



ÅRSREGNSKAPET FOR REGNSKAPSÅRET 2020 - GENERELL INFORMASJON

Enheten

Organisasjonsnummer: 863 503 922
Organisasjonsform: Aksjeselskap
Foretaksnavn: ZENITEL NORWAY AS
Forretningsadresse: Sandakerveien 24C
0473 OSLO

Regnskapsår

Årsregnskapets periode: 01.01.2020 - 31.12.2020

Konsern

Mørselskap i konsern: Ja
Konsernregnskap lagt ved: Ja

Regnskapsregler

Regler for små foretak benyttet: Nei
Benyttet ved utarbeidelsen av årsregnskapet til selskapet: Regnskapslovens alminnelige regler
Benyttet ved utarbeidelsen av årsregnskapet til konsernet: IFRS

Årsregnskapet fastsatt av kompetent organ

Bekreftet av representant for selskapet: Hanne Nygårdsmoen
Dato for fastsettelse av årsregnskapet: 25.05.2021

Grunnlag for avgivelse

År 2020: Årsregnskapet er elektronisk innlevert
År 2019: Tall er hentet fra elektronisk innlevert årsregnskap fra 2020

Det er ikke krav til at årsregnskapet m.v. som sendes til Regnskapsregisteret er undertegnet. Kontrollen på at dette er utført ligger hos revisor/enhetens øverste organ. Sikkerheten ivaretas ved at innsender har rolle/rettighet for innsending av årsregnskapet via Altinn, og ved at det bekreftes at årsregnskapet er fastsatt av kompetent organ.

Brønnøysundregistrene, 11.08.2022



Resultatregnskap

Beløp i: NOK	Note	2020	2019
RESULTATREGNSKAP			
Inntekter			
Salgsinntekt	10	637 723 000	585 347 000
Sum inntekter		637 723 000	585 347 000
Kostnader			
Varekostnad		321 917 000	305 685 000
Lønnskostnad	2,15	155 459 000	160 413 000
Avskrivning på varige driftsmidler og immaterielle eiendeler	6,7	5 367 000	3 838 000
Annen driftskostnad	13,16	100 380 000	84 878 000
Sum kostnader		583 123 000	554 814 000
Driftsresultat		54 600 000	30 533 000
Finansinntekter og finanskostnader			
Renteinntekt fra foretak i samme konsern		574 000	404 000
Annen renteinntekt		162 000	624 000
Annen finansinntekt		33 028 000	12 168 000
Utbytte		898 000	1 194 000
Sum finansinntekter		34 662 000	14 390 000
Nedskrivning av finansielle eiendeler		73 000	9 797 000
Annen rentekostnad		1 139 000	779 000
Annen finanskostnad		34 145 000	12 806 000
Sum finanskostnader		35 357 000	23 382 000
Netto finans		-695 000	-8 992 000
Ordinært resultat før skattekostnad		53 905 000	21 541 000
Skattekostnad på ordinært resultat	5	10 740 000	5 860 000
Ordinært resultat etter skattekostnad		43 165 000	15 681 000
Årsresultat		43 165 000	15 681 000
Overføringer og disponeringer			
Overføringer til/fra annen egenkapital		43 165 000	15 681 000



Resultatregnskap

Beløp i: NOK	Note	2020	2019
Sum overføringer og disponeringer		43 165 000	15 681 000



Balanse

Beløp i: NOK	Note	2020	2019
BALANSE - EIENDELER			
Anleggsmidler			
Immaterielle eiendeler			
Konsesjoner, patenter, lisenser, varemerker og lignende rettigheter	7	1 083 000	1 435 000
Utsatt skattefordel	5	7 243 000	6 204 000
Sum immaterielle eiendeler		8 326 000	7 639 000
Varige driftsmidler			
Maskiner og anlegg	6	4 209 000	5 225 000
Driftsløsøre, inventar, verktøy, kontormaskiner og lignende	6	2 561 000	3 419 000
Sum varige driftsmidler		6 770 000	8 644 000
Finansielle anleggsmidler			
Investering i datterselskap	14	12 994 000	27 994 000
Investering i annet foretak i samme konsern		0	362 000
Investeringer i aksjer og andeler	14	2 363 000	2 363 000
Andre fordringer	15	448 000	536 000
Sum finansielle anleggsmidler		15 805 000	31 255 000
Sum anleggsmidler		30 901 000	47 538 000
Omløpsmidler			
Varer			
Varer	11,20	110 558 000	90 713 000
Sum varer		110 558 000	90 713 000
Fordringer			
Kundefordringer	12,20	75 864 000	81 807 000
Andre fordringer	12,20	13 702 000	13 421 000
Konsernfordringer	8,20	63 659 000	61 950 000
Sum fordringer		153 225 000	157 178 000
Bankinnskudd, kontanter og lignende			
Bankinnskudd, kontanter og lignende	9	177 437 000	131 132 000
Sum bankinnskudd, kontanter og lignende		177 437 000	131 132 000



Balanse

Beløp i: NOK	Note	2020	2019
Sum omløpsmidler		441 220 000	379 023 000
SUM EIENDELER		472 121 000	426 561 000
BALANSE - EGENKAPITAL OG GJELD			
Egenkapital			
Innskutt egenkapital			
Selskapskapital	3,4	41 672 000	41 672 000
Overkurs	3	39 068 000	39 068 000
Annen innskutt egenkapital	3	9 224 000	9 224 000
Sum innskutt egenkapital		89 964 000	89 964 000
Opptjent egenkapital			
Annen egenkapital	3	217 677 000	180 672 000
Sum opptjent egenkapital		217 677 000	180 672 000
Sum egenkapital		307 641 000	270 636 000
Gjeld			
Langsiktig gjeld			
Annen langsiktig gjeld			
Gjeld til kredittinstitusjoner	19,20	31 270 000	21 999 000
Sum annen langsiktig gjeld		31 270 000	21 999 000
Sum langsiktig gjeld		31 270 000	21 999 000
Kortsiktig gjeld			
Leverandørgjeld		40 272 000	58 999 000
Skyldige offentlige avgifter		10 817 000	12 168 000
Kortsiktig konserngjeld	8	19 575 000	5 928 000
Annen kortsiktig gjeld	18	62 546 000	56 831 000
Sum kortsiktig gjeld		133 210 000	133 926 000
Sum gjeld		164 480 000	155 925 000



Balanse

Beløp i: NOK	Note	2020	2019
SUM EGENKAPITAL OG GJELD		472 121 000	426 561 000
POSTER UTENOM BALANSEN			
Garantistillelser	20	5 910 000	6 746 000
Pantstillelser	20	134 000 000	134 000 000



Konsernets resultatregnskap

Beløp i: EUR	Note	2020	2019
RESULTATREGNSKAP			
Inntekter			
Salgsinntekt	1	72 955 000	76 257 000
Sum inntekter		72 955 000	76 257 000
Kostnader			
Varekostnad	4	31 805 000	35 160 000
Lønnskostnad	5	24 534 000	27 516 000
Avskrivning på varige driftsmidler og immaterielle eiendeler	15,16, 17	2 242 000	2 586 000
Annen driftskostnad	6,7	5 744 000	7 072 000
Sum kostnader		64 325 000	72 334 000
Driftsresultat		8 630 000	3 923 000
Finansinntekter og finanskostnader			
Annen finansinntekt	9	106 000	145 000
Valutavinning	11	107 000	140 000
Sum finansinntekter		213 000	285 000
Annen finanskostnad	10	524 000	443 000
Sum finanskostnader		524 000	443 000
Netto finans		-311 000	-158 000
Ordinært resultat før skattekostnad		8 319 000	3 765 000
Skattekostnad på ordinært resultat	12	1 211 000	743 000
Ordinært resultat etter skattekostnad		7 108 000	3 022 000
Årsresultat		7 108 000	3 022 000



Konsernets balanse

Beløp i: EUR	Note	2020	2019
BALANSE - EIENDELER			
Anleggsmidler			
Immaterielle eiendeler			
Konsesjoner, patenter, lisenser, varemerker og lignende rettigheter	17	162 000	195 000
Utsatt skattefordel	13	1 207 000	1 173 000
Goodwill	16	3 075 000	3 272 000
Sum immaterielle eiendeler		4 444 000	4 640 000
Varige driftsmidler			
Maskiner og anlegg	15	596 000	368 000
Leasing, Right of Use	15	2 214 000	3 270 000
Driftsløsøre, inventar, verktøy, kontormaskiner og lignende	15	815 000	956 000
Sum varige driftsmidler		3 625 000	4 594 000
Finansielle anleggsmidler			
Investeringer i aksjer og andeler	19	225 000	240 000
Sum finansielle anleggsmidler		225 000	240 000
Sum anleggsmidler		8 294 000	9 474 000
Omløpsmidler			
Varer			
Varer	20	13 459 000	12 648 000
Pågående prosjekter	21	0	0
Sum varer		13 459 000	12 648 000
Fordringer			
Kundefordringer	22	11 899 000	14 374 000
Andre fordringer		1 383 000	1 287 000
Sum fordringer		13 282 000	15 661 000
Bankinnskudd, kontanter og lignende			
Bankinnskudd, kontanter og lignende	23	26 164 000	21 331 000
Sum bankinnskudd, kontanter og lignende		26 164 000	21 331 000



Konsernets balanse

Beløp i: EUR	Note	2020	2019
Sum omløpsmidler		52 905 000	49 640 000
SUM EIENDELER		61 199 000	59 114 000
BALANSE - EGENKAPITAL OG GJELD			
Egenkapital			
Innskutt egenkapital			
Selskapskapital		20 000 000	20 000 000
Overkurs		5 340 000	5 340 000
Sum innskutt egenkapital		25 340 000	25 340 000
Opptjent egenkapital			
Annen egenkapital		12 568 000	7 238 000
Sum opptjent egenkapital		12 568 000	7 238 000
Sum egenkapital		37 908 000	32 578 000
Gjeld			
Langsiktig gjeld			
Pensjonsforpliktelser	26	480 000	418 000
Utsatt skatt	13	18 000	0
Andre avsetninger for forpliktelser	27	480 000	0
Sum avsetninger for forpliktelser		978 000	418 000
Annen langsiktig gjeld			
IFRS16 - leasing forpliktelser	13	1 153 000	1 934 000
Sum annen langsiktig gjeld		1 153 000	1 934 000
Sum langsiktig gjeld		2 131 000	2 352 000
Kortsiktig gjeld			
Gjeld til kredittinstitusjoner	25	2 980 000	2 231 000
Leverandørgjeld	24	12 454 000	15 091 000
Annen kortsiktig gjeld	27	3 286 000	4 389 000
Annen kortsiktig gjeld	25	1 198 000	1 447 000
Current tax liabilities		1 242 000	1 026 000
Sum kortsiktig gjeld		21 160 000	24 184 000



Konsernets balanse

Beløp i: EUR	Note	2020	2019
Sum gjeld		23 291 000	26 536 000
SUM EGENKAPITAL OG GJELD		61 199 000	59 114 000



Building a better
working world

Statsautoriserte revisorer
Ernst & Young AS

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Medlemmer av Den norske revisorforening

UAVHENGIG REVISORS BERETNING

Til generalforsamlingen i Zenitel Norway AS

Uttalelse om revisjonen av årsregnskapet

Konklusjon

Vi har revidert årsregnskapet for Zenitel Norway AS som består av balanse per 31. desember 2020, resultatregnskap og kontantstrømoppstilling for regnskapsåret avsluttet per denne dato, og en beskrivelse av vesentlige anvendte regnskapsprinsipper og andre noteopplysninger.

Etter vår mening er årsregnskapet avgitt i samsvar med lov og forskrifter og gir et rettviseende bilde av selskapets finansielle stilling per 31. desember 2020, og av dets resultater og kontantstrømmer for regnskapsåret avsluttet per denne dato, i samsvar med regnskapslovens regler og god regnskapsskikk i Norge.

Grunnlag for konklusjonen

Vi har gjennomført revisjonen i samsvar med lov, forskrift og god revisjonsskikk i Norge, herunder de internasjonale revisjonsstandardene (ISA-ene). Våre oppgaver og plikter i henhold til disse standardene er beskrevet i avsnittet *Revisors oppgaver og plikter ved revisjonen av årsregnskapet*. Vi er uavhengige av selskapet i samsvar med de relevante etiske kravene i Norge knyttet til revisjon slik det kreves i lov og forskrift. Vi har også overholdt våre øvrige etiske forpliktelser i samsvar med disse kravene. Etter vår oppfatning er innhentet revisjonsbevis tilstrekkelig og hensiktsmessig som grunnlag for vår konklusjon.

Øvrig informasjon

Øvrig informasjon omfatter informasjon i selskapets årsrapport bortsett fra årsregnskapet og den tilhørende revisjonsberetningen. Styret og daglig leder (ledelsen) er ansvarlig for den øvrige informasjonen. Vår uttalelse om revisjonen av årsregnskapet dekker ikke den øvrige informasjonen, og vi attesterer ikke den øvrige informasjonen.

I forbindelse med revisjonen av årsregnskapet er det vår oppgave å lese den øvrige informasjonen med det formål å vurdere hvorvidt det foreligger vesentlig inkonsistens mellom den øvrige informasjonen og årsregnskapet eller kunnskap vi har opparbeidet oss under revisjonen, eller hvorvidt den tilsynelatende inneholder vesentlig feilinformasjon. Dersom vi konkluderer med at den øvrige informasjonen inneholder vesentlig feilinformasjon, er vi pålagt å rapportere det. Vi har ingenting å rapportere i så henseende.

Ledelsens ansvar for årsregnskapet

Ledelsen er ansvarlig for å utarbeide årsregnskapet i samsvar med lov og forskrifter, herunder for at det gir et rettviseende bilde i samsvar med regnskapslovens regler og god regnskapsskikk i Norge. Ledelsen er også ansvarlig for slik intern kontroll som den finner nødvendig for å kunne utarbeide et årsregnskap som ikke inneholder vesentlig feilinformasjon, verken som følge av misligheter eller feil.

Ved utarbeidelsen av årsregnskapet må ledelsen ta standpunkt til selskapets evne til fortsatt drift og opplyse om forhold av betydning for fortsatt drift. Forutsetningen om fortsatt drift skal legges til grunn for årsregnskapet med mindre ledelsen enten har til hensikt å avvikle selskapet eller legge ned virksomheten, eller ikke har noe annet realistisk alternativ.

Revisors oppgaver og plikter ved revisjonen av årsregnskapet

Vårt mål er å oppnå betryggende sikkerhet for at årsregnskapet som helhet ikke inneholder vesentlig feilinformasjon, verken som følge av misligheter eller feil, og å avgi en revisjonsberetning som inneholder vår konklusjon. Betryggende sikkerhet er en høy grad av sikkerhet, men ingen garanti for at en revisjon utført i samsvar med lov, forskrift og god revisjonsskikk i Norge, herunder ISA-ene, alltid vil avdekke vesentlig feilinformasjon. Feilinformasjon kan skyldes misligheter eller feil og er å anse som vesentlig



dersom den enkeltvis eller samlet med rimelighet kan forventes å påvirke de økonomiske beslutningene som brukeme foretar på grunnlag av årsregnskapet.

Som del av en revisjon i samsvar med lov, forskrift og god revisjonsskikk i Norge, herunder ISA-ene, utøver vi profesjonelt skjønn og utviser profesjonell skepsis gjennom hele revisjonen. I tillegg

- ▶ identifiserer og anslår vi risikoen for vesentlig feilinformasjon i årsregnskapet, enten det skyldes misligheter eller feil. Vi utformer og gjennomfører revisjonshandlinger for å håndtere slike risikoer, og innhenter revisjonsbevis som er tilstrekkelig og hensiktsmessig som grunnlag for vår konklusjon. Risikoen for at vesentlig feilinformasjon som følge av misligheter ikke blir avdekket, er høyere enn for feilinformasjon som skyldes feil, siden misligheter kan innebære samarbeid, forfalskning, bevisste utelatelser, uriktige fremstillinger eller overstyring av intern kontroll;
- ▶ opparbeider vi oss en forståelse av den interne kontrollen som er relevant for revisjonen, for å utforme revisjonshandlinger som er hensiktsmessige etter omstendighetene, men ikke for å gi uttrykk for en mening om effektiviteten av selskapets interne kontroll;
- ▶ vurderer vi om de anvendte regnskapsprinsippene er hensiktsmessige og om regnskapsestimater og tilhørende noteopplysninger utarbeidet av ledelsen er rimelige;
- ▶ konkluderer vi på om ledelsens bruk av fortsatt drift-forutsetningen er hensiktsmessig, og, basert på innhentede revisjonsbevis, hvorvidt det foreligger vesentlig usikkerhet knyttet til hendelser eller forhold som kan skape betydelig tvil om selskapets evne til fortsatt drift. Dersom vi konkluderer med at det foreligger vesentlig usikkerhet, kreves det at vi i revisjonsberetningen henleder oppmerksomheten på tilleggsopplysningene i årsregnskapet. Hvis slike tilleggsopplysninger ikke er tilstrekkelige, må vi modifisere vår konklusjon. Våre konklusjoner er basert på revisjonsbevis innhentet frem til datoen for revisjonsberetningen. Etterfølgende hendelser eller forhold kan imidlertid medføre at selskapets evne til fortsatt drift ikke lenger er til stede;
- ▶ vurderer vi den samlede presentasjonen, strukturen og innholdet i årsregnskapet, inkludert tilleggsopplysningene, og hvorvidt årsregnskapet gir uttrykk for de underliggende transaksjonene og hendelsene på en måte som gir et rettviseende bilde.

Vi kommuniserer med styret blant annet om det planlagte omfanget av revisjonen, tidspunktet for vårt revisjonsarbeid og eventuelle vesentlige funn i vår revisjon, herunder vesentlige svakheter i den interne kontrollen som vi avdekker gjennom vårt arbeid.

Uttalelse om øvrige lovmessige krav

Konklusjon om årsberetningen

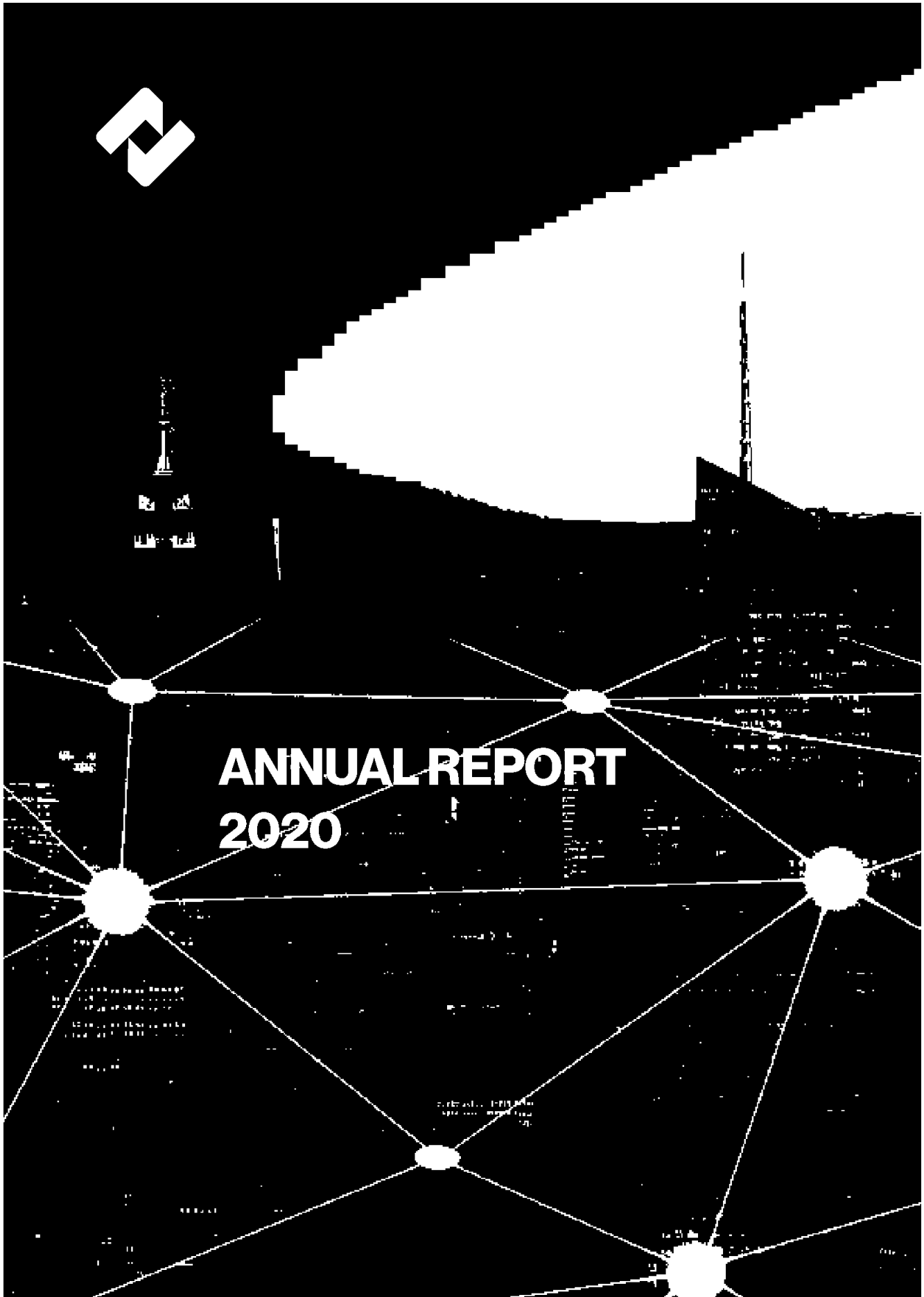
Basert på vår revisjon av årsregnskapet som beskrevet ovenfor, mener vi at opplysningene i årsberetningen om årsregnskapet, forutsetningen om fortsatt drift og forslaget til disponering av resultatet er konsistente med årsregnskapet og i samsvar med lov og forskrifter.

Konklusjon om registrering og dokumentasjon

Basert på vår revisjon av årsregnskapet som beskrevet ovenfor, og kontrollhandlinger vi har funnet nødvendige i henhold til internasjonal standard for attestasjonsoppdrag (ISAE) 3000 «Attestasjonsoppdrag som ikke er revisjon eller forenklet revisorkontroll av historisk finansiell informasjon», mener vi at ledelsen har oppfylt sin plikt til å sørge for ordentlig og oversiktlig registrering og dokumentasjon av selskapets regnskapsopplysninger i samsvar med lov og god bokføringskikk i Norge.

Oslo, 15. september 2021
ERNST & YOUNG AS

Andreas Lie
statsautorisert revisor



ANNUAL REPORT 2020



THE ZENITEL GROUP

OUR CORE VALUES

In 2020 Zenitel has reinforced its core values to further strengthen the company culture. In our numerous interactions with colleagues, customers, suppliers, partners, investors and other stakeholders, we are sincerely committed to be Professional, Open and Passionate:

PROFESSIONAL

We put **quality** and **reliability** first.

We are committed to personal **excellence**, high **competence** and continued **improvement**.

We seek clear and **efficient processes and solutions** that create **sustainable value** to our customers, our partners and our communities.

OPEN

We aspire to **build trust** through open, honest and constructive communication.

We listen and **share knowledge** to develop ourselves, our customers and our partners, and to **innovate our products, solutions and processes**.

We are open and seek integrated solutions, by **building strong long-term technology and business relationships**.

PASSIONATE

We go the extra mile, **committed in heart and mind** – for our colleagues, our customers, our partners, and our technology.

We constantly push ourselves to be at **our best**, focus on finding solutions, and want to make a difference – because **we are passionate about what we do**.

We involve each other, respecting, appreciating and leveraging our diversity. Through collaboration, **we build the Zenitel team spirit**.

MISSION

To keep people safe, by enabling everyone to **hear, be heard and be understood** – every time and everywhere.

VISION

The world leading provider of **intelligent critical communication solutions**.





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⁽¹⁾ These chapters form an integral part of the Report of the Board of Directors and contain the information required by the Belgian Code of Companies and Associations

Zenitel is a worldwide leading provider of Intelligent Communication solutions that allow people to hear, be heard and be understood, in every situation. Because communication is critical in all areas of business, Zenitel systems interface with other security systems including CCTV, access control and alarm systems for a comprehensive security solution.

FOUNDED IN 1901 AND A BRIGHT FUTURE AHEAD

Since our founding in 1901, Zenitel systems are - thanks to continuous innovation - at the forefront of today's technology landscape, and well positioned to drive the future of Intelligent Communications. Fuelled by technology trends like the Internet of Things (IoT), connected cloud systems, big data and artificial intelligence (AI), Intelligent Communications is becoming pervasive and reaching unprecedented levels of performance and convenience.

With a full range of IP products and solutions, built-in intelligence and security, the Zenitel portfolio is providing organizations with maximum flexibility in scale and performance and is ready to reach unparalleled levels of deployment and usage.

INTEGRATED AND INTELLIGIBLE COMMUNICATIONS

Zenitel effectively bridges the traditional gaps between 2-way Intercom and Public Address and General Alarm solutions, making it the best alternative on the market, even for the world's most demanding secure communication environments. Zenitel also sells and integrates world-class third-party products that complement and seamlessly integrate with the Zenitel suite of products and solutions.

As a leading provider of critical communications over IP, Zenitel is also the proven and preferred audio communication choice for environments that require crystal-clear communication to ensure the protection of human life, property and assets.

Zenitel has a strong presence in both the onshore and offshore secure communications market through its global brands Zenitel, Vingtor-Stentofon and Phontech, which are recognized worldwide for offering advanced offshore and onshore communication systems. Zenitel operates on a worldwide scale through its own offices in 15 countries and through a global network of highly esteemed partner companies. Zenitel is listed on the Euronext stock exchange in Brussels, with its statutory headquarters situated in Belgium.

BRANDS

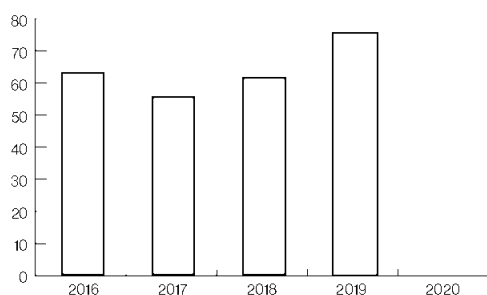
zenitel VINGTOR STENTOFON PHONTECH

For more information, visit: www.zenitel.com

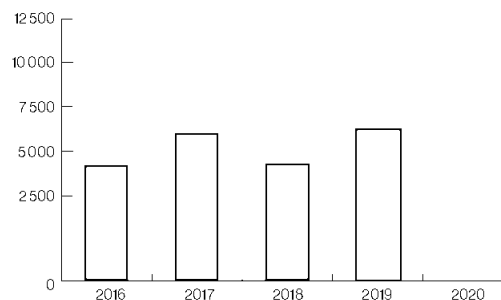


CONSOLIDATED KEY FIGURES

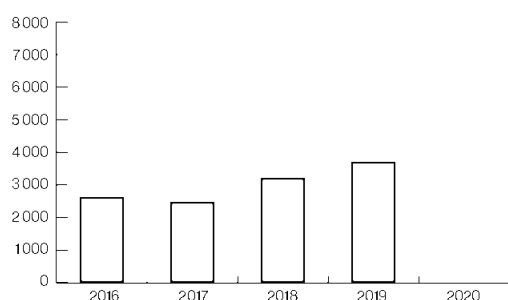
2020 REVENUE WAS € 73.0 MILLION COMPARED TO € 76.3 MILLION IN 2019



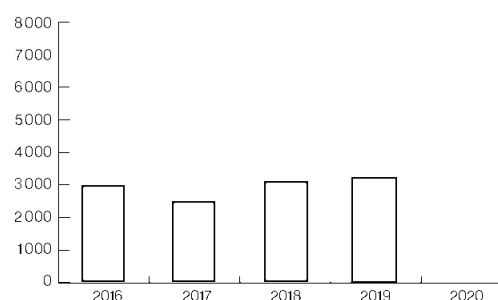
EBITDA OF € 10.9 MILLION IN 2020 AGAINST € 6.5 MILLION IN 2019



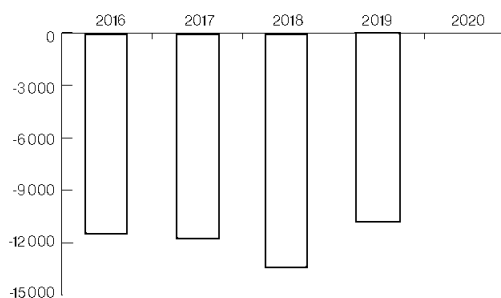
EBIT OF € 8.6 MILLION IN 2020 AGAINST € 3.9 MILLION IN 2019



NET RESULT CONTINUING OPERATIONS OF € 7.1 MILLION IN 2020 AGAINST € 3.0 MILLION IN 2019



NET DEBT AND PROVISIONS REDUCED COMPARED TO LAST YEAR





(thousands of euro)	2020	2019	2018	2017	2016
FROM CONSOLIDATED STATEMENT OF PROFIT OR LOSS					
Revenue		76 257	61 831	59 915	63 473
Profit before tax		3 765	3 383	3 068	2 617
Profit of the year		3 022	2 653	2 265	2 561
FROM STATEMENT OF FINANCIAL POSITION					
Total assets		59 114	50 138	44 763	47 494
Shareholders' equity		32 578	29 327	26 730	26 718
Working capital		7 781	5 967	2 474	1 535
Total financial debt ⁽²⁾		5 612	2 120	1 606	2 511
Total provisions ⁽³⁾		4 807	4 789	5 514	5 215
Cash and cash equivalents		21 331	20 371	18 950	19 249
ALTERNATIVE PERFORMANCE MEASURES					
Pre-IFRS EBITDA ⁽⁶⁾		4 659	4 240	5 223	4 313
EBITDA ^{(1) (*)}		6 509	4 240	5 223	4 313
Operating profit (EBIT)		3 923	3 164	3 557	2 483
Net result continuing operations		3 022	2 653	2 265	2 561
RATIOS					
Shareholder's equity ratio		55.1%	58.5%	59.7%	56.3%
Net debt ⁽⁴⁾ / EBITDA ^(*)		-2.4	-4.3	-3.3	-3.9
Net debt ⁽⁴⁾ and provisions ⁽³⁾ / EBITDA ^(*)		-1.7	-3.2	-2.3	-2.7
Weighted average number of shares (in thousands)		3 308	3 311	3 305	3 306
Shareholder's equity/share (EUR)		9.85	8.86	8.09	8.08
Earnings/share (EUR)		0.91	0.80	0.69	0.77
ROCE ⁽⁵⁾		24.8%	30.5%	43.0%	30.9%
OTHER KEY FIGURES					
FTE ^(**)		303	300	264	266

(1) EBITDA: earnings before interest & taxes, depreciation and amortization

(2) Total financial debt: long term and short term interest bearing loans and borrowings

(3) Total provisions: Retirement benefit obligations plus provisions (both current and non current)

(4) Net debt: Total debt minus cash and cash equivalents

(5) ROCE: EBIT / (tangible assets + intangible assets + working capital)

(6) Pre-IFRS-16 EBITDA: earnings before interest & taxes, depreciation and amortization and IFRS-16 accounting entries

(*) Impairment on current assets are included in raw materials and consumables used which has an impact on EBITDA

(**) The reported group FTE's include both employees and contractors

DEAR SHAREHOLDERS



2020 was a very challenging and exceptional year due to the unprecedented market conditions and working circumstances caused by COVID-19, but Zenitel was able to keep revenue fairly stable and increase profitability strongly mainly driven by exceptional OPEX-savings.

SOME FINANCIAL HIGHLIGHTS

- Total revenue decreased to 73.0 million euro compared to 76.3 million euro in 2019.
- EBITDA amounted to 10.9 million euro, an increase of 4.4 million euro compared to 2019.
- EBIT amounted to 8.6 million euro, compared to 3.9 million euro in 2019.
- Net profit from operations was 7.1 million euro, compared to 3.0 million euro in 2019.
- Financial cash position of 26.2 million euro at the end of 2020, compared to 21.3 million euro in 2019.
- 2020 was an exceptional year due to COVID-19, causing exceptional operating costs savings and postponed CAPEX investments.



NET PROFIT STRONGLY UP COMPARED TO 2019

From the left: Koen Claerbout, Jo Van Gorp.

2020 was a very challenging and exceptional year due to the unprecedented market conditions and working circumstances caused by COVID-19. At Zenitel we were able to limit the impact on the revenue thanks to the relentless efforts of our employees, customers and partners. At the same time, we realized exceptional savings in operational expenses due to COVID-19 related limitations for business travel and trade shows. In 2021 we will continue to invest in people and innovation as well as focus on commercial and operational excellence to strengthen our market position in intelligent critical communication solutions.

We have been pleasantly surprised and are extremely grateful for the dedication and resilience of our employees. It is not easy to sell, develop, deliver and complete projects all over the globe in unprecedented times where travel and customer visits are severely restricted. The passion and perseverance of our solution-minded staff has been exemplary and we are proud of them.

We are also deeply thankful to our customers, partners and suppliers. The support and creativity of our suppliers in finding solutions to safeguard production of materials and equipment, and the cooperation and trust of our customers and partners in our products and solutions are extremely appreciated.

Our gratitude also goes to our shareholders. We will continue to work hard to create value by further developing our business and organization in a sustainable and profitable way. We would like to express our sincere appreciation to the members of our Board of Directors for their precious involvement, wise words and advice.

Zenitel has successfully navigated through an extraordinary year and is well positioned to further strengthen its position as a technology leader in its core markets.

Koen Claerbout
CEO

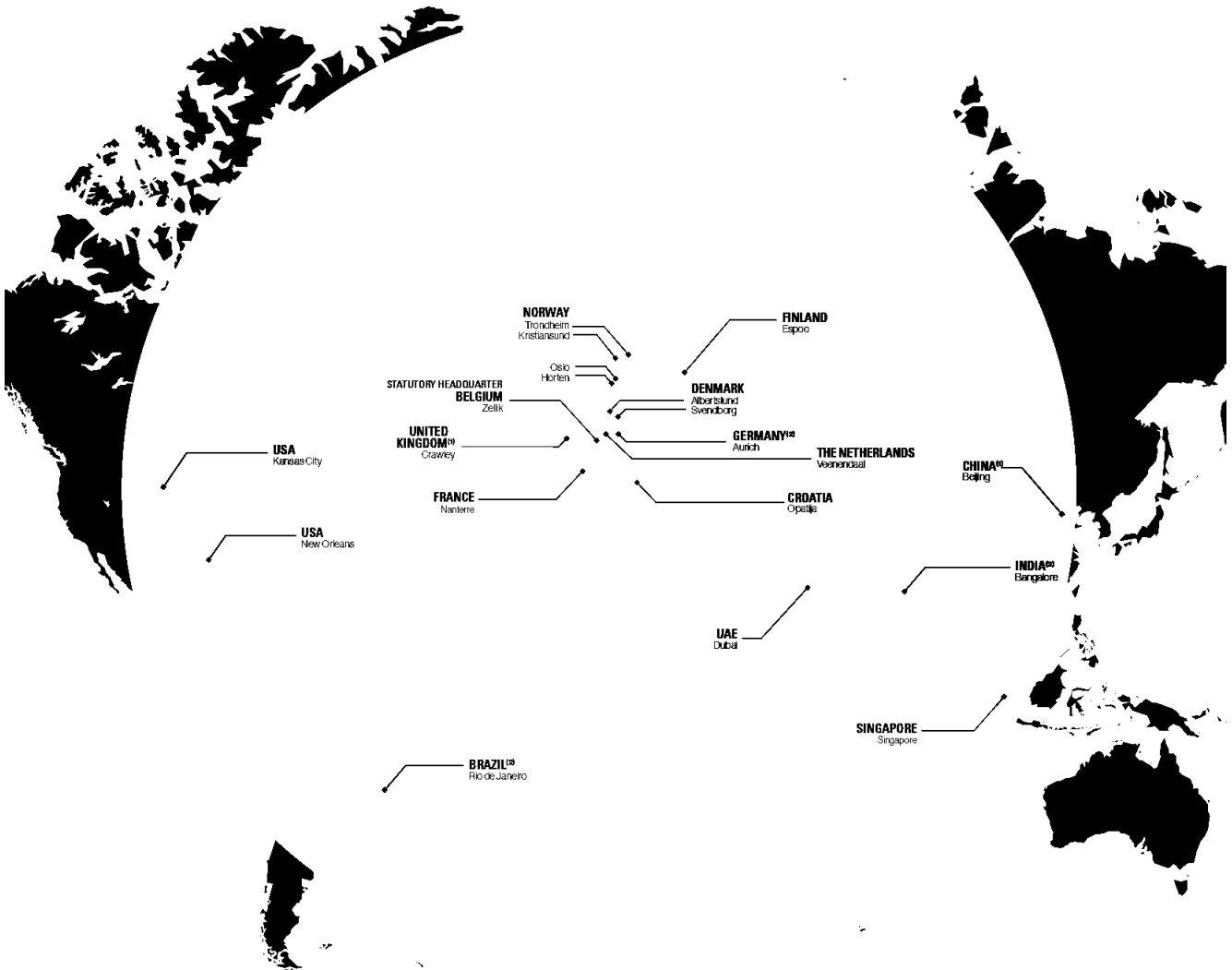
Jo Van Gorp
Chair

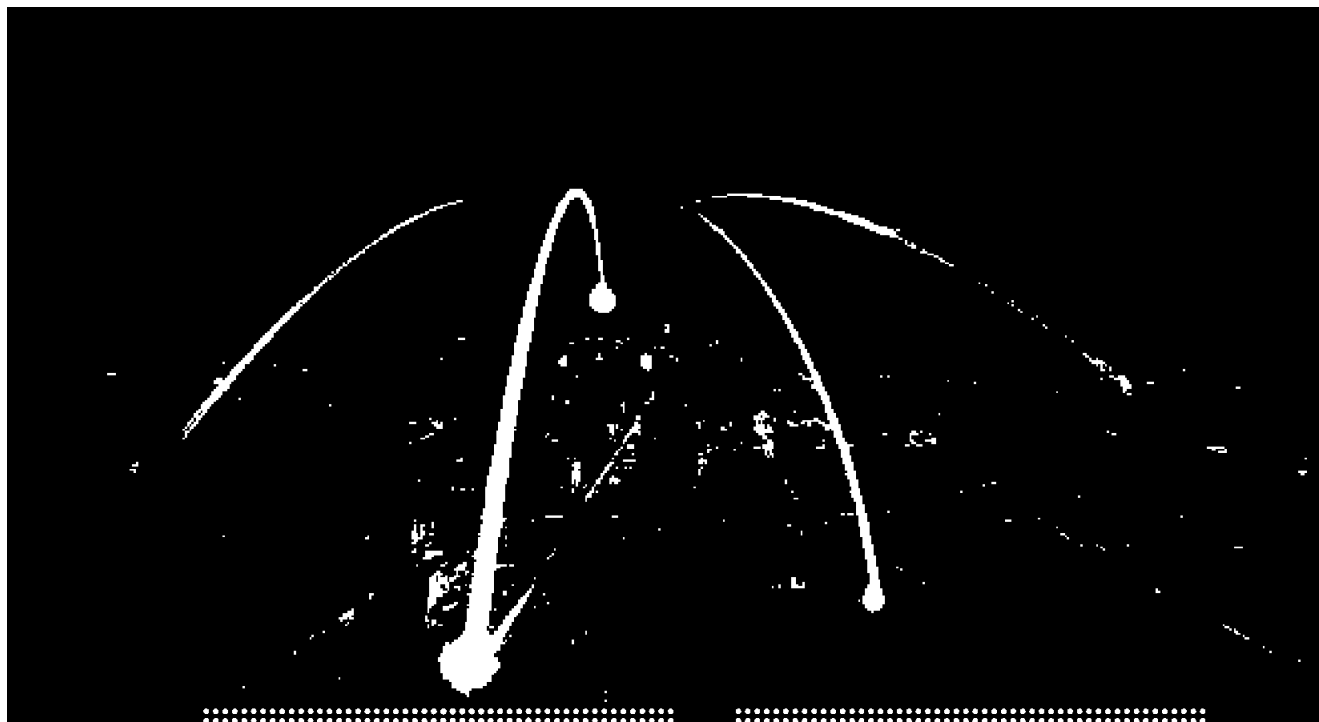


OUR WORLDWIDE PRESENCE

OUR GLOBAL PRESENCE ENABLES US TO PROVIDE SUPPORT AROUND THE WORLD, ENSURING OPTIMAL PERFORMANCE OF OUR COMMUNICATION SYSTEMS AT ALL TIMES.

Through our extensive network, we can coordinate and handle service assistance, combining our in-house expertise with skilled technical personnel and service engineers located around the world.





COUNTRIES WITH LOCAL OFFICES



FTE WORLDWIDE

15

302

FTE BY COUNTRY⁽³⁾

Europe

Belgium	4
Croatia	38
Denmark	20
France	18
Finland	12
Germany ⁽²⁾	2
The Netherlands	1
Norway	150
United Kingdom ⁽¹⁾	2

Americas

Brazil ⁽²⁾	3
United States	20

Asia

China ⁽¹⁾	2
India ⁽²⁾	4
Singapore	23
United Arab Emirates	3

Total	302
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(1) Related offices

(2) Zenitel Agents

(3) The reported Group FTEs include both employees and contractors.



OUR BUSINESS

Zenitel is a company with solid foundations and an eye to the future.

We continue to invest in product development and innovative technology in order to further strengthen our market position in intelligent communication for decades to come. The Zenitel team is committed to realize the company's development and growth together with our partners.

OVERVIEW

Zenitel is recognized globally for offering advanced offshore and onshore communications, through our product brands Zenitel, Vingtor-Stentofon and Phontech. Our primary system offerings are Public Address, Intercom and Two-Way Radio. Markets include Building Security, Public Safety, Transportation, Industry, Energy, and Maritime. Our systems interface with other security devices, enabling end users and integrators to build interconnected solutions with access control, video surveillance, digital messaging and more for an integrated and intelligent security solution.

OUR PERSONNEL

We strengthen our company culture by clarifying and living our company values and by training and personal development of our employees. We value teamwork and promote career-path development. With a dynamic mix of new and experienced colleagues, we have a working environment that stimulates the growth of our company and brings out the best in every individual. Our market-leading position is a key asset in our efforts to attract the most qualified people in the industry.

OUR RESPONSIBILITY

OUR CUSTOMERS

Customer satisfaction and professionalism are extremely important in providing good customer service. Consistent quality control, investments in type approvals and certifications, as well as surveys measuring customer satisfaction underpin our strategy to build strong, sustainable customer relationships.

OUR SUPPLIERS

Zenitel has well established partnerships with global suppliers in order to secure timely deliveries and the highest quality products.

OUR ENVIRONMENT

Zenitel products are produced according to environmental standards such as REACH, RoHS, and other European Directives, as well as (WEE) Waste Electrical and Electronic Equipment Directives. Zenitel complies with the Inventory of Hazardous Materials* (IHM), REGULATION (EU) 1257/2013, and RESOLUTION MEPC.269(68), by documenting all materials in a marine vessel's construction that may be hazardous to humans or the environment.

OUR SHAREHOLDERS

We take pride in maintaining Zenitel's market value as a long-term and safe investment for our shareholders, while sustaining a healthy and controlled company growth.

OUR BRANDS

zenitel

VINGTOR STENTOFON PHONTECH

Zenitel, Vingtor-Stentofon and Phontech are recognized globally for offering advanced communication platforms. The brands provide integrated security communications for environments where life, property and assets are at stake.



OUR MARKETS

Our strategy for investing in new products and solutions relies on our knowledge of, and operational focus on, targeted markets. We provide specific communication solutions and products to the following markets:



MARITIME

Zenitel has gained a reputation as a supplier of flexible, reliable and advanced systems for Critical Communication, Data, Safety and Entertainment since its founding in 1901. Over 30,000 ships sailing around the world have our type-approved and certified equipment installed onboard.



ENERGY

Our products and solutions are made for use in advanced operations executed in demanding environments. We work closely with highly skilled professionals in the Energy industry, maintaining a constant focus on operational safety and security.



INDUSTRY

Zenitel solutions are designed to meet the needs of plant owners, managers, employees and visitors. Operations in hazardous areas, clean rooms and control rooms all benefit from our ability to ensure people can always hear, be heard and be understood.



TRANSPORTATION

Zenitel offers integrated audio communication solutions for a wide range of projects, such as toll booths, airports, roadside & tunnel assistance, trains & metros, and harbor docks & ports. Through our SIP capabilities, we also offer communication solutions in existing or new VoIP systems.



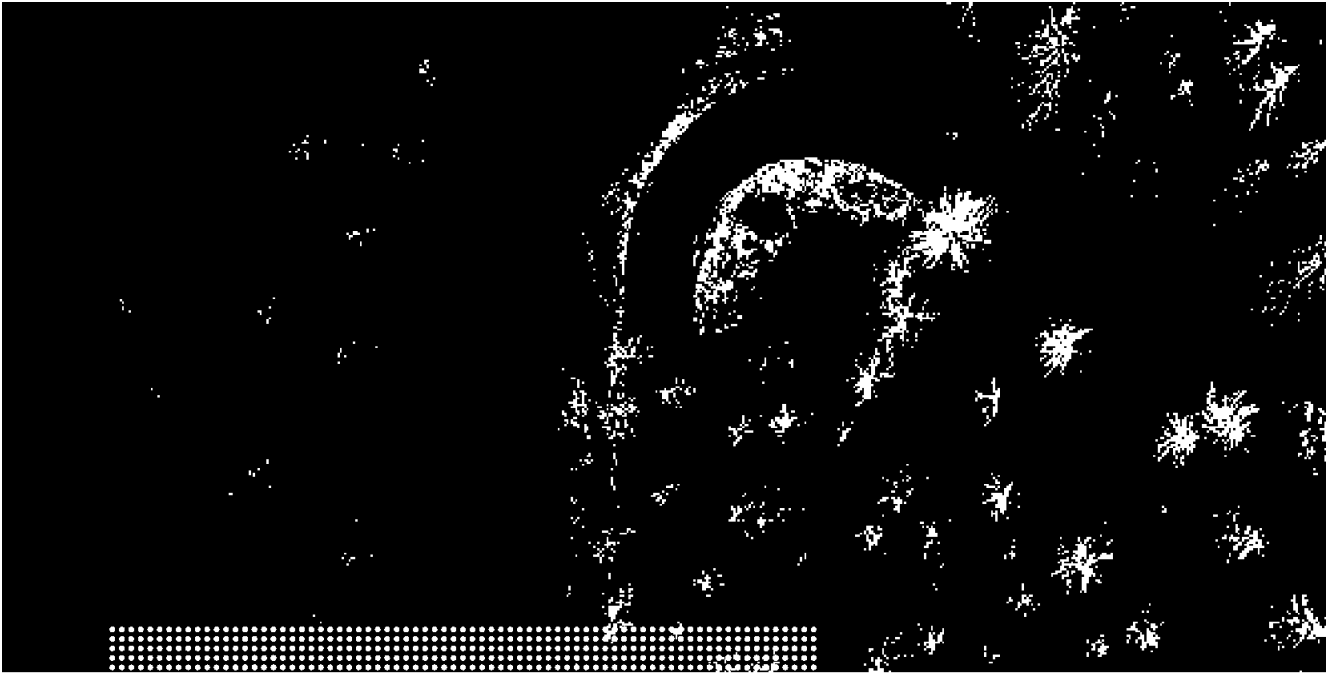
BUILDING SECURITY

Zenitel has revolutionary IP Audio and VoIP Solutions for emergency communications, IP Video Door Intercom, Public Address, and Mass Notification. We base all our solutions on the most important criteria: Intelligibility - the ability to hear, be heard and be understood, in every situation.



PUBLIC SAFETY

Using high-quality voice and audio integration, city-protection services can cover wider areas and use their security forces more efficiently. By introducing durable and rugged communication points, an additional level of security and comfort to the public can be reliably provided.



OUR CORPORATE SOCIAL RESPONSIBILITY

ENVIRONMENTAL POLICY, CERTIFICATIONS AND STANDARDS.

To ensure that we continually run our company to the highest possible standard, we are committed to meeting stringent, internationally recognized quality, environmental and safety standards.

THREE STEPS OF INNOVATION FOR THE ENVIRONMENT

Because we care about the planet and its inhabitants, we continually strive toward setting and maintaining sustainable processes throughout the value chain.

1. REDUCE PRODUCTION WASTE:

Zenitel complies with the European WEEE (Waste Electrical and Electronic Equipment) directive for environmental conservation, ensuring that discarded equipment is recycled appropriately.

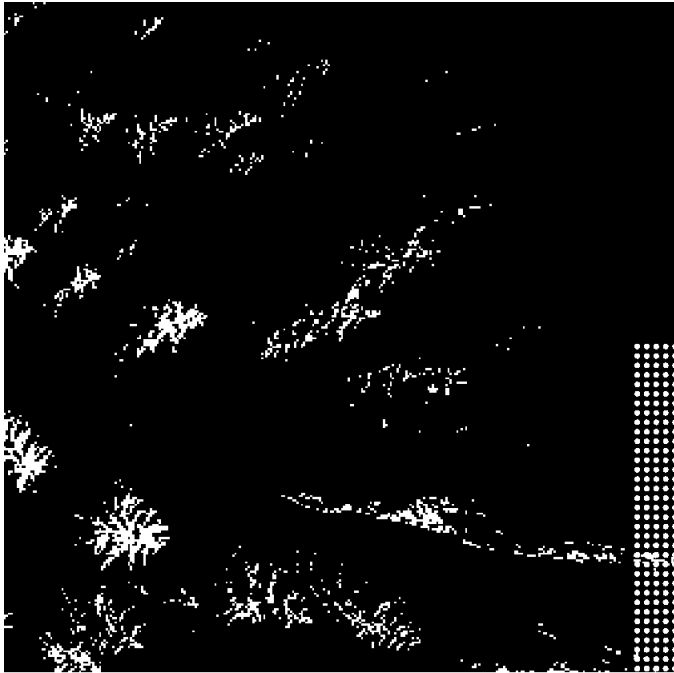
2. GREEN PASSPORT:

Zenitel complies with the Inventory of Hazardous Materials* (IHM), REGULATION (EU) 1257/2013, and RESOLUTION MEPC.269(68), by documenting all materials in a marine vessel's construction that may be hazardous to humans or the environment.

3. LEAN LOGISTICS:

We avoid wasteful activities in our supply chain to reduce environmental impacts. We optimize our stock levels and source components locally where possible, to minimize our carbon footprint from transport and storage. Globally, we encourage our suppliers, distributors and customers to conduct business in an environmentally responsible manner.

Zenitel uses DHL Go Green Solutions, which optimizes transport routes, alternative drive vehicles and energy-efficient warehouses to reduce CO₂ emissions and other potentially harmful environmental impacts stemming from the transportation and storage of goods.



We continuously focus on our processes that affect the environment and strive towards new solutions to reduce the effect on the outer environment.

SAFETY

Zenitel, including our contract manufacturers, is certified for the ISO 9001 Quality Management Standard, the ISO 14001 Environmental Management Standard and the ISO 45001 Health and Safety Management Standard. Zenitel complies with the REACH European Directive N 1907/2006 related to the registration, evaluation and authorization of chemicals to protect human life and the environment.

Zenitel products conform to RoHS 3 Directive 2015/863. This restricts the use of certain hazardous materials (lead, mercury, cadmium, hexavalent chromium, polybrominated biphenyls, polybrominated diphenyl ethers) in electrical and electronic equipment.

THE COMMUNITIES WE LIVE IN (SOCIAL RESPONSIBILITY PROGRAMS/INITIATIVES)

Proven, reliable communication systems are vital to a safe and secure community. When standard communication systems fail during emergencies or at critical moments, Zenitel's Intelligent Communications solutions and systems come through. Apart from Zenitel's green focus across the organization, we consider ensuring clear, critical communication as our most significant contribution to a wide, diverse set of communities, worldwide.

We also care about the people at the other end of our production chain. Zenitel uses SA8000® as our guideline and requirement for our Contract Manufacturer during production of our in-house designed products.

The SA8000® Standard is the leading social certification standard for factories and organizations across the globe. Established by Social Accountability International in 1997 as a multi-stakeholder initiative, the Standard has evolved over the years into an overall framework that helps certified organizations demonstrate their dedication to the fair treatment of workers across industries and in any country.

ENVIRONMENTAL STANDARDS



TYPE APPROVALS



QUALITY STANDARDS



CERTIFICATES



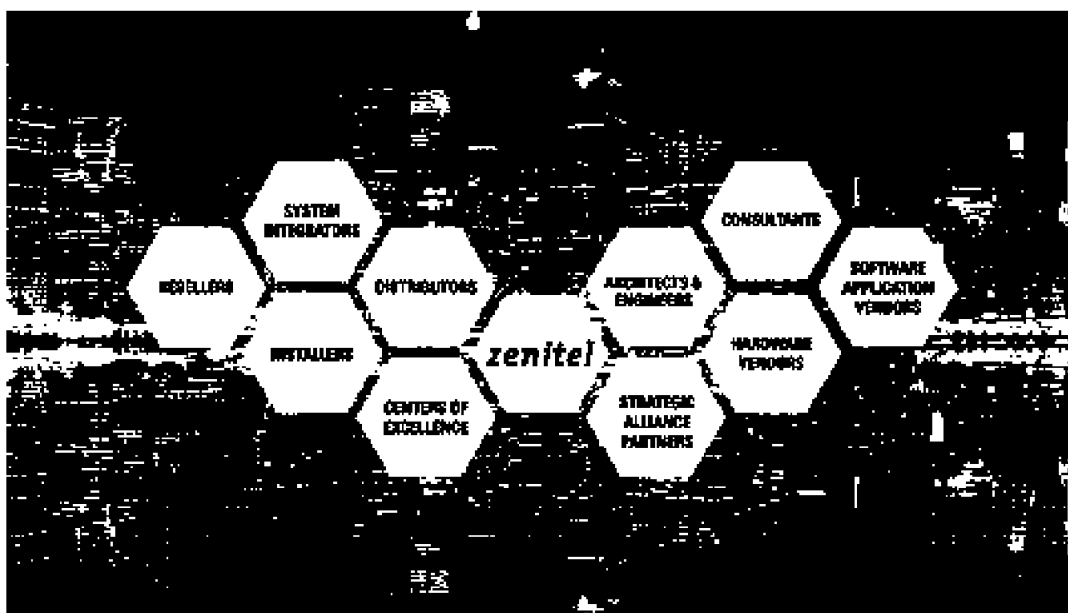
HIGHLIGHTS OF 2020

To say that 2020 has been a “year to remember” is an understatement, considering the global disruption from the COVID-19.

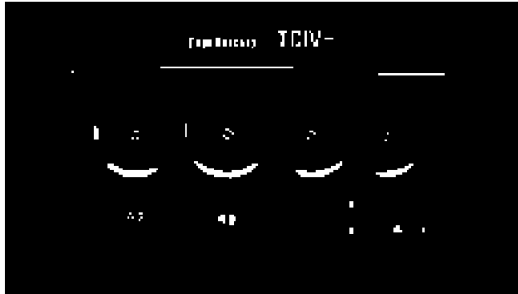
Our approach from the outset has been that, at Zenitel, we put people first. So, in conjunction with local authorities and guidance relevant for our different locations, we implemented a wide range of measures early on - not only to keep Zenitellers and their families safe, but also to help limit the spread of the virus both locally and globally.

While we as an organization have faced significant challenges this year, it has been ensured that projects kept up their pace and that our customers have seen as little disruption as possible throughout this difficult time.

Through it all, we have kept moving forward with development and innovations to strengthen our offering to our existing markets while also opening the door to new ones. In 2020, Zenitel has been further strengthening its market position in the global security market by building on the technology leadership in superior audio communication products enabling seamless integration in security solutions.



EMPOWERING INTELLIGENT COMMUNICATION WITH TCIV+



In 2020 we launched the TCIV+, a video intercom solution that blends exceptional HD video, HD audio and powerful audio amplification to empower security teams to mitigate security risks and to act in real time, with crystal-clear communication. Also included in the product launch were the ITS-V-3 Desktop Video Intercom and a Touchless Sensor button to allow users building access with the swipe of a hand. The global launch included outreach to sales and technical partners, as well as current and potential customers via live and on-demand webinars, a full PR campaign and a social-media campaign, including promotional and use-case videos and digital banners. Visits to Zenitel.com reached an all-time high throughout the campaign.

3 'WORKBOAT OF THE YEAR' NOMINATIONS

WorkBoat Magazine in USA has nominated 10 vessels for its 'WorkBoat of the year' competition. Being selected means the vessel has met certain criteria, such as naval architecture, marine engineering, first of its kind, area it operates in, who it serves or how it helps advance new workboat frontiers. Having our equipment onboard on 3 of the 10 nominees is a great achievement for Zenitel and shows that we have a strong position in the US Workboat market. Last year's Boat of the Year was the Crowley Maritime's Taino and El Coqui, built at VT Halter Marine. Both vessels equipped with a full range of equipment from Zenitel.

DEVELOPING THE SALES CHANNEL THROUGH PARTNERSHIP

Working with an indirect sales model in the onshore vertical markets might result in too much distance between the manufacturer and its customers. At Zenitel we want to close that gap by inviting system integrators, installers and resellers to join the Zenitel Channel Partner Program for Safety & Security. Being a partner means getting information straight from us, as well as having access to training and an extranet with information that is useful for marketing, selling and installing products and solutions from Zenitel. We believe that strong, long-lasting partnerships are the key to having satisfied customers and a jointly achieved healthy growth.

ZENITEL ONBOARD LARGEST UK CRUISE SHIP MSIONA

German shipbuilder Meyer Werft delivered MS Iona to P&O Cruises in October 2020. MS Iona is dubbed the largest cruise ship ever built for the UK market. Apart from being the largest, with 185,000 tons, 345 meters in length and 17 guest decks, Iona is also the first British cruise ship to be powered by liquefied natural gas (LNG). It features four low-emission dual-fuel engines from Caterpillar, which can be operated 100% with LNG at sea and in port. Zenitel delivered the Intercom System, as well as the complete Safe Return to Port (SRTP) solution.



ZENITEL DELIVERS SOLUTION FOR OFFSHORE WIND

Offshore wind is one of the fastest-growing renewable energy sources in Europe. Electricity from offshore wind farms can replace generation from fossil sources and will be an important part of a sustainable future energy system. It represents a golden opportunity to create new knowledge-based jobs and fuel a "green transition".

Operation and real-time monitoring of offshore wind farms requires a high speed, reliable communication infrastructure that is also fault resilient and cost effective. The availability and reliability of wind energy strongly depends on a resilient communication network. Zenitel specializes in delivering integrated and reliable communication systems for offshore windfarm projects.



REPORT OF THE BOARD OF DIRECTORS

Zenitel ('the Company') realized a revenue of 73.0 million euro and an EBITDA of 10.9 million euro in 2020. The net result from operations was 7.1 million euro in 2020 compared to 3.0 million euro last year.

Zenitel is financially debt free and had 26.2 million euro in cash and cash equivalents at the end of the year.

STRATEGY

The focus of Zenitel is on the area of intelligent, critical communications in applications such as for example health care, education, smart cities, transportation, maritime and energy. In the security business, Zenitel brings solutions which are extremely reliable, always available and meeting high standards on cyber security for applications in critical communication, and also useful for daily operations. The uniqueness of Zenitel is the combination of:

- **Being the sound specialist in the security landscape** (to hear, be heard and be understood always)
- **Delivering solutions with seamless integration capabilities** (Integration with building management systems, video surveillance, access control and other technologies in the same ecosystem)

Zenitel wants to further strengthen its technology leadership through product innovation.

Zenitel will continue to have a strong worldwide presence in both the onshore and offshore markets through its global brands, Zenitel, Vingtor-Stentofon and Phontech. Zenitel is committed to invest in the quality and innovation of its product portfolio.

The focus of Zenitel remains both on the offshore activities (maritime & energy) as well as on the onshore activities.

For offshore, Zenitel developed its business to act as an integrator of the internal communication system in the maritime and energy market. Whereas for the onshore activities, Zenitel's focus is on marketing & sales worldwide of our products and solutions through own sales channels and partners.

In 2020, Zenitel continued investing in the development of new products and solutions. Several new products have been launched. The most important product launch in 2020 was the new video intercom station TCIV+. The products have been very well received in the market, providing a solid basis for further product and market solutions in the coming years. Zenitel will continue to focus on profitable growth in its core markets.

From the left: Hans Swinnen, Gail Smith, Koen Claerbout, Liesbet Van der Perre, Jo Van Gorp, Wenche Holen and Yves De Backer.





IFRS

The consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS) as endorsed by the European Union. These consolidated financial statements are prepared under the historical cost convention, except for certain financial instruments, which are measured at fair value. In 2020, the Group has adopted all of the new and revised Standard and Interpretations issued by the International Accounting Standards Board (IASB) and the International Financial Reporting Interpretations Committee (IFRIC) of the IASB that are relevant to its operations and effective for annual reporting periods beginning on 1 January 2020, all of which were endorsed by the European Union.

An overview of the new standards that became applicable for 2020, and the standards and interpretations that will become applicable after 2020, is included in the Accounting Policies section in the Financial Report chapter. The company did not early adopt or determine the effect of the new standards applicable after 2020.

FINANCIAL YEAR 2020

The Board of Directors is pleased to present its report for the financial year 2020. The report covers both the consolidated (Group) and the unconsolidated (parent company) accounts in accordance with Article 3:32, § 1, second clause of the Belgian Code of Companies and Associations.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

Revenue amounted to 73.0 million euro in 2020. This represents a decrease of 3.3 million euro or 4.33% compared to 2019.

Due to the continuous focus on operational efficiency, exceptional cost savings due to COVID-19 and a well-managed integration of the Phontech business, EBITDA (Earnings Before Interests, Taxes, Depreciation and Amortization) was 10.9 million euro in 2020, compared to 6.5 million euro in 2019, an increase of 4.4 million euro.

	2020	2019
Revenue	72 955	76 257
EBITDA**	10 872	6 509
Depreciation/amortization	-2 424	-2 586
Operating profit (EBIT)*	8 630	3 923

* EBIT is a non-IFRS measure and is defined as operating profit or earnings before interests and taxes.

** EBITDA is a non-IFRS measure and is defined as operating profit + depreciation + amortization

Operating profit or EBIT (Earnings Before Interest and Taxes) amounted to 8.6 million euro, compared to 3.9 million euro in 2019. R&D expenses were all expensed in 2019 and 2020.

Net financial expense was 0.3 million euro, compared to net financial expense of 0.2 million euro in 2019.

The total consolidated net result for the Zenitel Group shows a profit of 7.1 million euro in 2020, against a net result of 3.0 million euro in 2019. Earnings per share are 2.15 euro versus a 0.91 euro in 2019.

SEGMENT REPORTING

The Group is no longer organized into separate segments. The activities of the Group consist of operations in Norway, Belgium, Denmark, Singapore, China, France, Finland, Germany, The Netherlands, Croatia, Brazil, India, UK, USA, United Arab Emirates and a worldwide distributor network.





CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Total assets amounted to 61.2 million euro in 2020, compared to 59.1 million euro in 2019, an increase of 2.1 million euro compared to 2019, mainly due to the result of the year. Property, plant and equipment amounted to 3.6 million euro, 1.0 million euro lower than the previous year. Goodwill decreased to 3.1 million euro, due to the foreign currency translation impact.

Other intangible assets decreased to 0.2 million euro and are mainly due to the no longer activated R&D expenses in 2019 and 2020. Deferred taxes amounted to 1.2 million euro, which is in line with last year. Long-term financial assets amounted to 0.2 million euro, which is in line with last year.

Inventories amount to 13.5 million euro, an increase of 0.8 million euro from the previous year.

Trade and other receivables amount to 11.9 million euro, a decrease of 2.5 million euro compared to the previous year.

Equity totals 37.9 million euro, an increase of 5.3 million euro, which can be mainly explained by the impact of the foreign currency translation and the positive result for the year. The equity ratio is 61.9% compared to 55.1% in the previous year, mainly due to the positive result of the year.

Total non-current liabilities amount to 2.1 million euro, a decrease of 0.2 million euro compared to the previous year.

Total current liabilities decreased by 3.0 million euro to 21.2 million euro in 2020. Trade and other payables amount to 12.5 million euro, a decrease of 2.6 million euro. Short-term borrowings increased by 0.5 million euro to 4.2 million euro. Total long-term and short-term borrowings decreased by 0.3 million euro to 5.3 million euro.

Short-term provisions decreased by 1.1 million euro to 3.3 million euro in 2020.

The Board of Directors has evaluated the positive consolidation differences, the deferred tax assets, the contracts in progress and the restructuring and other provisions and is of the opinion that the amortizations and provisions are sufficient.

As of 2016, the Board of Directors has decided to no longer capitalize the development costs.

SOURCES AND APPLICATIONS OF FUNDS

Net cash flow of the Zenitel Group amounted to 5.8 million euro in 2020, compared to 0.8 million euro in 2019. The outflow from investment activities amounted to 0.8 million euro in 2020, and the cash flow generated from operations before changes in working capital amounted to 12.6 million euro in 2020, which is 4.4 million euro higher than in 2019. At the end of 2020, Zenitel's net cash and cash equivalents amounted to 26.2 million euro.

HUMAN RESOURCES

The number of full-time equivalents (FTEs) on 31 December 2020 is 302, compared to 303 on 31 December 2019.

IMPORTANT SUBSEQUENT EVENTS

There are no important subsequent events to report that took place after the end of the financial year 2020, other than those described hereafter.

On 16 November 2020, 3D NV, holding 47.87% of the total issued shares in Zenitel, has announced its intention to, via its subsidiary House of Thor BV (the "Bidder"), make a voluntary and conditional takeover bid, on all shares in Zenitel not yet held by 3D NV at an initial price of EUR 22.75 per share in cash (the "Bid"). 3D NV also announced that the Bid is supported by De Wlg CommV, holding 12.08% of the shares in Zenitel, which has irrevocably committed to tender its shares to the Bid.

On 18 November 2020, the Bidder notified the FSMA its (firm) intention to launch the Bid.

On 1 February 2021, 3D NV announced that it had concluded an agreement with Abacus Group NV (the parent company of QuaeroQ NV) regarding the shareholding in the Bidder, in the context of which (i) the Bidder purchases QuaeroQ NV's entire participating interest in Zenitel at the (final) bid price per share, and (ii) Abacus Group NV (the parent company of QuaeroQ), buys a participating interest of 10% in the Bidder at the implied (final) bid price.

On 26 February 2021 the Bidder has formally launched the Bid with an increased bid price of 23.25 euro per share in cash, representing an increase of 0.50 euro per share compared to the bid price that was initially communicated at the announcement of the Bid on 16 November 2020. This increase was made possible in part by the changes to the bid structure in accordance with the agreement between 3D NV and Abacus Group NV of 1 February 2021. The initial acceptance period of the Bid started on 2 March 2021 and ends on 1 April 2021 at 4:00 pm (Belgian time), subject to extension.

As the Bid is launched by an affiliate of the controlling shareholder of Zenitel, the independent directors of Zenitel have appointed Degroof Petercam Corporate Finance SA/NV as independent expert to provide a valuation report in accordance with the applicable legal provisions. This valuation report is attached as an annex to the prospectus. Upon review of the prospectus and the valuation report, the Board of Directors of Zenitel has unanimously decided to support and recommend the Bid. The detailed opinion of the Board of Directors on the Bid is set forth in the memory in reply, which is also attached as an annex to the prospectus.

Full details of the Bid are set out in the prospectus, which is available in electronic form on the following websites: www.kbc.be/zenitel | www.bolero.be/nl/zenitel | www.bolero.be/fr/zenitel and on the websites of 3D NV (www.3d-investors.be) and the Company (www.zenitel.be).

INFORMATION ON RESEARCH AND DEVELOPMENT

The company continued to invest in the development of new products and services, which resulted in several new product launches.

CONFLICTS OF INTEREST

There were no transactions or operations in 2020 that created a conflict of interest or that required the application of articles Articles 7:96 or 7:97 of the Belgian Code of Companies and Associations — see page 31.



STATEMENT ON AUDIT COMMITTEE

The Board of Directors confirms the independence and know-how of at least one member of the audit committee regarding accounting and audit. Also, collectively, the audit committee has sufficient expertise in accounting and audit, given the careers and education of each of the members of the audit committee.

RISK FACTORS AND UNCERTAINTIES

The Board of Directors considers the following risk factors to be important and takes them into consideration when performing risk assessments, since these risk factors could impair the Group's business operation or have an adverse effect on the Group's cash flows, profitability, financial condition and the price of its shares.

Technology risk: The Group is active in selected professional markets for communication technologies and must define the right products to introduce into each market. The Group faces among others, the risk of (i) not being the first to market a new product, (ii) using third-party components that do not meet the expected quality levels, (iii) not achieving the expected sales volume or profitability, (iv) introducing new products that are not yet ready to be marketed, (v) new technology replacing current technology marketed by the Group, (vi) non-availability of third-party components (temporarily or permanently).

Macro-economic risks: An overall negative economic climate, a lack of liquidity in the financial markets, or a global stock-market collapse, impair the Group's customers and partners or render them unable to secure the funds for planned investments.

Force majeure risks: Events of an exceptional nature (such as a fire) or events on a larger scale (such as pandemic, flooding, earthquake or extreme weather conditions) and human-related force majeure (such as terrorist attacks and disease epidemics) may affect the Group itself and/or its components suppliers. Especially in the case of an R&D and/or a manufacturing site, those events may seriously affect the Group's competitive position, as they may disrupt deliveries to customers or delay new product releases.

Acquisition risks: Part of the Group's long-term growth strategy is based on acquisitions. Therefore, there are risks associated with the acquisition itself, as well as risks related to the integration of the acquired company into the Group, which may result in impaired goodwill.

IT risks: The Group makes extensive use of IT systems and platforms to support its operations which may be adversely affected by a Cyber-attack or by a failure in configuration, hardware or software. Changes in IT technology may cause the Group's information systems to become obsolete and thus, inadequate to handle its growth, resulting in a loss of customers and sales.

Inability to attract and retain personnel: The Group might be unable to attract and retain competent personnel for key roles in the future. Potential impacts might include: loss of knowledge of key systems and possession of specialized skills resulting in a skills and competency gap, loss of corporate knowledge, high staff turnover, customer dissatisfaction, failure to meet business objectives, increased rehiring costs and loss of customers because of customer-employee relationships.

Litigations: The Group has certain pending files that can be qualified as contingent liabilities according to the IFRS definition. The outcome of these litigations is uncertain. The Group believes that it has, in agreement with its Auditor, sufficiently provisioned for these potential liabilities. However, no guarantee can be given that this will be the case and there is a risk that the Group will need to pay some or all of these contingent liabilities in the near future.

Besides these risk factors, the Board of Directors also considers currency exchange rate risks (see next paragraph), risks of tax disputes, uncertainties relating to changing regulations, dependence on major customers, uncertainties relating to the outlooks, and the risks relating to the long Group history.

EXTRA SECTION REGARDING COVID-19

COVID-19 initially had a major impact on the way our employees and our partners work. During a large part of 2020, people worked mainly from home office, both within Zenitel as at our business partners. Recruiting and integrating new employees is a challenge in such a way of working. The way of communication was changed.

The continuity of the operational activities was maintained as much as possible. The effect on turnover could be limited thanks to the efforts of employees and partners. No additional risks were identified relating to the revenue recognition principles. There have also been no overdue customer balances that would have an impact on the ELC of IFRS 9 with respect to customer depreciations. COVID-19 also has no effect on the goodwill impairment test and COVID-19 has no effect on additional obsolete or unsaleable stock. Projects requiring on-site interventions were, however, complicated. Visits to customers or to other business partners were almost impossible during a large part of 2020. In addition, trade shows were canceled or replaced with a digital version. Within Zenitel, on top of government support, there has been a significant reduction in travel and marketing costs in 2020. This effect is non-recurring.

USE OF FINANCIAL INSTRUMENTS

Financial risk management

Zenitel uses bank forward exchange contracts in order to secure Zenitel's commercial transactions in foreign currencies. Since most of the Norwegian business is exported in the euro currency, Zenitel Norway AS has a NOK deficit and a EUR surplus. The company has put in place hedging systems that secure the needed exchange between EUR/NOK on a rolling basis. Per 31 December 2020, Zenitel has secured its need of Norwegian kroner by monthly forward exchange contracts from euro until December 2021. No other hedging mechanisms are used.

Incurred price risk, credit risk, liquidity risk and cash flow risk

The Group has countered the price risk and the risk for inflation by fixing local credit facilities in local currencies on a non-recourse basis. This implies that both revenues and the repayment of credit facilities are in the local currency. The same is valid for Norway, since the Group concluded credit facilities in NOK to finance the trade receivables and inventory in Norway.



Fees paid to the statutory auditor or associates offices:

Audit fees:

Zenitel NV	21 415 euro
Zenitel Group	96 459 euro

Non audit fees:

Tax compliance	12 260 euro
Other services	0 euro

Other audit related fees:

Zenitel NV	7 000 euro
Zenitel Group	7 880 euro

OUTLOOK 2021

Despite the unpredictable outlook and difficult circumstances, Zenitel will accelerate investing in the development of its business and organization. Setting up new sales channels as well as increasing resources is our approach to increase our market share in our core markets. Under these assumptions management expects in 2021 a turnover of 75.5 million euro, an EBITDA of 7.7 million euro and a pre-IFRS-16 EBITDA of 6.2 million euro.

COVID-19 will during the first half of 2021 and probably longer have an important impact on our business. The impact of COVID-19 results in high uncertainty in our markets and therefore we may be unable to realize our growth ambitions in the short to medium term.

DECLARATION WITH REGARDS TO CORPORATE GOVERNANCE

Rules and regulations regarding corporate governance have changed significantly during the past few years. Besides the entering into force of the Belgian Code on Companies and Associations on 23 March 2019 and the new Belgian Corporate Governance Code 2020 (CG-Code 2020) with its "comply or explain" approach, the Belgian Act of 28 April 2020 transposing the Shareholder's Rights Directive II has been published on 3 September 2020.

The Company has adopted the CG-Code 2020 as its reference code. The Belgian Corporate Governance Code 2020 is available at the following website: www.corporategovernancecommittee.be. No other corporate governance practices are applied by Zenitel NV.

The Corporate Governance Charter of the Company was updated in April 2020 in order to be in line with the new Belgian rules and regulations with respect to Corporate Governance. A copy of this Corporate Governance Charter is available on the Zenitel website.

We refer to the separate chapter 'Declaration with regards to Corporate Governance' in this annual report for further information with respect to Zenitel's corporate governance, which should be provided in accordance with Article 3:6, §2 of the Belgian Code of Companies and Associations and the CG-Code 2020. In the cases where Zenitel does not follow the CG-Code 2020, you will find an explanation for this in the chapter 'Declaration with regards to Corporate Governance' included elsewhere in this annual report.

The chapter 'Declaration with regards to Corporate Governance' forms an integral part of this report of the Board of Directors.

STATUTORY ACCOUNTS OF ZENITEL NV (UNCONSOLIDATED)

BALANCE SHEET

Financial assets amount to 39.0 million euro and consist of the participations in Zenitel Group companies.

Receivables within one year amount to 0.5 million euro, which is mainly receivables from or loans given to other Zenitel Group entities.

Cash and deferred charges amount to 6.8 million euro which is an increase of 2.3 million euro compared to previous year. The change in equity from 40.7 million euro to 42.9 million euro is entirely related to the result of the year.

Provisions for risk and other liabilities amounted to 2.9 million euro, compared to 2.4 million euro in 2019.

There were no financial debts outstanding at the end of 2020.

INCOME STATEMENT

Other operating income increased from 1.5 million euro to 4.4 million euro in 2020. The reported other operating income consists mainly of management and license fees charged to other Zenitel Group companies. The total amount of management and license fees charged amounted to 4.4 million euro in 2020.

Operating expenses in 2020 amounted to 2.1 million euro compared to 0.4 million euro last year.

The above-mentioned changes resulted in an operating profit of 2.3 million euro in 2020 against an operating profit of 1.2 million euro in 2019.

RESEARCH AND DEVELOPMENT

There were no research and development activities at the level of the holding company during the year under review.





APPROPRIATION OF RESULT

Considering the profit of 2 235 332.24 euro, the Board of Directors proposes to appropriate the result as follows:

Result carried forward prior year:	3 800 388.17 euro
Result of the year:	2 235 332.24 euro
Appropriation to legal reserve:	-111 766.61 euro
Result carried forward:	5 923 953.80 euro

After appropriation, the equity of Zenitel NV can be detailed as follows:

Share capital:	20 000 000.00 euro
Share premium:	5 623 849.48 euro
Reserves:	11 360 541.47 euro
Result carried forward:	5 923 953.80 euro
Total:	42 908 344.75 euro

ADDITIONAL HONORARIA PAID TO STATUTORY AUDITOR

Audit fee:	21 415 euro
Other audit related fees:	7 880 euro
Non audit fees:	
Tax compliance:	4 500 euro
Other services:	0 euro

INFORMATION REGARDING CIRCUMSTANCES THAT CAN SIGNIFICANTLY INFLUENCE THE DEVELOPMENT OF THE COMPANY

Please refer to the paragraph on risk factors and uncertainties where information is provided on the main risks and uncertainties that could negatively impact the development, financial results or market position of the Company.

RISK FACTORS AND UNCERTAINTIES

We refer to the section on risks and uncertainties earlier in this report of the Board of Directors, which apply mutatis mutandis to Zenitel NV.

EXISTENCE OF BRANCH OFFICES

The company has no branch offices.

USE OF FINANCIAL INSTRUMENTS

We refer to the section on the use of financial instruments set out earlier in this report of the Board of Directors, which applies, mutatis mutandis, to Zenitel NV.





STOCK & SHAREHOLDER INFORMATION

SHARE QUOTATION

Per 31 December 2020, the subscribed capital amounted to 20 000 000.00 euro. It is represented by 3 310 884 shares without nominal value and is fully paid up. The par value of a share is 6.041 euro. The shares are quoted on Euronext Brussels (double fixing) with the symbol ZENT.

TRANSPARENCY

Zenitel NV has not received any notifications in accordance with Article 2 of the Act of 2 May 2007 on the publication of important participations in issuers whereof shares are admitted for trading on a regulated market in 2020.

SHAREHOLDERS AND CAPITAL STRUCTURE

The shareholder structure per 31 December 2020 is the following, as it appears from the notifications Zenitel NV received.

3D NV*	1584 776	47.87%
QuaeroQ NV	496 230	14.99%
De Wilg CommV*	400 000	12.08%
Freefloat	829 878	25.06%
Total	3 310 884	100%

*Acting in concert

All shares have the same rights and obligations. There are no different kinds of shares. At the end of 2020, there were no warrants outstanding. The Company has not issued any non-voting shares. The Company has implemented a long-term incentive plan for senior managers. Further information thereon is provided in the section on 'Declaration with regards to Corporate Governance'.

No special control rights have been granted to certain securities, which could have an impact in the event of a public takeover bid.

VOTING RIGHTS

There are no limitations in the articles of association of Zenitel NV with respect to the exercise of the voting rights which could have an impact in the event of a public takeover bid.

TRANSFER OF SECURITIES

There are no legal limitations or limitations in the articles of association with respect to the transfer of securities of Zenitel NV which could have an impact in the event of a public takeover bid.

SHAREHOLDERS' AGREEMENTS

Zenitel NV is not aware of any shareholders' agreement that may lead to a limitation of the transfer of securities and/or the exercise of voting rights, which could have an impact in the event of a public takeover bid. Zenitel NV does not know the content of the shareholders' agreement concluded between De Wilg CommV and 3D NV acting in concert.

RULES FOR THE APPOINTMENT AND REPLACEMENT OF DIRECTORS AND MODIFICATIONS TO THE ARTICLES OF ASSOCIATION

There are no specific rules applicable to the appointment and replacement of directors and modifications to the articles of association other than those provided for by law, which could have an impact in the event of a public takeover bid.

DIVIDEND

No dividend payments are planned.

ACQUISITION AND DIVESTMENT OF OWN SHARES

The Company has been authorized by means of a decision of the general meeting of 28 April 2020 to acquire its own shares or bonus shares or certificates that relate thereto, or to divest them in accordance with Article 7:215 and following of the Belgian Code of Companies and Associations.

The general meeting of 28 April 2020 has explicitly granted the authority to the Board of Directors, in accordance with the provisions of Article 7:215 and following of the Belgian Code of Companies and Associations, to acquire by sale or exchange its own shares, bonus shares or certificates that relate thereto or to divest those, without the requirement of a prior decision of the general meeting, either directly or through a person who acts in its own name but on behalf of the company, or through a direct subsidiary in the meaning of Article 7:221 of the Belgian Code of Companies and Associations, if the acquisition or divestment is necessary to avoid a threatening serious disadvantage for the company. This power is valid for a period of three years as from the publication of this decision in the Annexes to the Belgian State Gazette, i.e., until 14 May 2023, and can be renewed.



The general meeting of 28 April 2020 has moreover granted the Board of Directors the power to acquire by sale or exchange the maximum number of shares, bonus shares or certificates that relate thereto as set forth in Article 7:215, §1 and 7:218, §1 of the Belgian Code of Companies and Associations, and to divest those, either directly or through a person who acts in its own name but on behalf of the company, or through a direct subsidiary in the meaning of Article 7:221 of the Belgian Code of Companies and Associations, against a consideration that cannot be more than 20% lower and cannot be more than 20% higher than the average stock exchange rate of the relevant security on Euronext during the five trading days preceding the acquisition or exchange or divestment. This power is valid for a period of 5 years as from the resolution of the general meeting of 28 April 2020, i.e., until 28 April 2025.

The Board of Directors is furthermore also empowered in accordance with Article 7:226, §1 of the Belgian Code of Companies and Associations, to take a pledge, directly or indirectly through a subsidiary or a person who acts in its own name but on behalf of that subsidiary or the company, as stipulated in Article 7:226, §1 of the Belgian Code of Companies and Associations, on its own shares, bonus shares or certificates that relate thereto and this in accordance with the conditions and duration for acquisition and divestment of own shares set forth above. In accordance with Article 7:215, §2 of the Belgian Code of Companies and Associations the company should, for as long as it is listed or as long as its securities are admitted to an MTF as defined in Article 2, 4° of the Law of 2 August 2002 on the supervision of the financial sector and the financial services, to the extent that it works with at least one daily trading and with a central order book, inform the Financial Services and Markets Authority of acquisitions that it is considering by application of Article 7:215, §1 of the Belgian Code of Companies and Associations. The Board of Directors is furthermore empowered to divest shares or certificates of the company in accordance with Article 7:218, §1, 4° of the Belgian Code on Companies and Associations.

In the course of 2020, Zenitel Norway AS, a direct subsidiary of Zenitel NV, acquired 790 shares in Zenitel NV, having a par value of 6.041 euro each and representing 0.02% of the current share capital of Zenitel NV. This acquisition took place within the scope of the authority granted by the extraordinary general meeting of shareholders of Zenitel NV of 28 April 2020 and within the framework of Zenitel NV's long-term share incentive plan, at a purchase price of 16.96 euro per share, corresponding to a total purchase price of 13 398.40 euro.

In the course of 2020, Zenitel Norway AS sold all of its shares in Zenitel NV to the CEO of Zenitel NV, Koen Claerbout, in two transactions: (i) 2500 shares for a price of 11.76 euro per share, corresponding to a total purchase price of 29 400 euro and (ii) 790 shares for a price of 13.60 euro per share, corresponding to a total purchase price of 10 744 euro. These transactions took place within the scope of the authority granted by the extraordinary general meeting of the shareholders of Zenitel NV of 28 April 2020 and within the framework of Zenitel NV's long-term share incentive plan. Consequently, as per 31 December 2020, neither Zenitel NV nor any of its direct subsidiaries (including Zenitel Norway AS) holds any shares in Zenitel NV.

AUTHORIZED CAPITAL

The Board of Directors received the authority to increase the share capital in one or more transactions, during a period of five years as from the publication of the decision of the general meeting dated 28 April 2020, in the Annexes to the Belgian State Gazette, i.e., until 18 May 2025, with a maximum amount of 20 000 000 euro. Within the framework of the authorized capital, the Board of Directors is authorized to cancel or limit the existing shareholders' preferential right, also to the benefit of one or more determined persons, other than members of the company's or its subsidiaries' personnel, as set out in Article 7:190 and following of the Belgian Code of Companies and Associations.

The general meeting of 28 April 2020 has moreover, in accordance with Article 7:202, second paragraph, 2° of the Belgian Code of Companies and Associations, granted the Board of Directors the power to increase the share capital in one or more transactions, as of the date the company receives a notification from the Financial Services and Markets Authority that the latter has been notified of a public takeover bid on the shares of Zenitel NV, by contribution in cash with cancellation or limitation of the existing shareholders' preferential right or by contributions in kind, and/or by the issue of securities carrying voting rights, whether or not representing the share capital, or the issue of securities which give right to subscribe to or acquire such securities, also if such securities are not preferentially offered to the shareholders in proportion to the share capital represented by their shares. In such case, the transaction needs to meet the criteria set out in Article 7:202, second paragraph, 2°, a) to c) of the Belgian Code of Companies and Associations. This power is valid for a period of 3 years as from 28 April 2020, i.e., until 28 April 2023.

AGREEMENTS AFFECTED BY A CHANGE OF CONTROL OF THE COMPANY

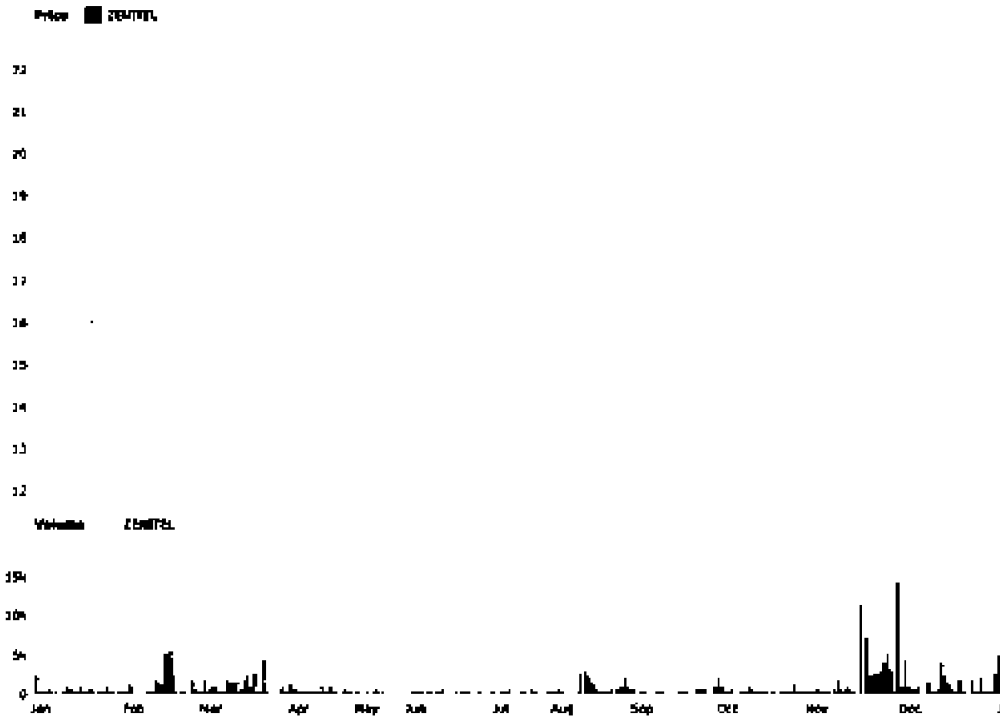
Zenitel NV is not aware of any important agreements to which it is a party that enter into force, experience amendments or are terminated in the event of a change of control of the Company following a public takeover bid. In addition, the Company is not aware of any agreements between it and its Directors or employees for the provision of compensation in the event that, as a consequence of a public takeover bid, the Directors resign or are dismissed without valid reason or the employment of employees is terminated.

STOCK PRICE EVOLUTION

The graph on the next page shows the development of the closing share price of Zenitel shares from 1 January 2020 until 31 December 2020 (see also Euronext website: www.euronext.com)

FINANCIAL CALENDAR

12/02/2021	Press Release Results 2020 (8:00 AM)
19/03/2021	Publication Annual Report 2020 (8:00 AM)
28/04/2021	Annual General Shareholders' Meeting (11:00 AM)
12/08/2021	Press Release Half-Year Results 2021 (8:00 AM)



ABOLISHMENT OF BEARER SHARES

In accordance with the Act of 14 December 2005 on the annulment of bearer securities, any bearer securities which were not yet converted on 31 December 2013 into registered or dematerialized securities were automatically dematerialized and registered by the Company in its own name on a securities account.

In accordance with the aforementioned Act, the Company proceeded with selling those shares that had not yet been claimed by their rightful owner on the regulated market on 30 November 2015. The number of shares that was offered for sale on the regulated market on 30 November 2015, amounted to 9,070. All shares have been sold at euro 1.05 per share. The proceeds of the sale have been deposited with the Deposito- en Consignatiekas/Caisse des Dépôts et Consignations. Since 1 February 2016, the rightful owner can claim the proceeds relating to its shares by submitting its bearer shares with the Deposito- en Consignatiekas/Caisse des Dépôts et Consignations, taking into account a fine, which amounts to 10% per year of the proceeds of such shares (as from 1 January 2016).

The statutory auditor of the Company has confirmed in accordance with Article 11§5 of the Act that the provisions of Article 11 of the Act have been complied with.

TAKEOVER BID BY 3D NV

On 16 November 2020 3D NV, holding 47.87% of the total issued shares in Zenitel, has announced its intention to, via its subsidiary House of Thor BV (the "Bidder"), make a voluntary and conditional takeover bid, on all shares in Zenitel not yet held by 3D NV at an (initial) price of 22.75 euro in cash (the "Bid"). 3D NV also announced that the Bid is supported by De Wilg CommV, holding 12.08% of the shares in Zenitel, which has irrevocably committed to tender its shares to the Bid.

On 18 November 2020, the Bidder notified the FSMA its (firm) intention to launch the Bid.

On 1 February 2021, 3D NV announced that it had concluded an agreement with Abacus Group NV (the parent company of QuaeroQ NV) regarding the shareholding in the Bidder, in the context of which (i) the Bidder purchases QuaeroQ NV's entire participating interest in Zenitel at the (final) bid price, and (ii) Abacus Group NV (the parent company of QuaeroQ), buys a participating interest of 10% in the Bidder at the implied (final) bid price.

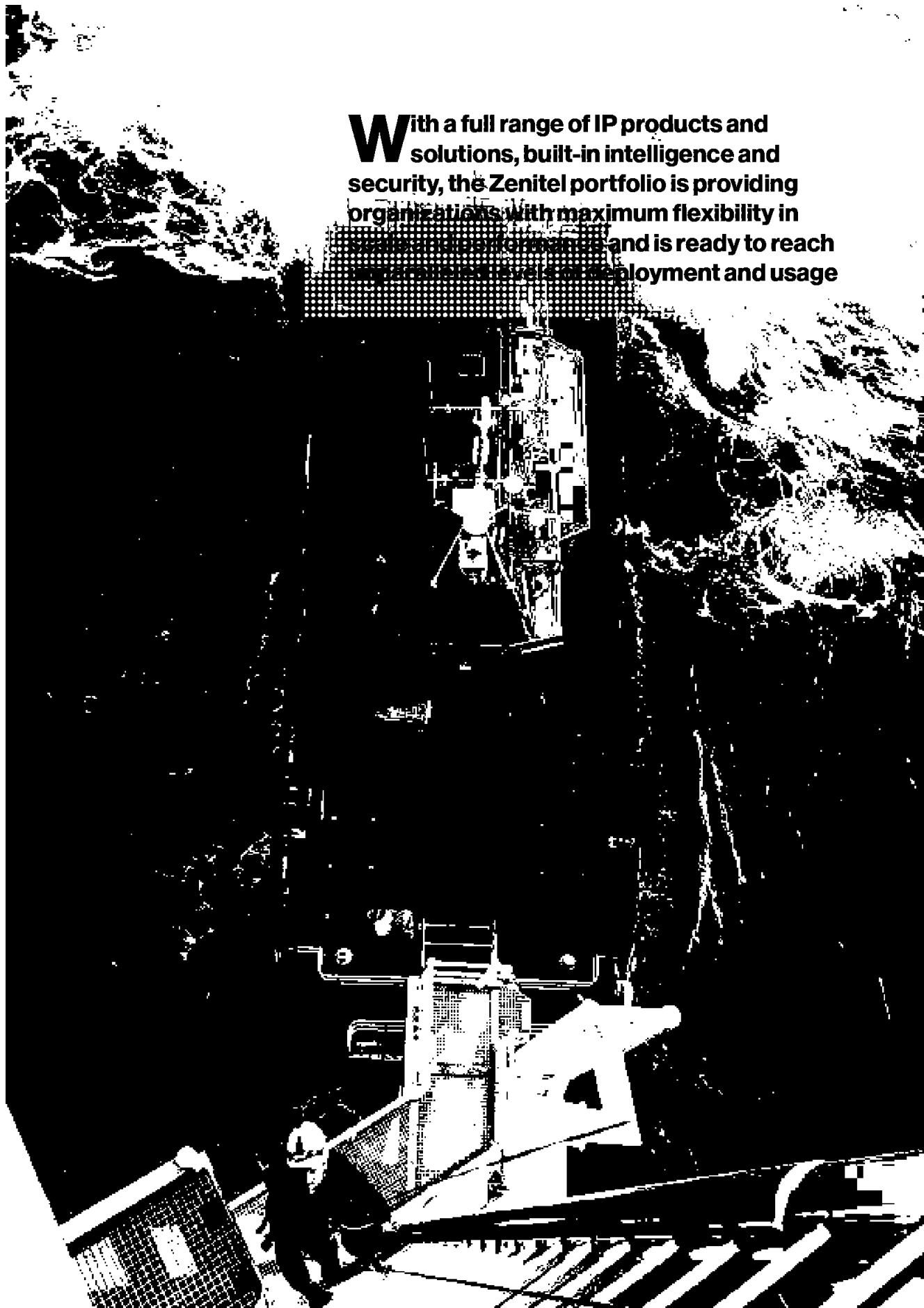
On 26 February 2021, the Bidder has formally launched the Bid with an increased bid price of 23.25 euro per share in cash, representing an increase of 0.50 euro per share compared to the bid price that was initially communicated at the announcement of the Bid on 16 November 2020. This increase was made possible in part by the changes to the bid structure in accordance with the agreement between 3D NV and Abacus Group NV of 1 February 2021. The initial acceptance period of the Bid started on 2 March 2021 and ends on 1 April 2021 at 4:00 pm (Belgian time), subject to extension.

As the Bid is launched by an affiliate of the controlling shareholder of Zenitel, the independent directors of Zenitel have appointed Degroof Petercam Corporate Finance SA/NV as independent expert to provide a valuation report in accordance with the applicable legal provisions. This valuation report is attached as an annex to the prospectus. Upon review of the prospectus and the valuation report, the Board of Directors of Zenitel has unanimously decided to support and recommend the Bid. The detailed opinion of the Board of Directors on the Bid is set forth in the memory in reply, which is also attached as an annex to the prospectus.

Full details of the Bid are set out in the prospectus, which is available in electronic form on the following websites: www.kbc.be/zenitel | www.bolero.be/nl/zenitel | www.bolero.be/fr/zenitel and on the websites of 3D NV (www.3d-investors.be) and the Company (www.zenitel.be).



With a full range of IP products and solutions, built-in intelligence and security, the Zenitel portfolio is providing organizations with maximum flexibility in their communications and is ready to reach any business level of deployment and usage



DECLARATION WITH REGARDS TO CORPORATE GOVERNANCE

This section summarizes the rules and principles by which the corporate governance of Zenitel is organized pursuant to Belgian Company Law and the Zenitel articles of association. It is based on Zenitel's articles of association and Zenitel's Corporate Governance Charter.

The Zenitel Corporate Governance Charter has been construed in accordance with the recommendations set out in the Belgian Corporate Governance Code issued on 12 May 2019 (hereinafter, the "CG-Code 2020"), as well as in accordance with any applicable Belgian legislation.

Zenitel has adopted the CG-Code 2020 as its reference code. The CG-Code 2020 is available on the website of the Belgian Corporate Committee (www.corporategovernancecommittee.be). No other corporate governance practices were applied by Zenitel in 2020.

The Board of Directors of Zenitel intends to comply with the CG-Code 2020, but is of the opinion that certain deviations from the provisions and principles of the CG-Code 2020 are justified in view of Zenitel's particular situation and size. These deviations are further explained under the 'comply or explain' section at the end of this Declaration with regards to corporate governance.

The Board of Directors of Zenitel reviews its corporate governance charter from time to time and makes such changes as it deems necessary and appropriate. The charter is available free of charge on Zenitel's website (www.zenitel.com) and at the office of Zenitel NV.

SHAREHOLDERS AND SHARES

The information as referred to in Article 3:6, §2, 4° of the Belgian Code of Companies and Associations can be found at the end of the chapter 'Stock and Shareholder Information' of this Annual Report 2020.

BOARD OF DIRECTORS

The Board of Directors of the Company may perform all acts necessary or useful for achieving the Company's corporate object, with the exception of those acts that are by law or the Company's articles of association expressly reserved to the shareholders' meeting. The Board of Directors can delegate its competencies for special and specific activities to an authorized representative, even if this person is not a shareholder or a Director.

The Board of Directors of the Company is composed of a minimum of three and a maximum of twelve members. Currently, there are seven Board members, of whom six members are non-executive Directors. Four Directors are independent Directors within the meaning of Article 7:87, §1 of the Belgian Code of Companies and Associations juncto Provision 3.5 of the CG-Code 2020. The articles of association state that Directors are elected for a renewable term of six years maximum, which term ends at the relevant annual shareholders' meeting. However, all current Directors are appointed for three years. Directors may be dismissed by resolution at the shareholders' meeting at all times. Resigning Directors may be reappointed.

If a directorship position becomes vacant before the expiry of its term, the remaining Directors will have the right to temporarily appoint a new Director to fill the vacancy until the shareholders resolve at a shareholders' meeting to appoint a new Director. This item must be put on the agenda of the next shareholders' meeting.

A meeting of the Board of Directors is validly constituted if there is a quorum, consisting of at least half of the members present in person or represented at the meeting. If such a quorum is not met, a new board meeting must be convened to deliberate and decide on the matters on the agenda of the Board meeting for which a quorum was not present. In any event, the Board of Directors may only validly proceed if at least two Directors are present or represented. Meetings of the Board of Directors are convened by the Chair of the Board or by at least two Directors whenever the interests of the Company so require.



The Board of Directors met nine times during 2020. The following significant matters were discussed at the meetings of the Board of Directors during 2020:

- Approval of year-end figures, annual report, agenda of the general shareholders' meeting.
- Verification of the trading updates.
- Status discussions and decisions on ongoing litigation cases.
- The Zenitel Group's financial performance and outlook.
- Information and decisions on important projects.
- Strategy of the Company and of the various business segments.
- Approval of 2021 budget.
- The assessed delisting of the Company.
- The takeover offer by 3DNV.
- The COVID-19 impact.
- HR topics.
- Reporting of Audit Committee and Nomination and Remuneration Committee.

CHAIR OF THE BOARD OF DIRECTORS

The Chair is elected from among the members of the Board of Directors for a period which in principle corresponds to his term as a Director.

The Chair is responsible for ensuring that the Board of Directors operates in accordance with the Corporate Governance Charter. Where necessary, he is assisted with this task by the committees.

The Chair is responsible for leading the board. He plans the meetings of the Board of Directors and, in cooperation with the CEO and the Company Secretary, draws up the schedule of meetings of the Board of Directors and the committees. He prepares, together with the CEO and Company Secretary, the general agenda for meetings of the Board of Directors, covering the topics that have to be discussed during the year, as well as the agenda for each meeting, indicating for each item on the agenda whether this is for information, discussion or decision.

The Chair promotes regular interaction and dialogue among the Directors. The Chair ensures that the Board of Directors receives up-to-date and relevant information about important aspects of the strategy, business activities and financial situation of Zenitel, including developments regarding competition. He takes initiatives to help establish a climate of respect, trust and openness within the Board of Directors in general and between the non-executive members of the Board of Directors and the senior or executive management in particular.

INDEPENDENT DIRECTORS

A Director is considered to be an independent Director if he or she meets the criteria set out in Article 7:87, §1 of the Belgian Code of Companies and Associations juncto Provision 3.5 of the CG-Code 2020.

The Corporate Governance Charter contains further explanations on this matter, under the chapter 'Composition of the Board of Directors'.

COMPOSITION OF THE BOARD OF DIRECTORS

As per 31 December 2020, the Board of Directors consists of seven members.

The Board of Directors convened nine times during 2020. On these occasions, either all or a large majority of the Directors at that point in time were present or attended through conference calls.

The general meeting of shareholders held on 28 April 2020 decided to re-appoint Yves De Backer BV, represented by Mr. Yves De Backer, as a non-independent Director of the Company with immediate effect until the general meeting of 2023.

The mandates of the following Directors are set to expire immediately after the general meeting of shareholders to be held on 28 April 2021: K-CL BV, represented by Mr. Koen Claerbout; Ms. Wenche Holen; Ms. Liesbet Van der Perre; and Equity @ Work BV, represented by Mr. Hans Swinnen. The general meeting of shareholders to be held on 28 April 2021 will be asked to resolve on the renewal of the mandate of these Directors.

The biographies and the principal activities outside Zenitel of the members of the Board of Directors or their representatives (in the event the Director is a legal person), are set out below.

Jo Van Gorp (representing Blanco Blad BV) (*1964) – Mr. Van Gorp is the Chair of Zenitel. He has been a member of Zenitel's Board of Directors since 2010. He advises companies in areas of general management, marketing, strategy, change management, organizational repositioning, legal and regulatory affairs and public policy. Since 2009, he acted as CEO or COO for several smaller and larger national and international companies. Mr. Van Gorp was a member of the Telenet executive team consecutively in his role of EVP & General Counsel (2004-2006) and Executive Vice President Residential Markets (2006-2009). Before joining Telenet in 2004, Mr. Van Gorp had been CEO at Level 3 Communications NV (1998-2004), Vice President Legal & Regulatory Affairs/Business Development at Verizon Business (1994-1998) and Senior Advisor European Regulation at BT Global Services (1992-1994). Mr. Van Gorp obtained Master's degrees in both Law at the KU Leuven and European Law at the European Institute of the University of Saarland.

Koen Claerbout (representing K-CL BV) (*1972) – Mr. Claerbout is the CEO of Zenitel since 2019. Between 1995 and 2008, he held several management functions in multinationals such as BASF, Suez and Bekaert. He was active in R&D, production, marketing & sales and general management. Since 2008 he has been active as CEO or General Manager of several international companies such as Altachem, JORI and Audioprof. He obtained a Civil Engineering master's degree from the University of Ghent and has an MBA from the Vlerick Business School.



Yves De Backer (representing Yves De Backer BV) (°1979) – Yves De Backer BV, represented by Mr Yves De Backer, became a member of Zenitel's Board of Directors in 2017. Mr. De Backer is a director at 3DNV, engaged in the development of the Private Equity activities of the family-owned investment group 3DNV. Previously, he was a director at Deloitte Corporate Finance, where he advised clients on mergers and acquisitions and corporate strategy. Before that, he was corporate development manager at Enfinity NV, a renewable project developer. He also worked at Bekaert NV, where he focused on assessing strategic investment opportunities for the Bekaert Group. He holds a Master's degree in Business Engineering and a Corporate Finance master class degree from the Catholic University of Leuven.

Wenche Holen (°1964) – Ms. Holen was appointed as an independent Director of Zenitel NV in April 2012. She currently holds the position as COO of Bama Gruppen. Before joining Bama Gruppen in 2010, she has held several executive functions at companies within the Telenor Group, primarily in the areas of products, services and media. Ms. Holen has a profound knowledge of marketing and media in particular. Ms. Holen has an extensive experience from board positions of several other Norwegian companies in the past. Ms. Holen obtained an Engineering degree at Gjøvik School of Engineering and post-graduate degrees in Business Economics and Strategic Leadership at the Norwegian Business School and at the London Business School.

Gail Smith (representing Cascade Dynamics BV) (°1959) – Ms. Gail Smith founded the Cavell Group, a convergence and cloud consulting and professional services firm that has delivered projects in over 45 countries. She is also currently an independent director of RigNet, a Nasdaq traded company that serves the oil and gas industry. Ms. Smith was Corporate Group Vice President and President, Europe of Level 3 Communications, LLC (CenturyLink) and prior to that she was VP and General Manager, International Networks for MFS International (Verizon Business). Ms. Smith has worked and managed operations in both the U.S. and Europe. She holds a Master's degree in International Business from Tufts University, a Licence d'État from the Université de Metz in échanges internationaux, and a Bachelor's degree in Economics and Political Science from Claremont McKenna College. Ms Smith also holds certifications in cybersecurity and data privacy.

Liesbet Van der Perre (°1969) – Ms. Van der Perre is a professor at KU Leuven, Belgium, and guest Professor at Lund University, Sweden. She performs research on low-power and secure wireless communication solutions. Until 2015 she was a Director at imec. She has a profound knowledge of communications technologies and was on the advisory board of a few technology companies. She is an author and co-author of over 300 scientific publications. She received an honorary Doctorate degree in technology from Lund University (Sweden) in 2015. Ms. Van der Perre received an M.Sc. degree in Electrical Engineering from K.U.Leuven, accomplishing her Master's thesis at the Ecole nationale supérieure de télécommunications in Paris, and graduated with a Ph.D. degree from KU Leuven.

Hans Swinnen (representing Equity @ Work BV) (°1966) – Mr. Swinnen is Partner of 3D-Investors and as such engaged in the development of the Private Equity activities of the family-owned investment group 3D NV. As Chairman of Pauwels Consulting, Plastiflex and Aspel and Director of 3P and of Care Cosmetics and Beauty in a Box, he is actively involved in the development and internationalization of these companies. He became a member of Zenitel's Board of Directors in 2015. Until 2006, Hans Swinnen was CEO of the Thomas Cook Group in Belgium and, in that role, responsible for the airline, tour operating and retail activities of the group. Mr. Swinnen holds a Master's degree in Applied Economic Sciences (TEW) from the University of Leuven (KUL).

Blanco Blad BV, represented by Johan Van Gorp, Chair	Independent	Non-executive	2022
K-CL BV, represented by Koen Claerbout	Dependent	Executive	2021
Yves De Backer BV, represented by Yves De Backer	Dependent	Non-executive	2023
Wenche Holen	Independent	Non-executive	2021
Cascade Dynamics BV, represented by Gail Smith	Independent	Non-executive	2022
Liesbet Van der Perre	Independent	Non-executive	2021
Equity @ Work BV, represented by Hans Swinnen	Dependent	Non-executive	2021

*The term of the mandates of the Directors will end immediately after the annual shareholders' meeting.



DIVERSITY OF THE BOARD OF DIRECTORS AND ITS COMMITTEES

The Group strives actively towards diversity at the highest governance bodies. When considering candidates for vacancies, the Remuneration and Nomination Committee takes account of diversity criteria.

The Board of Directors consists of 3 female and 4 male Directors. As a result, the Company believes that it is compliant with the Belgian legislation and the recommendations of the Belgian Commission for Corporate Governance regarding this matter. The age of the Board Members and its Committees Members varies between 35-45 years (1 Director), 45-55 years (3 Directors) and 55-65 years (3 Directors). All members of the Board and Committees have an extensive experience on management, technology and international executive-level positions.

AUDIT COMMITTEE

The Board of Directors has appointed an Audit Committee (AC), which must consist of at least three members, all of whom are non-executive Directors, at least one of whom should be independent. Currently the Audit Committee is composed of four non-executive Directors of whom three are independent. The Audit Committee assists the Board of Directors in fulfilling its monitoring responsibilities with respect to control in the broadest sense.

The Audit Committee reports regularly to the Board of Directors on the exercise of its duties and on any matters in respect of which the Audit Committee considers that action or improvement is required. It also makes recommendations as to the necessary steps to be taken.

The role of the Audit Committee is to supervise financial reporting, administrative, legal and tax procedures and follow up on financial and operational audits, as well as to recommend the choice and remuneration of the statutory auditor. The Audit Committee should report regularly to the Board of Directors on its findings and conclusions. Furthermore, it should inform the Board of Directors regarding all areas in which, in its opinion, action or improvement is necessary. The Audit Committee should produce recommendations on the necessary steps that need to be taken. The audit review and the reporting on that review should cover the Company and its subsidiaries as a whole.

The Audit Committee has specific tasks, including the Company's financial reporting, internal controls and risk management, and the internal and external audit process. These are further described in the terms of reference of the Audit Committee, as set out in the Company's Corporate Governance Charter. In principle, there should be at least four Audit Committee meetings per year. The Audit Committee also meets at least once a year with the statutory and internal auditors to discuss the auditing process.

The members of the Audit Committee shall at all times have full and free access to the Chief Financial Officer, as well as to any employee to whom they may require access in order to fulfill their responsibilities.

As of 31 December 2020, the Audit Committee consists of:

Yves De Backer BV, represented by Yves De Backer, Chair		2023
Blanco Blad BV, represented by Jo Van Gorp, Independent Director		2022
Cascade Dynamics BV, represented by Gail Smith, Independent Director		2022
Wenche Holen, Independent Director		2021

*The term of the mandates of the Directors will end immediately after the annual shareholders' meeting.

The Audit Committee met four times during 2020. The following significant matters were discussed at the meetings of the Audit Committee in 2020.

- Presentation of the external auditor and financial statements of 2020
- Financial statements per 30 June 2020, and forecast
- Accounting Policies
- Impacts of the pending litigations
- The financial performance including cash flows and outlooks for the year and beyond
- COVID-19 impact
- Discussion and evaluation of internal controls and risk management
- Discussions regarding fraud prevention
- Tax risk assessment of the Zenitel Group
- Status update 2020 Risk assessment survey.



NOMINATION AND REMUNERATION COMMITTEE

The Nomination and Remuneration Committee is responsible for the selection of suitable candidates for the appointment to the Board and may make recommendations to the Board of Directors with regards to the appointment of Directors and the members of the executive management. The Nomination and Remuneration Committee also makes recommendations to the Board of Directors on the remuneration policy of Zenitel and the remuneration of board members and the members of the executive management, and where appropriate, on the resulting proposal to be submitted by the Board of Directors to the general meeting of shareholders. It also prepares the remuneration report as set out further in this Declaration with regards to corporate governance and provides explanations to this report at the annual general meeting of shareholders.

The Nomination and Remuneration Committee ensures that the procedure for appointing and reappointing Directors, Committee members, CEO, and senior managers of Zenitel and its subsidiaries is as objective as possible. The Nomination and Remuneration Committee ensures that the remuneration policy is applied objectively.

The Nomination and Remuneration Committee consists of three non-executive Directors, with two of them being independent. The CEO participates in the Nomination and Remuneration Committee meetings but leaves the meeting whenever he and/or his remuneration are being discussed. Furthermore, the Chairman of the Board of Directors has an open invitation to attend the Nomination and Remuneration Committee meetings.

The Nomination and Remuneration Committee advises the Board of Directors on applications for and the appointment of Directors, Committee members, CEO and senior managers; the scope and composition of the Board of Directors, the Committees and senior management; and the remuneration policy for the Directors, Committee members, CEO, and senior managers. More information on the tasks of the Nomination and Remuneration Committee can be found in the terms of reference of the Nomination and Remuneration Committee, as set out Zenitel's Corporate Governance Charter, which is available on the website: www.zenitel.com.

When carrying out its duties with regards to remuneration, the Nomination and Remuneration Committee takes account of what is customary in Belgium, Norway and abroad in the sector in which Zenitel operates and in companies of a similar scope to Zenitel.

Once a year, the Nomination and Remuneration Committee discusses the work performance of key staff. The parameters in this respect are clearly specified by the Nomination and Remuneration Committee.

The Nomination and Remuneration Committee meets at least twice a year and, in any case where changes have to be made to the composition of the Board of Directors, the Committees or senior management.

Yves De Backer BV, represented by Yves De Backer, Chair	2023
Cascade Dynamics BV, represented by Gail Smith, Independent Director	2022
Wenche Holen, Independent Director	2021

*The term of the mandates of the Directors will end immediately after the annual shareholders meeting held in the year corresponding to the Director's name.

The Nomination and Remuneration Committee met three times in 2020.

The following significant matters were discussed at the meetings of the Nomination and Remuneration Committee in 2020.

- Evaluation of functioning of the Board of Directors
- Impact of COVID-19
- Employee survey
- Discussion and approval of the remuneration report 2020
- Decision on 2019 bonus payments and timing of these payments
- Decision on the 2020 bonus schedules and salary packages for the executive team and the senior management team
- Decision on the compensation package of the Senior Management Team
- Decision on the long term incentive plan for the Senior Management Team
- Approval of the motivation and the contents of the "Explain" paragraphs in the Declaration with regards to the corporate governance chapter of the Annual Report 2020.

REPORT OF ATTENDANCE AT BOARD AND COMMITTEE MEETINGS

In the table below, an overview is given of the attendance of each Director at the various meetings in 2020:

Blanco Blad BV, represented by Jo Van Gorp	9/9	4/4	-
K-CL BV, represented by Koen Claerbout, CEO	9/9	-	-
Wenche Holen	9/9	4/4	3/3
Liesbet Van der Perre	9/9	-	-
Yves De Backer BV, represented by Yves De Backer	9/9	4/4	3/3
Equity@Work BV, represented by Hans Swinnen	8/9	-	-
Cascade Dynamics BV, represented by Gail Smith	9/9	4/4	3/3



CHIEF EXECUTIVE OFFICER

The Board of Directors appoints and dismisses the Managing Director, also referred to as the Chief Executive Officer or CEO. Mr. Koen Claerbout (representing K-CL BV) has been CEO of the Zenitel Group as of 6 August 2019.

The Managing Director (CEO) is authorized to decide on all matters of daily management ('dagelijks beleid') to the extent permitted by law and as defined in the articles of association. He is responsible and accountable for the complete, timely, reliable and accurate preparation of Zenitel's financial statements, in accordance with the accounting standards and policies of Zenitel, and the presentation to the Board of Directors of a balanced and understandable assessment of Zenitel's financial situation.

The Managing Director (CEO) has the power to resolve any issue of daily management and reports to the Board of Directors. He cannot be the Chair of the Board. He works in close cooperation with the Board of Directors and its Committees to enable the Board, the Chair and the Committees to exercise their responsibilities. The Managing Director and the Chair of the Board meet regularly to discuss strategic initiatives and all relevant matters of daily management and to determine in dialogue the agenda for the Board of Directors.

STRATEGIC COMMITTEE

As of 2020, the Strategic Committee has become fully operational. It is responsible and accountable for the key strategic decisions of the Company and focuses on the future growth ambitions. The role of the Strategic Committee is to actively monitor the business strategy implementation, e.g. related to product and technology roadmaps, market segments and business opportunities. The creation of the Strategic Committee has changed the organizational structure of the group compared to the previous years. The objective of the Strategic Committee is to further drive the business and to create synergies in view of reaching the ambition of the group.

The Strategy Committee consists of the following members: Jo Van Gorp (Chair of Strategy Committee), Yves De Backer (Vice Chair of Strategy Committee), Koen Claerbout (Chief Executive Officer), Mark Küpers (Chief Financial Officer) and Thomas Haegh (Chief Technology Officer). For topical discussions, other leadership members could be invited. The Strategy Committee generally meets on a monthly basis normally in Belgium and reports to the Board of Directors.

EXECUTIVE TEAM

The Executive Team is appointed by the Board of Directors. The team consists of the Chief Executive Officer (K-CL BV, represented by Koen Claerbout) and the Chief Financial Officer (Mark Küpers), and reports to the Board of Directors.

The role of the Executive Team is, among others, to review envisaged acquisitions, mergers and divestments, review corporate restructuring programs, update and develop alternative long-term strategies, and present this to the Board of Directors and to execute actions based on decisions of the Board of Directors. The team is established to ensure the fast and efficient management and control of the activities and to enable adequate reporting and exchange of information with the Board of Directors and within the Leadership Team. The Executive Team does not act as a management committee in the meaning of Article 7:104 of the Belgian Code of Companies and Associations.

LEADERSHIP TEAM

The operations of the Company are managed by a Leadership Team. On 31 December 2020, the Leadership Team consisted of the following members: K-CL BV represented by Koen Claerbout, Mark Küpers, Thomas Hægh, Svein Damre, Lars Paulsson, Ingrid Glad Bratvold and Kathy de Lange.

The Leadership Team does not act as a management committee in the meaning of article 7:104 of the Belgian Code of Companies and Associations.

The Leadership Team has monthly meetings and discusses the operations of the Zenitel Group.

DIVERSITY OF THE LEADERSHIP TEAM

At Zenitel, diversity is a priority on all levels and in all aspects. The Group strives for a healthy gender balance and geographical spread in addition to providing local employment in all communities in which we operate. We continually monitor, assess and evaluate gaps and areas for improvement in the composition of our senior management team, in terms of gender, age, capabilities, and expertise, as well as geography.

In 2020, the Leadership Team consisted of 2 women and 5 men. 3 members of the team are between 40 to 50 years and 4 members are older than 50 years. The Leadership Team's wide expertise focuses on management, technology, research & development, operations and services. The geographical diversity in the Leadership Team, with 6 different nationalities, contributes to a more international experience and local representation.

DIRECTOR AND EXECUTIVE MANAGEMENT CONFLICTS OF INTERESTS

Articles 7:96 and 7:97 of the Belgian Code of Companies and Associations contain special provisions, which must be complied with whenever a Director has a direct or indirect conflicting interest of a patrimonial nature in a decision or transaction within the authority of the Board of Directors or whenever a decision or transaction within the authority of the Board of Directors relates to a related party as defined in the international accounting standards, respectively.

In 2020, there were no transactions and operations that required the application of Articles 7:96 and 7:97 of the Belgian Code of Companies and Associations.



REMUNERATION REPORT

This remuneration report has been drafted in accordance with the provisions of article 3:6, §3 of the Belgian Code of Companies and Associations.

The remuneration report takes into account Zenitel's existing remuneration practices as currently reflected in the Zenitel Corporate Governance Charter (Section 5 – *The remuneration policy of Zenitel*), which is available on Zenitel's website (www.zenitel.com). In accordance with article 7:89/1 of the Belgian Code of Companies and Associations, a remuneration policy will be submitted to the annual shareholders' meeting of 28 April 2021 for approval.

Overall, the Group reached a net profit for the financial year 2020 of 7.1 million euro. This compares to a net profit of 3.0 million euro for the financial year 2019. This result is mostly driven by limiting the impact on the revenue thanks to the relentless efforts of our employees and customers. At the same time, the Group realized exceptional savings in operational expenses due to COVID-19 related limitations for business travel and trade shows.

TOTAL REMUNERATION

TOTAL REMUNERATION OF THE DIRECTORS

General

Each of the non-executive directors receives an annual fixed remuneration of 20 000 euro, in accordance with the decision on directors' remuneration of the annual shareholder's meeting on 28 April 2003. Considering the substantial time the chairman devotes to the ongoing supervision of Zenitel's affairs, he receives an annual fixed remuneration of 40 000 euro. The members of the Audit Committee each receive an additional annual fixed remuneration of 7 500 euro. The chairman of the Audit Committee receives an additional annual fixed remuneration of 15 000 euro. The members of the Remuneration and Nomination Committee are not specifically remunerated for their tasks.

The non-executive directors do not receive any attendance fees, variable remuneration, contribution for retirement benefits or other benefits in kind. They are not entitled to stock options or shares (see comment in the Declaration on corporate governance regarding the application of principle 7 of the CG-Code 2020).

The executive director (CEO) is not remunerated for his work as a member of the board of directors. Details on the remuneration of the CEO as member of the Executive Team is provided below.

Reported financial year 2020

Reported financial year 2020										
Non-executive directors										
Blanco Blad BV, represented by Jo Van Gorp <i>Chair of the board of directors and member of the Audit Committee</i>	47 500	N/A	N/A	N/A	N/A	N/A	N/A	47 500	100%	0%
Liesbet Van der Perre, <i>Independent director</i>	20 000	N/A	N/A	N/A	N/A	N/A	N/A	20 000	100%	0%
Wenche Holen <i>Independent director and member of the Audit Committee and the Nomination and Remuneration Committee</i>	27 500	N/A	N/A	N/A	N/A	N/A	N/A	27 500	100%	0%
Yves De Backer BV, represented by Yves De Backer <i>Dependent director and chair of the Audit Committee and of the Nomination and Remuneration Committee</i>	35 000	N/A	N/A	N/A	N/A	N/A	N/A	35 000	100%	0%
Cascade Dynamics BV, represented by Gail Smith <i>Independent director and member of the Audit Committee and the Nomination and Remuneration Committee</i>	27 500	N/A	N/A	N/A	N/A	N/A	N/A	27 500	100%	0%
Equity @ Work BV, represented by Hans Swinnen <i>Dependent director</i>	20 000	N/A	N/A	N/A	N/A	N/A	N/A	20 000	100%	0%
Executive director										
K-CL BV, represented by Koen Claerbout <i>Executive director</i>	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
TOTAL	177 500	N/A	N/A	N/A	N/A	N/A	N/A	177 500	100%	0%



TOTAL REMUNERATION OF THE EXECUTIVE TEAM

General

The Executive Team consists of K-CL BV, represented by Koen Claerbout (Chief Executive Officer) and Mark Küpers (Chief Financial Officer).

The remuneration package for the Executive Team consists of:

(i) **base salary**, consisting of the annual salary paid, which is determined in function of the individual responsibilities and skills of each member of the Executive Team. The base salary of the CEO is paid out under his management contract, while the CFO is remunerated under an employment contract.

(ii) **variable remuneration**, consisting of both a short term variable remuneration, which is linked to the realization of certain performance criteria during a period of one year as described below, and a long-term variable remuneration, which is linked to the realization of certain performance criteria during a period of more than one year as described below.

(iii) **contribution for retirement benefits**, in the form of a direct defined contribution pension plan. The CEO does not receive any contribution for retirement benefits.

(iv) **other benefits**, in the form of a car allowance, insurance, and health related benefits (e.g. annual medical check-up). The CEO does not receive any other benefits.

Performance criteria short term variable remuneration

For financial year 2020, the performance of the Executive Team in the framework of their short term variable remuneration was appraised on the basis of the below performance criteria. In order to earn a bonus, the average score needs to be higher than 75% of the target and is capped at a maximum level.

Executive Team			
K-CL BV, represented by Koen Claerbout, CEO	EBITDA	80%	- 137% above targets
	Turnover	20%	- 96% under targets
	Total Bonus Entitlement		- 144%
Other members of the Executive Management	EBITDA	90%	- 135% above targets
	Personal KPI's (95% = strong performance in line with targets)	10%	- 95% at targets level
	Total Bonus Entitlement		- 135%

Performance criteria long term variable remuneration

In 2020, the Group implemented individual long term incentive plans ("LTIP") for the members of the Executive Team. The LTIP incentivizes and rewards engagement and leadership in driving the performance of Zenitel's business in accordance with its long-term strategic goals.

Under the LTIP, each member of the Executive Team is granted a conditional right to receive a cash payment upon the achievement of certain long-term company performance indicators as determined by the Board of Directors. These performance indicators consist of the following four KPI's: (i) KPI1 is based on the total consolidated Group revenue realised in 2024, (ii) KPI2 is based on the accumulated EBITDA of the total consolidated Group over five years (2020 through 2024), (iii) KPI3 is based on the accumulated net earnings of the total consolidated Group over five years (2020 through 2024) and (iv) KPI4 is a sustainability KPI.

The evaluation of the entitlement of any reward under the LTIP will be done at the meeting of the Board of Directors confirming the 2024 results of Zenitel and in any event prior to the annual shareholders meeting of 28 April 2025.

In 2020, no long term variable remuneration has been paid out or has vested

Reported financial year 2020

Taking into account the achievement of the abovementioned performance criteria in respect of the variable remuneration, as well as the other aspects of the total remuneration package, the members of the Executive Team received the following total remuneration for the financial year 2020:



Executive Team							Fixed	Variable	
K-CL BV, represented by Koen Claerbout, CEO	285 000	N/A	N/A	100 800	n/a	n/a	385 800	73.87%	26.13%
Other members of the Executive Management	110 391	N/A	2 282	58 169	n/a	8 414	179 256	67.55%	32.45%
TOTAL	395 391	N/A	2 282	158 969	n/a	8 414	565 056	71.87%	28.13%

1 Remuneration to the CEO is paid out by Zenitel NV in EUR. Remuneration to CFO is paid out by Zenitel Norway in NOK. The amounts have been converted to euro with a NOK/EUR rate of 10.87.

CONCLUSION

The total amount of remuneration as set out above is in line with Zenitel's existing remuneration practices, as currently reflected in the Zenitel Corporate Governance Charter (Section 5 – *The remuneration policy of Zenitel*), which is available on Zenitel's website (www.zenitel.com).

The total amount of remuneration, and more in particular, the variable fraction of the total remuneration package of the Executive Team, contributes to the long-term performance of Zenitel by setting performance criteria that focus on the long-term objectives of Zenitel.

SHARE-BASED REMUNERATION

For the financial year 2020, a total amount of 3 290 shares of the Company were offered to the CEO. Zenitel Norway AS, a subsidiary of Zenitel, sold all of its shares in Zenitel to the CEO in two transactions:

- (i) 2,500 shares for a price of 11.76 euro per share, corresponding to a total purchase price of 29 400 euro, and
- (ii) 790 shares for a price of 13.60 euro per share, corresponding to a total purchase price of 10 744 euro.

These transactions took place within the scope of the authority granted by the extraordinary general meeting of the shareholders of Zenitel of 28 April 2020 and within the framework of Zenitel's long-term share incentive plan. Since the grant of these shares is not linked to performance conditions, this item of compensation is not considered as variable remuneration in the sense of the Belgian Corporate Governance Code.

No other share-based remuneration was granted, exercised or lapsed in the course of 2020 (see comment in the Declaration on corporate governance regarding the application of principle 7 of the CG-Code 2020).

SEVERANCE PAYMENTS

For the financial year 2020, no severance payments were made in relation to the termination of management or employment agreements of any members of the Executive Team.

CLAW-BACK

There are no mechanisms to delay payment and no clawback provisions in relation to the variable remuneration of the Executive Team.

DEROGATIONS FROM THE REMUNERATION POLICY

For the remuneration in respect of financial year 2020, Zenitel did not derogate from its existing remuneration practices, as currently reflected in the Zenitel Corporate Governance Charter (Section 5 – *The remuneration policy of Zenitel*), which is available on Zenitel's website (www.zenitel.com). In accordance with article 7:89/1 of the Belgian Code of Companies and Associations, a remuneration policy will be submitted to the annual shareholders' meeting of 28 April 2021 for approval.



COMPARATIVE INFORMATION ON THE CHANGE OF REMUNERATION AND COMPANY PERFORMANCE

The following table demonstrates the annual change, over a period of 5 years, in
 (i) the remuneration of members of the board of directors and the Executive Team,
 (ii) the performance of the Group on a consolidated basis, and
 (iii) the average remuneration of the employees of the Group.

COMPARATIVE INFORMATION ON THE CHANGE OF REMUNERATION AND COMPANY PERFORMANCE						
REMUNERATION OF DIRECTORS¹						
Total annual remuneration	185 000	177 500	158 542	162 500	173 750	177 500
Year-on-year difference		-4.05%	-10.68%	2.49%	0%	9.23%
Number of Directors under review	8	7	8	7	7	6
REMUNERATION OF CEO						
CEO²						
Total annual remuneration	391 539	382 654	396 560	348 856	385 451	385 000
Year-on-year difference		-2%	4%	-12%	10%	10%
REMUNERATION OF EXECUTIVE TEAM (excl. CEO)						
Total annual remuneration	155 859	172 527	176 650	152 162	174 270	179 256
Year-on-year difference		11%	2%	-14%	15%	3%
Number of members of Executive Team (excl. CEO)	1	1	1	1	1	1
GROUP PERFORMANCE						
Net sales						
	66 498	63 473	59 915	61 831	76 257	72 955
Year-on-year difference		-5%	-6%	3%	23%	-4%
Ebitda						
	4 003	4 313	5 223	4 240	6 509	10 872
Year-on-year difference		7%	21%	-19%	54%	67%
AVERAGE REMUNERATION PER FTE EMPLOYEE³						
Average employee cost per FTE	76 177	78 977	79 383	71 887	90 812	81 238
Year-on-year difference		4%	1%	-9%	26%	-11%

¹ The remuneration for directors is reported aggregated for this table. This does not include the remuneration package of the CEO outside his mandate as director, which is reported separately in this table.

² K-CL BV, represented by Koen Claerbout, was appointed CEO on 6 August 2019. For comparison purposes, the total annual remuneration of previous CEO's has been included in this table. Any amounts paid out in NOK in previous years have been converted to euro with the respective NOK/EUR rate of that year.

³ Average remuneration of employees is calculated on the basis of the information as listed in note 5.

RATIO HIGHEST AND LOWEST REMUNERATION

In 2020, the pay ratio of the remuneration of the CEO versus the lowest FTE employee remuneration in Zenitel NV amounted to 30.81.



INSIDER TRADING POLICY

The Company has drawn up a policy with respect to insider trading, which has been signed by all key employees and directors. This policy is a part of Zenitel's Corporate Governance Charter.

THE STATUTORY AUDITOR

The statutory auditor of ZENITEL NV is EY Bedrijfsrevisoren BV, having its registered office at De Kleetlaan 2, 1831 Diegem, represented by its permanent representative Marnix Van Dooren & C° BV, represented by Mr Marnix Van Dooren. EY Bedrijfsrevisoren was appointed for a period of three years at the general shareholders' meeting of 29 April 2019. The statutory auditor is a member of the Institute for Company Auditors ('Instituut van de bedrijfsrevisoren'). The remuneration amounted to 21 415 euro in 2020.

The total fee for EY for the Group audit amounted to 96 459 euro for 2020. The other audit related services amounted to 14 880 euro. EY invoiced an amount of 12 260 euro for tax compliance services.

INTERNAL CONTROL AND RISK MANAGEMENT SYSTEM

This chapter contains a description of the most important characteristics of Zenitel's internal control and risk management systems. These internal control and risk management systems fulfill a crucial role when steering activities and managing risks, and enable the Company to achieve the goals it has set, both from an operational and from a financial reporting point of view. Below you will find a description of the following components of internal control: control environment, risk management process, control activities, information and communication, and monitoring. When preparing this description, the Company has taken into account the relevant statutory provisions, the provisions of the CG-Code 2020 and guidelines of the international COSO framework on internal controls.

CONTROL ENVIRONMENT

The Board of Directors is responsible for the definition and creation of the Zenitel company culture. In order to do so, it sets the tone with respect to integrity and ethics. One of the instruments in setting the tone at the top is the Corporate Governance Charter, which defines clearly the responsibilities of the governing bodies of the company and the code of conduct with respect to transactions in Zenitel shares. This Corporate Governance Code is under continuous review and updated to conform with the requirements of the stakeholders of the Company. A clear governance structure is in place in which the roles and responsibilities of each level of management are fulfilled with respect to the company structure. In order to achieve this, clear and detailed company guidelines exist with respect to proxy rules and the hiring and firing of personnel. These guidelines are available to all Zenitel employees via the Company's intranet. The Board of Directors carefully monitors that employees in key management positions have the right qualifications to take on their responsibilities and that the Company rules are complied with. The Board of Directors has already proven in the past that appropriate action was taken in case one of these two conditions was not fulfilled. Some members of the Board of Directors are closely coaching the Group's executive management. This management philosophy of proximity is extended further in the group structure, which results in a limited number of hierarchical levels in the Company and a strong hands-on involvement of executive management in the day-to-day operations of the group companies.

Also with respect to accounting and financial reporting, clear roles and responsibilities are defined. A Zenitel accounting manual exists in order to ensure the consistency and compliance of the reported figures for consolidation purposes. In order to enable accurate and timely reporting, guidelines and reporting deadlines are communicated through the organization.

The appropriateness of the control environment is regularly subject to the evaluation of the Audit Committee, the Board of Directors and the executive management.



RISK MANAGEMENT

At least once per year, the Audit Committee evaluates the effectiveness of the risk management systems of the Company. These risk management systems, are put in place by the Company's management and it is the Audit Committee, which ensures that the main risks are appropriately addressed by management. In order to be able to identify the key risks, the main company goals from a strategic, an operational, a financial reporting, and a legal compliance point of view are defined. Risks are then identified by analyzing which internal or external factors might prevent the attainment of the goals set by the Company. For each risk, an analysis is performed that evaluates the importance, the probability and the possible control measures that are or could be put in place (taking also into account their costs). Also the Company's ability to identify and react to changing external and internal conditions that might cause risks to increase, are subject to an evaluation process. Finally, the Audit Committee is informed on the status of additional measures taken by management when responding to risk changes.

The above-mentioned risk management process is less formalized within the Company, given its small size. The cornerstone of this process is, however, the annual evaluation of the effectiveness of the risk management systems by the Audit Committee.

With respect to the financial reporting process, the goals, responsibilities, external communications on risks and deadlines are clearly known by all involved personnel of the Company.

Changing regulations or conditions that might cause the external reporting to be impacted are identified in a timely manner and discussed at management and – if significant – at board level. The identification of these changing conditions and regulations are both based on the skills and continuous learning of the Zenitel employees involved and on advice received from external consultants.

CONTROL ACTIVITIES

Different control activities are put in place in order to ensure that the Group rules are complied with at all levels of the organization.

Based on weekly, monthly, quarterly and annual reports of each of the reporting entities, Group management performs analyses and a close follow-up of the operational and financial results of each Group entity. The Group results are consolidated and further analyzed by the Group controllers and by Group management on a monthly basis. Based on these analyses, further discussions are held with the local managers and controllers of the reporting entities. The financial results are closely tracked against well-defined and agreed targets on a monthly basis. Each quarter, a new forecast is established. Correct and consistent data gathering is ensured by the use of customized reporting software, which is managed centrally.

Besides all controls based on the local entities' reporting, Group management makes sure that regular review meetings with local management and local controllers are held. During these meetings, all issues with respect to operations and financial reporting are discussed, and because of the involvement of Group management in the local operations, Group management can ensure that operational and financial reporting issues are dealt with in a consistent and effective manner, in line with the goals set by the Company.

The Audit Committee has installed an internal audit function whereby the local entities are subject to an internal audit. These internal audits focus on risks from both an operational and a financial reporting point of view. Furthermore, internal audits focus on compliance with the Group rules, local rules and regulations and adequate internal controls. The findings of these internal audits are communicated to the Audit Committee and follow up is carried out on the specific remedial actions taken as a result of these internal audits. Changes in rules and regulations that affect the consolidated financial statements are monitored centrally and appropriate instructions and guidance are sent to the local reporting entities in order to be able to manage and comply with these changes in an effective manner. Finally, all important reporting units are subject to external audits.

Based on its evaluation of the above-mentioned control activities and taking into account the size of the Company, it is the executive management's opinion that these control activities are sufficient to guarantee an effective implementation of the Company guidelines as issued by executive management.

INFORMATION AND COMMUNICATION

The Company has set up an internal reporting system that enables it to comply in a timely and effective manner with the legal requirements in terms of information that the Group has to provide to the market. On the one hand, financial information is gathered monthly through a customized and centrally managed web-based reporting tool. On the other hand, management of the local entities has to report on an ad hoc and a monthly basis on well-defined and communicated items to Group management. Currently there are different information processing systems in the different reporting entities of the Group. Through the use of this web-based and customized reporting tool, it is possible to gather and consolidate all financial information of the individual reporting entities in a consistent manner.



The Company has to issue periodic financial information to the market on a half-year basis. All press releases are approved by the Board of Directors before they are issued. In case information is to be issued on an ad hoc basis, the approval of at least two board members is also required. The Company's relations and communications with regulators, analysts and shareholders are the responsibility of the executive management team. Internal communications are mainly conveyed via the Company's intranet, which has been specifically developed for these purposes. Via this communication tool, all Group guidelines, instructions, product information and market information are made available to all Zenitel employees. All information based on data information gathering and communication systems are subject to security measures protecting the confidentiality of, the restricted access to, and the consistency of the gathered and communicated information. Taking into account the size of the Company and the existing systems and procedures in place, executive management is of the opinion that these are sufficient in order to be able to comply with all legal information and communication requirements.

MONITORING

It is mainly the Audit Committee's responsibility to monitor the effectiveness of the internal control and risk management system. Based on its annual review of the internal controls and risk management system, the Audit Committee makes recommendations to the Board of Directors. Given the constantly changing environment, the internal control and risk management system is subject to a constant process of reevaluation. For instance, when based on findings of an internal or external audit, deficiencies in the internal control system are identified, an action plan will be proposed to the Audit Committee, and, thereafter, feedback on the status of the actions is to be conveyed to the Audit Committee. This process of identification, remediation and follow-up on the remediation is considered key in the continuous improvement process of the internal control and risk management system. The practice is in place whereby the internal control procedures are periodically challenged and the necessary actions implemented in order to adapt it to the changing internal and external conditions. Based on this practice and the above-mentioned descriptions of the components of the internal control and risk management system, and taking into account the limited size of the Company and the means available, the Company is of the opinion that the internal control and risk management system of the Company is sufficient to meet the expectations of the stakeholders of the Company.

COMPLY OR EXPLAIN

Zenitel complies with most of the ten principles of the CG-Code 2020, as well as with the majority of the provisions. Some of the provisions are not complied with, but their objectives are reached through other measures.

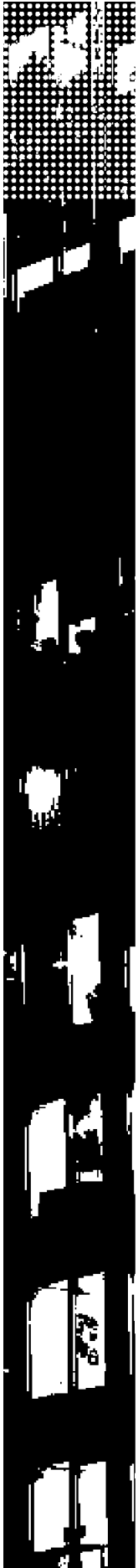
Below is an overview of the provisions that are not complied with, with an explanation, and the measures that Zenitel has taken in order to reach their objectives.

Principle 5 of the CG-Code 2020 stipulates that the Company should have a rigorous and transparent procedure for the nomination and evaluation of its Board of Directors and its members. The Company is confident that it fulfills the individual requirements stipulated in this principle, however not as formalized as indicated in Principle 5 of the CG-Code 2020. Through the regular discussions carried out by the Chair with the individual members of the Board of Directors and through an evaluation of each board member at the moment or at the nomination of the renewal of the mandate, the Board of Directors is confident that it meets the objectives of Principle 5 of the CG-Code 2020. A self-evaluation is also undertaken by the Board of Directors on a regular basis.

Principle 7 of the CG-Code 2020 stipulates that the Company should remunerate the directors and the members of the executive management in a fair and responsible manner. The Company is confident that its remuneration policy fulfills the objectives of this principle, even though the Company does not comply with each individual provision. Particularly, Zenitel deviates from Principles 7.6 and 7.9 of the CG-Code 2020. As to Principle 7.6 of the CG-Code 2020, the Board of Directors decided not to grant stock options or shares to non-executive board members as part of their remuneration. Such grant requires further analysis of the particular ramifications thereof, both for the Company as for its board members. As to Principle 7.9 of the CG-Code 2020, the Board of Directors has not set a minimum threshold of shares to be held by the executives as their remuneration package is sufficiently balanced with various components to incentivize the executives to pursue a strategy of sustainable profitable growth.







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Building on over 120 years of breakthrough innovations, Zenitel systems are at the forefront of today's technology landscape, well positioned to drive the future of Intelligent Communications.



CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED STATEMENT OF PROFIT OR LOSS OF THE ZENITEL GROUP FOR THE YEAR ENDED 31 DECEMBER 2020

	Notes	2020	2019
CONTINUING OPERATIONS			
Revenue	1	72 955	76 257
Raw materials and consumables used ^(*)	4	-31 805	-35 160
Employee benefits expense	5	-24 534	-27 516
Depreciation and amortization expenses	15,16,17	-2 242	-2 586
Consulting expense		-1 911	-1 809
Facility expense	6	-2 424	-2 894
Other expenses	7	-1 409	-2 369
Operating Profit/(Loss)		8 630	3 923
Finance income	9	103	145
Finance costs	10	-521	-443
Net foreign exchange gains/(losses)	11	107	140
PROFIT BEFORE TAX		8 319	3 765
Income tax expense	12	-1 211	-743
Profit for the year		7 108	3 022
Attributable to:			
Owners of the Company		7 108	3 022
EARNINGS PER SHARE			
Weighted average number of ordinary shares in issue		3 311	3 308
FROM CONTINUING OPERATIONS			
Basic earnings per share	14,1	2.15	0.91
Diluted earnings per share	14,2	2.15	0.91

^(*) Impairment on current assets are included in raw materials and consumables used.

CONSOLIDATED STATEMENT OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME OF THE ZENITEL GROUP FOR THE YEAR ENDED 31 DECEMBER 2020

	Notes	2020	2019
PROFIT FOR THE YEAR		7 108	3 022
Other comprehensive income			
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Exchange differences arising on translation of foreign operations ^(*)		-1 779	309
<i>Items that will not be reclassified subsequently to profit or loss:</i>			
OCI actuarial gains & losses		-36	-43
Other comprehensive income for the period (net of income tax)		-1 815	266
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		5 293	3 288
Attributable to:			
Owners of the Company		5 293	3 288

The accounting policies and notes form an integral part of these consolidated financial statements.

^(*) In 2020 and 2019, the positive/negative exchange differences in the other comprehensive income line were mainly booked on foreign operations held in Norwegian Krone, US Dollar and Singaporean Dollar



CONSOLIDATED STATEMENT OF FINANCIAL POSITION OF THE ZENITEL GROUP AT 31 DECEMBER 2020

ASSETS	Notes	2020	2019
Non-current assets			
Property, plant and equipment	15	3 624	4 593
Goodwill	16	3 075	3 272
Other intangible assets	17	162	195
Deferred tax assets	13	1 207	1 173
Financial assets	19	225	240
Total non-current assets		8 294	9 474
Current assets			
Inventories	20	13 459	12 648
Contracts in progress	21	-	-
Trade and other receivables	22	11 899	14 374
Deferred charges and accrued income		1 383	1 287
Cash and cash equivalents	23	26 164	21 331
Total current assets		52 905	49 640
TOTAL ASSETS		61 199	59 114
EQUITY AND LIABILITIES			
Capital and reserves			
Capital		20 000	20 000
Share premium account		5 340	5 340
Reserves		-2 121	-342
Retained earnings		14 689	7 617
Treasury shares		0	-37
Equity attributable to equity holders of the parent		37 908	32 578
Total equity		37 908	32 578
Non-current liabilities			
Borrowings and lease liabilities	25	1 153	1 934
Retirement benefit obligations	26	480	418
Deferred tax liabilities	13	18	-
Provisions	27	480	0
Total non-current liabilities		2 131	2 352
Current liabilities			
Trade and other payables	24	12 454	15 091
Borrowings and lease liabilities	25	4 178	3 678
Current tax liabilities		1 242	1 026
Provisions	27	3 286	4 389
Total current liabilities		21 160	24 184
TOTAL EQUITY AND LIABILITIES		61 199	59 114

The accounting policies and notes form an integral part of these consolidated financial statements.



CONSOLIDATED STATEMENT OF CHANGES IN EQUITY OF THE ZENITEL GROUP FOR THE YEAR ENDED 31 DECEMBER 2020

	Share capital	Share premium	Treasury shares	Foreign currency translation reserve	Retained earnings	Attributable to equity holders of the parent	Total
BALANCE ON 1 JANUARY 2019							
As previously reported	20 000	5 340	-	-651	4 638	29 327	29 327
Profit for the year	-	-	-	-	3 022	3 022	3 022
OCI actuarial gain and losses	-	-	-	-	-43	-43	-43
Other comprehensive income for the year, net of income tax	-	-	-	309	-	309	309
Total comprehensive income for the year			-	309	2 979	3 288	3 288
(Acquisition)/sale of treasury shares	-		-37	-	-	-37	-37
BALANCE AT 31 DECEMBER 2019	20 000	5 340	-37	-342	7 617	32 578	32 578

	Share capital	Share premium	Treasury shares	Foreign currency translation reserve	Retained earnings	Attributable to equity holders of the parent	Total
BALANCE ON 1 JANUARY 2020							
BALANCE ON 1 JANUARY 2020	20 000	5 340	-37	-342	7 617	32 578	32 578
Profit for the year	-	-	-	-	7 108	7 108	7 108
OCI actuarial gains & losses	-	-	-	-	-36	-36	-36
Other comprehensive income for the year, net of income tax	-	-	-	-1 779	-	-1 779	-1 779
Total comprehensive income for the year			-	-1 779	7 072	5 293	5 293
(Acquisition)/sale of treasury shares	-		37	-	-	37	37
BALANCE AT 31 DECEMBER 2020	20 000	5 340	0	-2 121	14 689	37 908	37 908

The accounting policies and notes form an integral part of these consolidated financial statements.



CONSOLIDATED STATEMENT OF CASH FLOWS OF THE ZENITEL GROUP FOR THE YEAR ENDED 31 DECEMBER 2020

	Notes	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES			
Net profit/(Loss) for the year		7108	3022
Income tax expense recognized in profit or loss	12	1211	743
Finance cost recognized in profit or loss	10	521	443
Finance income recognized in profit or loss	9	-103	-145
Impairment loss recognized on trade receivables	22	458	84
Impairment loss recognized on inventory	20	1116	1401
Depreciation and amortization of non-current assets	15,16,17	2242	2586
Cash generated from operating activities before changes in working capital		12 553	8 134
Changes in working capital	32	-3724	-4255
Interest paid		-379	-291
Income taxes paid		-1050	-54
Net cash generated from operating activities		7 400	3 535
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received		3	18
Proceeds received from available for sale investments		83	121
Net Cash outflow on acquisitions		-	-
Payments for property, plant and equipment	15	-802	-1036
Proceed from disposal of tangible assets		5	2
Payments for intangible assets	17	-99	-120
Net cash (used in)/generated by investing activities		-809	-1015
CASH FLOWS FROM FINANCING ACTIVITIES			
(Acquisition)/sale of treasury shares		37	-37
Movement in used factoring facility		750	212
Repayment of borrowings and lease liabilities	25	-1624	-1870
Net cash received/(used) in financing activities		-837	-1695
Net (decrease)/increase in cash and cash equivalents		5752	823
MOVEMENT IN CASH AND CASH EQUIVALENTS			
At start of the year		21 331	20 371
Increase/(decrease)		5 752	823
Effect of exchange rate changes on the balance of cash held in foreign currencies		-919	137
At the end of the year		26 164	21 331
Total cash and cash equivalents	23	26 164	21 331
Net cash and cash equivalents at the end of the year		26 164	21 331

The accounting policies and notes form an integral part of these consolidated financial statements.



Zenitel is a company with solid foundations and an eye to the future. We continue to invest in product development and innovative technology for further strengthening our proud legacy of intelligent communication for decades to come.





ACCOUNTING POLICIES AND FINANCIAL RISK FACTORS

Zenitel (the 'Company') is a limited liability company registered in Belgium. The consolidated financial statements of the company for the year ended 31 December 2020 comprise the Company and its subsidiaries (together referred to as the 'Group') and the Group's interest in associates and jointly controlled entities. The addresses of its registered office and principal place of business are disclosed in the introduction to the annual report. The principal activities of the Group are described in this annual report.

The financial statements were authorized for issue by the Board of Directors for publication on 19 March 2021.

BASIS OF PREPARATION

The consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS) as adopted by the EU. These consolidated statements have been prepared under the historical cost convention except for certain financial instruments (including derivatives), which are measured at fair value. The consolidated financial statements are presented in euro and all values are rounded to the nearest thousand (€000), except when otherwise indicated.

APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS

AMENDMENTS TO IFRS AFFECTING AMOUNTS REPORTED IN THE FINANCIAL STATEMENTS

During the current financial year, the Group has adopted all the new and revised Standards and Interpretations issued by the International Accounting Standards Board (IASB) and the International Financial Reporting Interpretations Committee (IFRIC) of the IASB, that are relevant to its operations and effective for the accounting year starting on 1 January 2020. The Group has not applied any new IFRS requirements that are not yet effective as per 31 December 2020.

The Group applied for the first time certain standards and amendments, which are effective for annual periods beginning on or after 1 January 2020. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

The nature and the effect of these changes are disclosed below. Although these new standards and amendments are applied for the first time in 2020, they did not have a material impact on the annual consolidated financial statements of the Group.

The nature and the impact of each of the following new standards, amendments and/or interpretations are described below:

- Amendments to References to the Conceptual Framework in IFRS Standards, effective 1 January 2020
- Amendments to IFRS 3 *Business Combinations* – Definition of a Business, effective 1 January 2020
- Amendments to IFRS 9 *Financial Instruments: Disclosures* and IAS 39 *Financial Instruments: Recognition and Measurement* - Interest Rate Benchmark Reform, effective 1 January 2020
- Amendments to IFRS 16 *Leases* – COVID-19 related rent concessions, effective 1 June 2020
- Amendments to IAS 1 *Presentation of Financial Statements* and IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors* – Definition of material, effective 1 January 2020

Amendments to References to the Conceptual Framework in IFRS Standards

Amendments to References to the Conceptual Framework in IFRS Standards sets out the amendments to affected standards, except to IFRS 3 *Business Combinations* and IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors*, in order to update references to the Conceptual Framework. In most cases, the standard references are updated to refer to the Conceptual Framework. These amendments are effective for reporting periods beginning on or after 1 January 2020. The application of this amendment had no impact on the Group's consolidated financial statements.



Amendments to IFRS 3 Business Combinations – Definition of a business

The amendment to IFRS 3 clarifies that to be considered a business, an integrated set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create output. Furthermore, it clarified that a business can exist without including all of the inputs and processes needed to create outputs.

Companies are required to apply the amended definition of a business to acquisitions that occur on or after 1 January 2020. The application of this amendment had no impact on the Group's consolidated financial statements.

Amendments to IFRS 9 Financial Instruments, IFRS 7 Financial Instruments: Disclosures and IAS 39 Financial Instruments: Recognition and Measurement - Interest Rate Benchmark Reform

The amendments to IFRS 9 and IAS 39 *Financial Instruments: Recognition and Measurement* provide a number of reliefs, which apply to all hedging relationships that are directly affected by interest rate benchmark reform. A hedging relationship is affected if the reform gives rise to uncertainties about the timing and/or amount of benchmark-based cash flows of the hedged item or the hedging instrument.

The effective date of the amendments is for annual periods beginning on or after 1 January 2020. The requirements must be applied retrospectively. However, any hedge relationships that have previously been de-designated cannot be reinstated upon application, nor can any hedge relationships be designated with the benefit of hindsight.

The application of this amendment had no impact on the Group's consolidated financial statements.

Amendments to IFRS 16 Leases – COVID-19 related rent concessions

The amendments provide relief to lessees from applying IFRS 16 guidance on lease modification accounting for rent concessions arising as a direct consequence of the COVID-19 pandemic. As a practical expedient, a lessee may elect not to assess whether a COVID-19 related rent concession from a lessor is a lease modification. A lessee that makes this election accounts for any change in lease payments resulting from the COVID-19 related rent concession the same way it would account for the change under IFRS 16, if the change were not a lease modification.

The amendment applies to annual reporting periods beginning on or after 1 June 2020. Earlier application is permitted, including in financial statements not yet authorised for issue at 28 May 2020.

The application of this amendment had no impact on the Group's consolidated financial statements.

Amendments to IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors – Definition of material

The amendments provide a new definition of material that states "information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity."

The amendments clarify that materiality will depend on the nature or magnitude of information, either individually or in combination with other information, in the context of the financial statements.

A misstatement of information is material if it could reasonably be expected to influence decisions made by the primary users. These amendments had no impact on the consolidated financial statements of, nor is there expected to be any future impact to the Group.

The amendments to IAS 1 and IAS 8 are required to be applied for annual periods beginning on or after 1 January 2020. The amendments must be applied prospectively. The application of this amendment had no impact on the Group's consolidated financial statements.

STANDARDS ISSUED BUT NOT YET EFFECTIVE

The new and amended standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Group's financial statements are disclosed below. The Group intends to adopt these standards and interpretations, if applicable, when they become effective.

- Amendments to IAS 1 *Presentation of Financial Statements* – Classification of Liabilities as Current or Non-current, effective 1 January 2023
- Amendments to IAS 16 *Property, plant and equipment* – Proceeds before intended use, effective 1 January 2022¹
- Amendments to IAS 37 *Provisions, Contingent Liabilities and Contingent Assets* – onerous contracts – cost of fulfilling a contract, effective 1 January 2022¹
- Amendments to IFRS 3 *Business combinations* – References to the conceptual framework, effective 1 January 2022¹
- Amendments to IFRS 4 *Insurance Contracts* – deferral of IFRS 9, effective 1 January 2021¹
- Amendments to IFRS 9 *Financial Instruments*, IFRS 7 *Financial Instruments: Disclosures*, IAS 39 *Financial Instruments: Recognition and Measurement*, IFRS 4 *Insurance contracts* and IFRS 16 *Leases - Interest Rate Benchmark Reform – Phase 2*, effective 1 January 2021¹
- IFRS 17 *Insurance Contracts*, effective 1 January 2023¹
- Annual Improvements Cycle - 2018-2020, effective 1 January 2022¹

Amendments to IAS 1 Presentation of Financial Statements – Classification of Liabilities as Current or Non-current¹

The amendments clarify the criteria for determining whether to classify a liability as current or non-current. The amendments clarify:

- What is meant by a right to defer settlement
- That a right to defer must exist at the end of the reporting period
- That classification is unaffected by the likelihood that an entity will exercise its deferral right
- That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification



Companies are required to apply the amendments for annual periods beginning on or after 1 January 2023. The amendments must be applied retrospectively in accordance with IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors. Earlier application is permitted. The application of this amendment had no impact on the Group's consolidated financial statements.

Amendments to IAS 16 Property, Plant and Equipment – Proceeds before intended use¹

The amendments prohibits entities deducting from the cost of an item of property, plant and equipment, any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling such items, and the costs of producing those items, in profit or loss.

Companies are required to apply the amendment to annual reporting periods beginning on or after 1 January 2022. The amendment must be applied retrospectively but only to items of property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after the beginning of the earliest period presented in the financial statements in which the entity first applies the amendments. Earlier application is permitted.

Amendments to IAS 37 Provisions, Contingent Liabilities and Contingent Assets – onerous contracts – cost of fulfilling a contract¹

The amendments specify which costs an entity needs to include when assessing whether a contract is onerous or loss-making. The amendments apply a "directly related cost approach". The costs that relate directly to a contract to provide goods or services include both incremental costs and an allocation of costs directly related to contract activities. General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract.

Companies are required to apply the amendments to annual reporting period beginning on or after 1 January 2022. Earlier application is permitted. An entity shall apply the amendments to contracts for which it has not yet fulfilled all its obligations at the beginning of the annual reporting period in which it first applies the amendments (the date of initial application). The entity shall not restate comparative information. The application of this amendment had no impact on the Group's consolidated financial statements.

Amendments to IFRS 3 Business Combinations – References to the conceptual framework¹

The amendments replaced the reference to an old version of the IASB's Conceptual Framework (the 1989 Framework) with a reference to the current version issued in March 2018 (the Conceptual Framework). The amendments further added an exception to the recognition principle in IFRS 3. That is, for liabilities and contingent liabilities that would be within the scope of IAS 37 or IFRIC 21, if incurred separately, an acquirer would apply IAS 37 or IFRIC 21, respectively, instead of the Conceptual Framework, to identify the obligations it has assumed in a business combination. The amendment further added an explicit statement in the standard that an acquirer cannot recognise contingent assets acquired in a business combination.

Companies are required to apply the amendments business acquisitions on or after the beginning of annual reporting period beginning on or after 1 January 2022. Earlier application is permitted if at the same time or earlier an entity also applies all the amendments made by Amendments to References to the Conceptual Framework in IFRS Standards, issued in March 2018. The application of this amendment had no impact on the Group's consolidated financial statements.

Amendments to IFRS 4 Insurance Contracts – deferral of IFRS 9¹

The amendment to IFRS 4 provides a temporary exemption that permits, but does not require, the qualifying insurer to apply IAS 39 *Financial Instruments: Recognition and Measurement* rather than IFRS 9 for annual periods beginning before 1 January 2023. The application of this amendment had no impact on the Group's consolidated financial statements.

Amendments to IFRS 9 Financial Instruments, IFRS 7 Financial Instruments: Disclosures, IAS 39 Financial Instruments: Recognition and Measurement, IFRS 4 Insurance Contracts and IFRS 16 Leases - Interest Rate Benchmark Reform – Phase 2, effective 1 January 2021¹

The amendments to IFRS 9, IFRS 7, IAS 39, IFRS 4 and IFRS 16 provide a number of reliefs, which apply to all hedging relationships that are directly affected by interest rate benchmark reform. A hedging relationship is affected if the reform gives rise to uncertainties about the timing and or amount of benchmark-based cash flows of the hedged item or the hedging instrument. The amendments also provide a relief for contractual modifications or changes to cash flows that are directly required by the reform and is required to be applied by entities applying IFRS 4 that are using the exemption from IFRS 9 and for IFRS 16 lease modifications required by the IBOR reform. The amendments provide temporary relief to entities from having to meet the separately identifiable requirement when a nearly risk-free rate (RFR) instrument is designated as a hedge of a risk component.

The effective date of the amendments is for annual periods beginning on or after 1 January 2021. The requirements must be applied retrospectively. Hedging relationships must be reinstated once an entity first applies the amendments if the hedging relationship was discontinued solely due to changes required by IBOR reform and it would not have been discontinued if the phase two amendments had been applied at that time. An entity is not required to restate prior periods.

The application of this amendment had no impact on the Group's consolidated financial statements.

IFRS 17 Insurance Contracts¹

IFRS 17, a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. Once effective, IFRS 17 will replace IFRS 4 *Insurance Contracts* (IFRS 4) that was issued in 2005. IFRS 17 applies to all types of insurance contracts (i.e., life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features. A few scope exceptions will apply. IFRS 17 introduces new accounting requirements for banking products with insurance features that may affect the determination of which instruments or which components thereof will be in the scope of IFRS 9 or IFRS 17.



Credit cards and similar products that provide insurance coverage: most issuers of these products will be able to continue with their existing accounting treatment as a financial instrument under IFRS 9. IFRS 17 excludes from its scope credit card contracts (and other similar contracts that provide credit or payment arrangements) that meet the definition of an insurance contract if, and only if, the entity does not reflect an assessment of the insurance risk associated with an individual customer in setting the price of the contract with that customer. When the insurance coverage is provided as part of the contractual terms of the credit card, the issuer is required to:

- Separate the insurance coverage component and apply IFRS 17 to it
- Apply other applicable standards (such as IFRS 9, IFRS 15 *Revenue from Contracts with Customers* or IAS 37 *Provisions, Contingent Liabilities and Contingent Assets*) to the other components

Loan contracts that meet the definition of insurance but limit the compensation for insured events to the amount otherwise required to settle the policyholder's obligation created by the contract: Issuers of such loans – e.g. a loan with waiver on death – have an option to apply IFRS 9 or IFRS 17. The election would be made at a portfolio level and would be irrevocable.

IFRS 17 is effective for reporting periods beginning on or after 1 January 2023, with comparative figures required. Early application is permitted, provided the entity also applies IFRS 9 and IFRS 15 on or before the date it first applies IFRS 17. This standard is not applicable to the Group.

Annual Improvements Cycle - 2018-2020 not yet endorsed by the EU

The IASB issued the 2018-2020 cycle improvements to its standards and interpretations. These improvements include:

- IFRS 9 *Financial Instruments* – The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. An entity applies the amendment to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment. An entity applies the amendments for annual reporting periods beginning on or after 1 January 2022. An entity shall apply the amendments to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment. Early application is permitted. These amendments are expected to have no impact on the consolidated financial statements of the Group.
- Illustrative Examples accompanying IFRS 16 *Leases* – The amendment removes the illustration of payments from the lessor relating to leasehold improvements in Illustrative Example 13 accompanying IFRS 16. This removes potential confusion regarding the treatment of lease incentives when applying IFRS 16. These amendments are expected to have no impact on the consolidated financial statements of the Group.

- IAS 41 *Agriculture* – The amendments removed the requirement to exclude cash flows for taxation when measuring fair value. An entity applies the amendments for annual reporting periods beginning on or after 1 January 2022. Early application is permitted. These amendments are expected to have no impact on the consolidated financial statements of the Group.

SUMMARY OF PRINCIPAL ACCOUNTING POLICIES

BASIS OF CONSOLIDATION Subsidiaries

The consolidated financial statements include all the subsidiaries that are controlled by the Group.

Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if, and only if, the Group has:

- Power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee
- The ability to use its power over the investee to affect its returns

The results of subsidiaries acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the effective date of acquisition or up to the effective date of disposal, as appropriate.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with those used by other members of the Group.

All intra-Group transactions, balances, income, and expenses are eliminated in full on consolidation.

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value. This is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group and liabilities incurred by the Group to the former owners of the acquisition and the equity interests issued by the Group in exchange for control of the acquisition. Acquisition-related costs are generally expensed.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured at fair value or at the non-controlling interests' proportionate share of the recognized amounts of the acquirer's identifiable net assets. The choice of measurement is made on a transaction-by-transaction basis.



The reporting entity attributes profit or loss and each component of other comprehensive income to the owners of the parent and to the non-controlling interest based on the present ownership interests, even if the results in the non-controlling interest has a deficit balance.

INVESTMENTS IN ASSOCIATES AND JOINT VENTURES

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

The considerations made in determining significant influence or joint control are similar to those necessary to determine control over subsidiaries.

The Group's investments in its associate and joint venture are accounted for using the equity method.

Under the equity method, the investment in an associate or a joint venture is initially recognized at cost. The carrying amount of the investment is adjusted to recognize changes in the Group's share of net assets of the associate or joint venture since the acquisition date. Goodwill relating to the associate or joint venture is included in the carrying amount of the investment and is not tested for impairment separately.

The statement of profit or loss reflects the Group's share of the results of operations of the associate or joint venture. Any change in OCI of those investees is presented as part of the Group's OCI. In addition, when there has been a change recognized directly in the equity of the associate or joint venture, the Group recognizes its share of any changes, when applicable, in the statement of changes in equity. Unrealized gains and losses resulting from transactions between the Group and the associate or joint venture are eliminated to the extent of the interest in the associate or joint venture.

The aggregate of the Group's share of profit or loss of an associate and a joint venture is shown on the face of the statement of profit or loss outside operating profit and represents profit or loss after tax and non-controlling interests in the subsidiaries of the associate or joint venture.

The financial statements of the associate or joint venture are prepared for the same reporting period as the Group. When necessary, adjustments are made to bring the accounting policies in line with those of the Group.

After application of the equity method, the Group determines whether it is necessary to recognize an impairment loss on its investment in its associate or joint venture. At each reporting date, the Group determines whether there is objective evidence that the investment in the associate or joint venture is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate or joint venture and its carrying value, and then recognizes the loss as 'Share of profit of an associate and a joint venture' in the statement of profit or loss.

Upon loss of significant influence over the associate or joint control over the joint venture, the Group measures and recognizes any retained investment at its fair value. Any difference between the carrying amount of the associate or joint venture upon loss of significant influence or joint control and the fair value of the retained investment and proceeds from disposal is recognized in profit or loss.

FOREIGN CURRENCIES

The individual financial statements of each Group entity are presented in the currency of the primary economic environment in which the entity operates (its functional currency). For the purpose of the consolidated financial statements, the results and financial position of each entity are expressed in euro, which is the functional currency of the company, and the presentation currency for the consolidated financial statements.

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency are recorded at the exchange rates prevailing at the dates of the transactions. At each reporting date, monetary assets and liabilities denominated in foreign currencies are translated at the statement of position currency rate. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Gains and losses resulting from the settlement of foreign currency transactions and from the translation of monetary assets and liabilities denominated in foreign currencies are included in the consolidated statement of profit or loss as a financial result. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the period except for differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognized directly in equity. For such non-monetary items, any exchange component of that gain or loss is also recognized directly in other comprehensive income (OCI).

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group companies, using a different functional currency than the euro, are expressed in euro using exchange rates prevailing at the statement of position date. Income and expense items are translated at the average exchange rates for the period. Exchange differences arising, if any, are classified in equity and transferred to the Group's 'Cumulative translation reserve'. Such exchange differences are recognized in profit or loss in the period in which the entity is disposed of.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing date.



INTANGIBLE ASSETS

ACQUIRED INTANGIBLE ASSETS

Licenses, patents, trademarks, similar rights and software are measured initially at cost. In process Research & Development obtained in a business combination is initially measured at fair value. After initial recognition, intangible assets are carried at cost less accumulated amortization and impairment losses. They are amortized on a straight-line basis over their estimated useful life, which is not considered to exceed 20 years. At the end of each annual reporting period, the amortization method and period are reviewed with the effect of any changes in estimate being accounted for on a prospective basis.

COMPUTER SOFTWARE DEVELOPMENT COSTS

Generally, costs associated with developing or maintaining computer software programs are recognized as an expense as incurred. However, costs that are directly associated with identifiable and unique software products controlled by the Group that have probable economic benefits exceeding the cost beyond one year, are recognized as assets. Direct costs include staff costs of the software development team and an appropriate portion of relevant overheads that are necessary to generate the asset and that can be allocated on a reasonable and consistent basis to the asset.

Computer software costs that have been capitalized are amortized on a straight-line basis over the period of their expected useful lives, not exceeding a period of five years.

INTERNALLY GENERATED INTANGIBLE ASSETS - RESEARCH AND DEVELOPMENT EXPENDITURE

Expenditure on research activities, undertaken with the prospect of gaining new scientific or technical knowledge, is recognized in the consolidated statement of profit or loss as an expense as incurred.

Until 31 December 2015, costs incurred on development projects (relating to the design and testing of new or improved products) are recognized as intangible assets when the asset can be clearly identified, when the development costs can be measured reliably and to the extent that it is probable that the asset created will generate future economic benefits. Other development expenditures are recognized as an expense as incurred. Development costs previously recognized as an expense are not recognized as an asset in a subsequent period. Development costs that have been capitalized are amortized from the commencement of the commercial production of the product on a straight-line basis over the period of its expected benefit. The amortization periods adopted do not exceed five years.

Due to short life cycles, the unpredictability of which development projects will become successful, the volatility of technologies and the markets Zenitel operates in, the Board of Directors concluded that Zenitel's development expenses as from 2018 no longer meet the criteria of IAS38.57. As the criteria of IAS38.57 are no longer fulfilled, capitalization of development expenses as from 2018 was not allowed. The remaining capitalized development costs are amortized on a systematic basis over their expected useful lives, being 3 years.

GOODWILL

Goodwill arises when the cost of a business combination at the date of acquisition is in excess of the Group's interest in the fair value of the identifiable assets, liabilities and contingent liabilities recognized. Goodwill is initially recognized as an asset at cost and is subsequently measured at cost less any accumulated impairment losses.

For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units that are expected to benefit from the synergies of the combination. The cash-generating unit(s) to which the goodwill has been allocated is tested for impairment annually, and whenever there is an indication that it may be impaired, by comparing its carrying amount with its recoverable amount. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognized for goodwill is not reversed in a subsequent period.

The Group's policy for goodwill arising on the acquisition of an associate is described under 'Investments in associates' above.

On disposal of a subsidiary or a jointly controlled entity, the attributed amount of goodwill is included in the determination of the profit or loss on disposal.

In case the fair value of the identifiable assets, liabilities and contingent liabilities exceeds the consideration transferred, the excess remaining after reassessment is recognized immediately into profit and loss.

TANGIBLE ASSETS

PROPERTY, PLANT AND EQUIPMENT

Land is carried at cost less accumulated impairment losses. All other property, plant and equipment are carried at cost less accumulated depreciation and impairment losses except for property, plant and equipment under construction, which is carried at cost less accumulated impairment losses. Cost includes all directly attributable costs of bringing the asset to working condition for its intended use.

Depreciation is charged so as to write off the cost or valuation of assets, other than land and properties under construction, over their estimated useful lives, using the straight-line method to their estimated residual value. The depreciation is computed from the date the asset is ready to be used.

The estimated useful life, residual value and depreciation method of an asset is reviewed at least at each financial year-end and, if expectations differ from previous estimates, with the effect of any changes in estimate accounted for on a prospective basis.



The following useful lives are applicable to the main property, plant and equipment categories:

Industrial buildings:	40 years
Office buildings:	50 years
Machine tools and heavy equipment:	10 years
Network infrastructure:	7-10 years
Electronic measuring appliances:	5 years
Quality control appliances:	10 years
Workshop and laboratory equipment:	4 years
Furniture in industrial buildings:	10 years
Vehicles - cars:	4-5 years
Vehicles - trucks:	4 years
Office furniture:	10 years

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefit associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the consolidated statement of profit or loss during the financial period in which they are incurred.

The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in profit or loss.

LEASING AND SIMILAR RIGHTS

Under IFRS 16, a contract is, or contains, a lease if the contract conveys a right to control the use of an identified asset for a period in exchange for consideration.

The Group recognizes a right-of-use asset and a lease liability at the lease commencement date. Assets and liabilities arising from a lease are initially measured on a present value basis, discounted using the Group's best estimation for the weighted average incremental borrowing rate. The right-of-use asset is subsequently depreciated and/or impaired when deemed necessary. The right-of-use asset is also adjusted for certain re-measurements of the lease liability.

The lease liability is subsequently increased by the interest cost on the lease liability and reduced by lease payment made. It is re-measured when there is a change in future lease payments arising from a change in an index or rate, a change in the estimate of the amount expected to be payable, or a change in the reassessment of whether a purchase or extension option is reasonably certain to be exercised or a termination option curtailed not to be exercised.

The Group applies judgement to determine the lease term for lease contracts containing renewal options.

CAPITAL MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximizing the return to stakeholders through the optimization of the debt and equity balance. The capital structure of the Group consists of debt, which includes the borrowings disclosed in Note 25, cash and cash equivalents, and equity attributable to equity holders of the parent, comprising issued capital, reserves and retained earnings. The Group's policy is to borrow centrally, using a mixture of long-term and short-term capital market issues and borrowing facilities, to meet the anticipated funding requirements. These borrowings together with cash generated from operations, are on-lent or contributed as equity to certain subsidiaries.

The Board of Directors reviews the capital structure on a quarterly basis. As a part of this review, the Board of Directors considers the cost of capital and the risk associated with each class of capital. Based on the recommendations of the Board of Directors, the Group balances its overall capital structure through new share issues and the issue of new debt or the redemption of existing debt. When analyzing the capital structure of the Group, the same debt/equity classifications are used as that of the classifications applied in our IFRS reporting. Besides the statutory minimum equity funding requirements that apply to our subsidiaries in the different countries, Zenitel is not subject to any externally imposed capital requirements.

IMPAIRMENT OF TANGIBLE AND INTANGIBLE ASSETS EXCLUDING GOODWILL

At each statement of financial position date, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognized immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.



INVENTORIES

Inventories are stated at the lower of cost and net realizable value.

Raw materials, consumables and goods purchased for resale are valued at the lower of their cost or their net realizable value. Cost is determined using the weighted average cost method. The cost of work in process and finished goods comprise all the costs of conversion and other costs incurred in bringing the inventories to their present location and condition. The conversion costs include the cost of production and the related fixed and variable production overhead costs (including depreciation). Net realizable value represents the estimated sale price less all estimated costs of completion and costs to be incurred in marketing, sales and distribution.

FINANCIAL INSTRUMENTS

Trade Receivables and Other Receivables

Trade receivables and other receivables are measured at initial recognition at fair value, and are subsequently measured at amortized cost using the effective interest rate method. Interest income is recognized by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial. The Group recognizes an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate.

Cash & Cash Equivalents

Cash and cash equivalents comprise cash-on-hand and demandable deposits.

Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are designated as available-for-sale or are not classified in any of the above categories of financial assets. Available-for-sale are recognized initially at fair value plus any directly attributable transactions costs. Subsequent to initial recognition, they are measured at fair value and changes thereon, and other than impairment losses and foreign currency differences on available-for-sale debt instruments, they are recognized in other comprehensive income and presented in the fair value reserve in equity. When an investment is derecognized, the gain or loss accumulated in equity is reclassified to profit or loss. Available-for-sale financial assets comprise equity securities and debt securities.

Financial Liabilities and Equity

Financial liabilities and equity instruments issued by the Group are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. The accounting policies adopted for specific financial liabilities and equity instruments are set out below.

Bank Borrowings

Interest-bearing bank loans and overdrafts are initially measured at fair value and are subsequently measured at amortized cost, using the effective interest rate method.

Trade Payables

Trade payables are initially measured at fair value and are subsequently measured at amortized cost, using the effective interest rate method. Interest expense is recognized by applying the effective interest rate, except for short-term payables when the recognition of interest would be immaterial.

Equity Instruments

Equity instruments issued by the company are recorded at the proceeds received, net of direct issue costs.

Derivative Financial Instruments

The Group uses derivative financial instruments to hedge its exposure to foreign exchange and interest rate risks arising from operational, financing and investment activities. The Group does not engage in speculative transactions nor does it issue or hold financial instruments for trading purposes.

Derivatives are initially recorded at fair value and re-measured at the subsequent reporting dates.

Derivatives that do not qualify for hedge accounting

Certain forward exchange rate transactions, while providing effective economic hedges under the Group's risk management policies, do not qualify for hedge accounting under the specific rules in IAS 39. Changes in the fair value of forward exchange rate contracts that do not qualify for hedge accounting under IAS 39 are recognized immediately in the consolidated income statement.

Treasury Shares

When the Group purchases its own shares, the amount paid, including attributed direct costs is accounted for as a deduction of equity. The proceeds from sales of shares are directly included in net equity with no impact on net income.

Derecognition (including factoring)

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognized (i.e., removed from the Group's consolidated statement of financial position) when:

- The rights to receive cash flows from the asset have expired,
- or
- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset



When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognize the transferred asset to the extent of the Group's continuing involvement. In that case, the Group also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

In the framework of the factoring agreement that the Group holds in Norway, not all risks related to these factoring receivables have been transferred. Hence the receivables have not been derecognized and the associated factored amounts have been recognized in the short-term financial liabilities.

NON-CURRENT ASSETS HELD FOR SALE

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset (or disposal group) is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Non-current assets (and disposal groups) classified as held for sale are measured at the lower of the assets' previous carrying amount and fair value less costs to sell.

GOVERNMENT GRANTS

Government grants are recognized when there is a reasonable assurance that:

- the Group will comply with the conditions attached to them
- the grants will be received

Government grants are recognized as income over the periods necessary to match them with the related costs which they are intended to compensate, on a systematic basis. Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of providing immediate financial support to the Group with no future related costs are recognized as income of the period in which they become receivable.

Government grants related to assets are deducted from the carrying amount of the asset.

PROVISIONS

Provisions are recognized in the consolidated statement of position when:

- (a) there is a present obligation (legal or constructive) as a result of a past event; and
- (b) it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and
- (c) a reliable estimate can be made of the amount of the obligation.

Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognized as finance cost.

Restructurings

A restructuring provision is recognized when the Group has developed a detailed formal plan for the restructuring and has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement that plan or announcing its main features to those affected by it. The measurement of a restructuring provision includes only the direct expenditures arising from the restructuring, which are those amounts that are both necessarily entailed by the restructuring and not associated with the on-going activities of the entity.

Warranty

The Group recognizes the estimated liability to repair or replace its products still under warranty at the date of sale of the relevant products or services. This provision is estimated based on the past history of the level of repairs and replacements.

Onerous Contracts

The Group recognizes a provision for onerous contracts when the expected benefits to be derived from a contract are less than the unavoidable costs of meeting the obligations under the contract.

REVENUE RECOGNITION

Revenue is recognized when it is probable that future economic benefits associated with the transaction will flow to the entity and that these benefits can be measured reliably.

Turnover is reported net of sales taxes, rebates and other similar allowances.



Sale of Goods

The Group is in the business of providing communication systems. The Group's contracts with customers for the sale of goods generally include one performance obligation. Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services. The Group has generally concluded that it is the principal in its revenue arrangements, because it typically controls the goods or services before transferring them to the customer. The Group also has concluded that revenue from sale of goods should be recognized at the point in time when control of the asset is transferred to the customer, generally on delivery of the product.

The Group considers whether there are other promises in the contract that are separate performance obligations to which a portion of the transaction price needs to be allocated (e.g., warranties, customer loyalty points). As no variable consideration, significant financing components, noncash consideration or consideration payable to customers are included in the contracts, the transaction price is fully allocated to the sale of equipment.

Rendering of services/Contracts in progress

The Group's contracts in progress relate to the installation of communication systems on ships. The Group considers whether there are promises in the contract that are separate performance obligations to which separate transaction prices are allocated. The Group is responsible for the overall management of the project and identifies various separate performance obligations to be provided, including design work, procurement of materials, test phases, installation and finishing work. The Group accounts each of these performance obligations separately because each of these provide a service to the group's customers. Each performance obligation has an individual transaction price in the contract. The key performance obligation in a project relates to the commissioning of the communication system on the ship.

The considerations in the Group's contracts do not include variable amounts, do not contain significant financing components and finally there are no non-cash considerations or considerations payable to customers.

Royalties

Royalty revenue is recognized on an accrual basis in accordance with the substance of the relevant agreement. Royalties determined on a time basis are recognized on a straight-line basis over the period of the agreement. Royalty arrangements that are based on production, sales and other measures are recognized by reference to the underlying arrangement.

Interest Income

Interest revenue is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

Dividends

Dividends are recognized when the shareholder's right to receive the payment is established.

INCOME TAXES

The income tax charge is based on the results for the year and includes current and deferred taxation.

Current tax is the amount of tax to pay based on the taxable profit of the period, as well as any adjustments relating to previous years. It is calculated using local tax rates adopted (or substantially enacted) at the closing date.

Deferred tax is recognized on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit and are accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognized for all taxable temporary differences and deferred tax assets are recognized to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilized. Such assets and liabilities are not recognized if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognized for taxable temporary differences arising on investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference, and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognized to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences, and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each statement of position date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the statement of position date. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax are recognized as an expense or income in profit or loss, except when they relate to items credited or debited directly to equity, in which case the tax is also recognized directly in equity, or where they arise from the initial accounting for a business combination. In the case of a business combination, the tax effect is taken into account in calculating goodwill or determining the excess of the acquirer's interest in the net fair value of the acquirer's identifiable assets, liabilities and contingent liabilities over cost



EMPLOYEE BENEFITS

Pension Obligations

The Group operates a number of defined benefit and contribution retirement plans, the assets of which are held in separate trustee-administered funds or Group insurances. Payments to defined contribution benefit plans are charged as an expense as they fall due.

The Group's commitments under defined benefits plans, and the related costs, are valued using the 'projected unit credit method' with actuarial valuations being carried out at each statement of position date. Actuarial gains and losses of the Group's defined benefit obligation are recognized immediately as an item in OCI.

Other Long-Term Employee Benefits

These benefits are accounted for on the same basis as post-employment benefits.

Termination Benefits

Termination benefits are payable when employment is terminated before the normal retirement date, or when an employee accepts voluntary redundancy in exchange for these benefits. The Group recognizes termination benefits when it is demonstrably committed to either terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal, or providing termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits falling due more than 12 months after statement of position date are discounted to present value.

Profit-Sharing & Bonus Plans

The Group recognizes a liability and an expense for bonuses and profit-sharing, based on a formula that takes into consideration the profit attributable to the company's shareholders after certain adjustments. The Group recognizes a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

FINANCIAL RISK FACTORS

Fluctuations in foreign currency exchange rates on sales and purchases, inter-company loans and interest rate variances are inherent risks in the performance of the business. The Group entities seek to minimize potential adverse effects of these financial risks on the financial performance of their local businesses.

FINANCIAL RISK MANAGEMENT OBJECTIVES

The Group's Corporate Treasury function provides services to the business, coordinates access to domestic and international financial markets, and monitors the financial risks relating to the operations. These risks include market risk (including currency risk, fair value interest rate risk and price risk), credit risk, liquidity risk and cash flow interest rate risk.

The Group seeks to minimize the effects of these risks by using derivative financial instruments to hedge these risk exposures. The use of financial derivatives is governed by the Group's policies approved by the Board of Directors, which provide written principles on foreign exchange risk, interest rate risk, credit risk, the use of financial derivatives and non-derivative financial instruments, and the investment of excess liquidity.

Compliance with policies and exposure limits is reviewed by the internal auditors on a continuous basis. The Group does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

FOREIGN EXCHANGE RISKS

Zenitel is exposed to fluctuations in exchange rates, which may lead to profit or loss in currency transactions. As Zenitel has substantial activities in the United States, Norway and Asia, changes in the exchange rate of the USD, the NOK and the SGD against the euro may affect the Company's consolidated accounts. Moreover, the Group operates internationally and is exposed to foreign exchange risks as a result of the foreign currency transactions entered into by its different subsidiaries in currencies other than their functional currency, primarily with respect to NOK, DKK, USD and SGD.

Since most of the Norwegian business is export in the euro currency, Zenitel Norway AS has a NOK deficit and a euro surplus. The company has put in place hedging systems that secure the needed exchange between euro/NOK on a rolling basis.

Further information on these Hedges is given in Note 28.



TRANSACTIONAL FOREIGN CURRENCY RISK

As far as foreign currency risk on borrowing is concerned, it is the Company's policy to have debt in the subsidiaries as much as possible in the functional currency of the subsidiary. The transactional currency risk mainly arises from the open foreign currency positions outstanding of group companies against,

respectively, the NOK, DKK, USD and SGD. On the basis of the average volatility during the last 5 years of these currencies against the euro, we estimated the reasonably possible changes of exchange rate of these currencies against the euro for respectively 2020 and 2019 as follows:

	2020	%	2019	2020	%	2019
NOK	10.49	4.5%	10.02 – 10.96	9.86	3.2%	9.55 - 10.17
DKK	7.44	0.1%	7.43 – 7.45	7.47	0.1%	7.46 - 7.48
USD	1.23	3.1%	1.19 – 1.27	1.12	2.9%	1.09 - 1.15
SGD	1.62	2.2%	1.58 – 1.66	1.51	2.1%	1.48 - 1.54

If the above-indicated currencies had weakened/strengthened during 2019 and 2018 by the above estimated changes against the euro, with all of the other variables held constant, the 2020 and 2019 net result would not have been significantly affected in 2020 (less than 0.1 million euro) and 2019 (less than 0.1 million euro). Neither would there have been a material impact on other components of equity both in 2020 and 2019.

TRANSLATIONAL FOREIGN CURRENCY RISK

100 percent of Zenitel's revenue is generated by its subsidiaries. 89 percent (2019: 87 percent) of revenue is coming from subsidiaries located in a non-euro currency country. A currency translation risk arises when the financial data of these foreign operations are converted into Zenitel's presentation currency, the euro.

The foreign currencies in which the main Zenitel subsidiaries operate are the NOK, DKK, USD and SGD. On the basis of the average volatility during the last 5 years of these currencies against the euro, we estimated the reasonably possible change of the exchange rate of these currencies against the euro for respectively 2020 and 2019 as follows:

	2020	2019	%	2020	2019	%	2020	%	2019	2020	2019
NOK	10.49	10.78	4.48%	10.02 – 10.96	10.30 – 11.26	9.86	9.85	3.16%	9.55 - 10.17	9.54 - 10.16	
DKK	7.44	7.44	0.15%	7.43 – 7.45	7.43 – 7.45	7.47	7.47	0.14%	7.46 - 7.48	7.46 - 7.48	
USD	1.23	1.15	3.14%	1.12 – 1.27	1.11 – 1.19	1.12	1.12	2.86%	1.09 - 1.15	1.09 - 1.15	
SGD	1.62	1.58	2.18%	1.58 – 1.66	1.58 – 1.66	1.51	1.53	2.12%	1.48 - 1.54	1.50 - 1.56	

If the euro had weakened/strengthened during 2020 and 2019 by the above estimated possible changes against the above listed currencies with all other variables held constant, the 2020 profit would have been 0.1 million euro or 2.5% of net income higher/lower (2019: 0.1 million euro or 2.6% of net income) while the translation reserves in equity would have been 1.3 million euro or 3.7% of total equity higher/lower (2019: 1.0 million euro or 3.0% of total equity).

CREDIT RISKS

Credit risk encompasses all forms of counter-party exposure, i.e., where counter-parties may default on their obligations to Zenitel in relation to lending, hedging and other financial activities. The Company has policies in place to monitor and control counter-party credit risk.

Zenitel mitigates its exposure to counter-party credit risk through counter-party credit guidelines, diversification of counter-parties, working within agreed counter-party limits and through setting limits on the maturity of financial assets.

For major projects the intervention of credit insurance companies or similar organizations is requested. The credit risk on liquid funds is limited, because the counter-parties are banks with high credit-ratings assigned by international credit-rating agencies.

The Group has no significant concentration of credit risk. An aging analysis of the current trade and other receivables is included in Note 22.

The Group considers its maximum exposure to credit risk to be as follows:

	2020	2019
Other financial assets	0.2	0.2
Trade & other receivables	11.9	14.4
Bank deposits	0.5	0.8
Total	13.2	15.4

The majority of the Group's receivables is due within 90 days and largely comprises receivables from consumers and business customers



LIQUIDITY RISKS

Liquidity risk is linked to the evolution of our current assets and current liabilities. The Group monitors the changes in these current assets and liabilities through regular monitoring and ratio-calculation. Further information on the existing credit lines is given in Note 25.

The following table sets forth details of the remaining contractual maturities of financial liabilities as of 31 December 2020 and 2019.

	2020				2019			
	Total	Payment due within 1 year or less	Payment due later than 1 year but not later than 5 years	Payment due later than 5 years	Total	Payment due within 1 year or less	Payment due later than 1 year but not later than 5 years	Payment due later than 5 years
Used factoring credit facility	3.0	3.0	-	-	2.2	2.2	-	-
Trade and other payables	12.5	12.5	-	-	15.1	15.1	-	-
Leasing and similar rights	2.4	1.2	1.2	0.0	3.4	1.4	2.0	0.0
Total	17.9	16.7	1.2	0.0	20.7	18.7	2.0	0.0

INTEREST RATE RISKS

The Group is exposed to interest rate risk as entities in the Group borrow funds at both fixed and floating interest rates. The Group manages the risk by maintaining an appropriate mix between fixed and floating rate borrowings.

As per year-end 2020 and 2019, the Group has no interest rate swap contracts or forward interest rate contracts. The following table sets forth details of the remaining outstanding debt as per year-end, with their corresponding average interest rates.

	2020				2019			
	Total	Interest rate	Interest rate	Interest rate	Total	Interest rate	Interest rate	Interest rate
Used factoring facility	3.0	0.1	2.06%	1.9%	2.2	0.1	2.89%	1.9%
Leasing and similar rights	2.4	-	1.60%	Fixed Rate	3.4	-	1.60%	Fixed Rate
Total	5.4	0.1			5.6	0.1		

INTEREST RATE SENSITIVITY

The Group's sensitivity to interest rate is mainly determined by the floating rate on short-term bank borrowings on which variable interest rates are applicable.

When we apply the reasonably possible increase/decrease in the market interest rate (volatilities as indicated in the table above), with all other variables held constant, the 2020 net result would have been 0.01 million euro lower/higher (2019: 0.01 million euro lower/higher). The impact on interest income on interest bearing financial assets (such as finance lease receivables and cash deposits) was not included in this calculation, as this impact is only limited.

The estimated volatilities in 2020 and 2019, as indicated in the table above, are based on average deviations of the interest rate during the respective years.

EQUITY RISK

The company holds investments in Beijing Nera Stentofon Communication Equipment in China (10%) and Zenitel UK (15%). Refer to Note 19 of these financial statements.



CRITICAL JUDGMENTS IN APPLYING THE ENTITY'S ACCOUNTING POLICIES AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in this section, management is required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an on-going basis, especially given the current economic and financial market crisis, and given the Group's financial position. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

The following are the critical judgments that management has made in the process of applying the entity's accounting policies and that have the most significant effects on the amounts recognized in the financial statements.

IMPAIRMENT OF GOODWILL

Goodwill arising from acquisitions represents the excess of the cost of the acquisition over the fair value of the identified assets and liabilities assumed of the acquired subsidiary at the date of acquisition. In accordance with IAS 36, goodwill arising on consolidation is tested annually for impairment or more frequently if there are indications that the goodwill might be impaired, in accordance with IAS 36 Impairment of Assets. This standard also requires that the goodwill should, from the acquisition date, be allocated to each of the cash generating units (CGUs) or groups of cash generating units that are expected to benefit from the synergies of the business combination. The CGUs to which goodwill has been allocated were tested for impairment at the balance sheet date by comparing the carrying amount of the unit with the recoverable amount (higher of its fair value less cost to sell and its value in use). Zenitel only has one CGU to which goodwill is allocated, the SCS business.

In application of the value-in-use method, Zenitel management prepared cash flow forecasts for the CGU or group of CGUs, where the CGUs are considered to be the Company's legal entities or business units. The key assumptions included in the value in use calculation comprise the discount factor and the projected future net cash flows on products and services.

The (pre-tax) discount rate applied to cash flow projections is the weighted average cost of capital (WACC) of 12.4% (pre-tax discount rate 2019: 10.8%). The components for the determination of the WACC are based on sector-specific parameters received from various banks and analysts and taking into account the financial position of Zenitel and historical performance of the individual CGU. The cash flow forecast is calculated over a 5-year time frame including a terminal value at the end of 2025. The cash flow is based on actual performance and estimated development of key drivers. The following assumptions are made:

- Growth of revenues, EBIT and EBTIDA is in line with the business plan 2021-2025 as approved by the Board of Directors.
- Terminal growth rate of 1.0% (2019: 2.0%) applied on terminal value.
- Cost of goods sold, capex and net working capital as a % of revenue in line with the business plan 2021-2025 as approved by the Board of Directors.

Management determined these assumptions based on past performance and its expectations with respect to market development.

The calculation shows a significant cushion (difference between value in use and carrying value). Sensitivity analysis shows that goodwill is not impaired even when following combined significant changes are made to following assumptions:

- (i) a decrease of the terminal growth rate by 10%,
- (ii) underperformance of the free cash flows by 10% compared to the business plan and (iii) an increase of the pretax WACC by 10%.

The Company cannot predict whether an event that triggers impairment will occur, when it will occur or how it will affect the asset values reported. Zenitel believes that all of its estimates are reasonable: they are consistent with the internal reporting and reflect management's best estimates. However, inherent uncertainties exist that management may not be able to control. While a change in estimates used could have a material impact on the calculation of the fair values and trigger an impairment charge, the Company is not aware of any reasonably possible change in key assumptions used that would cause a business unit's carrying amount to exceed its recoverable amount.

CONTINGENCIES

Critical judgment was applied in evaluating and determining the contingent liabilities as further disclosed in Note 27 & 29.





NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. REVENUE

The following is an analysis of the Group's revenue for the year.

	2020	2019
Revenue from the sale of goods	67 575	70 146
Revenue from the rendering of services	5 380	6 111
Total revenue	72 955	76 257

In the tables above, the goods that are part of an entire system integration project have been included as service revenues as these goods are part of an entire solution sold by the Company.

2. SEGMENT INFORMATION

Due to the sale in 2015 of Zenitel's Caribbean company, the Zenitel Group is no longer organized in different business segments.

ENTITY-WIDE DISCLOSURES

Information about geographical areas:

	2020	2019
Revenues		
Belgium (Country of domicile)	-	-
Norway	47 731	46 717
Singapore	5 896	5 351
Finland	3 855	4 475
France	4 854	5 706
USA	9 240	11 562
Other foreign countries	1 378	2 446
Total	72 955	76 257

	2020	2019
Non current assets*, located in		
Belgium (Country of domicile)	58	66
Norway	4 450	5 708
Other foreign countries	2 353	2 287
Total	6 861	8 061

*Excluding financial assets and deferred tax assets.



3. BUSINESS COMBINATION

In November 2018, Zenitel acquired the Phontech operations from Jotron AS.

There were no new business combinations in 2019 and 2020.

The long-term growth strategy of Zenitel remains focused on presence in multiple markets as well as possible acquisitions.

4. RAW MATERIALS AND CONSUMABLES USED

	2020	2019
Supplies	29 212	33 297
Subcontractors	2 054	2 132
Changes in inventories of finished goods and work in progress	305	-459
Other	234	190
Total raw materials and consumables used	31 805	35 160

Impairment on current assets are included in total raw materials and consumables used.

5. EMPLOYEE BENEFITS EXPENSES

	2020	2019
Wages and salaries	20 049	22 635
Social security costs	2 436	2 798
Other employee benefits	973	1 034
Short-term employee benefits	23 562	26 467
Pension costs – defined contribution plans	953	1 038
Pension costs – defined benefit plans	19	11
Pension costs	972	1 049
TOTAL EMPLOYEE BENEFITS EXPENSES	24 534	27 516
Average number of employees	302	303
Employees	295	297
Management	7	6



6. FACILITY EXPENSES

	2020	2019
Housing costs	790	1052
Telecom expenses	294	302
Insurances	67	55
Utilities	229	352
Other facility costs	1044	1132
Total facility expenses	2 424	2 894

7. OTHER EXPENSES

	2020	2019
Advertising, publicity and trade fairs	412	874
Travel & related costs	473	1793
Car expenses and allowances	201	219
Other	323	-517
Total other expenses	1409	2 369

8. RESEARCH & DEVELOPMENT COSTS

	2020	2019
Research and development costs	2 936	3 206

Whereof 2.6 million euro (2.3 million in 2019) was included in the Employee benefits expense (Wages and salaries).
In 2020 and 2019, development costs were no longer capitalized.

9. FINANCE INCOME

	2020	2019
Gain and bargain purpose (note 3)	-	-
Other (aggregate of immaterial items)	103	145
Total finance income	103	145

10. FINANCE COSTS

	2020	2019
Interest on bank overdrafts, used factoring facility and loans	112	38
Interest on obligations under leases	1	63
Other financial charges	408	342
Total finance costs	521	443

The weighted average interest rate on funds borrowed generally is 2.6% per annum (2019: 0.8% per annum).



11. NET FOREIGN EXCHANGE GAINS / (LOSSES)

	2020	2019
Foreign exchange rate losses	-2 909	-1 122
Foreign exchange rate gains	3 016	1 262
Net foreign exchange gains / (losses)	107	140

12. INCOME TAXES

	Notes	2020	2019
Current tax expense / (income)		1 226	1 095
Adjustments recognized in the current year in relation to current tax of prior years		46	12
Deferred tax expenses	13	-62	-364
Total income tax expense/(income) relating to continuing operations		1 211	743

The tax on the Group's profit before tax differs from the theoretical amount that would arise using the tax rate of the home country as follows:

	2020	2019
Profit before tax	8 319	3 765
Tax calculated at tax rate of 25.00% (29.58% in 2019)	2 080	1 114
Effects of:		
- Different tax rates in other countries	-218	-123
- Adjustments recognized in the current year in relation to current tax of prior years	46	12
- Income not subject to tax	-330	-220
- Expenses not deductible for tax purposes	376	270
- Utilization of previously unrecognized tax losses	-594	-82
- Other	-468	108
- Recognition of tax losses	319	20
- Unrecognized tax losses of the current year	0	-356
Total income tax expense/(income)	1 211	743

The tax rate used for the 2020 and 2019 reconciliation is the corporate tax rate of 25.00 % payable by corporate entities in Belgium (29.58% in 2019) on taxable profits under tax law in that jurisdiction.

No income tax has been recognized directly in equity or in other comprehensive income in 2020 nor in 2019.



13. DEFERRED INCOME TAXES

Deferred income taxes are calculated in full on temporary differences under the liability method using the tax rate of the countries in which the deferred taxes were recognized

Deferred income tax assets are recognized for tax loss as carried forward to the extent that the realization of the related tax benefit through future taxable profits is probable. The long-term business plan has served as input to determine the basis on which the amounts of deferred tax assets have been recognized.

The deferred income tax assets relate to Zenitel Norway AS and to the tax losses carried forward of Zenitel NV. For Zenitel Norway AS only temporary differences, no tax losses carried forward exist.

	2020	2019
At the beginning of the year		
- deferred tax liability	0	-28
- deferred tax asset	1173	822
Income statement income/(charge)	62	364
Other changes	-46	15
At the end of the year	1189	1173
Recognized in the balance sheet as		
- deferred tax liability	-18	-
- deferred tax asset	1207	1173

The other changes mainly relate to exchange differences.

	2020	2019	2018	2017	2016	2015
At 31 December 2018	226	534	0	62	-28	794
(Charged)/credited to P/L	210	-6	188	-6	-18	368
Other changes	12	0	-1	1	-1	11
At 31 December 2019	448	528	187	57	-47	1173
(Charged)/credited to P/L	182	-36	-41	28	-71	62
Other changes	-22	0	11	-2	-34	-46
At 31 December 2020	608	492	156	82	-153	1189

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred income tax relate to the same fiscal authority.

The following amounts, determined after appropriate offsetting, are shown in the consolidated balance sheet:

	2020	2019
Deferred tax assets	1207	1173
Deferred tax liabilities	-18	-
Total	1189	1173

For companies in the Group with tax losses carried forward, we examined the probability that future taxable profits would be available against which the unused tax loss credits would be utilized. Listed hereafter are the companies of the Group, with specification of the available losses carried forward, for which no deferred tax assets were set up.

The following companies have unrecognized tax losses (and credits):

Company	2020	2019	Expiry date
Zenitel NV	46 501	48 846	None
Zenitel Finance Netherlands BV	7 814	7 819	10 years
Zenitel France S.A.	-	-	None
Zenitel Finland Oy	1 054	1 057	10 years
Zenitel Denmark A/S	4 394	4 542	None
Zenitel Italy SRL (in liquidation)	896	945	None
Zenitel Marine Asia Pte. Ltd	60	0	

Some tax losses carried forward as per year-end 2020 indicated in the table above do have an expiry date. Tax losses carried forward as per year-end 2019 also had an expiry date.



14. EARNINGS PER SHARE

14.1 BASIC EARNINGS PER SHARE

Basic earnings per share are calculated by dividing the net result attributable to shareholders by the weighted average number of ordinary shares issued during the year, excluding ordinary shares purchased by the Company, held as treasury shares.

	2020	2019
Basic earnings per share continuing operations (euro)	2.15	0.91

The earnings and weighted average number of ordinary shares used in the calculation of basic earnings per share are as follows:

Net profit/(loss) attributable to shareholders (thousands of euro)	7 108	3 022
Weighted average number of ordinary shares for the purposes of basic earnings per share (all measures)	3 310 884	3 308 384

14.2 DILUTED EARNINGS PER SHARE

For the calculation of the diluted earnings per share, the weighted average number of ordinary shares issued is adjusted to assume conversion of all dilutive potential ordinary shares. The Company had one category of dilutive potential ordinary shares: warrants. For these warrants, a calculation was done to determine the number of shares that could have been acquired at market price (the latter being determined as the average annual share price of the Company's shares) based on the monetary value of the subscription rights attached to outstanding warrants to determine the 'bonus' element; the 'bonus' shares are added to the ordinary shares in issue. No adjustment is made to net profit. There are no warrants outstanding, and there is no dilutive impact.

	2020	2019
Weighted average number of ordinary shares for the purposes of basic earnings per share (all measures) – See Note 31	3 310 884	3 308 384
Adjustments for warrants	-	-
Weighted average number of ordinary shares for diluted earnings per share	3 310 884	3 308 384
Diluted earnings per share (euro)	2.15	0.91



15. PROPERTY, PLANT & EQUIPMENT

Cost or valuation						
Balance as at 1 January 2019	-	3 700	2 716	3 941	1 829	12 186
Additions	-	206	290	1 168	485	2 149
Disposals	-	-2	-23	-	-48	-73
Others	-	-132	-	-	-	-132
Net foreign currency exchange differences	-	33	31	-	16	78
Balance as at 1 January 2020	-	3 804	3 012	5 109	2 282	14 207
Additions	-	507	120	545	175	1 347
Disposals	-	-20	-166	-101	0	-287
Others	-	0	-	-	-	0
Net foreign currency exchange differences	-	-212	-167	-	-101	-480
Balance as at 31 December 2020	-	4 079	2 799	5 553	2 356	14 787
Accumulated depreciation and impairment						
Balance as at 1 January 2019	-	-3 357	-2 547	-	-1 536	-7 440
Depreciation expense	-	-171	-101	-1 839	-187	-2 298
Eliminated on disposals of assets	-	2	22	-	48	71
Others	-	120	-	-	-	120
Net foreign currency exchange differences	-	-30	-27	-	-11	-68
Balance as at 1 January 2020	-	-3 436	-2 653	-1 839	-1 686	-9 614
Depreciation expense	-	-254	-128	-1 500	-248	-2 130
Eliminated on disposals of assets	-	13	164	-	5	181
Others	-	-	-	-	-	0
Net foreign currency exchange differences	-	194	142	-	64	400
Balance as at 31 December 2020	-	-3 483	-2 475	-3 339	-1 865	-11 163
Carrying amount						
As at 31 December 2019	-	368	359	3 270	596	4 593
As at 31 December 2020	-	595	324	2 214	491	3 624



16. GOODWILL

Cost	2020	2019
Balance at beginning of year	54 604	54 296
Effect of foreign currency exchange differences	-2 301	308
Balance at end of year	52 303	54 604
Accumulated impairment losses		
Balance at beginning of year	-51 332	-51 050
Effect of foreign currency exchange differences	2 104	-282
Balance at end of year	-49 229	-51 332
Carrying amount		
At the beginning of the year	3 272	3 246
At the end of the year	3 075	3 272

Of which all is related to the SCS Business

Goodwill arising from acquisitions represents the excess of the cost of the acquisition over the fair value of the identified assets and liabilities assumed of the acquired subsidiary at the date of acquisition. In accordance with IAS 36, goodwill arising on consolidation is tested annually for impairment or more frequently if there are indications that the goodwill might be impaired, in accordance with IAS 36 Impairment of Assets. This standard also requires that the goodwill should, from the acquisition date, be allocated to each of the cash generating units (CGUs) or groups of cash generating units that are expected to benefit from the synergies of the business combination. The CGUs to which goodwill has been allocated were tested for impairment at the balance sheet date by comparing the carrying amount of the unit with the recoverable amount (higher of its fair value less cost to sell and its value in use). Zenitel only has one CGU to which goodwill is allocated, the SCS business.

In application of the value-in-use method, Zenitel management prepared cash flow forecasts for the CGU or group of CGUs, where the CGUs are considered to be the Company's legal entities or business units. The key assumptions included in the value in use calculation comprise the discount factor and the projected future net cash flows on products and services.

The (pre-tax) discount rate applied to cash flow projections is the weighted average cost of capital (WACC) of 12.4% (pre-tax discount rate 2019: 10.8%). The components for the determination of the WACC are based on sector-specific parameters received from various banks and analysts and taking into account the financial position of Zenitel and historical performance of the individual CGU. The cash flow forecast is calculated over a 5-year time frame including a terminal value at the end of 2025. The cash flow is based on actual performance and estimated development of key drivers. The following assumptions are made:

- Growth of revenues, EBIT and EBTIDA is in line with the business plan 2021-2025 as approved by the board of directors.
- Terminal growth rate of 1.0% (2019: 2.0%) applied on terminal value.
- Cost of goods sold, capex and net working capital as a % of revenue in line with the business plan 2021-2025 as approved by the Board of Directors.

Management determined these assumptions based on past performance and its expectations with respect to market development.

The calculation shows a significant cushion (difference between value in use and carrying value) Sensitivity analysis shows that goodwill is not impaired even when following combined significant changes are made to following assumptions:

- a decrease of the terminal growth rate by 10%,
- underperformance of the free cash flows by 10% compared to the business plan and
- an increase of the pretax WACC by 10%

The Company cannot predict whether an event that triggers impairment will occur, when it will occur or how it will affect the asset values reported. Zenitel believes that all of its estimates are reasonable: they are consistent with the internal reporting and reflect management's best estimates. However, inherent uncertainties exist that management may not be able to control. While a change in estimates used could have a material impact on the calculation of the fair values and trigger an impairment charge, the Company is not aware of any reasonably possible change in key assumptions used that would cause a business unit's carrying amount to exceed its recoverable amount.



17. OTHER INTANGIBLE ASSETS

Cost	Capitalized development, others	Software, licenses	Total
Balance at 1 January 2019	6 785	1 248	8 031
- of which internally generated	5 909	-	5 909
- of which externally acquired	876	1 248	2 123
Additions (including internally generated)	-	120	120
Net foreign currency exchange differences	50	14	64
Balance at 1 January 2020	6 835	1 382	8 215
- of which internally generated	5 909	-	5 909
- of which externally acquired	926	1 382	2 307
Additions (including internally generated)	-	75	75
Net foreign currency exchange differences	0	-70	-70
Balance at 31 December 2020	6 835	1 387	8 221
- of which internally generated	5 909	-	5 909
- of which externally acquired	926	1 387	2 313
Accumulated amortization and impairment			
Balance at 1 January 2019	-6 611	-1 061	-7 672
Amortization expense	-175	-113	-289
Net foreign currency exchange differences	-48	-12	-60
Balance at 1 January 2020	-6 835	-1 186	-8 020
Amortization expense	0	-96	-96
Net foreign currency exchange differences	0	57	57
Balance at 31 December 2020	-6 835	-1 225	-8 059
Carrying amount			
As at 31 December 2019	-	195	195
As at 31 December 2020	-	162	162

Capitalized development costs principally comprise internally generated expenditure on major projects where it is reasonably anticipated that the costs will generate future economic benefits.

The amortization expense has been included in the line item 'Depreciation and amortization expenses' in the statement of comprehensive income.

Development costs are no longer capitalized since 1 January 2016 – we refer to the Accounting Policies.



18. NET IMPAIRMENT ON CURRENT ASSETS

Continuing operations	Notes	2020	2019
Net impairment on inventories	20	-116	-1401
Net impairment on receivables	22	-458	-84
Total impairment on current assets		-1574	-1484

19. FINANCIAL ASSETS

	2020	2019
Available for sale investments	225	240
Total	225	240
of which current	-	-
of which non-current	225	240

Available for sale investments	2020	2019
At the beginning of the year	240	238
Acquisition	-	-
Disposals	-	-
Impairments	-	-
Net foreign currency exchange differences	-15	2
At the end of the year	225	240

The breakdown of the outstanding balance is as follows:	2020	2019
- BNSC - Beijing Nera Stentofon Comm. Equipment (China):	225	240
Total	225	240

The available-for-sale investments are accounted at fair value. Fair values are assessed on a regular basis and at the end of 2020, no objective evidence indicates that available-for-sale investments are impaired.

20. INVENTORIES

	2020	2019
Raw materials	1342	1014
Goods purchased for resale	12117	11634
Total inventories	13 459	12 648

Total inventory write offs amounted to 1.1 million euro in 2020 (1.4 million euro in 2019). Inventory expenses and impairments are included in the 'Raw materials and consumables used' line of the income statement.



21. CONTRACTS IN PROGRESS

	2020	2019
Contracts in progress	-	-
Total contracts in progress	-	-

22. TRADE & OTHER RECEIVABLES

	2020	2019
Trade receivables	12 189	14 326
Allowance for doubtful debts	-1 030	-607
Total	11 159	13 719
OTHER RECEIVABLES		
Tax receivables other than income tax	234	288
Income tax receivable	1	-
Other receivables	504	367
Total other receivables	740	655
Total trade and other receivables	11 899	14 374

The total amount of trade receivables is presented after deduction of a bad debt allowance of 1.0 million euro (2019: 0.6 million euro). The aging of our current trade and other receivables can be detailed as follows:

	2020		2019							2018	
	Trade receivables	Other receivables	Trade receivables	Other receivables	Trade receivables	Other receivables	Trade receivables	Other receivables	Trade receivables	Other receivables	
Trade receivables	14 326	7 941	3 662	935	266	893	240	389	-607	13 719	
Tax receivables, other than income tax	287	287	-	-	-	-	-	-	-	287	
Income tax receivable	-	-	-	-	-	-	-	-	-	-	
Other receivables	367	367	-	-	-	-	-	-	-	367	
Total	14 980	8 595	3 662	935	266	893	240	389	-607	14 374	

	2020		2019							2018	
	Trade receivables	Other receivables	Trade receivables	Other receivables	Trade receivables	Other receivables	Trade receivables	Other receivables	Trade receivables	Other receivables	
Trade receivables	12 189	6 809	3 600	445	179	260	332	565	-1 030	11 159	
Tax receivables, other than income tax	234	234	-	-	-	-	-	-	-	234	
Income tax receivable	-	-	-	-	-	-	-	-	-	-	
Other receivables	505	505	-	-	-	-	-	-	-	505	
Total	12 930	7 550	3 600	445	179	260	332	565	-1 030	11 899	

The average credit period on sales of goods and services is 60.1 days (2019: 67.6 days). No interest is charged on trade receivables for the first 60 days from the date of the invoice. Thereafter, the interest charged is charged at 2% per annum on the outstanding balance. An estimate is made for doubtful receivables based on a review of all outstanding amounts at the balance sheet date. An allowance is recognized when there is objective evidence that the individual asset is impaired.



Movement of the allowance for doubtful debtors	2020	2019
Balance at beginning of the year	-607	-520
Amounts written off during the year	28	-7
Amounts recovered during the year	42	137
Decrease / (Increase) in allowance recognized in profit or loss	-526	-209
Translation difference	32	-8
Balance at end of year	-1030	-607

In determining the recoverability of a trade receivable, the Group considers periodically any change in the credit quality of the trade receivable from the date credit was originally granted up to the reporting date. Concentration of credit risk with respect to trade receivables is limited due to the Group's large number of customers who are internationally dispersed. The two largest customers account for approximately 5.0% and 2.6% respectively of Group net sales. There is no other significant concentration of credit risk. Therefore, management is of the opinion that inherent credit risk in the group's receivables is limited.

23. CASH AND CASH EQUIVALENTS

	2020	2019
Cash at bank and in hand	25 617	20 511
Short-term bank deposit	547	820
Total cash and cash equivalents	26 164	21 331

The weighted average effective interest rate on short-term bank deposits amounts to -0.306% (2019: -0.215%).

24. TRADE AND OTHER PAYABLES

	2020	2019
Trade payables	4 597	7 396
Remuneration & staff related liabilities	4 648	4 718
Accrued expenses	1 918	1 133
Advances received on contracts	58	481
Other	1 233	1 362
Other payables	7 857	7 695
Total trade and other payables	12 454	15 091

The fair value of the derivative financial instrument amounted to 0.2 million euro (2019: 0.1 million euro) are included in the line 'other'. Further information on these financial instruments is given in note 28.



25. BORROWINGS

	2020	2019
Non-current		
Leasing and similar rights	1 153	1 934
	1 153	1 934
Current		
Used factoring facility	2 980	2 231
Leasing and similar rights	1 198	1 447
	4 178	3 678
Total borrowings	5 331	5 612

The weighted average interest rate per year amounts to (%):	2020	2019
Leasing and similar rights	1.60	1.60
Used factoring facility	2.06	1.30

Bank borrowings and lease liabilities (originally > 1 year) are payable as follows:

Not later than one year	4 178	0	4 178	3 678	5	3 673
Between one and five years	1 153	0	1 153	1 934	10	1 924
Total	5 331	0	5 331	5 612	15	5 597

NON-CURRENT BORROWINGS

Lease agreements in which Group companies are the lessee, give rise to financial liabilities on the balance sheet.

A lessee recognises a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments.

CURRENT BORROWINGS

Zenitel Norway AS has a factoring agreement of NOK 50 million (equaling 4.8 million euro). This factoring agreement allows for borrowing up to 80% of the value of customer invoices. As per 31 December 2020, 3.0 million euro of this credit facility was used against 2.2 million euro as per 31 December 2019. The interest rate on this facility on average amounted to 2.06% in 2020 (1.3% in 2019). At the same time, a credit line up to a maximum of 1.4 million euro is available. As per year end of 2020 and 2019, this credit line was not used.

Included in the amount, the company holds lines for bank guarantees at different credit institutions for in total almost 2.6 million euro (2019: 2.8 million euro) of which 1.9 million euro are used to secure the completion of customer contracts.



26. RETIREMENT BENEFIT OBLIGATIONS

Some group companies provide pension plans that under IFRS are considered as defined benefit plans for their employees. Provisions for pension obligations are established for benefits payable in the form of retirement, disability and surviving dependents' pensions. The benefits offered vary according to legal, fiscal and economic conditions of each country. Benefits are dependent on years of service and respective employee's compensation and contribution.

The obligation resulting from defined benefit pension plans is determined using the projected unit credit method. Gains and losses arising from changes in actuarial assumptions are recognized in other comprehensive income.

Changes in the present value of the defined benefit obligation are as follows:

Assets have been subject to the recoverability test as described by the IAS 19 statement. The assets have only been recognized to the lower sum of the unrecognized actuarial losses and past service costs and the present value of future economic benefits available in the form of refunds from the plan or reduction in future contributions of the plan (see adjustments for limit on net asset).

The amounts recognized in the balance sheet are determined as follows:

	2020	2019
Present value of funded obligations	1264	1330
Fair value of plan assets	-1120	-1177
Funded status	145	153
Present value of unfunded obligations	335	265
Net liability	480	418

Amounts recognized in the balance sheet

Recognized as non current liability / retirement benefit obligations	480	418
Recognized as current liability / retirement benefit obligations	-	-
Net liability	480	418

The amounts recognized in the income statements are as follows:

	2020	2019
Current service cost	16	18
Interest costs	6	14
Expected return on plan assets	-4	-10
Total pension costs	18	22
Actual return on plan assets	25	34

The total pension cost as indicated in the table above is included in the Employee benefits expense-line of the statement of profit and loss.

	2020	2019
Opening defined benefit obligation as previously reported	1595	1510
Service cost	16	18
Interest cost	6	14
Plan participants' contributions	1	1
Actuarial losses (gains)	56	66
Net transfer in/(out)	-	-
Exchange differences on foreign plans	-15	3
Benefits paid	-74	-17
Closing defined benefit obligation	1584	1595



Changes in the fair value of the plan assets are as follows:

	2020	2019
Opening fair value of plan assets	1177	1153
Expected return	4	10
Actuarial gains and (losses)	21	23
Contributions by employer	5	5
Plan participants' contributions	1	1
Net transfer in/(out)	-	-
Exchange differences on foreign plans	-15	2
Benefits paid	-74	-17
Closing fair value of plans assets	1120	1177

The group expects to contribute less than 0.1 million euro to its defined benefit pension plans in 2021.

	2020	2019
Defined benefit obligation	1584	1595
Plan assets	1120	1177
Surplus/(deficit)	465	418

The major categories of plan assets, and the expected rate of return at the balance sheet date for each category, is as follows:

	2020	2019
Fair value of plan assets		
Debt instruments	889	656
Other	231	521
Weighted average expected return	1120	1177

The overall expected rate of return is a weighted average of the expected returns of the various categories of plan assets held. The Directors' assessment of the expected returns is based on historical return trends and analysts' predictions of the market for the asset in the next twelve months.

The principal weighted average actuarial assumptions for all plans used were as follows:

	2020	2019
Assumptions to determine benefit obligations	%	%
Discount rate	0.06	0.42
Rate of compensation increase	2.42	2.37
Rate of price inflation	1.97	2.00



27. PROVISIONS

On 1 January 2019	490	3 942	4 432
Additions to provisions	430	1 155	1 586
Utilization	-	-1 037	-1 037
Reversal of provisions	-1	-593	-594
Exchange differences	3	-1	2
On 31 December 2019	922	3 467	4 389
Non-current	-	-	-
Current	922	3 467	4 389
Total	922	3 467	4 389
On 1 January 2020	922	3 467	4 389
Additions to provisions	25	480	505
Utilization	-	-294	-294
Reversal of provisions	0	-690	-690
Exchange differences	-55	-89	-144
On 31 December 2020	892	2 874	3 766
Non-current	-	480	480
Current	892	2 394	3 286
Total	892	2 874	3 766

Technical Guarantees

The Group recognizes the estimated liability to repair or replace its products still under warranty at the balance sheet date. This provision is calculated based on the past history of the level of repairs and replacements.

Other

The other provisions cover principally a risk related to legal claims.

Provisions were set up based on the current situation of the different files, in order to cover risks linked to some of these litigations.

28. FINANCIAL INSTRUMENTS

The directors consider that the carrying amounts of financial assets and financial liabilities recognized at amortized costs in the financial statements approximate their fair values.

Valuation techniques and assumptions applied for the purposes of measuring fair value

The fair values of financial assets and financial liabilities are determined as follows:

- The fair values of financial assets and financial liabilities with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market prices (includes listed redeemable notes, bills of exchange, debentures and perpetual notes).
- The fair values of other financial assets and financial liabilities (excluding derivative instruments) are determined in accordance with generally accepted pricing models based on discounted cash-flow analysis using prices from observable current market transactions and dealer quotes for similar instruments.
- The fair values of derivative instruments are calculated using quoted prices. Where such prices are not available, a discounted cash-flow analysis is performed using the applicable yield curve for the duration of the instruments for non-optional derivatives, and option pricing models for optional derivatives. Foreign currency forward contracts are measured using quoted forward exchange rates and yield curves derived from quoted interest rates matching maturities of the contracts. Interest rate swaps are measured at the present value of future cash flows estimated and discounted based on the applicable yield curves derived from quoted interest rates.



The following table provides an overview of the carrying values and classes of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3, based on the degree to which the fair value is observable:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

	Carrying value	Fair value	Carrying value	Fair value	Level	Balance sheet caption
Financial assets available for sale	225	225	240	240		Financial assets
Available for sale investments	225	225	240	240	3	Financial assets
Loans and receivables	11 899	11 899	14 374	14 374		
Trade receivables	11 159	11 159	13 719	13 719	3	Trade and other receivables
Other receivables	740	740	655	655	3	Trade and other receivables
Financial liabilities at amortized cost	17 785	17 785	20 703	20 703		
Borrowings and lease liabilities	5 331	5 331	5 612	5 612	3	Borrowings and lease liabilities LT and ST
Trade payables	4 597	4 597	7 396	7 396	3	Trade and other payables
Other payables	7 857	7 857	7 695	7 695	3	Trade and other payables

NET FAIR VALUES OF DERIVATIVE FINANCIAL INSTRUMENTS

The derivatives are not part of a hedging relationship that qualifies for hedge accounting. Consequently, changes in fair value are recognized in the income statement.

Since most of the Norwegian business is export in the euro currency, Zenitel Norway AS has a NOK deficit and a euro surplus. The company has put in place short-term FX forward contracts that secure the needed exchange between EUR/NOK on a rolling 12-month basis. The fair value of these contracts amounts to 0.2 million euro (2019: 0.1 million euro) at 31 December 2020.

29. CONTINGENCIES

During the normal course of business, the Company and its subsidiaries are party to various legal claims and complaints resulting in contingent liabilities with uncertainty on timing and/or amount. The contingent liabilities relate to possible obligations with respect to old projects, soil contamination, warranties given and redundancies. No further overview or quantification of the contingencies is being disclosed, since it is not practicable to do so.



30. COMMITMENTS

LEASE COMMITMENTS – WHERE A GROUP COMPANY IS THE LESSEE.

The future aggregate minimum lease payments under non-cancelable operating lease are as follows:

	2020	2019
Not later than 1 year	1460	1559
Later than 1 year and not later than 5 years	1234	2 257
Later than 5 years	18	18
Total Lease Commitments	2713	3834
Effect from discounting and low value assets	-363	-564
Total Lease liabilities under IFRS 16	2349	3270

Operating lease agreements relate to office premises, site rents, car lease and IT equipment.

COMMITMENTS FOR EXPENDITURE BY GROUP COMPANIES

The Group has no significant purchase commitments, apart from the lease commitments indicated above.

31. ORDINARY SHARES, TREASURY SHARES & WARRANTS

The total number of Zenitel shares on 31 December 2020 amounted to 3,310,884.

Ordinary shares & treasury shares:

On 31 December 2018	3 310 884	-	3 310 884
On 31 December 2019	3 308 384	2 500	3 310 884
On 31 December 2020	3 310 884	-	3 310 884
Weighted average number of ordinary shares for the purposes of basic earnings per share (all measures)	3 310 884		

All issued shares are fully paid. Shares have no par value.

The total authorized capital is per 31 December 2020 euro 20 000,000.

Warrants were granted in the past to directors and to employees.

However there are no warrants outstanding anymore as at year end 2020.

32. MOVEMENT IN WORKING CAPITAL

	Notes	2020	2019
Movements in working capital:			
(Increase) / decrease in trade and other receivables		2 017	-2 442
(Increase) / decrease in inventories		-1 927	-3 344
(Increase) / decrease contract work in progress		0	83
(Increase) / decrease in other assets		-96	204
Increase / (decrease) in trade and other payables		-2 637	1 217
Increase / (decrease) in provisions and retirement benefit obligations		-1 103	-43
Effect of exchange rate changes on working capital components*		22	70
Total movement in working capital		-3 724	-4 255

* The components of working capital were mainly impacted by currency translation effect due to the NOK/EUR conversion in 2020 and 2019.



33. RELATED-PARTY TRANSACTIONS

Transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation and are not disclosed in this note. Details of transactions between the Group and other related parties are disclosed below.

A) Landlord of office building in Zellik

3D NV is one of the reference shareholders of the Zenitel Group and is the landlord of the building in which Zenitel NV has its offices in Zellik (Belgium). The rent charged by 3D NV to Zenitel NV is determined on an at arms' length basis and amounts to 9 K euro per year.

B) BNSC and Zenitel UK

In 2020, the group sold goods to the related parties BNSC and Zenitel UK for a total of 2.7 million euro (2019: 1.8 million euro). The receivables related to these sales amounted to 0.6 million euro at 31 December 2020 (2019: 0.3 million euro).

C) Directors' remuneration

	2020	2019
Directors' remuneration	178	174

D) Key management remuneration

KEY MANAGEMENT REMUNERATION*	2020	2019
Short term employee benefits	556	536
Post-employment benefits	8	24
Other long-term benefits	-	-
Share-based payments (see warrants above)	-	-
Termination benefits	-	-
TOTAL KEY MANAGEMENT REMUNERATION (COST TO THE COMPANY)**	565	560
KEY MANAGEMENT - AVERAGE FTE	2.0	2.0

The CEO's total remuneration package for 2020 amounted to 0.285 million euro fixed remuneration and 0.18 million euro variable remuneration. Remuneration of directors and key executives is determined by the remuneration committee in having regard to the performance of individuals and market trends. Remuneration to the Key Management is made in EUR and NOK. Amounts for 2020 are converted to euro with a NOK/EUR rate of 10.78

* The presented amounts include social charges, car expenses, pension costs and fixed representation allowances paid by the Company.

** See also the Remuneration Report included in the chapter 'Declaration with regards to Corporate Governance' in this Annual Report.



34. PRINCIPAL SUBSIDIARY UNDERTAKINGS

Europe	Ownership	Country of incorporation
Zenitel Norway AS	100 %	Norway
Zenitel Denmark A/S	100 %	Denmark
Zenitel Etronic ApS	100 %	Denmark
Zenitel Finland Oy	100 %	Finland
Zenitel France S.A.	100 %	France
Zenitel Italy SRL (in liquidation)	100 %	Italy
Zenitel Finance Netherlands B.V.	100 %	The Netherlands
Zenitel Mediterranean d.o.o.	100%	Croatia
Zenitel UK Ltd.	15 %	United Kingdom

North America		Country of incorporation
Zenitel USA Inc	100 %	United States
Zenitel USA Marine Inc	100 %	United States

Rest of World		Country of incorporation
Zenitel Marine Asia Pte. Ltd.	100 %	Singapore
BNSC (China)	10 %	China

35. POST BALANCE-SHEET EVENTS

The Company has no events to report after the balance-sheet date with the exception of COVID-19, which is described in the annual report on these financial statements (see pg 18).



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Independent auditor's report to the general meeting of Zenitel NV for the year ended 31 December 2020

As required by law and the Company's articles of association, we report to you as statutory auditor of Zenitel NV (the "Company") and its subsidiaries (together the "Group"). This report includes our opinion on the consolidated statement of financial position as at 31 December 2020, the consolidated statement of profit or loss, the consolidated statement of profit and loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year ended 31 December 2020 and the disclosures (all elements together the "Consolidated Financial Statements") as well as our report on other legal and regulatory requirements. These two reports are considered one report and are inseparable.

We have been appointed as statutory auditor by the shareholders' meeting of 29 April 2019, in accordance with the proposition by the Board of Directors following recommendation of the Audit Committee. Our mandate expires at the shareholders' meeting that will deliberate on the Consolidated Financial Statements for the year ending 31 December 2021. We performed the audit of the Consolidated Financial Statements of the Group during 5 consecutive years.

Report on the audit of the Consolidated Financial Statements

Unqualified opinion

We have audited the Consolidated Financial Statements of Zenitel NV, that consists of the consolidated statement of financial position as at 31 December 2020, the consolidated statement of profit or loss, the consolidated statement of profit and loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year ended 31 December 2020 and the disclosures, which show a consolidated balance sheet total of € 61.199 thousands and of which the consolidated income statement shows a profit for the year of € 7.108 thousands.

In our opinion, the Consolidated Financial Statements give a true and fair view of the consolidated net equity and financial position as at 31 December 2020, and of its consolidated results for the year then ended, prepared in accordance with the International Financial Reporting Standards as adopted by the European Union ("IFRS") and with applicable legal and regulatory requirements in Belgium.

Basis for the unqualified opinion

We conducted our audit in accordance with International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further

described in the "Our responsibilities for the audit of the Consolidated Financial Statements" section of our report.

We have complied with all ethical requirements that are relevant to our audit of the Consolidated Financial Statements in Belgium, including those with respect to independence.

We have obtained from the Board of Directors and the officials of the Company the explanations and information necessary for the performance of our audit and we believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Consolidated Financial Statements of the current reporting period.

These matters were addressed in the context of our audit of the Consolidated Financial Statements as a whole and in forming our opinion thereon, and consequently we do not provide a separate opinion on these matters.

Valuation of provisions for litigations

Besloten vennootschap
Société à responsabilité limitée
Rue Brussel - Rue Bruxelles - Bldw 1VA 310116331, 7111-3A/N N° 31/12100 9059 0069
handeltend in naam van een vennootschap/agissant au nom d'une société

A member firm of Ernst & Young Global Limited



Audit report dated 18 March 2021 on the Consolidated Financial Statements of Zenitel NV as of and for the year ended 31 December 2020 (continued)

- Description of the matter

As at 31 December 2020, the other provisions included in the provisions in the statement of financial position and disclosed in Note 27 of the Consolidated Financial Statements amount to € 2.874 thousands. These other provisions mainly relate to provisions to cover the risks in respect of pending claims, litigations and disputes in which the Group is involved.

Since the outcome of the pending claims and litigations cannot be predicted with certainty, the ultimate outcome could have a material effect on the Consolidated Financial Statements of the Group. Therefore, the valuation of provisions for these pending claims and litigations is complex and requires judgement from management. Due to the uncertainty of the outcome and the significant exposures involved, the valuation of the claims and litigations is significant to our audit.

- Summary of audit procedures performed

We have, amongst others, performed following procedures:

- Evaluating management's assessment of the likely outcome and potential exposures arising from all significant claims and litigations.
- Assessing the progress of all significant claims and litigations by holding discussions with management and those charged with governance.
- Inspecting the meeting minutes of the board of directors and the audit committee, in which these claims and litigations are discussed.
- Reading and analyzing pertinent and new correspondence between the parties involved in the claims and litigations.
- Obtaining confirmation on the status of these claims and litigations directly from the Group's external legal counsel. We have also held meetings with the Group's external counsel handling these claims and litigations to confirm the fact patterns and confirm certain assertions and information provided by the management of the Group.
- Assessing the recognition and valuation of claims, litigations and disputes in accordance with IAS 37 Provisions.

- Assessing the appropriateness of the information on claims and litigations as disclosed in note 27 of the Consolidated Financial Statements.

Goodwill impairment

- Description of the matter

As at 31 December 2020, the Consolidated Financial Statements include goodwill for an amount of € 3.075 thousands.

The Group reviews the carrying amount of its sole cash generating unit ("CGU") annually or more frequently if impairment indicators are present. The impairment assessment involves a comparison of the estimated recoverable amount of the CGU to its carrying amount. Additional information is provided in Note 16 and the section "Valuation rules and financial risk factors" of the Consolidated Financial statements.

The Group's assessment of impairment of goodwill is a judgmental process which requires estimates concerning the future cash flows, the weighted average cost of capital ("WACC"), and the growth rate of revenue and costs to be applied in determining the value in use.

- Summary of audit procedures performed

We have, amongst others, performed following procedures:

- Challenging and assessing each of the key assumptions and methodology used in the annual impairment test of the CGU with the assistance of our internal valuation specialists. These key assumptions include the WACC, the growth rate of revenue and costs, and projected cash flows.
- Assessing the reasonableness of the projected cash flows as included in the goodwill impairment test based on historic performance and the available business plan, and evaluating the Group's historic forecasting accuracy.
- Testing the accuracy of the underlying impairment model.
- Assessing management's sensitivity analyses



Audit report dated 18 March 2021 on the Consolidated Financial Statements of Zenitel NV as of and for the year ended 31 December 2020 (continued)

- Assessing the appropriateness and completeness of the disclosures as included in Note 16 and in the section "Valuation rules and financial risk factors" of the Consolidated Financial Statements.

Responsibilities of the Board of Directors for the preparation of the Consolidated Financial Statements

The Board of Directors is responsible for the preparation of the Consolidated Financial Statements that give a true and fair view in accordance with IFRS and with applicable legal and regulatory requirements in Belgium and for such internal controls relevant to the preparation of the Consolidated Financial Statements that are free from material misstatement, whether due to fraud or error.

As part of the preparation of Consolidated Financial Statements, the Board of Directors is responsible for assessing the Company's ability to continue as a going concern, and provide, if applicable, information on matters impacting going concern. The Board of Directors should prepare the financial statements using the going concern basis of accounting, unless the Board of Directors either intends to liquidate the Company or to cease business operations, or has no realistic alternative but to do so.

Our responsibilities for the audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance whether the Consolidated Financial Statements are free from material misstatement, whether due to fraud or error, and to express an opinion on these Consolidated Financial Statements based on our audit. Reasonable assurance is a high level of assurance, but not a guarantee that an audit conducted in accordance with the ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Consolidated Financial Statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and we maintain professional skepticism throughout the audit. We also perform the following tasks:

- identification and assessment of the risks of material misstatement of the Consolidated Financial Statements, whether due to fraud or error, the planning and execution of audit procedures to respond to these risks and obtain audit evidence which is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting material misstatements resulting from fraud is higher than when such misstatements result from errors, since fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtaining insight in the system of internal controls that are relevant for the audit and with the objective 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;
- evaluating the selected and applied accounting policies, and evaluating the reasonability of the accounting estimates and related disclosures made by the Board of Directors as well as the underlying information given by the Board of Directors;
- conclude on the appropriateness of the Board of Directors' use of the going-concern basis of accounting, and based on the audit evidence obtained, whether or not a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's or Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Consolidated Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on audit evidence obtained up to the date of the auditor's report. However, future events or conditions may cause the Company to cease to continue as a going-concern;
- evaluating the overall presentation, structure and content of the Consolidated Financial Statements, and evaluating whether the Consolidated Financial Statements reflect a true and fair view of the underlying transactions and events.



Audit report dated 18 March 2021 on the Consolidated Financial Statements of Zenitel NV as of and for the year ended 31 December 2020 (continued)

We communicate with the Audit Committee within the Board of Directors 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.

Because we are ultimately responsible for the opinion, we are also responsible for directing, supervising and performing the audits of the subsidiaries. In this respect we have determined the nature and extent of the audit procedures to be carried out for group entities.

We provide the Audit Committee within the Board of Directors with a statement that we have

complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Audit Committee within the Board of Directors, we determine those matters that were of most significance in the audit of the Consolidated Financial Statements of the current period and are therefore the key audit matters. We describe these matters in our report, unless the law or regulations prohibit this.

Report on other legal and regulatory requirements

Responsibilities of the Board of Directors

The Board of Directors is responsible for the preparation and the content of the Board of Directors' report on the Consolidated Financial Statements, and other information included in the annual report.

Responsibilities of the auditor

In the context of our mandate and in accordance with the additional standard to the ISAs applicable in Belgium, it is our responsibility to verify, in all material respects, the Board of Directors' report on the Consolidated Financial Statements, and other information included in the annual report, as well as to report on these matters.

Aspects relating to Board of Directors' report and other information included in the annual report

In our opinion, after carrying out specific procedures on the Board of Directors' report, the Board of Directors' report is consistent with the Consolidated Financial Statements and has been prepared in accordance with article 3:32 of the Code of companies and associations.

In the context of our audit of the Consolidated Financial Statements, we are also responsible to consider whether, based on the information that we became aware of during the performance of our audit, the Board of Directors' report and other information included in the annual report, being:

- Consolidated key figures (pages 4 to 5)
- Letter to the shareholders (pages 6 to 7)

contain any material inconsistencies or contains information that is inaccurate or otherwise misleading. In light of the work performed, there are no material inconsistencies to be reported.

Independence matters

Our audit firm and our network have not performed any services that are not compatible with the audit of the Consolidated Financial Statements and have remained independent of the Company during the course of our mandate.

The fees related to additional services which are compatible with the audit of the Consolidated Financial Statements as referred to in article 3:65 of the Code of companies and associations were duly itemized and valued in the notes to the Consolidated Financial Statements.



Audit report dated 18 March 2021 on the Consolidated Financial Statements
of Zenitel NV as of and
for the year ended 31 December 2020 (continued)

Other communications.

- This report is consistent with our supplementary declaration to the Audit Committee as specified in article 11 of the regulation (EU) nr. 537/2014.

Ghent, 18 March 2021

EY Bedrijfsrevisoren BV
Statutory auditor
Represented by

marnix van dooren
Digitale documenten voor marnix van dooren
TM marnix van dooren
accountant voor de wet 3006/2007
Deuren 7621 85 16 30 236-0108

Marnix Van Dooren *
Partner
*Acting on behalf of a BV/SRL

21MVD0155





EXTRACT FROM THE BELGIAN GAAP NON-CONSOLIDATED FINANCIAL STATEMENTS OF ZENITEL NV

BALANCE SHEET AFTER APPROPRIATION

ASSETS	2020	2019
Fixed assets	38 983	38 979
Formation expenses	-	-
Intangible assets	-	-
Tangible assets	-	-
Financial assets	38 983	38 979
Current assets	7 498	4 962
Amounts receivable more than one year	-	-
Amounts receivable within one year	727	445
Cash at bank and in hand	6 771	4 509
Deferred charges and accrued income	0	8
TOTAL ASSETS	46 481	43 941
EQUITY AND LIABILITIES	2020	2019
Capital and reserves	42 908	40 673
Issued capital	20 000	20 000
Share premium account	5 624	5 624
Reserves	11 360	11 249
Result carried forward	5 924	3 800
Provisions and deferred taxation	3 027	2 580
Pensions and similar obligations	152	152
Other liabilities and charges	2 875	2 428
Creditors	546	688
Amounts payable after one year	-	-
Amounts payable within one year	546	688
Current portion of amounts payable after one year	-	-
Financial debt	-	-
Suppliers	446	388
Taxes, remuneration and social security	100	300
Other amounts payable	-	-
Accrued charges and deferred income	-	-
TOTAL EQUITY AND LIABILITIES	46 481	43 941



INCOME STATEMENT AND RESULT APPROPRIATION

	2020	2019
Operating income	4 412	1 553
Turnover	-	-
Other operating income	4 412	1 553
Operating Charges	-2 073	-378
Services and other goods	-1 625	-872
Remuneration, social security costs and pension costs	-1	-1 017
Depreciation of and other amounts written off formation expenses, intangible and tangible fixed assets	-	-
Decrease in provisions for obsolete inventory and doubtful customer receivables	-	-
Decrease/(increase) in provisions for liabilities and charges	-447	1 511
Other operating charges	-	-
Operating profit / (loss)	2 339	1 175
Financial income	4	4
Income from financial fixed assets	0	4
Income from current assets	4	-
Other financial income	-	-
Financial charges	-7	-3
Interest and other debt charges	-	-
Write offs of current assets excluding inventory and customer receivables: addition (-); reversal (+)	-	-
Other financial charges	-7	-3
Profit / (loss) on ordinary activities before taxes	2 336	1 176
Extraordinary income	-	-
Reversal of provisions for exceptional risks and charges	-	-
Other extraordinary income	-	-
Extraordinary charges	-	-
Provisions for extraordinary liabilities and charges (increase: -, decrease: +)	-	-
Other extraordinary charges	-	-
Profit / (loss) for the period before taxes	2 336	1 176
Income taxes	-	-
Income taxes (-)	-100	-
Adjustment of income taxes & write-back of tax provisions	-	-
Profit / (loss) for the period	2 235	1 176
Profit / (loss) for the period available for appropriation	2 235	1 176
Profit / (loss) to be appropriated	2 235	1 176
Profit / (loss) for the period available for appropriation	2 235	1 176
Profit / (loss) brought forward	-	-
Profit / (loss) to be carried forward	2 235	1 176

The financial information presented in this caption is an extract of the non-consolidated financial statements of Zenitel NV. The complete version of the statutory non-consolidated financial statements, together with the report of the Board of Directors and the report of the statutory auditor will be deposited at the National Bank of Belgium in Dutch in the month following the General Assembly.

These financial statements were prepared in conformance with the accounting and reporting laws and regulations applicable in Belgium ("Belgian GAAP").

DIVIDEND POLICY

No dividend payments are planned.

LEGAL AND ARBITRATION PROCEEDINGS

We refer to the section on contingencies in the consolidated financial statements.



CONTACT INFORMATION

This Annual Report 2020 will be made available to investors at no cost at the registered office of Zenitel NV, Z.1 Research Park 110, 1731 Zellik, Belgium. This Annual Report is also available via the internet on the following website: www.zenitel.com under 'Investor Relations'.

Zenitel has arranged for an electronic Dutch translation of this Annual Report 2020 and takes responsibility for consistency between the texts in these two language versions. Should there be any difference of interpretation between the English and the Dutch language versions, then the English language version alone is legally binding.

COMPANY DOCUMENTS

The articles of association of Zenitel, the Annual Report, the interim reports, the press releases and the annual information can be found on the Company's website referred to above. A copy of these and of any document referred to in this Annual Report, that is available for public consultation, can be obtained at no cost at the registered office of the Company. The historical consolidated financial information of Zenitel and its subsidiary undertakings for each of the four financial years preceding the publication of this Annual Report can be found on the website referred to above or can be obtained at no cost at the registered office of Zenitel NV.

To obtain information on Zenitel, please contact:

Charlotte Callens, company secretary	Mark Küpers, CFO	Koen Claerbout, CEO
+ 32 2 895 22 22	+ 47 40 00 27 15	+ 32 2 895 22 22

Zenitel NV, Z.1. Research Park 110, B-1731, Zellik, Belgium, VAT BE 0403 150 608 - RPR Brussels
info@zenitel.com – www.zenitel.com

The Annual Report 2020 is also available on www.zenitel.com (investor relations > financial reports) as from 19 March 2021.

Het jaarverslag 2020 is ook verkrijgbaar in het Nederlands op www.zenitel.com (investor relations > financial reports) vanaf 19 maart 2021.

RESPONSIBILITY FOR AUDITING THE ACCOUNTS

The consolidated and statutory annual accounts of the Company as at and for the period ended on 31 December 2020, prepared respectively in accordance with the International Financial Reporting Standards (IFRS) and the Belgian Generally Accepted Accounting Principles, have been audited by EY Bedrijfsrevisoren BV, De Kleetlaan 2, 1831 Diegem represented by Mr. Marnix Van Dooren.

RESPONSIBILITY FOR THE CONTENTS OF THE ANNUAL REPORT

To the best of our knowledge, the financial statements have been prepared in accordance with the applicable set of accounting standards and give a true and fair view of the assets, liabilities, financial position and profit and loss. The report of the Board of Directors includes a fair review of the development and performance of the business and the position of the Company and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties the Company faces.

Koen Claerbout	Mark Küpers
CEO	CFO





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Zenitel USA Marine Inc.
5621 Salmen St
New Orleans, LA 70123



Årsregnskap 2020
Zenitel Norway AS

Styrets årsberetning
Resultatregnskap
Balanse
Kontantstrøm
Noter til regnskapet

Org.nr.: 863 503 922



Zenitel Norway AS

Årsberetning 2020

VIRKSOMHETENS ART

Zenitel Norway AS er en del av Zenitel-konsernet som ble etablert etter en fusjon mellom Sait Radio Holland og Stento ASA i 2000. Zenitel Norway AS er et heleid datterselskap av Zenitel NV i Belgia som er notert på Euronext. Zenitel Norway AS har fire avdelingskontorer i Norge; Oslo, Horten, Trondheim og Kristiansund, med registrert hovedadresse i Sandakerveien 24c i Oslo.

Zenitel Norway AS fokuserer sin kjernevirksomhet på utvikling og markedsføring av egne produkter og løsninger innen kritisk kommunikasjon.

Hovedfokus i 2020 har vært å fortsette etableringen av et godt fundament for fremtidig vekst og ekspansjon. Vi har også dette året fortsatt å investere i våre egne merkevarer. Noe som blant annet har resultert i lanseringen av nye produkter i Exigo og Turbine porteføljen. I 2020 ble datterselskapet Nor Electronics AS fusjonert inn i Zenitel Norway.

Med 84% av sin omsetning utenfor Norge er selskapet eksponert for de globale økonomiske trendene og variasjoner i kronekurs. Omsetningen for 2020 viste en økning på 52 375 mill NOK fra 2019. Dette skyldes i all hovedsak økning innenfor det Maritime markedet.

Det er en trend i markedet at kundene krever mer integrerte løsninger. Zenitel har derfor høy fokus på å utvikle sine produkter og løsninger for å oppfylle kundenes behov innenfor integrerte kommunikasjonsløsninger. Sammen med våre kunder og partnere, har Zenitel nødvendig kompetanse og kunnskap til å integrere våre produkter og løsninger med eksisterende kundesystemer, samt å distribuere 3. parts produkter.

FORSKNING OG UTVIKLING

Fra 01.01.2016 har kostnader til forskning og utvikling blitt tatt fortløpende. Balanseført forskning og utvikling avskrives lineært over økonomisk levetid. Selskapet mottar Skattefunn for to pågående utviklingsprosjekter.

FORTSATT DRIFT

I samsvar med regnskapslovens § 3-3a bekreftes det at forutsetningen om fortsatt drift er til stede og at denne forutsetningen er lagt til grunn ved utarbeidelsen av regnskapet.

FREMTIDIG UTVIKLING

Strategien er å fortsette å investere i nye produkter og markeder. Zenitel vil fortsette å fokusere på å utvikle virksomheten med Zenitel Norway AS som det ledende selskapet. Fokuset fremover vil være vekst gjennom videre utvikling av produktporteføljen og styrking av salgskanalene, samt i nært samarbeid med våre leverandører finne mer kostnadseffektive måter å få våre produkter til markedet på.

Med fokus på å implementere vår strategi, er vi godt posisjonert til å møte fremtidige utfordringer og skape vekst i selskapet både i omsetning og EBITDA.

REDEGIØRELSE FOR ÅRSREGNSKAPET

Styret kjenner ikke til noen forhold av viktighet for å bedømme selskapets stilling og resultat som ikke fremgår av regnskapet og balansen med noter. Det er heller ikke etter regnskapsårets utgang inntrådt forhold som etter styrets syn har betydning ved bedømmelse av regnskapet.

Zenitel Norway AS hadde en omsetning på NOK 637,7 millioner i 2020, sammenlignet med NOK 585,3 millioner i 2019. Driftsresultatet var på NOK 54,6 millioner, sammenlignet med NOK 30,5 millioner i 2019. Resultat før skatt ble et overskudd på NOK 53,9 millioner mot NOK 21,5 millioner i 2019 .

Selskapets total kapital var NOK 472,1 millioner ved årets slutt, sammenlignet med NOK 426,6 millioner i 2019. Økningen kan i stor grad tilskrives generell aktivitetsøkning. Total egenkapital per 31. desember 2020 var NOK 307,6 millioner tilsvarende en egenkapitalandel på 65,2 %. Kontantstrømmen for selskapet viser at netto kontantstrøm fra operasjonelle aktiviteter var positiv med NOK 37,0 millioner.

ZENITEL NORWAY AS

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Zenitel Norway AS

Kontantstrøm fra finansieringsaktiviteter var positiv med NOK 9,3 millioner, som i hovedsak skyldes økning i factoring-lån.

Totalt gir dette en positiv endring i selskapets likviditetsbeholdning med NOK 46,3 millioner.

Risikostyring og usikkerhet

Styret anser følgende risikofaktorer for å være viktig og tar dem med i betraktningen når man utfører risikovurderinger da disse risikofaktorene kan påvirke driften eller ha en negativ effekt på selskapets kontantstrøm, lønnsomhet og evne til å fortsatt drift.

- Teknologisk utvikling i markedet for sikker kommunikasjon kan sette selskapet i en dårlig konkurranseposisjon, eller kan føre til viktige nedskrivninger av eiendeler.
- Den økonomiske syklusen hvor selskapet opererer er en betydelig risikofaktor. Aktivitetsnivået innen bygg- og maritim industri er viktig for selskapet.
- Når selskapet tilbyr sikre kommunikasjonstjenester, garanterer selskapet for et dekningsnivå, kvalitet og tilgjengelighet, samt responstider. Endringer i landskapet, lover, forskrifter eller miljøhensyn kan hindre selskapet i å møte slike forpliktelser.
- Prosjektrisiko og garantier gitt: Det er ingen sikkerhet for at selskapet alltid vil lykkes i estimering og styring av risiko knyttet til prosjekter. Dette kan ha en innvirkning på selskapets overordnede finansielle utvikling og på prosjektrelaterte garantier gitt kunder. Notene til årsregnskapet gir mer informasjon om garantier utstedt.
- Produkt- og generelle forpliktelser: Selskapet har et omfattende forsikringsprogram, som i tillegg til annen risiko, dekker dette ansvaret. Selskapet har ikke hatt noen store problemer i fortiden som har gjort det nødvendig å utnytte denne forsikringen, men det er ingen garanti for at dette forsikringsprogrammet vil være tilstrekkelig for alle mulige krav som kan oppstå i fremtiden.

Ved siden av disse risikofaktorene, vurderer styret også den økonomiske situasjonen i selskapet, valutakurs-risiko (se også neste avsnitt), risiko for skattetvister, usikkerhet knyttet til endrede forskrifter, avhengighet av store kunder og usikkerheter knyttet til utsikter.

BRUK AV FINANSIELLE INSTRUMENTER

Finansiell risikostyring

Zenitel bruker valutaterminkontrakter for å sikre selskapets transaksjoner i utenlandsk valuta og sitt behov for norske kroner. Basert på det har selskapet sikret sitt fremtidig NOK behov ved å tegne 12 mnd rullerende terminkontrakter på veksling fra euro til norske kroner. De fremtidige terminkontraktene blir regnskapsmessig vurdert til «fair-value» og var ved utgangen av regnskapsåret vurdert til NOK 2,4 millioner i positiv verdi inkludert i netto finansresultat.

Påløpt prisrisiko, kredittisiko, likviditetsrisiko og kontantstrømrisko

Selskapet har imøtegått kreditt-, kontantstrøm- og likviditetsrisiko ved hjelp av en faktoring avtale med banken, i tillegg til en kassekreditt for å finansiere kundefordringer og varelager i Norge

ARBEIDSMILJØ, LIKESTILLING OG DISKRIMINERING

For arbeidet med likestilling og ikke-diskriminering henvises til dokument på selskapets hjemmeside.

Ved utgangen av året hadde selskapet 166 ansatte. Arbeidsmiljøet betraktes som godt, og sykefraværet har vært 3,5 % i 2020, mot 2,2 % i 2019. Av det samlede sykefraværet i 2020 utgjorde 2.2% langtidsfravær over 8 uker. Korttidsfraværet er på stabilt nivå sammenlignet mot 2019.

Det har vært 0 innrapporterte skader/ulykker i løpet av året, og 1 nesten-ulykke.

Selskapets styre består av 3 personer, hvorav ingen er kvinner.

MILJØRAPPORTERING

Selskapet har satt bort produksjon av sine produkter. Av den grunn er forbruket av energi begrenset, og selskapet forenser ikke det ytre miljøet. Alt elektronisk avfall gjenvinnes.



Zenitel Norway AS

HENDELSER ETTER BALANSEDAGEN

Det er ingen påfølgende hendelser å rapportere.

COVID 19

Totalomsetningen har ikke blitt svekket av pandemien, men vi ser en viss reduksjon i enkelte markeder som USA og Frankrike i 2020. Selskapet har i tillegg hatt store besparelser på kostnader til reiser og messer som følge av Covid 19 i 2020.

Tilsvarende effekter ses også for 2021.

ÅRSRESULTAT OG DISPONERINGER

I 2020 hadde selskapet et resultat etter skattekostnad på NOK 43 165 274 som foreslås disponert slik:

Disponering	Beløp
Avsatt til utbytte	0
Avsatt til konsernbidrag	0
Til/fra annen egenkapital	43 165 274

Brussel, 25.05.2021

Mark
Küpers

Digitally signed by
Mark Küpers
Date: 2021.08.31
10:12:00 +02'00'

Marcus Antonius Küpers
Styremedlem

Styret i Zenitel Norway AS

Johan Jozefina Eduard Van Gorp
Styreleder

Koen
Claerbout

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17:40:50 +02'00'

Koen Jan G Claerbout
Styremedlem/daglig leder

**RESULTATREGNSKAP**

ZENITEL NORWAY AS

1000 NOK

DRIFTSINTEKTER OG DRIFTSKOSTNADER	Note	2020	2019
Salgsinntekt	10	637 723	585 347
Sum driftsinntekter		637 723	585 347
Varekostnad		321 917	305 685
Lønnskostnad	2, 15	155 459	160 413
Avskrivning av driftsmidler og immaterielle eiendeler	6, 7	5 367	3 838
Annen driftskostnad	13, 16	100 379	84 879
Sum driftskostnader		583 122	554 814
Driftsresultat		54 600	30 533
FINANSINTEKTER OG FINANSKOSTNADER			
Renteinntekt fra foretak i samme konsern		574	404
Annen renteinntekt		162	624
Utbytte		898	1 194
Annen finansinntekt		33 028	12 167
Finansinntekt		34 662	14 390
Nedskrivning av andre finansielle anleggsmidler		73	9 797
Annen rentekostnad		1 139	779
Annen finanskostnad		34 145	12 806
Finanskostnad		35 356	23 382
Resultat av finansposter		-695	-8 992
Ordinært resultat før skattekostnad		53 906	21 541
Skattekostnad på ordinært resultat	5	10 740	5 860
Ordinært resultat		43 165	15 681
EKSTRAORDINÆRE INNTEKTER OG KOSTNADER			
Årsresultat	5	43 165	15 681
OVERFØRINGER			
Overført til/fra annen egenkapital	3	43 165	15 681
Sum overføringer		43 165	15 681

ZENITEL NORWAY AS

SIDE 5



BALANSE

ZENITEL NORWAY AS

1000 NOK

EIENDELER	Note	2020	2019
ANLEGGSMIDLER			
IMMATERIELLE EIENDELER			
Konsesjoner, patenter o.l.	7	1 082	1 435
Utsatt skattefordel	5	7 243	6 205
Sum immaterielle eiendeler		8 326	7 639
VARIGE DRIFTSMIDLER			
Maskiner og anlegg	6	4 209	5 225
Driftsløsøre, inventar o.a. utstyr	6	2 561	3 419
Sum varige driftsmidler		6 770	8 644
FINANSIELLE ANLEGGSMIDLER			
Investeringer i datterselskap	14	12 994	27 994
Investeringer i annet foretak i samme konsern		0	362
Investeringer i aksjer og andeler	14	2 363	2 363
Andre langsiktige fordringer	15	449	536
Sum finansielle anleggsmidler		15 805	31 255
Sum anleggsmidler		30 901	47 538
OMLØPSMIDLER			
Varebeholdning	11, 20	110 558	90 713
FORDRINGER			
Kundefordringer	12, 20	75 863	81 807
Kundefordringer, konsern	8, 20	40 032	41 988
Andre kortsiktige fordringer	12, 20	13 702	13 421
Andre fordringer, samme konsern	8, 20	23 627	19 962
Sum fordringer		153 225	157 178
INVESTERINGER			
Bankinnskudd, kontanter o.l.	9	177 437	131 132
Sum omløpsmidler		441 220	379 023
Sum eiendeler		472 121	426 561

ZENITEL NORWAY AS

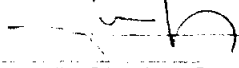
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**BALANSE****ZENITEL NORWAY AS**

1000 NOK

EGENKAPITAL OG GJELD	Note	2020	2019
INNSKUTT EGENKAPITAL			
Aksjekapital	3, 4	41 672	41 672
Overkurs	3	39 068	39 068
Annen innskutt egenkapital	3	9 224	9 224
Sum innskutt egenkapital		89 964	89 964
OPPTJENT EGENKAPITAL			
Annen egenkapital	3	217 677	180 671
Sum opptjent egenkapital		217 677	180 671
Sum egenkapital		307 641	270 636
GJELD			
AVSETNING FOR FORPLIKTELSER			
ANNEN LANGSIKTIG GJELD			
Gjeld til kredittinstitusjoner	19, 20	31 270	21 999
Sum annen langsiktig gjeld		31 270	21 999
KORTSIKTIG GJELD			
Leverandørgjeld		40 272	58 999
Leverandørgjeld, konsernselskaper	8	19 575	5 928
Skyldig offentlige avgifter		10 817	12 168
Annen kortsiktig gjeld	18	62 546	56 831
Sum kortsiktig gjeld		133 210	133 926
Sum gjeld		164 480	155 926
Sum egenkapital og gjeld		472 121	426 561

Mark
Küpers
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Brusser, 25.05.2021
Styret i Zenitel Norway AS

Johan Jozefina Eduard Van Gorp
Styreleder

Koen
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Styremedlem/daglig leder

ZENITEL NORWAY AS

SIDE 7



INDIREKTE KONTANTSTRØM

ZENITEL NORWAY AS

1000 NOK

	2020	2019
KONTANTSTRØMMER FRA OPERASJONELLE AKTIVITETER		
Resultat før skattekostnad	53 906	21 541
+ Ordinære avskrivninger	5 367	3 838
+/- Endring i varelager	-19 845	-11 210
+/- Endring i kundefordringer	5 944	-19 235
+/- Endring i konsernfordringer	-1 709	-5 000
+/- Endring i leverandørgjeld	-18 727	-591
+/- Endring i leverandørgjeld konsern	-13 648	-6 436
+/- Endring i andre tidsavgrensingsposter	25 747	16 799
Netto kontantstrøm fra operasjonelle aktiviteter	37 034	-294
KONTANTSTRØMMER FRA FINANSIERINGSAKTIVITETER		
+/- Endring langsiktig gjeld	-9 271	-1 750
Netto kontantstrøm fra finansieringsaktiviteter	9 271	1 750
Netto endring i kontanter og kontantekvivalenter	46 305	1 456
Beh. av kont. og kontantekvivalenter ved per. begynnelse	131 132	129 676
Beh. av kont. og kontantekvivalenter ved per. slutt	177 437	131 132
Bankbeholdning	177 437	131 132

ZENITEL NORWAY AS

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Zenitel Norway AS

Note 1 Regnskapsprinsipper

Årsregnskapet er satt opp i samsvar med regnskapslovens bestemmelser og god regnskapsskikk.

BRUK AV ESTIMATER

I utarbeidelse av årsregnskapet har man brukt estimater og forutsetninger som har påvirket resultatregnskapet og verdsettelsen av eiendeler og gjeld, samt usikre eiendeler og forpliktelser på balansedagen i henhold til god regnskapsskikk. Betingede tap som er sannsynlige og kvantifiserbare, kostnadsføres løpende.

VALUTA

Transaksjoner i utenlandsk valuta omregnes til kursen på transaksjonstidspunktet. Pengeposter i utenlandsk valuta omregnes til norske kroner ved å benytte balansedagens kurs. Valutakursendringer resultatføres løpende i regnskapsperioden under andre finansposter.

INNETEKTER

Inntektsføring ved salg av varer skjer på leveringstidspunktet. Prosjekter og tjenester inntektsføres etter hvert som de leveres. Andelen av salgsinntekter som knytter seg til fremtidige serviceytelser balanseføres som uopptjent inntekt, og inntektsføres deretter i takt med levering av ytelsene.

SKATT

Skattekostnaden i resultatregnskapet omfatter både periodens betalbare skatt og endring i utsatt skatt. Utsatt skatt er beregnet med 22% på grunnlag av de midlertidige forskjeller som eksisterer mellom regnskapsmessige og skattemessige verdier, samt ligningsmessig underskudd til fremføring ved utgangen av regnskapsåret. Skatteøkende og skattereduserende midlertidige forskjeller som reverserer eller kan reverseres i samme periode er utlignet og nettoført. Netto utsatt skattefordel balanseføres i den grad det er sannsynlig at denne kan bli utnyttet.

KLASSIFISERING OG VURDERING AV ANLEGGSMIDLER

Anleggsmidler omfatter eiendeler bestemt til varig eie og bruk. Anleggsmidler er vurdert til anskaffelseskost, fratrukket avskrivninger og nedskrivninger. Langsiktig gjeld balanseføres til nominelt beløp på transaksjonstidspunktet.

Varige driftsmidler balanseføres og avskrives over driftsmidlets økonomiske levetid. Vesentlige driftsmidler som består av flere betydelige komponenter med ulik levetid er dekomponert med ulik avskrivningstid for de ulike komponentene. Direkte vedlikehold av driftsmidler kostnadsføres løpende under driftskostnader, mens påkostninger eller forbedringer tillegges driftsmidlets kostpris og avskrives i takt med driftsmidlet. Varige driftsmidler nedskrives til gjenvinnbart beløp ved verdifall som forventes ikke å være forbigående. Gjenvinnbart beløp er det høyeste av netto salgsverdi og verdi i bruk. Verdi i bruk er nåverdi av fremtidige kontantstrømmer knyttet til eiendelen. Nedskrivningen reverseres når grunnlaget for nedskrivningen ikke lenger er til stede.

KLASSIFISERING OG VURDERING AV OMLØPSMIDLER

Omløpsmidler og kortsiktig gjeld omfatter normalt poster som forfaller til betaling innen ett år etter balansedagen, samt poster som knytter seg til varekretsløpet. Omløpsmidler vurderes til laveste verdi av anskaffelseskost og virkelig verdi. Kortsiktig gjeld balanseføres til nominelt beløp på transaksjonstidspunktet.

FORSKNING OG UTVIKLING

Utgifter til forskning og utvikling kostnadsføres løpende.

DATTERSELSKAP OG TILKNYTTET SELSKAP

Datterselskap og tilknyttede selskaper vurderes etter kostmetoden i selskapsregnskapet. Investeringen er vurdert til anskaffelseskost for aksjene med mindre nedskrivning har vært nødvendig. Det er foretatt nedskrivning til virkelig verdi når verdifall skyldes årsaker som ikke kan forventes å være forbigående og det må anses nødvendig etter god regnskapsskikk. Nedskrivninger er reversert når grunnlaget for nedskrivning ikke lenger er til stede.

Utbytte og andre utdelinger fra datterselskap er inntektsføres når det mottas. Overstiger utbytte / konsernbidraget andelen av opptjent resultat etter anskaffelsestidspunktet, representerer den overskytende del tilbakebetaling av investert kapital, og utdelingene er fratrukket investeringens verdi i balansen.



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VARER

Varer er vurdert til det laveste av anskaffelseskost og virkelig verdi. Anskaffelseskost vurderes etter FIFO-prinsippet. Egenutviklede ferdigvarer og varer under tilvirkning er vurdert til full tilvirkningskost. Det foretas nedskrivning for påregnelig ukurans.

FORDRINGER

Kundefordringer og andre fordringer oppføres til pålydende etter fradrag for avsetning til forventet tap. Avsetning til tap gjøres på grunnlag av en individuell vurdering av de enkelte fordringene. For øvrige kundefordringer utføres en uspesifisert avsetning for å dekke forventet tap på krav.

PENSJONER - INNSKUDDSBASERT ORDNING

Kostnaden til innskuddsbasert pensjonsordning tilsvarer periodens premie til forsikringsselskapet.

KORTSIKTIGE Plasseringer

Kortsiktige plasseringer (aksjer og andeler vurdert som omløpsmidler) vurderes til laveste av anskaffelseskost og virkelig verdi på balansedagen. Mottatt utbytte og andre utdelinger fra selskapene inntektsføres som annen finansinntekt.

GARANTI

Det er avsatt til forventede garantikostnader. Garantiaavsetningen er i balansen oppført under annen kortsiktig gjeld.

KONTANTSTRØMOPPSTILLING

Kontantstrømoppstillingen er utarbeidet etter den indirekte metoden. Kontanter og kontantekvivalenter omfatter kontanter, bankinnskudd og andre kortsiktige, likvide plasseringer.

HENDELSER ETTER BALANSEDAGEN

Ny informasjon etter balansedagen om selskapets finansielle stilling på balansedagen er hensyntatt i årsregnskapet. Hendelser etter balansedagen som ikke påvirker selskapets finansielle stilling på balansedagen, men som vil påvirke selskapets finansielle stilling i fremtiden er opplyst om dersom dette er vesentlig.



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Note 2 Lønnskostnader og ytelser, godtgjørelser til daglig leder, styret og revisor NOK 1000

Lønnskostnader	2020	2019
Lønninger	127 004	131 967
Arbeidsgiveravgift	15 506	16 060
Pensjonskostnader	7 538	6 996
Andre ytelser	5 410	5 391
Sum	155 459	160 413

Selskapet har i 2020 sysselsatt 166 årsverk.

Pensjonsforpliktelser

Selskapet er pliktig til å ha tjenestepensjonsordning etter lov om obligatorisk tjenestepensjon.
Selskapets pensjonsordninger tilfredsstiller kravene i denne loven.

Ytelser til ledende personer	Daglig leder	Styret
Lønn	0	0
Pensjonskostnader	0	0
Annen godtgjørelse	0	0
Sum	0	0

Daglig leder har kontrakt med morselskapet Zenitel NV.

Det er ikke gitt lån eller sikkerhetsstillelse for styret, ledende ansatte eller andre nærstående.

Revisor

Kostnadsført revisjonshonorar for 2020 utgjør t-NOK 304
I tillegg kommer honorar for andre tjenester med t-NOK 128

Note 3 Egenkapital

NOK 1000

	Aksjekapital	Overkurs	Annen innskutt EK	Annen EK	Sum egenkapital
Pr. 31.12.2019	41 672	39 068	9 224	180 671	270 636
Endringer ført mot EK					0
Pr 01.01.2020	41 672	39 068	9 224	180 671	270 636
Effekt av fusjon				-6 160	-6 160
Årets resultat				43 165	43 165
Pr 31.12.2020	41 672	39 068	9 224	217 677	307 641

Selskapet har i 2020 fusjonert inn datterselskapet sitt Nor Electronics AS. Fusjonen er gjennomført med skattemessig og regnskapsmessig kontinuitet med virkning fra 1.1.2020.



Zenitel Norway AS

Note 4 Aksjonærer

AKSJEKAPITALEN I ZENITEL NORWAY AS PR. 31.12 BESTÅR AV:

	<u>Antall</u>	<u>Pålydende</u>	<u>Bokført</u>
Ordinære aksjer	19 844 018	2,1	41 672
Sum	19 844 018		41 672

EIERSTRUKTUR

Aksjonærer i % pr. 31.12:

	<u>Ordinære</u>	<u>Eierandel</u>	<u>Stemmeandel</u>
Zenitel NV	19 844 018	100,0	100,0

Selskapet inngår i Zenitel-konsernet, og det utarbeides konsernregnskap hvor selskapet inngår. Konsernregnskapet kan fremskaffes på selskapets hjemmeside www.zenitel.com, eller ved henvendelse til Zenitel NVZ.1 Research Park 110Zellik, Belgium, B-1731



Zenitel Norway AS

Note 5 Skatt

1000 NOK

	2020	2019	Endring
Midlertidige forskjeller			
Fordringer	-7 841	-3 828	4 012
Langsiktig fordring og gjeld i utenlandsk valuta	2 400	750	-1 650
Tilvirkningskontrakter ikke fullført ved årsslutt	7 484	2 866	-4 618
Varebeholdning	-21 164	-16 269	4 895
Driftsmidler (materielle og immaterielle)	-4 059	-2 775	1 284
Andre forskjeller - Garantiaavsetning	-10 305	-11 226	-921
Pensjonsforpliktelse	449	536	87
Gevinst- og tapskonto	113	141	28
Totalt midlertidige forskjeller	-32 923	-29 807	3 117
Fremførbart underskudd	0	0	
Netto midlertidige forskjeller	-32 923	-29 807	
Forskjeller som ikke inngår i utsatt skattefordel	0	0	
Grunnlag utsatt skattefordel	-32 923	-29 807	
Utsatt skattefordel i balansen 22% / 22%	-7 243	-6 557	686
Skattepliktig resultat	2020	2019	
Resultat før skatt	53 906	21 541	
Endring permanente forskjeller	1 074	5 094	
Endring midlertidige forskjeller	3 117	17 173	
Inntekt før fremførbart underskudd og konsernbidrag	58 097	43 808	
Konsernbidrag	0	0	
Inntekt før fremførbart underskudd	58 097	43 808	
Underskudd til fremføring	0	-51	
Skattepliktig resultat	58 097	43 757	
Skattekost	2020	2019	
Betalbar skatt dette regnskapsåret	-11 426	-9 627	
Endring utsatt skattefordel	686	3 767	
Årets skattekost	-10 740	-5 860	
Regnskapsmessig resultat	2020	2019	
Regnskapsmessig resultat før skatt	53 906	21 541	
Skattekostnad	-10 740	-5 860	
Resultat etter skatt	43 165	15 681	

Note 6 Anleggsgnote

1000 NOK

	Driftsløsøre	Maskiner	Sum 2020	Sum 2019
Anskaffelseskost 01.01.	8 541	11 083	19 624	12 962
Tilgang kjøpte driftsmidler	942	1 663	2 605	6 662
Anskaffelseskost 31.12.	9 482	12 747	22 229	19 624
Akkumulerte avskrivninger 01.01.	5 122	5 859	10 980	7 929
Årets avskrivninger	1 799	2 679	4 478	3 052
Bokført verdi per 31.12.	2 561	4 209	6 770	8 644

Økonomisk levetid: 3-10 år
Avskrivningsplan: Lineær

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Note 7 Immaterielle eiendeler 1000 NOK

	FOU	Lisenser, programvare o.l	Produkt- rettigheter	Sum 2020	Sum2019
Anskaffelseskost 01.01.	52 483	5 883	5 410	63 775	62 813
Tilgang kjøpte immaterielle eiendeler	0	50	486	536	962
Avgang FOU	0	0	0	0	0
Anskaffelseskost 31.12.	52 483	5 933	5 896	64 311	63 775
Akkumulerte avskrivninger 01.01.	52 483	5 759	4 098	62 340	61 554
Årets avskrivninger	0	124	764	889	786
Bokført verdi per 31.12.	0	49	1 033	1 082	1 435

Økonomisk levetid: 3-10 år
Avskrivningsplan: Lineær

Note 8 Konsernmellomværende 1000 NOK

Fordringer	2020	2019
Lån til foretak i samme konsern	23 627	19 962
Kundefordringer konsern	40 032	41 988
Sum	63 659	61 950

Gjeld	2020	2019
Lån fra foretak i samme konsern	0	0
Leverandørgjeld innen konsern	19 575	5 928
Sum	19 575	5 928

Note 9 Bankinnskudd 1000 NOK

Innestående midler på skattetrekkskonto (bundne midler) er på t-NOK 4 647.

Selskapet har avtale om kassekreditt med Nordea 1-NOK 15 000



Zenitel Norway AS

Note 10 Salgsinntekter 1000 NOK

Geografisk fordeling 2020	Zenitel Norway AS	Overhead	Onshore	Energy	Marine
Norge	103 802	543	9 788	54 264	39 207
Europa	332 637	1 533	142 765	6 450	181 888
Asia	97 350	53	57 285	1 122	38 890
Amerika	98 327	0	52 828	1 527	43 972
Andre	5 608	-6	2 751	0	2 863
Sum	637 723	2 123	265 417	63 362	306 820

Geografisk fordeling 2019	Zenitel Norway AS	Overhead	Onshore	Energy	Marine
Norge	125 067	417	12 983	58 700	52 967
Europa	246 566	34 331	65 714	5 223	141 298
Asia	77 499	26 734	44 868	2 469	3 428
Amerika	109 774	61 886	6 791	387	40 710
Andre	26 441	7	14 994	0	11 440
Sum	585 347	123 375	145 350	66 779	249 843

Salg til nærstående	2020	2019
Datterselskap		
Zenitel Danmark	1 251	5 184
Zenitel Etronic	0	4 975
Zenitel Finland	11 074	10 199
Zenitel France	20 263	27 803
Zenitel Italia	0	-3
Zenitel Marine Asia	31 155	29 763
Zenitel USA	52 780	64 184
Nor Electronics	333	457
Sum Datterselskap	116 856	142 562
BNSC	14 998	6 445
Zenitel UK	13 484	10 859
Total	145 338	159 866

Note 11 Varer

Varebeholdning	2020	2019
Lager av ferdigvarer	131 722	106 962
Ukurans	-21 164	-16 249
Total varebeholdning	110 558	90 713



Zenitel Norway AS

Note 12 Fordringer 1000 NOK

	2020	2019
Kundefordringer		
Kundefordringer til pålydende	83 704	85 635
Avsetning til tap	-7 841	-3 828
Sum	75 863	81 807
Andre fordringer		
Tilgode MVA	86	1 848
Forskudd leie	65	73
Annet	13 551	11 500
Sum	13 702	13 421

Note 13 Spesifikasjon av andre driftskostnader 1000 NOK

	2020	2019
Driftskostnader		
Lokaler	12 639	13 992
IT	6 982	7 674
Reisekostnader	1 589	9 295
Markedsføring	1 638	4 511
Netto Management / License / Service fee konsern	46 318	13 776
Aktiverte FOU kostnader	0	0
Annet	31 212	35 630
Sum driftskostnader	100 379	84 879

Økning i netto Management / License / Service fee konsern skyldes endret konsernprinsipp fra 2020. License fee belastes kun til Zenitel Norway.



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Note 14 Aksjer i datterselskap og andre aksjer 1000 NOK

		Eier-/ stemmeandel	Resultat 2020	Egenkapital 31.12.2020	Balanseført verdi
Zenitel France SA	Nanterre	100%	866	3 565	0
Zenitel USA Inc	Kansas City	100%	-655	19 490	6 327
Zenitel Danmark AS	Albertslund	100%	185	1 294	0
Zenitel Marine Asia	Singapore	100%	1 311	25 294	6 642
Zenitel Mediterranean	Kroatia	100%	2 336	2 360	24
Zenitel Italia Srl	Milano	100%	-340	190	0
Zenitel Finland OY	Espoo	100%	1 552	8 603	0
Zenitel Etronic Aps	Svendborg	100%	-6 262	-13 721	0
Zenitel Marine USA	Kansas City	100%	2 550	2 384	1
Totalt			1 543	49 459	12 994

	Kostpris per 01.01.	Nedskrivning per 01.01.	Årets tilgang/avg	Årets nedskrivning	Bokført verdi 31.12.2020
Zenitel France SA	43 225	43 225	0	0	0
Zenitel USA Inc	6 327	0	0	0	6 327
Zenitel Danmark AS	20 777	20 777	0	0	0
Zenitel Marine Asia	6 642	0	0	0	6 642
Zenitel Mediterranean	24	0	0	0	24
Zenitel Italia Srl	23 429	23 429	0	0	0
Zenitel Finland OY	16 118	16 118	0	0	0
Zenitel Etronic Aps	54	54	0	0	0
Zenitel Marine USA	1	0	0	0	1
Nor Electronics AS	15 000	0	0	15 000	0
Totalt	131 598	103 604	0	15 000	12 994

Andre aksjer	Eierandel	Kostpris	Nedskrivning per 01.01.	Årets nedskrivning	Bokført verdi 31.12.2020
Beijing Nera Stentofon Com.	10%	2 363	0	0	2 363
Zenitel UK Ltd	15%	868	868	0	0
Totalt		3 231	868	0	2 363



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Note 15 Ytelsespensjon 1000 NOK

Selskapet er pliktig til å ha tjenstepensjonsordning etter lov om obligatorisk tjenstepensjon. Selskapets pensjonsordninger tilfredsstiller kravene i denne lov.

Selskapets gikk i 2010 i hovedsak over til en innskuddsbasert pensjonsordning for sine ansatte. Innbetalt beløp i den innskuddsbaserte ordningen utgjør i 2020 og 2019 MNOK 6,3 og MNOK 6,5.

Pr 31.12.2020 er 3 av selskapets ansatte omfattet av pensjonsordningen som gir rett til fremtidige pensjonsytelser. Pensjonsytelsene er i hovedsak avhengig av antall opptjeningsår og lønnsnivå ved nådd pensjonsalder. Pensjonsavtalen for Zenitel Norway er finansiert gjennom en kollektiv forsikringsordning i Nordea.

	2020	2019
Nåverdi av årets pensjonsopptjening	0	0
Rentekostnad av pensjonsforpliktelsen	41	55
Avkastning på pensjonsmidler	-101	-100
Resultatførte planavvik/ estimatendringer	0	0
Endring finansiert status	210	105
Arbeidsgiveravgift	-8	-6
Netto pensjonskostnad	143	54
Opptjente pensjonsforpliktelser pr. 31.12.	2 187	2 345
Beregnet effekt av fremtidig lønnsregulering	0	0
Beregnete brutto pensjonsforpliktelser pr. 31.12.	2 187	2 345
Pensjonsmidler (til markedsverdi) pr. 31.12.	2 420	2 418
Arbeidsgiveravgift	-33	-10
Ikke resultatført virkning av estimatavvik	-183	-452
Periodisert betaling	0	0
Netto pensjonsforpliktelse	-449	-536
Økonomiske forutsetninger for beregning av pensjonskostnaden	2020	2019
Diskonteringsrente	1,50%	2,60%
Forventet avkastning på pensjonsmidler	2,40%	4,30%
Forventet lønnsvekst	2,00%	2,75%
Forventet G-regulering	1,75%	2,50%
Forventet regulering av pensjoner under utbetaling	0,00%	0,80%
Forventet årlig avgang	0,00%	0,00%



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Note 16 Leieavtaler 1000 NOK

	2020	2020	2019	2019
	< 1 år	< 1> 5 år	< 1 år	< 1> 5 år
Lokaler	6 444	712	7 142	5 442
IT leasing	693	682	983	1 147
Biler og utstyr	856	762	1 318	2 100
Sum	7 993	2 155	9 444	8 689

Note 17 Resultat per aksje 1000 NOK

	2020	2019
Antall aksjer	19 844 018	19 844 018
Årets resultat (NOK 1000)	43 165	15 681
Resultat per aksje (i kr)	2,18	0,79

Note 18 Annen kortsiktig gjeld 1000 NOK

	2020	2019
Påløpne feriepenger	10 831	9 966
Påløpt bonus ansatte og forhandlere	13 099	11 623
Garanti- og serviceforpliktelser	8 989	7 248
Andre avsetninger	29 626	27 995
Sum	62 546	56 831

Note 19 Langsiktig gjeld 1000 NOK

Rammelån for factoring MNOK 35.
Benyttet innenfor ramme klassifiseres som langsiktig, per 31.12.2020 MNOK 31,3.
Pantsikret med fordringer stor MNOK 70



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Note 20 Pantstillelser og garantier

1000 NOK

Garantiansvar	31.12.2020	31.12.2019
Garantier	5 910	6 746
Garantiansvar på vegne av datterselskaper	0	0
Sum	5 910	6 746

Reimbursert	31.12.2020	31.12.2019
Reimbursert	0	0
Sum	0	0

Pantstillelser	Bank	31.12.2020	Prioritet
Pant i varelager	Nordea Bank Norge ASA	12 000	1. prioritet
Pant i varelager	Nordea Bank Norge ASA	28 000	2. prioritet
Pant i driftstilbehør	Nordea Bank Norge ASA	12 000	1. prioritet
Pant i fordringer	Nordea Bank Norge ASA	12 000	2. prioritet
Pant i fordringer	Nordea Finans Norge AS	70 000	1. prioritet

Regnskapsført verdi av eiendeler	31.12.2020	31.12.2019
Varelager	110 558	90 713
Driftstilbehør	6 770	8 644
Andre fordringer	77 361	75 370
Kundefordringer	75 863	81 807
Sum	270 553	256 534

Kausjonsansvar	31.12.2020	31.12.2019
Kausjonsansvar på vegne av datterselskaper	3 000	3 000
Sum	3 000	3 000