

Samsung Denmark Research Center ApS

c/o Novi 8, Alfred Nobels Vej 27, 2., 9220 Aalborg Øst

Company reg. no. 34 70 30 19

Annual report

1 January - 31 December 2023

The annual report was submitted and approved by the general meeting on 30 April 2024.

Joonsuk Kim
Chairman of the meeting

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Notes:

- To ensure the greatest possible applicability of this document, IAS/IFRS English terminology has been used.
- Please note that decimal points have not been used in the usual English way. This means that for instance DKK 146.940 means the amount of DKK 146,940, and that 23,5 % means 23.5 %.

Management's statement

Today, the Board of Directors and the Managing Director have approved the annual report of Samsung Denmark Research Center ApS for the financial year 1 January - 31 December 2023.

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

We consider the chosen accounting policy to be appropriate, and in our opinion, the financial statements give a true and fair view of the financial position of the Company at 31 December 2023 and of the results of the Company's operations and cash flows for the financial year 1 January – 31 December 2023.

Further, in our opinion, the Management's review gives a true and fair review of the matters discussed in the Management's review.

We recommend that the annual report be approved at the Annual General Meeting.

Aalborg, 30 April 2024

Managing Director

Rajinder Gawera

Board of directors

Joonsuk Kim
Chairman

Jong Hoon Oh

Rajinder Gawera

Wunki Jung

Independent auditor's report

To the Shareholders of Samsung Denmark Research Center ApS

Opinion

We have audited the financial statements of Samsung Denmark Research Center ApS for the financial year 1 January - 31 December 2023, which comprise income statement, balance sheet, statement of changes in equity, cash flow statement and notes, including accounting policies. The financial statements are prepared in accordance with International Financial Reporting Standards as adopted by the EU and further requirements in 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 2023 and of the results of the Company's operations and cash flows for the financial year 1 January - 31 December 2023 in accordance with the International Financial Reporting Standards as adopted by the EU and further requirements in 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 responsibilities for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the International Financial Reporting Standards as adopted by the EU and further requirements in 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.

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 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.
- 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.

Independent auditor's report

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

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 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.

Aalborg, 30 April 2024

KPMG

Statsautoriseret Revisionspartnerselskab
CVR no. 25 57 81 98

Steffen S. Hansen

State Authorised Public Accountant
mne32737

Company information

The company	Samsung Denmark Research Center ApS c/o Novi 8 Alfred Nobels Vej 27, 2. 9220 Aalborg Øst
	Company reg. no. 34 70 30 19 Established: 1 September 2012 Domicile: Aalborg Financial year: 1 January - 31 December
Board of directors	Joonsuk Kim, Chairman Jong Hoon Oh Rajinder Gawera Wunki Jung
Managing Director	Rajinder Gawera
Auditors	KPMG Statsautoriseret Revisionspartnerselskab
Parent company	Samsung Electronics Europe Holding Coöperatief U.A.
Ultimate parents company	Samsung Electronics Co. Ltd., South Korea

Financial highlights

DKK in thousands.	2023	2022	2021	2020	2019
Income statement:					
Revenue	107.261	99.461	79.274	67.260	67.848
Gross profit	91.805	84.660	68.180	57.721	58.091
Profit from operating activities	9.747	8.412	7.202	6.107	6.171
Net financials	-437	-9	-13	-15	-31
Net profit or loss for the year	7.229	6.593	5.605	4.752	4.787
Statement of financial position:					
Balance sheet total	150.438	135.183	156.973	149.802	145.737
Investments in property, plant and equipment	19.531	2.169	5.170	558	3.333
Equity	104.497	104.115	132.522	126.917	122.166
Cash flows:					
Operating activities	9.531	16.028	6.787	4.615	11.896
Investing activities	-5.274	-2.169	-5.165	-558	-3.333
Financing activities	-7.194	-35.000	0	-528	-1.036
Employees:					
Average number of full-time employees	79	71	59	50	50
Key figures in %:					
Profit margin (EBIT-margin)	9,1	8,5	9,1	9,1	9,1
Solvency ratio	69,5	77,0	84,4	84,7	83,8
Return on equity	6,9	5,6	4,3	3,8	4,0

Calculations of key figures and ratios follow the recommendations of the Danish Association of Finance Analysts.

Management's review

The principal activities of the company

Like previous years, the principal activity consists of activities related to development and commercial exploitation of integrated circuits within the wireless communication business area and other similar business areas.

Development in activities and financial matters

The profit and loss account covers 1 January to 31 December and shows a result of DKK 7.229.484 against DKK 6.592.775 last year. The balance sheet shows equity of DKK 104.496.896.

The result for the year of DKK 7.229.484 is in line with management's expectations and is considered to be satisfactory.

Expected developments

The Company has secured assurance of further funding from the ultimate parent Company (SEC) to continue to develop products as defined by the Company's roadmap and management have noted that additional recruitment will be supported by group at a local level for the next 5 years, although those budgets have not been approved yet. The Company expects the result for 2024 to be DKK 6-8 million in line with the result for 2023.

Know how resources

The Company specializes in driving Bluetooth/WLAN standardization work with its customer, Samsung Cambridge Solution Centre Ltd.

Environmental issues

The Company is very focused on reducing its CO2 footprint and prioritizes climate neutral solutions and has climate certificates showing use of CO2 neutral energy with regards to electricity in its office and data centre. The Company's landlord, NOVI, is focused on the United Nations' 17 world goals for Sustainable Development and is a member of "Network for Sustainable Business Development in Northern Denmark".

Financial risks and the use of financial instruments

Ultimate responsibility for liquidity risk management rests with the board of directors. The Company manages liquidity risk by maintaining adequate reserves, by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

Statement of comprehensive income 1 January - 31 December

All amounts in DKK.

<u>Note</u>	<u>2023</u>	<u>2022</u>
3 Revenue	107.261.124	99.461.218
Other operating income	0	12.866
Other external expenses	<u>-15.456.010</u>	<u>-14.813.655</u>
Gross profit	91.805.114	84.660.429
4 Staff costs	-78.560.951	-73.942.454
5 Depreciation	-3.497.651	-2.304.716
Other operating expenses	<u>0</u>	<u>-830</u>
Operating profit	9.746.512	8.412.429
6 Financial expenses	<u>-436.631</u>	<u>-8.823</u>
Pre-tax net profit or loss	9.309.881	8.403.606
7 Tax on net profit or loss for the year	<u>-2.080.397</u>	<u>-1.810.831</u>
8 Net profit or loss for the year and total comprehensive income	<u>7.229.484</u>	<u>6.592.775</u>

Statement of financial position at 31 December

All amounts in DKK.

Assets		2023	2022
Note		<u> </u>	<u> </u>
Non-current assets			
9	Goodwill	65.778.798	65.778.798
10	Property, plants, and equipment	8.965.667	6.909.487
11	Lease assets	13.977.571	0
12	Other receivables	1.011.390	683.121
	Total non-current assets	<u>89.733.426</u>	<u>73.371.406</u>
Current assets			
	Receivables from group enterprises	17.236.359	15.778.968
	Other receivables	276.089	271.520
13	Prepayments	940.968	572.371
	Cash and cash equivalents	42.251.328	45.188.716
	Total current assets	<u>60.704.744</u>	<u>61.811.575</u>
	Total assets	<u>150.438.170</u>	<u>135.182.981</u>

Statement of financial position at 31 December

All amounts in DKK.

Equity and liabilities		2023	2022
Note		<u> </u>	<u> </u>
Equity			
15	Share capital	90.000	90.000
16	Share premium	97.177.412	97.177.412
	Retained earnings	0	6.847.515
	Proposed dividend for the financial year	7.229.484	0
	Total equity	<u>104.496.896</u>	<u>104.114.927</u>
Liabilities			
17	Provisions for deferred tax	14.432.790	13.189.155
18	Lease liabilities	13.346.284	0
	Other payables	363.511	300.223
	Total non-current liabilities	<u>28.142.585</u>	<u>13.489.378</u>
	Current portion of long term liabilities	893.000	0
	Trade payables	1.054.200	235.579
	Payables to group enterprises	324.754	0
	Income tax payable to group enterprises	836.762	0
	Other payables	14.689.973	17.343.097
	Total current liabilities	<u>17.798.689</u>	<u>17.578.676</u>
	Total liabilities	<u>45.941.274</u>	<u>31.068.054</u>
	Total equity and liabilities	<u>150.438.170</u>	<u>135.182.981</u>

Statement of changes in equity

All amounts in DKK.

	Contributed capital	Share premium	Retained earnings	Proposed dividend for the financial year	Total
Equity 1 January 2022	90.000	97.177.412	35.254.740	0	132.522.152
Profit for the year	0	0	6.592.775	0	6.592.775
Distributed extraordinary dividend adopted during the financial year	0	0	-35.000.000	0	-35.000.000
Equity 1 January 2023	90.000	97.177.412	6.847.515	0	104.114.927
Profit for the year	0	0	0	7.229.484	7.229.484
Distributed extraordinary dividend adopted during the financial year	0	0	-6.847.515	0	-6.847.515
Equity 31 December 2023	90.000	97.177.412	0	7.229.484	104.496.896

Statement of cash flows 1 January - 31 December

All amounts in DKK.

<u>Note</u>	<u>2023</u>	<u>2022</u>
Net profit or loss for the year	7.229.484	6.592.775
19 Adjustments	6.014.678	4.112.334
20 Change in working capital	-3.277.017	4.854.155
Cash flows from operating activities before net financials	9.967.145	15.559.264
Interest paid, etc.	-436.631	-8.823
Corporate tax received	0	477.074
Cash flows from operating activities	<u>9.530.514</u>	<u>16.027.515</u>
Purchase of property, plant, and equipment	-4.946.109	-2.168.687
Sale of property, plant, and equipment	0	12.866
Purchase of fixed asset investments	-328.269	-13.199
Cash flows from investment activities	<u>-5.274.378</u>	<u>-2.169.020</u>
Repayments of leasing liabilities	-346.009	0
Dividend paid	-6.847.515	-35.000.000
Cash flows from financing activities	<u>-7.193.524</u>	<u>-35.000.000</u>
Change in cash and cash equivalents	-2.937.388	-21.141.505
Cash and cash equivalents at opening balance	45.188.716	66.330.221
Cash and cash equivalents at end of period	<u>42.251.328</u>	<u>45.188.716</u>
Cash and cash equivalents		
Cash and cash equivalents	<u>42.251.328</u>	<u>45.188.716</u>
Cash and cash equivalents at end of period	<u>42.251.328</u>	<u>45.188.716</u>

1. Accounting policies

The annual report for Samsung Denmark Research Center ApS has been presented in accordance with The International Financial Reporting Standards and additional disclosure requirements in the Danish Financial Statements Act concerning reporting class C enterprises (medium sized enterprises).

The annual report has been prepared according to the standards and interpretations which entered into force for the financial year. Please refer to note 25 concerning implementation of new accounting standards.

The board of directors and management have on 30 April 2024 considered and adopted the annual report for the year ended 31 December 2023 for Samsung Denmark Research Center ApS. The annual report is presented to the shareholders of Samsung Denmark Research Center ApS for approval at the annual general meeting on 30 April 2024.

Foreign currency translation

Management has determined the functional currency to be Danish Kroner (DKK). The functional currency is the currency used in the primary financial environments in which the Company conducts its business. Transactions in currencies other than the functional currency are considered transactions in foreign currency.

Transactions in foreign currency are translated by using the exchange rate prevailing at the date of the transaction. Differences in the rate of exchange arising between the rate at the date of transaction and the rate at the date of payment are recognised in the profit and loss account as an item under net financials.

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

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

Income statement

Revenue

The Company's revenue includes the sale of services, including research and development.

Revenue is recognised when control over the individual identifiable delivery obligation passes to the customer.

1. Accounting policies (continued)

The net turnover is recognised exclusive of VAT and taxes.

Sale of services include research and development. The services typically include a delivery obligation that is recognized on a straight line bases in revenue over the period inn which the services are provided.

For the sale of services, where there typically is a continuous transfer of control, the payment term is 30 days.

Other operating income

Other operating income comprises items of a secondary nature as regards the principal activities of the enterprise, including profit from the disposal of intangible and tangible assets.

Other external expenses

Other external expenses comprise expenses incurred for sales, administration, and premises.

Staff costs

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

Depreciation and writedown for impairment

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

Other operating expenses

Other operating expenses comprise items of secondary nature as regards the principal activities of the enterprise, including losses on the disposal of intangible and tangible assets.

Financial income and expenses

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

Tax on net profit or loss for the year

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

The Company is subject to Danish rules on compulsory joint taxation of Danish group enterprises.

1. Accounting policies (continued)

The current Danish income tax is allocated among the jointly taxed companies proportional to their respective taxable income (full allocation with reimbursement of tax losses).

Balance sheet

Goodwill

At the first recognition, acquired goodwill is measured in the balance sheet at cost. Subsequently, goodwill is measured at cost with deduction of accumulated impairment. Goodwill is not amortized.

Goodwill impairment test

Goodwill is tested annually for impairments, the first time before the end of the acquisition year.

The carrying amount of goodwill is tested for impairment together with the other non-current assets in the cash-generating unit to which goodwill is allocated and written down to the recoverable amount over the income statement if the carrying amount is higher. The recoverable amount is generally computed as the present value of the expected future net cash flows from the activity (cash-generating unit) to which the goodwill is allocated.

An impairment is recognised if the carrying amount of an asset exceeds its recoverable amount. The impairment is recognised in the income statement in a separate line. Impairment of goodwill is not reversed.

Property, plant, and equipment

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

The depreciable amount is cost less any expected residual value after the end of the useful life of the asset. The amortisation period and the residual value are determined at the acquisition date and reassessed annually. If the residual value exceeds the carrying amount, the depreciation is discontinued.

If the amortisation period or the residual value is changed, the effect on amortisation will, in future, be recognised as a change in the accounting estimates.

The cost comprises acquisition cost and costs directly associated with the acquisition until the time when the asset is ready for use.

The cost of a total asset is divided into separate components. These components are depreciated separately, the useful lives of each individual components differing, and the individual component representing a material part of the total cost.

Notes

1. Accounting policies (continued)

Depreciation is done on a straight-line basis according to an assessment of the expected useful life and the residual value of the individual assets:

	Useful life	Residual value
Property, plant, and equipment	3-5 years	0 %

Subsequent costs, e.g. in connection with replacement of components of tangible assets, are recognised in the carrying amount of the asset if it is probable that the cost will result in future economic benefits for the company. The replaced components are removed from the balance sheet and recognised as an expense in the income statement. All costs incurred for ordinary repairs and maintenance are recognised in the income statement as incurred.

Profit or loss derived from the disposal of property, land, and equipment is measured as the difference between the sales price less selling costs and the carrying amount at the date of disposal. Profit or loss is recognised in the income statement as other operating income or other operating expenses.

Property, plant and equipment impairment test

The book values of property, plant and equipment is subject to annual impairment test in order to disclose any indications of impairment beyond those expressed by amortisation and depreciation respectively.

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

The recoverable value is equal to the value of the net selling price or the value in use, whichever is higher. The value in use is determined as the present value of the expected net cash flow deriving from the use of the asset or the group of assets.

Previously recognised writedown is reversed when the condition for the writedown no longer exist.

Leases

A lease asset and a lease liability are recognized in the balance sheet when, under a lease agreement for a specific identifiable asset, the lease asset is made available during the lease period, and when the Company obtains a right to virtually all the economic benefits from the use of the identified asset and right to decide on the use of the identified asset.

Lease liabilities are initially recognized at the present value of the future lease payments discounted by an alternative lender. The following lease payments are recognized as part of the lease liability:

1. Accounting policies (continued)

- Fixed payments
- Variable payments that change in line with changes in an index or interest rate, based on the applicable index or interest rate
- Payments owed under a residual value guarantee
- The exercise price of purchase options which management expects with high probability to exercise.
- Payments subject to an extension option which the Company is likely to expect to exercise
- Penalties related to a termination option, unless the Company does not expect to exercise the option

The lease liability is measured at amortized cost using the effective interest method. The lease liability is recalculated when there are changes in the underlying contractual cash flows from changes in an index or interest rate, if there are changes in the Company's estimate of a residual value guarantee or if the Company changes its assessment of whether a purchase, extension or termination option with reasonable probability is expected to be exercised.

On initial recognition, the lease asset is measured at cost, which corresponds to the value of the lease liability adjusted for prepaid lease payments plus direct related costs and estimated costs for demolition, redevelopment or similar and less any rebates or other types of incentive payments received from the lessor.

Subsequently, the asset is measured at cost less accumulated depreciation and write-downs. The lease asset is depreciated over the shortest of the lease term and the useful life of the lease asset. Depreciation is recognized on a straight line basis in the income statement.

The lease asset is adjusted for changes in the lease liability as a result of changes in the terms of the lease or changes in the cash flow of the contract in line with changes in an index or interest rate.

Lease assets are depreciated on a straight line basis over the expected lease term, which is 120 months.

The Company presents the lease asset and the lease liability separately in the balance sheet.

The Company has chosen not to include low-value lease assets and short-term lease agreements in the balance sheet. Instead, lease payments relating to these leases are recognized on a straight line basis in the income statement.

Receivables

Receivables are measured at amortised cost, which usually corresponds to nominal value.

In order to meet expected losses, impairment takes place at the net realisable value.

1. Accounting policies (continued)

Prepayments

Prepayments recognised under assets comprise incurred costs concerning the following financial year.

Cash and cash equivalents

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

Income tax and deferred tax

Current tax liabilities and current tax receivable are recognised in the statement of financial position as calculated tax on the taxable income for the year, adjusted for tax of previous years' taxable income and for tax paid on account.

The Company is jointly taxed with consolidated Danish companies. The current corporate income tax is distributed between the jointly taxed companies in proportion to their taxable income and with full distribution with reimbursement as to tax losses. The jointly taxed companies are comprised by the Danish tax prepayment scheme.

Joint taxation contributions payable and receivable are recognised in the statement of financial position as "Income tax receivable" or "Income tax payable".

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

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

Adjustments take place in relation to deferred tax concerning elimination of unrealised intercompany gains and losses.

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

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

1. Accounting policies (continued)

Liabilities

Other liabilities concerning payables to suppliers, group enterprises, and other payables are measured at amortised cost which usually corresponds to the nominal value.

2. Accounting estimates and judgements

As part of its application of the Company's accounting policies, management makes judgements, in addition to estimates, which may materially affect the amounts recognised in the annual report.

Determining the carrying value of certain assets and liabilities requires judgements, estimates and assumptions relating to future events.

The estimates and assumptions about future events are based on historical experience and other factors which by management are considered reliable but by nature are associated with uncertainty. The assumptions may be incomplete or inaccurate, and unexpected events or circumstances may arise. Furthermore, the company is subject to risks and uncertainties which may lead to actual results differing from these estimates.

It may be necessary to change previous estimates due to changes in the conditions on which they were based or due to new information or subsequent events.

Estimates which are especially important for the financial reporting are made by applying the valuation of the impairment test for goodwill and determination of the leasing period among others.

The leasing period for the Company's office is ten years.

Impairment test for goodwill

At the annual impairment test for goodwill, or if there is an indication of impairment, an estimate is made of whether the parts of the business to which the asset is allocated (cash generating units) will be capable of generating sufficient positive net cash flows in the future to support the value of goodwill and other net assets in the relevant part of the business.

Due to the nature of the business, an estimate must be made of expected cash flows for many years in the future, which naturally leads to some uncertainty. It is not considered necessary to account for impairment of goodwill at present.

The impairment test and the related sensitivities are described in more detail in note 9.

Notes

All amounts in DKK.

	<u>2023</u>	<u>2022</u>
3. Revenue		
Sale of services	107.261.124	99.461.218
	<u>107.261.124</u>	<u>99.461.218</u>
<p>The Company only has sales to one segment and one customer.</p>		
4. Staff costs		
Salaries and wages	73.197.740	68.792.255
Pension costs	4.943.675	4.736.090
Other costs for social security	419.536	414.109
	<u>78.560.951</u>	<u>73.942.454</u>
Average number of employees	<u>79</u>	<u>71</u>

Remuneration of key management personnel

In accordance with IAS 24, the Directors' have given consideration to who has authority and responsibility for planning, directing and controlling the activities of the entity. The Directors' have determined that since strategic and operational decisions are ultimately made by personnel located in the parent entity of the Company and that major decisions are always subject to parent company approval, there are no key management personnel who are remunerated by the Company. Accordingly, no amounts have been disclosed in respect of this since no recharge for these services is received or receivable by the Company.

The remuneration of the members of the board of directors, including the executive management, are paid by other group companies which make no recharge to the Company. Their involvement in the day-to-day management of the Company is negligible. Accordingly, the above details include no remuneration in respect of the directors. Their total remuneration is included in the aggregate of directors' remuneration disclosed in the financial statements of other group companies.

Key management compensation

The compensation paid or payable to key management for employee service is shown below:

Notes

	2023	2022
4. Staff costs (continued)		
Key management		
Wage and salaries	4.958.022	3.433.077
Contribution plans and other social costs	5.681	4.544
Aggregate amounts (excluding shares) receivable under long-term incentive schemes	361.108	152.542
Post-employment benefits	324.866	251.621
	5.649.677	3.841.784
5. Depreciation		
Depreciation of property, plant and equipment	2.889.930	2.304.716
Depreciation of lease assets	607.721	0
	3.497.651	2.304.716
6. Financial expenses (Amortized cost)		
Interest, leasing liabilities	300.527	0
Exchange differences	136.104	8.823
	436.631	8.823
7. Tax on net profit or loss for the year		
Tax on net profit or loss for the year	836.762	0
Adjustment of deferred tax for the year	1.243.635	1.810.831
	2.080.397	1.810.831
Tax on profit for the year may be subdivided as follows:		
Calculated 22% tab on profit for the year before tax	2.048.174	1.848.793
Tax effect of non-deductible costs	5.917	8.281
Correction	26.306	-46.243
	2.080.397	1.810.831
Effective tax rate	22,3%	21,5%

Notes

All amounts in DKK.

	<u>2023</u>	<u>2022</u>
8. Proposed distribution of net profit		
Extraordinary dividend distributed during the financial year	6.847.515	35.000.000
Dividend for the financial year	7.229.484	0
Allocated from retained earnings	<u>-6.847.515</u>	<u>-28.407.225</u>
Total allocations and transfers	<u>7.229.484</u>	<u>6.592.775</u>
	<u>31/12 2023</u>	<u>31/12 2022</u>
9. Goodwill		
Cost opening balance	<u>65.778.798</u>	<u>65.778.798</u>
Cost end of period	<u>65.778.798</u>	<u>65.778.798</u>
Writedown opening balance	<u>0</u>	<u>0</u>
Writedown end of period	<u>0</u>	<u>0</u>
Carrying amount, end of period	<u>65.778.798</u>	<u>65.778.798</u>

As of 31 December 2023 management tested the carrying value of goodwill for impairment. The Company acquired the activities of Cambridge Silicon Radio Denmark, a branch of Cambridge Silicon Radio Limited UK on 4 October 2012. In doing so, it recognised goodwill of DKK 65.779k, which corresponds to the carrying amount as at 31 December 2023, and relates to Connectivity CGU which represent the main part of the Company's business.

The recoverable amount is based on the value, which is determined using expected net cash flows based on budgets for the years 2024-28 prepared by the management and a discount rate after tax of 12,0% (2022: 9,0%). The pre-tax discount rates are 12,2% (2022: 9,05%).

The weighted average growth rate used for exploration of future net cash flows for the years after 2028 has been estimated at 3,8%. The inflation rate is assumed to be 1%.

The key assumptions are based on experiences from previous years, external sources and instructions/calculations from the parent company.

Against this background, the carrying amount of goodwill is determined to be less than the recoverable amount. Thus, no impairment is required.

Notes

9. Goodwill (continued)

Management assess that probable changes in the basis assumptions (in particular the discount rate after tax) will not cause the value of goodwill to exceed the recoverable amount. It would take an increase in the discount rate after tax from 12,0% to 18,3% for the recoverable amount to be the same as the carrying amount of goodwill. Such increase is not considered likely and for other key assumptions likely changes would not result in impairment.

	<u>31/12 2023</u>	<u>31/12 2022</u>
10. Property, plants, and equipment		
Cost opening balance	21.732.250	19.679.468
Additions during the year	4.946.109	2.168.687
Disposals during the year	0	-115.905
Cost end of period	<u>26.678.359</u>	<u>21.732.250</u>
Depreciation and writedown opening balance	-14.822.763	-12.633.122
Depreciation for the year	-2.889.929	-2.304.716
Reversal of depreciation and impairment loss, assets disposed of	0	115.075
Depreciation and writedown end of period	<u>-17.712.692</u>	<u>-14.822.763</u>
Carrying amount, end of period	<u>8.965.667</u>	<u>6.909.487</u>

No changes have been made to estimates concerning property, plant and equipment.

Notes

All amounts in DKK.

	<u>31/12 2023</u>	<u>31/12 2022</u>
11. Lease assets		
Cost opening balance	1.563.464	1.563.464
Additions during the year	14.585.293	0
Cost end of period	<u>16.148.757</u>	<u>1.563.464</u>
Depreciation and writedown opening balance	-1.563.464	-1.563.464
Depreciation for the year	-607.722	0
Depreciation and writedown end of period	<u>-2.171.186</u>	<u>-1.563.464</u>
Carrying amount, end of period	<u>13.977.571</u>	<u>0</u>
Costs relating to short-term lease agreements and lease agreements with a low value	1.649.093	1.800.608
All lease assets relate to property.		
12. Other receivables (Non-current)		
Cost opening balance	683.121	669.922
Additions during the year	328.269	13.199
Cost end of period	<u>1.011.390</u>	<u>683.121</u>
Carrying amount, end of period	<u>1.011.390</u>	<u>683.121</u>
Specified as follows:		
Deposits	1.011.390	683.121
	<u>1.011.390</u>	<u>683.121</u>
13. Prepayments		
Prepaid IT costs and subscriptions	709.408	472.266
Prepaid insurance	142.513	63.507
Prepaid internet	41.326	24.263
Other prepayments	47.721	12.335
	<u>940.968</u>	<u>572.371</u>

Notes

All amounts in DKK.

	<u>31/12 2023</u>	<u>31/12 2022</u>
14. Financial instruments (at amortized costs)		
Receivables from group enterprises	17.236.359	15.778.968
Other receivables	1.287.479	954.642
Cash and cash equivalents	42.251.328	45.188.716
	<u>60.775.166</u>	<u>61.922.326</u>

Provision for losses amounts to DKK 0.

Refer to note 22 for the Company's risk management.

15. Share capital

The share capital consists of 90,000 shares, each with a nominal value of 1 DKK. No shares hold particular rights.

All shares have been fully paid.

There have been no changes in the share capital in the last 5 years.

16. Share premium

The share premium account includes amounts not included in the nominal share capital, which are paid by the shareholders in connection with capital increase.

Pursuant to the Articles of Association, the share premium may be freely used for distribution of dividend and bonus issue.

17. Provisions for deferred tax

Provisions for deferred tax opening balance	13.189.155	10.901.250
Deferred tax relating to the net profit or loss for the year	1.243.635	1.810.831
Tax losses used by the joint taxation	0	477.074
	<u>14.432.790</u>	<u>13.189.155</u>

The following items are subject to deferred tax:

Goodwill	14.471.335	14.471.335
Property, plant, and equipment	-38.545	-837
Losses carried forward from previous years	0	-1.281.343
	<u>14.432.790</u>	<u>13.189.155</u>

Notes

All amounts in DKK.

	<u>31/12 2023</u>	<u>31/12 2022</u>
18. Lease liabilities		
Total lease liabilities	14.239.284	0
Share of amount due within 1 year	<u>-893.000</u>	<u>0</u>
	13.346.284	0
Share of liabilities due after 5 years	<u>8.403.000</u>	<u>0</u>

For 2023, the Company paid DKK 646k for lease agreements. Interest payments related to recognized lease liabilities totaled DKK 301k, and repayments on recognized lease liabilities amounted to DKK 346k.

The development in the lease liabilities is a non-cash transaction. All cash transactions are shown above and in the cash flow statement.

	<u>2023</u>	<u>2022</u>
19. Adjustments		
Depreciation	3.497.650	2.304.716
Profit from disposal of non-current assets	0	-12.036
Financial expenses	436.631	8.823
Tax on net profit or loss for the year	<u>2.080.397</u>	<u>1.810.831</u>
	6.014.678	4.112.334
20. Change in working capital		
Change in receivables	-1.830.557	524.890
Change in trade payables and other payables	<u>-1.446.460</u>	<u>4.329.265</u>
	-3.277.017	4.854.155
21. Contingencies		
Contingent assets		
None.		

Notes

All amounts in DKK.

21. Contingencies (continued)

Contingent liabilities

The Company has entered into a tenancy agreement with an annual rent of DKK 1,552k. The agreement contains an annual rent regulation of minimum 2%. The tenancy may be terminated by giving 9 months' notice after 31 July 2026.

The Company has entered into a tenancy agreement with an annual rent of DKK 972k. The tenancy may be terminated by giving 3 months' notice.

Joint taxation

With Samsung Electronics branch of Samsung Electronics Nordic AB, Sweden, company reg. no 27 11 02 74 as administration company, the company is subject to the Danish scheme of joint taxation and unlimitedly, jointly, and severally liable, along with the other jointly taxed companies, for the total corporation tax.

The company is unlimitedly, jointly, and severally liable, along with the other jointly taxed companies, for any obligations to withhold tax on interest, royalties, and dividends.

The jointly taxed enterprises' total known net liability to the Danish tax authorities emerges from the financial statements of the administration company.

22. Financial risks

As a result of its operations, investments and financing, the Company is exposed to financial risks, including market risks (currency risks) and credit risks.

The Company's financial instruments primarily consist of cash and cash equivalents, where the carrying value as at 31 December 2023 amounts to DKK 42.251k. The carrying value is equivalent to the fair value.

Currency risk

The Company's activities expose it primarily to the financial risks of changes in foreign currency exchange rates. As most of the Company's transactions are in DKK the risk of changes in foreign currency exchange rates is assessed low. Therefore no further action has been taken.

Credit risks

The Company's main customer is a group company, thus the credit risk is remote and historically there has been no impairment.

Notes

All amounts in DKK.

22. Financial risks (continued)

The maximum credit risk exposure relating to financial assets is the carrying amount of the assets in the balance sheet.

Financial assets are written off when there is no reasonable expectation of recovery, such as a debtor failing to engage in a repayment plan with the Company. The Company categorises a loan or receivable for write off when a debtor fails to make contractual payments more than 180 days past due. Where recoveries are made, these are recognised in profit or loss.

At the year end, there were no financial assets deemed impaired. No financial assets were past due.

Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the board of directors. The Company manages liquidity risk by maintaining adequate reserves, by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

The table below analyses the Company's financial assets and liabilities into relevant maturity based on the remaining period at the balance sheet to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due after 12 months equal their carrying balances as the impact of discounting is not significant.

Notes

All amounts in DKK.

22. Financial risks (continued)

	Less than 1 year	Over 1 year	Total
31 December 2023			
Receivables from group enterprises	17.236.359	0	17.236.359
Other receivables	276.089	1.011.390	1.287.479
Cash and cash equivalents	42.251.328	0	42.251.328
	59.763.776	1.011.390	60.775.166
Lease liabilities	1.584.270	16.443.276	18.027.546
Trade payables	1.054.200	0	1.054.200
Payables to group enterprises	324.754	0	324.754
Income tax payable to group enterprises	836.762	0	836.762
Other payables	14.689.973	363.511	15.053.484
	18.489.959	16.806.787	35.296.746
31 December 2022			
Receivables from group enterprises	15.778.968	0	15.778.968
Other receivables	271.520	683.121	954.641
Cash and cash equivalents	45.188.716	0	45.188.716
	61.239.204	683.121	61.922.325
Trade payables	235.579	0	235.579
Other payables	17.343.097	300.223	17.643.320
	17.578.676	300.223	17.878.899

Capital risk management

The Company manages its capital to ensure that it will be able to continue as a going concern while maximising the return to shareholders. The Company is not subject to any externally imposed capital requirements. The Directors have ensured that future funding is assured for a period exceeding 12 months from the date of signing of these financial statements.

Notes

All amounts in DKK.

23. Related parties

Controlling interest

Samsung Electronics Europe Holding Coöperatief U.A. Majority shareholder
Oluf Palmestraat 10
2616LR Delft
The Netherlands
(Ownership interest 100%)

Samsung Electronics Co. Ltd., South Korea Ultimate parent
www.samsung.com (Investor relations) company

Other related parties

Joonsuk Kim Board member
Jong Hoon Oh Board Member
Rajinder Gawera Manager and board member
Wunki Jung Board member
Samsung Electronics, branch of Samsung Electronics Nordic AB, Sweden Jointly taxed company
Harman Professional Denmark ApS Jointly taxed company
Samsung SDS Europe Limited Affiliated company
Samsung Cambridge Solution Centre Limited Affiliated company
Samsung SDS German Branch Affiliated company

Transactions

The Company re-invoices costs paid with an addition of 10% to Samsung Cambridge Solution Centre Limited on a monthly basis. The transactions amounts to DKK 107.261k and have been recognised in the income statement under revenue and in the balance sheet under receivables from group enterprises which are settled on an ongoing basis pursuant to the Company's standard terms.

The Company has acquired IT services of DKK 1.822k from Samsung SDS Europe Limited and of DKK 6k from Samsung SDS German Branch.

Consolidated financial statements

The company is included in the consolidated financial statements of Samsung Electronics Co. Ltd., South Korea.

Notes

All amounts in DKK.

24. Events after the balance sheet

No events have occurred after the balance sheet date which would have a material impact on the Company's financial position or requires additional information.

25. New accounting standards

Samsung Denmark Research Center ApS has not implemented any amendments as none of the new standards and interpretations have impact on recognition and measurement.

A number of new standards and interpretations have been issued, which are not mandatory for the Company in relation to the preparation of the annual report for 2023. None of the new standards and interpretations are expected to impact significantly on the presentation of the accounts of the Company.

The adopted standards and interpretations, which are not yet in force, are implemented as they become mandatory for the Company. The management has not performed analysis of the potential effect of new standards on the financial statements.