

Registre de Commerce et des Sociétés

Numéro RCS : B71499

Référence de dépôt : L230066884

Déposé et enregistré le 20/04/2023

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eCDF entry date : 16/02/2023

BALANCE SHEET**Financial year from** ⁰¹ 01/01/2022 **to** ⁰² 31/12/2022 (in ⁰³ EUR)

F.T.A. COMMUNICATION TECHNOLOGIES S.A.R.L.

17, route de Luxembourg

L-6182 Gonderange

ASSETS

	Reference(s)	Current year	Previous year
A. Subscribed capital unpaid	1101 _____	101 _____	102 _____
I. Subscribed capital not called	1103 _____	103 _____	104 _____
II. Subscribed capital called but unpaid	1105 _____	105 _____	106 _____
B. Formation expenses	1107 _____	107 _____	108 _____
C. Fixed assets	1109 _____	109 <u>940.703,92</u>	110 <u>1.815.342,72</u>
I. Intangible assets	1111 _____ <u>3</u>	111 <u>405.035,98</u>	112 <u>1.481.431,78</u>
1. Costs of development	1113 _____ <u>3</u>	113 <u>392.844,39</u>	114 <u>1.451.432,19</u>
2. Concessions, patents, licences, trade marks and similar rights and assets, if they were	1115 _____ <u>3</u>	115 <u>12.191,59</u>	116 <u>29.999,59</u>
a) acquired for valuable consideration and need not be shown under C.I.3	1117 _____ <u>3</u>	117 <u>12.191,59</u>	118 <u>29.999,59</u>
b) created by the undertaking itself	1119 _____	119 _____	120 _____
3. Goodwill, to the extent that it was acquired for valuable consideration	1121 _____	121 _____	122 _____
4. Payments on account and intangible assets under development	1123 _____	123 _____	124 _____
II. Tangible assets	1125 _____ <u>4</u>	125 <u>113.767,94</u>	126 <u>112.010,94</u>
1. Land and buildings	1127 _____ <u>4</u>	127 <u>13.218,00</u>	128 <u>3.356,00</u>
2. Plant and machinery	1129 _____	129 _____	130 _____

The notes in the annex form an integral part of the annual accounts

	Reference(s)	Current year	Previous year
3. Other fixtures and fittings, tools and equipment	1131 _____ 4	131 _____ 100.549,94	132 _____ 108.654,94
4. Payments on account and tangible assets in the course of construction	1133 _____	133 _____	134 _____
III. Financial assets	1135 _____	135 _____ 421.900,00	136 _____ 221.900,00
1. Shares in affiliated undertakings	1137 _____ 5	137 _____ 220.000,00	138 _____ 220.000,00
2. Loans to affiliated undertakings	1139 _____	139 _____	140 _____
3. Participating interests	1141 _____	141 _____	142 _____
4. Loans to undertakings with which the undertaking is linked by virtue of participating interests	1143 _____	143 _____	144 _____
5. Investments held as fixed assets	1145 _____	145 _____	146 _____
6. Other loans	1147 _____	147 _____ 201.900,00	148 _____ 1.900,00
D. Current assets	1151 _____	151 _____ 10.251.974,02	152 _____ 10.521.982,92
I. Stocks	1153 _____	153 _____ 1.333.797,49	154 _____ 1.192.830,97
1. Raw materials and consumables	1155 _____	155 _____	156 _____
2. Work in progress	1157 _____	157 _____	158 _____
3. Finished goods and goods for resale	1159 _____	159 _____ 1.333.797,49	160 _____ 1.192.830,97
4. Payments on account	1161 _____	161 _____	162 _____
II. Debtors	1163 _____	163 _____ 3.502.395,17	164 _____ 3.754.347,50
1. Trade debtors	1165 _____	165 _____ 1.423.608,25	166 _____ 2.022.204,06
a) becoming due and payable within one year	1167 _____	167 _____ 1.423.608,25	168 _____ 2.022.204,06
b) becoming due and payable after more than one year	1169 _____	169 _____	170 _____
2. Amounts owed by affiliated undertakings	1171 _____ 6	171 _____ 1.672.152,08	172 _____ 1.277.929,31
a) becoming due and payable within one year	1173 _____	173 _____ 1.672.152,08	174 _____ 1.277.929,31
b) becoming due and payable after more than one year	1175 _____	175 _____	176 _____
3. Amounts owed by undertakings with which the undertaking is linked by virtue of participating interests	1177 _____	177 _____	178 _____
a) becoming due and payable within one year	1179 _____	179 _____	180 _____
b) becoming due and payable after more than one year	1181 _____	181 _____	182 _____
4. Other debtors	1183 _____ 7	183 _____ 406.634,84	184 _____ 454.214,13
a) becoming due and payable within one year	1185 _____	185 _____ 406.634,84	186 _____ 454.214,13
b) becoming due and payable after more than one year	1187 _____	187 _____	188 _____

CAPITAL, RESERVES AND LIABILITIES

	Reference(s)	Current year	Previous year
A. Capital and reserves			
	1301	8.957.932,80	7.944.442,38
I. Subscribed capital	1303 8	2.875.350,00	2.875.350,00
II. Share premium account	1305	1.092.287,90	1.092.287,90
III. Revaluation reserve	1307		
IV. Reserves	1309 9-10	1.360.148,02	1.167.048,02
1. Legal reserve	1311 10	287.535,00	287.535,00
2. Reserve for own shares	1313		
3. Reserves provided for by the articles of association	1315		
4. Other reserves, including the fair value reserve	1429	1.072.613,02	879.513,02
a) other available reserves	1431 10	75.938,02	75.938,02
b) other non available reserves	1433 10	996.675,00	803.575,00
V. Profit or loss brought forward	1319 10	2.616.656,46	2.354.528,68
VI. Profit or loss for the financial year	1321 10	1.013.490,42	455.227,78
VII. Interim dividends	1323		
VIII. Capital investment subsidies	1325		
B. Provisions	1331	961.292,00	356.512,00
1. Provisions for pensions and similar obligations	1333		
2. Provisions for taxation	1335		
3. Other provisions	1337 11	961.292,00	356.512,00
C. Creditors	1435	1.222.590,30	3.922.816,34
1. Debenture loans	1437		
a) Convertible loans	1439		
i) becoming due and payable within one year	1441		
ii) becoming due and payable after more than one year	1443		
b) Non convertible loans	1445		
i) becoming due and payable within one year	1447		
ii) becoming due and payable after more than one year	1449		
2. Amounts owed to credit institutions	1355		
a) becoming due and payable within one year	1357		
b) becoming due and payable after more than one year	1359		

	Reference(s)	Current year	Previous year
3. Payments received on account of orders in so far as they are not shown separately as deductions from stocks	1361	248.654,92	162.555,56
a) becoming due and payable within one year	1363	248.654,92	162.555,56
b) becoming due and payable after more than one year	1365		
4. Trade creditors	1367	345.033,57	1.055.178,19
a) becoming due and payable within one year	1369	345.033,57	1.055.178,19
b) becoming due and payable after more than one year	1371		
5. Bills of exchange payable	1373		
a) becoming due and payable within one year	1375		
b) becoming due and payable after more than one year	1377		
6. Amounts owed to affiliated undertakings	1379	371.364,48	2.519.828,71
a) becoming due and payable within one year	1381	371.364,48	2.519.828,71
b) becoming due and payable after more than one year	1383		
7. Amounts owed to undertakings with which the undertaking is linked by virtue of participating interests	1385		
a) becoming due and payable within one year	1387		
b) becoming due and payable after more than one year	1389		
8. Other creditors	1451	257.537,33	185.253,88
a) Tax authorities	1393	214.202,27	149.379,99
b) Social security authorities	1395	40.674,80	30.841,76
c) Other creditors	1397	2.660,26	5.032,13
i) becoming due and payable within one year	1399	2.660,26	5.032,13
ii) becoming due and payable after more than one year	1401		
D. Deferred income	1403	50.862,84	113.554,92
TOTAL (CAPITAL, RESERVES AND LIABILITIES)	405	11.192.677,94	12.337.325,64

Registre de Commerce et des Sociétés

Numéro RCS : B71499

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Déposé le 20/04/2023

FTA COMMUNICATION TECHNOLOGIES SARL
Société à Responsabilité Limitée
R.C.S. Luxembourg B 71.499
Paid-in-capital : EUR 2.875.350,00
17, Route de Luxembourg - L-6182 GONDERANGE

**ANNUAL ACCOUNTS
AS AT DECEMBER 31, 2022
AND THE REPORT OF THE REVISEUR
D'ENTREPRISES AGREE**



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MANAGEMENT REPORT

The Board of Managers of F.T.A Communication Technologies S.à r.l. (the “Company”) presents the Company’s annual accounts for the year ended December 31st, 2022.

This management report accompanies the information provided in the annual accounts, prepared in accordance with the accounting principles and in line with legal and regulatory requirements relating to Luxembourg.

OVERVIEW OF ACTIVITIES

The Company was incorporated on September 6th, 1999 and organized under the laws of Luxembourg as a “Société à responsabilité limitée” for an unlimited period.

The Company is a leading global supplier of satellite reception and video streaming solutions for the satellite TV markets. Operating under its Inverto™ brand name, the Company develops a broad array of technologies and offer best-in-class solutions that cover the entire reception chain from the dish and the LNB through signal distribution, decoding/transcoding and on-premises or in-home streaming. The Company has a broad portfolio of high performance and cost-effective satellite dish antennas, single and multi-feed dCSS and universal LNBs and Multiswitches, professional satellite signal metering and monitoring products as well as transcoding and streaming appliances supplied to leading satellite pay-TV operators worldwide. The Company delivers innovation for the real world with technologies and solutions that make satellite TV installations and service delivery simpler, more reliable, cost efficient and future proof. It operates multiple product development centers and manufacturing sites as well as a customer support service in all its major markets.

Leveraging on its strong R&D team and its own unique software capabilities, the Company maintains a strong competitive advantage and offers a unique one-stop-shop solution for satellite pay TV operators across the world.

The Company continues to operate as an autonomous entity with an independent strategy that is formed and executed by its senior management team, within the context of the ShengYang Group, its major shareholder. In 2022, continuing a trend initiated earlier, we have pushed further the Group synergies for our LNB products which are now all manufactured at either of the Group’s two factories.

2022 revenues generated from sales continued to grow (+26% vs previous year) despite a dire context of inflation and instability due to the war in Ukraine which started last February, and its ensuing energy crisis. With 20.6M€ of revenue generated from sales, the company confirmed the turnaround initiated in 2021 was based on solid foundations and caught back up to 2015 sales numbers.

- As initiated in the recent past, our growth stems from the operators' business with both an increase in sales to existing operators but also an addition to the customer mix, in particular a three-fold increase of customers reaching at least 1M euros of revenues for the company. Operators will remain our key targets for 2023 where we can forecast a drop in dCSS demand and an increase for dish-kits
- Despite the relative success of our dCSS sales to Operators (now representing 2/3 of our LNB sales), we still suffered from chipset market disruptions with reduced quantities being delivered and price increases. We only expect a long-term improvement and 2023 should remain a difficult year in chipset procurement.
- Distribution: while Western Europe share of our Distribution business keeps suffering of a long-term negative trend in DTH and the immediate effect of the Ukraine crisis on demand and price, we have

seen an increase in Distribution in Africa which compensates some of the loss in revenue of the aforementioned Western Europe markets. Overall, distribution was down 8%. Further geographic expansion in our distribution network will be a targeted effort for the next years. Our key customers started the year with high inventories due to our 2021 YE push and put most buying on hold at the start of the Russian invasion in February 2022. We therefore suffered on this front and will reinforce our expansion and diversification of this market segment in 2023.

- The launch of our Acoustics product range was ended mid-2022 as the Consumer markets in general, and Consumer Electronics in particular, took the brunt of the impact of inflation and the economic uncertainties surrounding the energy crisis. Our key targets in that sector (Auchan Group, Fnac/Darty, ...) having indicated a clear move away from the OEM business toward branded goods.

FINANCIAL AND OPERATIONAL RESULTS

	2022	2021
	EUR '000	EUR '000
Total assets	11.193	12.337
Capital and reserves	8.957	7.944
Gross Income	21.470	17.196
Gross Margin	4.959	3.019
Profit of the financial year	1.013	455

PLANNED DEVELOPMENTS

FTA will focus in the coming months on implementing management's strategy of expansion and diversification:

1. In the ODU segment, the primary development goal will be a further consolidation of our position as leader in the dish kit business with a sharp increase of the Operators business, and within this segment, with a renewed focus on India, Africa and a reinforced effort for Latin American growth.
2. In the Distribution segment, FTA is set to launch the development of a brand-new RF over Fiber product range, developed and produced in-house which will represent the core of our diversification effort in 2023 and beyond.
3. Airscreen Live, our content distribution via satellite solution, will be the third axis of our diversification with a product maturity level which will enable market outreach and commercial deployments. A dedicated focus will be put behind this new market

Through these and other initiatives still under development, the Company's ambition is to diversify our product range and distribution channels in order to reduce our market exposure, ensure revenue growth and increase profitability.

ACTIVITIES IN THE FIELD OF RESEARCH AND DEVELOPMENT

The Company continues to support ambitious innovative product development either internally and through partnerships with third parties such as:

Industrialisation:

- i. UniFiber range of transmitters and receivers
- ii. Airscreen Live range of gateways

Product upgrades:

- i. Ongoing cost-optimization of the LNBs (Universal, Monoblocks, etc) to remain competitive
- ii. Improvement of our entry-level dish

New products/Product range expansion:

- i. Country/operator specific UniFiber amplifiers and receivers
- ii. Flat Panel antennas for 2-way LEO/MEO/GEO communication

R&D projects:

- i. Ongoing: airScreen Live and 5G Emerge: live streaming as well as fast file transfer over satellite. The solution consists of a streaming server and dedicated receivers and is addressing multiple applications such as eLearning

Starting in 2022, and ongoing in 2023, the Company R&D is financially partly supported by an ESA (European Space Agency) fund as member of the EBU (European Broadcasting Union) consortium in a project called 5G-Emerge.

FINANCIAL RISK MANAGEMENT

By applying principles of precaution to its business practices, the Company reduces its exposure to credit risk and interest risk.

Furthermore, we have voluntarily reduced our USD cash positions, by paying debts using favorable rates.

BRANCHES

The Company has no branches.

OWN SHARES

During the year under review, the company did not directly or indirectly own shares.

SUBSEQUENT EVENTS

No important event, having a material impact on the Company and on the future development of the Company, happened after the closing of the annual accounts.

Activities in 2022 were again severely impacted by the supply-chain disruption and the consequences of the Ukraine war in particular on the European markets, with sharp inflation and economic stagnation being expected to last, and therefore present a risk to the business throughout 2023

Gonderange, February, 3rd 2023.



MOORE Audit S.A.

5, rue de Turf
L-3378 Livange

T +352 26 26 84 1

F +352 26 26 84 99

E mail@moore-audit.lu

www.moore-audit.lu

To the Partners of
F.T.A. Communication Technologies S.à r.l.
Société à responsabilité limitée
17, route de Luxembourg
L-6182 Gonderange

Livange, 06.02.2023

REPORT OF THE REVISEUR D'ENTREPRISES AGREE

Report on the Audit of the Annual Accounts

Opinion

We have audited the annual accounts of F.T.A. Communication Technologies S.à r.l., which comprise the balance sheet as at December 31, 2022, and the profit and loss account for the year then ended, and notes to the annual accounts, including a summary of significant accounting policies.

In our opinion, the accompanying annual accounts present fairly, in all material respects, the financial position of the Company as at December 31, 2022, and of the results of its operations for the year then ended in accordance with Luxembourg legal and regulatory requirements relating to the preparation and presentation of the annual accounts.

Basis for Opinion

We conducted our audit in accordance with the Law of 23 July 2016 on the audit profession ("Law of 23 July 2016") and with International Standards on Auditing (ISAs) as adopted for Luxembourg by the "Commission de Surveillance du Secteur Financier" (CSSF). Our responsibilities under the Law of 23 July 2016 and ISAs as adopted for Luxembourg by the CSSF are further described in the « Responsibilities of the "Réviseur d'Entreprises Agréé" for the Audit of the annual accounts » section of our report. We are also independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) as adopted for Luxembourg by the CSSF together with the ethical requirements that are relevant to our audit of the annual accounts, and have fulfilled our other ethical responsibilities under those ethical requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.



Other information

The Board of Managers is responsible for the other information. The other information comprises the information stated in the management report but does not include the annual accounts and our report of the “Réviseur d’Entreprises Agréé” thereon.

Our opinion on the annual accounts does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the annual accounts, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the annual accounts or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information we are required to report this fact. We have nothing to report in this regard.

Responsibility of the Board of Managers for the Annual Accounts

The Board of Managers is responsible for the preparation and fair presentation of these annual accounts in accordance with Luxembourg legal and regulatory requirements relating to the preparation and presentation of the annual accounts, and for such internal control as the Board of Managers determines is necessary to enable the preparation of annual accounts that are free from material misstatement, whether due to fraud or error.

In preparing the annual accounts, the Board of Managers is responsible for assessing the Company’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Managers either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Responsibilities of the “Réviseur d’Entreprises Agréé” for the Audit of the Annual Accounts

Our objectives are to obtain reasonable assurance about whether the annual accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue a report of the “Réviseur d’Entreprises Agréé” that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Law of 23 July 2016 and with ISAs as adopted for Luxembourg by the CSSF will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual accounts.

As part of an audit in accordance with the Law of 23 July 2016 and with ISAs as adopted for Luxembourg by the CSSF, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the annual accounts, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company’s internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Managers.
- Conclude on the appropriateness of Board of Managers’ use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report of the “Réviseur d’Entreprises Agréé” to the related disclosures in the annual accounts or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of report of the “Réviseur d’Entreprises Agréé”. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the annual accounts, including the disclosures, and whether the annual accounts represent the underlying transactions and events in a manner that achieves fair presentation.



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

Report on Other Legal and Regulatory Requirements

The management report is consistent with the annual accounts and has been prepared in accordance with applicable legal requirements.

MOORE Audit S.A.

A handwritten signature in blue ink, consisting of a large, stylized 'R' followed by a horizontal line extending to the right.

Raphael LOSCHETTER
Réviseur d'Entreprises Agréé

1. NOTE – GENERAL INFORMATION

FTA COMMUNICATION TECHNOLOGIES S.à r.l. (hereafter the “Company” or “FTA”) was incorporated on September 6th, 1999 and is organized under the laws of Luxembourg as a limited liability company (société à responsabilité limitée) for an unlimited number of years.

The registered office of the Company is established in L-6182 Gonderange, 17, route de Luxembourg

The Company’s financial year starts on January, 1st and ends on December, 31st of each year.

The activity of the company consists in the development, marketing, sales and distribution of reception and streaming products for Digital Video Broadcast (“DVB”) and Internet Protocol (“IP”) television services.

In accordance with the legal provisions in Title II of the Law of December 19, 2002, these annual accounts were presented on a non-consolidated basis for the approval of the shareholders during the Annual General Meeting.

Based on the criteria defined by the Article 1711-4 of the Title XVII of the amended law of August 10, 1915, the Company is exempt from the obligation to draw up and to publish consolidated accounts and a consolidated management report for the financial 2022 ended on December 31.

2. NOTE – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

These annual accounts have been prepared in accordance with the amended Law of December 19th, 2002 on the register of commerce and companies and on the accounting and annual accounts of undertakings.

Accounting policies and valuation rules are, besides the ones laid down by the Law, determined and applied by the Management of FTA.

The preparation of annual accounts requires the use of certain critical accounting estimates. It also requires the Management to exercise their judgment in the process of applying the accounting policies. Changes in assumptions may have a significant impact on the annual accounts in the year in which the assumptions changed. Management believes that the underlying assumptions are appropriate and that the annual accounts therefore present the financial position and results fairly.

The Company makes estimates and assumptions that affect the reported amounts of assets and liabilities in the next financial year. Estimates and judgments are continually evaluated and are based on historical experiences and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

2. NOTE – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Significant accounting policies

The main valuation rules applied by the Company are the following:

2.2.1 Foreign currency translation

Transactions expressed in currencies other than Euro are translated into Euro at the exchange rate effective at the time of the transaction.

Fixed assets expressed in currencies other than Euro are translated into Euro at the exchange rate effective at the time of the transaction. At the balance sheet date, these assets remain translated at historic exchange rates.

Cash at bank is translated at the exchange rate effective at the balance sheet date. Exchange losses and gains are recorded in the profit and loss account of the year.

Other assets and liabilities are translated separately respectively at the lower or at the higher of the value converted at the historic exchange rate or the value determined on the basis of the exchange rates effective at the balance sheet date. The unrealized exchange losses are recorded in the profit and loss account. The realized exchange results are recorded in the profit and loss account at the moment of their realization.

Income and charges expressed in another currency than EUR are translated in EUR at the exchange rate prevailing at the transaction date. Exchange rate losses resulting from exchange rate differences between the transaction and the settlement date are accounted for in the profit and loss account of the year.

2.2.2 Intangible fixed assets

Intangible assets are valued at purchase price or production cost including the expenses incidental thereto, less cumulated depreciation amounts written off and value adjustments. Value adjustments are booked following the straight-line method over the estimated economic life of the assets. Development costs are written off within a maximum of five years.

2.2.3 Tangible fixed assets

Tangible fixed assets are valued at purchase price including the expenses incidental thereto. They are depreciated over their estimated useful economic lives. Where the Company considers that a tangible fixed asset has suffered a durable depreciation in value, an additional write-down is recorded to reflect this loss. These value adjustments are not continued if the reasons for which the value adjustments were made ceased to apply.

2. NOTE – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2.4 Financial fixed assets

Shares in affiliated undertakings and loans to these undertakings are valued at purchase price/nominal value (loans and claims) including the expenses incidental thereto. In case of a durable depreciation in value according to the opinion of the Management, value adjustments are made in respect of financial fixed assets, so that they are valued at the lower figure to be attributed to them at the balance sheet date. These value adjustments are not continued if the reasons for which the value adjustments were made have ceased to apply.

2.2.5 Inventories

Inventories of finished goods and merchandises are accounted at purchase price and are valued on the basis of the FIFO (First In – First Out) method or on the estimated net realizable value if deemed lower. Value adjustments for slow-moving and obsolete items, as well as for market risks, are included in the profit and loss account.

2.2.6 Debtors

Debtors are recorded at their nominal value. Value adjustments are recorded for doubtful debtors when their recovery is compromised.

2.2.7 Capital investment subsidies

Until the financial year 2013, the grants received from the Luxembourg government related to the financing of intangible assets have been recorded under "Capital and Reserves" at their initial value. They are written off using the same method and over the same year as the related assets. As from the financial year 2014, these grants have been recorded directly into the P&L.

2.2.8 Gross profit

Based on the option given to medium sized companies by article 47 of the amended law of December 19th, 2002 related to annual accounts, the Company presents its turnover, its change in stock of finished goods and in work in progress, its consumption of goods for resale, raw materials and consumables and its other external charges together in one single caption named "Gross result" in the profit and loss account.

In turn, the net turnover comprises the amounts derived from the sale of products and the provision of services falling within the Company's ordinary activities, after deduction of the sales rebates and value added tax and taxes directly linked to the turnover.

2.2.9 Prepayments and accrued income

This asset item includes expenditure incurred during the financial year but relating to a subsequent financial year.

2. NOTE – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2.10 Provisions

At the end of each year provisions are recorded to cover all foreseeable liabilities and charges that at the balance sheet date are either likely or certain to be incurred but uncertain as to their amount or as to the date on which they will arise.

Provisions relating to previous years are regularly reviewed and released if the reasons for which the provisions were recorded have ceased to apply.

2.2.11 Debts

Debts are included in the liabilities of the balance sheet at their nominal value or applicable to their redemption value.

2.2.12 Accruals and deferred income

This liability item includes income received during the financial year but relating to a subsequent financial year.

3. NOTE – INTANGIBLE FIXED ASSETS

The movement for the year for the development cost are as follows :

	Costs of research and development EUR 31.12.2022	Costs of research and development EUR 31.12.2021
Gross book value - opening balance	5.347.343,19	5.158.313,42
Additions for the year	0,00	237.478,16
Disposal for the year	- 448.416,00	- 48.448,39
Gross book value - closing balance	4.898.927,19	5.347.343,19
Accumulated value adjustment - opening balance	3.895.911,00	3.378.745,20
Allocations for the year	1.058.587,80	565.614,19
Reversal for the year	- 448.416,00	- 48.448,39
Accumulated value adjustment - closing balance	4.506.082,80	3.895.911,00
Net book value - closing balance	392.844,39	1.451.432,19

After analyzing the various R&D assets, and their chances for commercial success, the managers decided that some products ranges would not bring any future revenues (namely Airscreen Mobile, Tality, Satwatch). FTA has decided to accelerate the impairment of these assets by EUR 448'416.

3. NOTE – INTANGIBLE FIXED ASSETS (CONTINUED)

The movements of the year for the other intangible assets are as follows:

	Concessions, patents, licences, trademarks and similar rights and assets EUR 31.12.2022	Concessions, patents, licences, trademarks and similar rights and assets EUR 31.12.2021
Gross book value - opening balance	193.838,91	185.149,26
Additions for the year		8.689,65
Gross book value - closing balance	193.838,91	193.838,91
Accumulated value adjustment - opening balance	163.839,32	148.040,32
Allocations for the year	17.808,00	15.799,00
Accumulated value adjustment - closing balance	181.647,32	163.839,32
Net book value - closing balance	12.191,59	29.999,59

4. NOTE – TANGIBLE FIXED ASSETS

The movements for the year are as follows:

	Other fixtures and fittings, tools and equipment EUR 31.12.2022	Other fixtures and fittings, tools and equipment EUR 31.12.2021
Gross book value - opening balance	318.565,03	223.968,36
Additions for the year	52.703,76	94.596,67
Disposal for the year		
Gross book value - closing balance	371.268,79	318.565,03
Accumulated value adjustment - opening balance	206.554,09	168.209,25
Allocations for the year	50.946,76	38.344,84
Reversal for the year		
Accumulated value adjustment - closing balance	257.500,85	206.554,09
Net book value - closing balance	113.767,94	112.010,94

5. NOTE – FINANCIAL FIXED ASSETS

The movements for the year are as follows:

	Shares in affiliated undertakings	Shares in affiliated undertakings
	EUR 31.12.2022	EUR 31.12.2021
Gross book value - opening balance	220.000,00	220.000,00
Gross book value - Closing balance	220.000,00	220.000,00
Net book value - closing balance	220.000,00	220.000,00

The undertakings in which the Company holds at least 20% as of December 31st, 2022, in their share capital are:

Name of the undertaking	Register office	Ownership	Last balance sheet date	Total equity (EUR) *	Net result for the year (EUR)
Inverto Digital Labs Sarl	Luxembourg	100%	31/12/2022	35.403,38	-1.517,75
Digital Media Licencing Sarl	Luxembourg	100%	31/12/2022	268.550,92	3.118,04

* including net result for the year

6. NOTE – AMOUNTS OWED BY AFFILIATED UNDERTAKINGS

As of December 31, 2022 this caption is mainly represented by three loans granted to related parties for an amount of EUR 1'314'464.21 (2021 : EUR 1'177'929.31). In 2022, the company add a loan of EUR 123'551 to its subsidiary Digital Media Licencing SarL (without interests). The other loans bear interests.

7. NOTE – OTHER RECEIVABLES

The other receivables mainly encompass payment in advance of taxes to the Administration des Contributions Directes for an amount of EUR 132'692.00 (2021 : EUR 132'692.00) and VAT receivable for EUR 273'942.8 (2021 : EUR 265'788.5)

8. NOTE – SUBSCRIBED CAPITAL

The subscribed share capital amounts to EUR 2.875.350,00 and is divided into 19.830 share-quotas fully paid-up with a nominal value of EUR 145 each.

9. NOTE – RESERVES

Legal reserve

In accordance with the commercial law, the Company is required to allocate to the legal reserve a minimum of 5% of the annual profit until such reserve equals 10 % of the share capital. This reserve may not be distributed.

Net wealth reserve

The Company is allowed to book a special reserve based on article 174bis LIR4. This reserve shall amount to five times the annual net worth tax in order to be deductible from the corporate income tax under the condition that this reserve is not distributed for five years subsequent to the year in which the deduction was made.

10. NOTE – MOVEMENTS FOR THE YEAR ON THE «RESERVES AND PROFIT BROUGHT FORWARD»

The movements for the year are as follows:

In EUR	Legal reserve	IF reserve	Other reserve	Profit brought forward	Profit for the financial year
As at January 1st, 2022	287.535,00	803.575,00	75.938,12	2.354.528,68	455.227,78
Movements for the year :					
- Allocation of previous year's profit or loss		193.100,00		262.127,78	- 455.227,78
- Profit or loss for the year					1.013.490,42
As at December 31st, 2022	287.535,00	996.675,00	75.938,12	2.616.656,46	1.013.490,42

11. PROVISION

The provisions were mainly for bonuses 2022

12. NOTE – TAXATION

The Company is subject to all the taxes relevant to commercial companies in Luxembourg.

The company has not been assessed in 2022 for the year 2020 or 2021 by the tax authorities for income tax, communal tax and net wealth tax.

In accordance with Article 50ter LIR from June 28th, 2019, FTA will apply for a tax saving of EUR 204'000 for the year 2022.

13. NOTE – GROSS PROFIT

A breakdown of the turnover by category of activity and into geographical markets is omitted because of its sensitive nature.

14. NOTE – STAFF COSTS

The Company employed on average 18 employees during the financial year 2022 (2021: 20).

15. FINANCIAL RESULT

The financial revenues of EUR 529.271,44 were mainly realized exchange gains of EUR 512.225,58 (2021: EUR 426.491,17). The financial expenses were mainly exchange losses of EUR 511.196,15 (2021 : EUR 251.942,97).

16. NOTE – EMOLUMENTS GRANTED TO THE MEMBERS OF THE ADMINISTRATIVE, MANAGERIAL AND SUPERVISORY BODIES AND COMMITMENTS IN RESPECT OF RETIREMENT PENSIONS FOR FORMER MEMBERS OF THOSE BODIES

None of the members of the management and supervisory boards of the Company have received any remuneration for their supervising function. Management remuneration is not disclosed as it could designate the individual person.

17. NOTE – ADVANCES AND LOANS GRANTED TO THE MEMBERS OF THE MANAGEMENT AND SUPERVISORY BODIES

None of the members of the management and supervisory boards of the Company have received any advances and loans.

18. NOTE – RELATED PARTIES TRANSACTIONS

During the year, there was no significant related-party transaction not concluded at the normal market conditions.

19. NOTE – OFF-BALANCE SHEET

The financial commitments of the Company are as follows:

	31.12.2022	31.12.2021
	EUR	EUR
Leasing (cars)	71.151,75	40.851,28
Guarantee	126.852,53	121.026,21
Total	198.004,28	161.877,49

20. NOTE – SUBSEQUENT EVENTS

No important event, having a material impact on the Company and on the future development of the Company, happened after the closing of the financial accounts.

Activities in 2022 were severely impacted by the global shortages of chipsets, global tendency toward components cost increases and supply-chain disruption. These trends are expected to also impact business throughout 2023.

21. NOTE – UKRAINIAN CRISIS

Management acknowledges that it is unclear how long the war in Ukraine will last and what the full extent of the crisis will be. The war will present new challenges for the company mostly through inflation and overall economic instability.

This said, Management concludes that there is not a material direct uncertainty based on the fact there is no business relations between the company and the protagonists.



MOORE

MOORE AUDIT S.A.

5, rue de Turi - L-3378 Livange

R.C.S. Luxembourg B 165 462

Téléphone: +352 26 26 84 - 1 Téléfax: 26 26 84 99
E-Mail: mail@moore-audit.lu