151,975

## Financial statements 1 January – 31 December

### Notes

#### 3 Staff costs

EUR'000	2024	2023
Wages and salaries	2,312	2,155
Pensions	72	85
Other social security costs	162	119
	<u>2,546</u>	<u>2,359</u>
Staff costs are recognised in the financial statements as follows:		
Distribution costs	1,892	1,704
Administrative expenses	654	655
	<u>2,546</u>	<u>2,359</u>
Average number of full-time employees	<u>25</u>	<u>24</u>

Remuneration to the Executive Board has not been disclosed in accordance with section 98 b(3) of the Danish Financial Statements Act.

#### 4 Depreciation, amortisation and impairment losses

EUR'000	2024	2023
Amortisation of intangible assets	129	8
Depreciation of property, plant and equipment	12	25
	<u>141</u>	<u>33</u>
Depreciation, amortisation and impairment losses can be specified as follows:		
Administrative expenses	141	33
	<u>141</u>	<u>33</u>

#### 5 Fees to auditors appointed at the annual general meeting

EUR'000	2024	2023
Total fee to KPMG	<u>86</u>	<u>81</u>
Statutory audit services	75	73
Tax services	2	3
Other services	9	5
	<u>86</u>	<u>81</u>

## Financial statements 1 January – 31 December

### Notes

#### 6 Financial income

EUR'000	2024	2023
Other interest income	189	529
Exchange gains	710	0
	<u>899</u>	<u>529</u>

#### 7 Financial expenses

EUR'000	2024	2023
Other interest expenses	12	170
Exchange losses	0	333
Other financial expenses	7	0
	<u>19</u>	<u>503</u>

#### 8 Tax on profit for the year

EUR'000	2024	2023
Current tax for the year	299	267
Deferred tax adjustment for the year	301	141
Adjustment of tax concerning previous years	-209	297
Adjustment of deferred tax concerning previous years	0	40
	<u>391</u>	<u>745</u>

#### 9 Proposed profit appropriation

EUR'000	2024	2023
Retained earnings	2,833	491
	<u>2,833</u>	<u>491</u>

## Financial statements 1 January – 31 December

### Notes

#### 10 Intangible assets

EUR'000	Patents, licences and trademarks
Cost at 1 January 2024	2,787
Additions	24
Cost at 31 December 2024	<u>2,811</u>
Amortisation and impairment losses at 1 January 2024	-2,388
Amortisation	-129
Amortisation and impairment losses at 31 December 2024	<u>-2,517</u>
<b>Carrying amount at 31 December 2024</b>	<b><u>294</u></b>

#### 11 Property, plant and equipment

EUR'000	Fixtures and fittings, tools and equipment
Cost at 1 January 2024	1,255
Additions	31
Disposals	-23
Cost at 31 December 2024	<u>1,263</u>
Depreciation and impairment losses at 1 January 2024	-1,227
Depreciation for the year	-12
Depreciation and impairment losses at 31 December 2024	<u>-1,239</u>
<b>Carrying amount at 31 December 2024</b>	<b><u>24</u></b>

## Financial statements 1 January – 31 December

### Notes

#### 12 Financial assets

EUR'000	Equity investments in group entities
Cost at 1 January 2024	11,610
Cost at 31 December 2024	11,610
Revaluations at 1 January 2024	-4,899
Exchange rate adjustment	309
Profit/loss for the year	531
Revaluations at 31 December 2024	-4,059
<b>Carrying amount at 31 December 2024</b>	<b>7,551</b>

Name/legal form	Registered office	Equity interest	Equity EUR'000	Profit/loss for the year EUR'000
Equity investments in group entities:				
ZyXEL Deutschland GmbH	Germany	100%	1,389	14
ZyXEL Communications UK Ltd	England	100%	2,128	134
ZyXEL Communications Czech s.r.o	Czech Republic	100%	815	87
ZyXEL Communications Iberia S.L	Spain	100%	222	11
ZyXEL Communications Italy Srl.	Italy	100%	1,239	227
ZyXEL R&D Center GmbH	Germany	100%	1,116	28
			<u>6,909</u>	<u>501</u>

According to the preliminary financial statements for the financial year 1 January - 31 December 2024.

#### 13 Prepayments

EUR'000	31/12 2024	31/12 2023
Prepayments for services	<u>1,730</u>	<u>1,718</u>

#### 14 Contributed capital

Contributed capital consists of:  
1 share of EUR 2,781 thousand.  
The share does not carry special right.

## Financial statements 1 January – 31 December

### Notes

#### 15 Deferred tax

EUR'000	31/12 2024	31/12 2023
Deferred tax at 1 January	53	-128
Deferred tax adjustment for the year in the income statement	301	181
	<u>354</u>	<u>53</u>

#### 16 Other provisions

EUR'000	31/12 2024	31/12 2023
Other provisions at 1 January 2024	158	165
Change provision current year	-92	-7
<b>Other provisions at 31 December 2024</b>	<u>66</u>	<u>158</u>

The provisions are expected to be activated as follows:

0-1 years	66	158
<b>Other provisions at 31 December 2024</b>	<u>66</u>	<u>158</u>

#### 17 Contractual obligations, contingencies, etc.

##### Contingent liabilities

The Company has pledged bank deposits of EUR 1,966 thousand as security.

The Company is party to a few disputes. The expected outcome of cases has been recognised in the financial statements. None of these cases are deemed material for the evaluation of the Company's financial position.

The Company has issued a guarantee to its subsidiary ZYXEL Communications UK Ltd. for all the subsidiary's outstanding liabilities existing at the balance sheet date 31 December 2024. The guarantee is issued in relation to exemption from the requirement of the Companies Act 2006 of the United Kingdom relating to the audit of individual accounts by virtue of s479A CA 2006.

The Company has issued a guarantee to its subsidiary ZYXEL Communications Italy S.r.l. for all the subsidiary's outstanding liabilities existing at the balance sheet date 31 December 2024.

The Company is jointly taxed with ZyXEL Networks A/S. The Company has unlimited joint and several liability for payment of Danish corporation taxes. Any subsequent corrections of the income subject to joint taxation may entail that the Company's liability will increase.

##### Operating lease obligations

Lease commitments (operating leases) that fall due within 5 years total EUR 166 thousand (2023: EUR 205 thousand).

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## Financial statements 1 January – 31 December

### Notes

#### 18 Related parties disclosure

ZYXEL COMMUNICATIONS A/S' related parties comprise the following:

##### Control

ZyXEL Communications Corporation, Industry East Road IX, Hsin-Chu, Taiwan.

ZyXEL Communications Corporation holds the majority of the contributed capital in the Company.

ZYXEL COMMUNICATIONS A/S is part of the consolidated financial statements of ZyXEL Coomunications Corporation, Hsin-Chu, Taiwan, which is the smallest and largest group, in which the Company is included as a subsidiary.

The consolidated financial statements of ZyXEL Coomunications Corporation can be obtained by contacting the Company at the above address.

##### Related party transactions

EUR'000	2024	2023
Purchase of goods from the Parent Company	161,037	132,715
Sale of goods to subsidiaries	59,406	58,284

Receivables and payables to affiliated companies are disclosed in the balance sheet, and financial income and expenses are disclosed in notes 5 and 6.