

## **Thrige Holding A/S**

% Terma A/S, Hovmarken 4, 8520 Lystrup

Annual Report 2018/19

The Annual Report was presented and approved at the annual general meeting of the Company on 4 June 2019.



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Chairman

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## Statement by the Board of Directors and Executive Management

The Board of Directors and Executive Management have today discussed and approved the Annual Report of Thrige Holding A/S for the 2018/19 fiscal year.

The Annual Report has been prepared in accordance with the Danish Financial Statements Act.

In our opinion, the Consolidated and Parent Company Financial Statements give a true and fair view of the Group's and Parent Company's financial position at 28 February 2019 and of the results of the Group's and the Parent Company's operations and the Group's cash flows for 2018/19.

Further, we consider the Management's Review to present a fair disclosure of the development in the Group's and Parent Company's operations and financial conditions, the results for the year, cash flows, and financial position as well as a description of the most significant risks and uncertainty factors that the Group and the Parent Company face.

We recommend that the Annual Report be approved at the annual general meeting.

Herlev, 4 June 2019

Executive Management:




Morten Halskov

Board of Directors:



Flemming H. Tomdrup  
chairman



Jørgen Huno Rasmussen



Morten Halskov

## **Independent Auditor's Report**

### **To the Stakeholder of Thrige Holding A/S**

#### **Opinion**

We have audited the Consolidated Financial Statements and the Parent Company Financial Statements of Thrige Holding A/S for the fiscal year 1 March 2018 - 28 February 2019, which comprise Income Statement, Balance Sheet, Statement of Changes in Equity, and Notes, including Accounting Policies, for the Group and the Parent Company, and a Consolidated Cash Flow Statement. The Consolidated Financial Statements and the Parent Company Financial Statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the Consolidated Financial Statements and the Parent Company Financial Statements give a true and fair view of the financial position of the Group and the Parent Company at 28 February 2019 and of the results of the Group's and the Parent Company's operations as well as the Consolidated Cash Flows for the fiscal year 1 March 2018 - 28 February 2019 in accordance with the Danish Financial Statements Act.

#### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (ISAs) and additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the Consolidated Financial Statements and the Parent Company Financial Statements" (hereinafter collectively referred to as "the Financial Statements") section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### **Independence**

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

#### **Management's responsibilities for the Financial Statements**

Management is responsible for the preparation of the Financial Statements that give a true and fair view in accordance with the Danish Financial Statements Act and for such internal control as Management determines is necessary to enable the preparation of Financial Statements that are free from material misstatement, whether due to fraud or error.

In preparing the Financial Statements, Management is responsible for assessing the Group's and the Parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting in preparing the Financial Statements unless Management either intends to liquidate the Group or the Parent Company or to cease operations, or has no realistic alternative but to do so.

#### **Auditor's responsibilities for the audit of the Financial Statements**

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

As part of an audit conducted in accordance with ISAs and additional requirements applicable in Denmark, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Parent Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the Financial Statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Parent Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and the Parent Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure, and contents of the Financial Statements, including the note disclosures, and whether the Financial Statements represent the underlying transactions and events in a manner that gives a true and fair view.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated Financial Statements. We are responsible for the direction, supervision, and performance of the group audit. We remain solely responsible for our audit opinion.

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

#### **Statement on the Management's Review**

Management is responsible for the Management's Review.

Our opinion on the Financial Statements does not cover the Management's Review, and we do not express any form of assurance conclusion thereon.

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

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

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

København, 4 June 2019

ERNST & YOUNG  
Godkendt Revisionspartnerselskab  
CVR no. 30 70 02 28



Jes Lauritzen  
State-Authorized Public Accountant  
mne10121

## **Management's Review**

### **Company Details**

Thrige Holding A/S  
% Terma A/S  
Hovmarken 4  
8520 Lystrup

T +45 87 43 60 00  
Central Business Register No. 26 31 16 83  
Founded 24 October 2001  
Situated in Aarhus Municipality  
Fiscal year 1 March - 28/29 February

### **Board of Directors**

Flemming H. Tomdrup (chairman)  
Jørgen Huno Rasmussen  
Morten Halskov

### **Executive Management**

Morten Halskov

### **Auditors**

ERNST & YOUNG  
Godkendt Revisionspartnerselskab

### **Annual general meeting**

The annual general meeting is held at Terma A/S' address in Herlev on 4 June 2019.

## Financial Highlights for the Thrige Holding Group

### Key Figures

MDKK	2018/19	2017/18	2016/17	2015/16	2014/15
Order intake	1,726	1,728	1,411	1,671	1,394
Order backlog, year-end	2,297*	2,374*	2,431*	2,739*	2,567*
Revenue	1,803	1,785	1,719	1,499	1,308
EBITDA before special items	276	298	288	219	180
Depreciation, amortization, and write-downs	(167)	(160)	(158)	(118)	(85)
Operating profit before special items	109	138	130	102	95
Financial income and costs	(19)	(27)	(23)	(30)	(32)
Earnings before special items and tax	90	111	107	72	63
Special items**	(164)	(31)	0	0	0
<b>Profit for the year</b>	<b>(70)</b>	<b>60</b>	<b>79</b>	<b>54</b>	<b>45</b>
Non-current assets	994	937	912	863	832
Current assets	1,194	1,084	892	874	784
<b>Total assets</b>	<b>2,188</b>	<b>2,021</b>	<b>1,804</b>	<b>1,737</b>	<b>1,616</b>
<b>Total equity</b>	<b>567</b>	<b>655</b>	<b>566</b>	<b>588</b>	<b>515</b>
Subordinated loans	170	170	125	0	0
<b>Capital base***</b>	<b>737</b>	<b>825</b>	<b>691</b>	<b>588</b>	<b>515</b>
Provisions	290	165	146	139	118
NIBD (excl. subordinated loans)	324	454	324	435	409
Cash flows from operating activities	360	13	294	120	133
Cash flows for investing activities	(230)	(188)	(208)	(139)	(81)
hereof investments in property, plant, and equipment	(107)	(92)	(134)	(70)	(35)
Cash flows from financing activities	(34)	148	(45)	(3)	(62)
<b>Total cash flows</b>	<b>95</b>	<b>(27)</b>	<b>41</b>	<b>(22)</b>	<b>(10)</b>
<b>Financial Ratios</b>					
EBITDA margin before special items	16.0	16.7	16.8	14.6	13.8
EBT margin before special items	5.2	6.2	6.2	4.9	4.8
Return on investments before special items	5.4	7.3	7.4	6.2	6.2
Liquidity ratio	146	169	133	135	138
Solvency ratio (capital base)	33.7	40.8	38.3	33.9	31.9
Return on equity	(11.5)	9.8	13.7	9.7	8.8
Leverage ratio	2.1	1.7	1.1	2.0	2.3
<b>Average number of full-time employees</b>	<b>1,495</b>	<b>1,398</b>	<b>1,257</b>	<b>1,174</b>	<b>1,117</b>

\* Including framework agreements, e.g. the F-35 Joint Strike Fighter program.

\*\* Accounting for the Polish court case influences Revenue, EBITDA, Operating profit, and Financial income and costs. Special items primarily relate to the Polish court case.

\*\*\* Capital base is defined as equity and subordinated loans.

(For definitions of financial ratios, see page 7).

**Definitions to Financial Ratios:**

EBITDA margin before special items:	$\frac{\text{EBITDA before special items} \times 100}{\text{Revenue}}$	EBT margin before special items:	$\frac{\text{Earnings before special items and tax} \times 100}{\text{Revenue}}$
Return on investments before special items:	$\frac{\text{Operating profit before special items} \times 100}{\text{Average operating assets}}$	Operating assets:	Total assets less cash at bank and in hand, other interest-bearing assets, and equity interest in affiliated companies
Liquidity ratio:	$\frac{\text{Current assets} \times 100}{\text{Current liabilities other than provisions}}$	Solvency ratio: (Capital base)	$\frac{\text{Capital base} \times 100}{\text{Total liabilities at year-end}}$
Return on equity:	$\frac{\text{Profit for the year} \times 100}{\text{Average equity}}$	Leverage ratio:	$\frac{\text{NIBD (excl. subordinated loans)}}{\text{EBITDA}}$



## Management's Review

Thrige Holding A/S is fully owned by Thomas B. Thriges Fond, a commercial foundation established in 1933 by manufacturer Thomas B. Thrige. The Group operational activities are maintained through the fully owned subsidiary Terma A/S. Further, Thrige Holding A/S owns all shares in Thrige-Titan A/S which is a dormant company.

Terma A/S is Denmark's largest company within the defense industry with activities in the defense, security, and space sectors, with locations in Aarhus, Grenaa, and Herlev, Denmark, and subsidiaries in the U.S, the Netherlands, Germany, UK, Singapore, France, India, and UAE, and representation office in Belgium.

### *Development in the Parent Company financial situation*

The result after tax in 2018/19 was MDKK (70) (2017/18: MDKK 59.5).

The profit in 2018/19 was effected by extraordinary costs due to adjustments of the number of employees, the order value of a customer program was adjusted downwards, and reservations due to the outcome of a court case in 1<sup>st</sup> instance. Special items in 2018/19 therefore amounted to 164 MDKK in total, comprising lay-off costs, the program charge, and the court case in Poland.

The Parent Company expects a positive result for 2019/20.

### *Development in the Group financial situation*

In 2018/19, the Thrige Holding Group result after tax was MDKK (70) (2017/18: MDKK 59.5). As of 28 February 2019, the equity amounted to MDKK 566.7 (28 February 2018: MDKK 654.5).

In 2018/19, the Terma A/S result after tax amounted to MDKK (66.4) (2017/18: MDKK 72.4). As of 28 February 2019, the equity amounted to MDKK 579.1 (28 February 2018: MDKK 663.4).

The Regional Court of Warsaw has delivered its judgment in the dispute which Terma A/S filed in 2014 against the Polish Ministry of National Defence for breach of contract. Both parties have appealed to a higher court. The case confirmed that Terma's Aircraft Survivability Equipment system lives up to expected performance, and both Terma A/S and its legal advisers still view that Terma A/S has a strong case against the Polish Ministry of National Defence. Nonetheless, due to the fact that the judgment did not fully turn out in Terma A/S' favor and due to the actual circumstances surrounding the Polish court system, Terma A/S have accrued for the case. For further information, please see the Terma A/S Annual Report 2018/19.

### *Development activities*

Development activities of the Group are carried out in Terma A/S which during the FY 2018/19 had development activities in all business areas and as of 28 February 2019, the carrying amount was MDKK 434.7. Investments amounted to MDKK 123.7 and depreciations amounted to MDKK 99.3. It is expected that Terma A/S will be investing in development activities at the same or a higher level in 2019/20.

### *Corporate Social Responsibility and Equal Representation of Genders*

Being a holding company, the Company has no operational business activities or employees and therefore, no independent corporate social responsibility policies exist including in relation to impact on climate or environment, human rights, social or employee conditions, and anti-corruption. Target figure for the Company in relation to representation of genders in the top management of one person per gender as a minimum of the three members of the board is not met and the Company does not plan to replace any of the board members. There has been no rotation within the board during the fiscal year, but when present board members resign, no later than 2027, compliance with the target figure will be aimed at. When the sole shareholder elects members for the Company board, it is important that the best qualified person is elected based on an overall consideration.

The Company has no employees, which is why no gender policy exists in respect of other management levels.

### *Risks*

The most significant operating risks of the Group are time lags of the decision processes of Terma A/S in its traditional markets being impacted by savings in public budgets including defense budgets, and long-term decision processes. As far as possible, this risk is hedged by close follow-up on order intake and related activities, and a tight financial management.

The Group has the required credit lines available and the support of financial partners to implement the planned short-term and long-term activities and investments.

The Group is minimally exposed to changes in interest rates. The interest risk is hedged via fixed-rate mortgage loans and interest swap.

The Group primarily sells and buys in DKK, EUR, and USD currencies. Risks relative to USD are hedged by entering into forward exchange contracts in connection with the acceptance and conclusion of contracts.

Terma A/S is a party, as the plaintiff, to a court dispute with the Polish Ministry of National Defence regarding Aircraft Survivability Equipment. The Regional Court of Warsaw has delivered its judgment with the result that both parties have appealed to the Court of Appeal. If the Court of Appeal rules in favor of our opponent, we could risk a further loss for liquidated damages.

### **Outlook for 2019/20**

In 2019/20, the Group expects a consolidated organic growth >10% in revenue. The positive outlook is based on Terma's solid order backlog to be delivered in 2019/20.

Earnings before tax (EBT) are expected to increase accordingly whereas cash flows from operating and investing activities are expected to improve markedly.

### **Events after the balance sheet date**

Following the end of the fiscal year, no significant events have occurred which affect the assessment of the Group's and Parent Company's financial position as reported on 28 February 2019 or the Annual Report 2018/19.

## Consolidated and Parent Company Annual Report 1 March 2018 – 28 February 2019

### Income Statement

DKK 1,000	Note	Consolidated		Parent Company	
		2018/19	2017/18	2018/19	2017/18
<b>Revenue</b>	2,3	1,725,413	1,784,591	0	0
Production costs	4	(1,457,623)	(1,413,578)	0	0
<b>Gross profit</b>		267,790	371,013	0	0
Distribution costs	2,4	(154,932)	(146,346)	0	0
Administrative costs	2,4,5	(110,845)	(107,685)	(239)	(250)
Other operating income		1,380	1,465	0	0
Other operating costs	2	(16,163)	(259)	0	0
Depreciation on consolidated goodwill		(1,906)	(11,112)	0	0
<b>Operating profit</b>		(14,676)	107,076	(239)	(250)
Result in subsidiaries after tax	2,6	-	-	(66,647)	62,670
Financial income	7	16,311	9,837	309	254
Financial costs	2,7	(75,193)	(36,920)	(4,225)	(4,016)
<b>Earnings before tax (EBT)</b>		(73,558)	79,993	(70,802)	58,658
Tax on profit	2,8	3,560	(20,452)	914	883
<b>Result for the year</b>		(69,998)	59,541	(69,888)	59,541
The Group result is split as follows:					
Stockholders in Thrige Holding A/S		(69,888)	59,541		
Minority interest		(110)	0		
		(69,998)	59,541		

Proposed profit appropriation

## Consolidated and Parent Company Annual Report 1 March 2018 – 28 February 2019

### Balance Sheet 28 February

	Note	Consolidated		Parent Company	
		2019	2018	2019	2018
DKK 1,000					
<b>ASSETS</b>					
<b>Non-current assets</b>					
<b>Intangibles</b>					
Consolidated goodwill		0	1,906	0	0
Software		29,967	23,728	0	0
Software in process		12,602	2,229	0	0
Development projects completed		158,273	255,448	0	0
Development projects in process		276,456	153,213	0	0
	9	477,298	436,524	0	0
<b>Property, plant, and equipment</b>					
Land and buildings		274,383	273,127	0	0
Plant and machinery		171,464	177,214	0	0
Fixtures and fittings, tools and equipment		29,209	25,139	0	0
Property, plant, and equipment under construction		42,340	25,235	0	0
	10	517,396	500,715	0	0
<b>Investments</b>					
Investments in subsidiaries	6	0	0	620,134	704,897
		0	0	620,134	704,897
<b>Total non-current assets</b>		994,694	937,239	620,134	704,897
<b>Current assets</b>					
<b>Inventories</b>					
Raw materials and consumables		263,684	225,272	0	0
Work in process		120,680	93,052	0	0
Prepayments to suppliers		125	2,339	0	0
		384,489	320,663	0	0
<b>Receivables</b>					
Trade receivable		358,409	318,715	0	0
Construction contracts	11	302,523	380,739	0	0
Amounts owed by subsidiaries		-	-	35,499	54,433
Corporate tax receivable	12	2,080	3,268	1,718	0
Other receivables		20,758	32,609	0	0
Deferred tax asset	13	3,921	1,384	0	0
Prepayments and deferred charges	14	6,825	7,404	0	0
		694,516	744,119	37,217	54,433
<b>Cash at bank and in hand</b>		114,580	19,196	0	9
<b>Total current assets</b>		1,193,585	1,083,978	37,217	54,442
<b>Total assets</b>		2,188,279	2,021,217	657,351	759,339

## Consolidated and Parent Company Annual Report 1 March 2018 – 28 February 2019

### Balance Sheet 28 February

DKK 1.000	Note	Consolidated		Parent Company	
		2019	2018	2019	2018
<b>EQUITY AND LIABILITIES</b>					
<b>Equity</b>					
Capital stock	15	25,000	25,000	25,000	25,000
Translation adjustments and hedging instruments		(11,044)	7,074	0	0
Net revaluation according to the equity method		-	-	152,688	237,453
Retained earnings		552,553	622,441	388,821	392,062
Proposed dividends		0	0	0	0
Thrige Holding A/S' stockholder part of equity		566,509	654,515	566,509	654,515
Minority interest		165	0	0	0
<b>Total equity</b>		<b>566,674</b>	<b>654,515</b>	<b>566,509</b>	<b>654,515</b>
<b>Provisions</b>					
Warranty provisions	16	11,866	11,772	0	0
Provisions regarding construction contracts		17,993	9,680	0	0
Provision for Polish court case	17	133,681		0	0
Deferred tax	13	126,007	143,317	0	0
<b>Total provisions</b>		<b>289,547</b>	<b>164,769</b>	<b>0</b>	<b>0</b>
<b>Liabilities other than provisions</b>					
<b>Non-current liabilities other than provisions</b>					
Subordinated loans	18	125,000	170,000	0	45,000
Credit institutions		197,171	208,502	0	0
Mortgage credit institutions		195,037	182,983	0	0
	19	<b>517,208</b>	<b>561,485</b>	<b>0</b>	<b>45,000</b>
<b>Current liabilities other than provisions</b>					
Current portion of non-current liabilities	19	23,437	10,507	0	0
Subordinated loan	18	45,000	0	45,000	0
Credit institutions		0	51,624	0	0
Construction contracts	11	253,875	143,263	0	0
Prepayments received from customers		56,098	60,520	0	0
Trade payables		160,295	137,925	0	0
Amounts owed to Parent Company		23,137	19,468	3,890	1,737
Amounts owed to subsidiaries		-	-	41,771	40,532
Corporate tax	12	4,087	20,950	0	17,374
Other payables		248,921	196,191	181	181
		<b>814,850</b>	<b>640,448</b>	<b>90,842</b>	<b>59,824</b>
<b>Total liabilities other than provisions</b>		<b>1,332,058</b>	<b>1,201,933</b>	<b>90,842</b>	<b>104,824</b>
<b>Total equity and liabilities</b>		<b>2,188,279</b>	<b>2,021,217</b>	<b>657,351</b>	<b>759,339</b>
<b>Accounting policies</b>	1				
<b>Contingent liabilities and security</b>	20				
<b>Related parties</b>	21				
<b>Events after the Balance Sheet date</b>	22				
<b>Financial instruments and financial risks</b>	23				

## Consolidated and Parent Company Annual Report 1 March 2018 – 28 February 2019

### Statement of changes in Equity

		Consolidated						
DKK 1,000	Note	Capital stock	Translation adjustments and hedging instruments	Retained earnings	Proposed dividends	Total	Minority interest	Total equity
		25,000	(21,739)	562,900	0	566,161	0	566,161
		-	-	59,541	0	59,541	-	59,541
		-	38,153	-	-	38,153	-	38,153
		-	(9,340)	-	-	(9,340)	-	(9,340)
		25,000	7,074	622,441	0	654,515	0	654,515
		-	-	(69,888)	-	(69,888)	(110)	(69,998)
		-	-	-	-	-	275	275
		-	(23,688)	-	-	(23,688)	-	(23,688)
		-	5,570	-	-	5,570	-	5,570
		25,000	(11,044)	552,553	0	566,509	165	566,674

## Consolidated and Parent Company Annual Report 1 March 2018 – 28 February 2019

### Statement of Changes in Equity

	Parent Company					
DKK 1,000	Note	Capital Stock	Net revaluation according to the equity method	Retained earnings	Proposed dividends	Total
Equity at 1 March 2017		25,000	145,970	395,191	0	566,161
Retained income for the year according to appropriation of net income	24	-	62,670	(3,129)	-	59,541
Other changes in equity in subsidiaries		-	38,153	-	-	38,153
Tax on other changes in equity		-	(9,340)	-	-	(9,340)
<b>Equity at 28 February 2018</b>		25,000	237,453	392,062	0	654,515
Retained earnings according to appropriation of net income	24	-	(66,647)	(3,241)	-	(69,888)
Other changes in equity in subsidiaries		-	(23,688)	-	-	(23,688)
Tax on other changes in equity		-	5,570	-	-	5,570
<b>Equity at 28 February 2019</b>		25,000	152,688	388,821	0	566,509

## Consolidated and Parent Company Annual Report 1 March 2018 – 28 February 2019

### Cash Flow Statement

DKK 1,000	Note	Consolidated	
		2018/19	2017/18
Earnings before tax		(73,558)	79,993
Adjustments:			
Depreciation, amortization, and write-downs, etc.		167,263	162,021
Provisions		142,088	7,892
Financial income and costs		18,997	27,083
		328,348	196,996
Changes in working capital	25	149,691	(216,247)
<b>Cash flows generated from operations before financial items</b>		404,481	60,742
Net financial income, paid and received		16,311	9,837
Net financial costs, paid and received		(34,886)	(37,495)
<b>Cash flows from operations before tax</b>		385,906	33,084
Corporate tax paid	12	(26,291)	(19,825)
<b>Cash flows from operating activities</b>		359,615	13,259
Capitalized development costs	9	(123,665)	(96,216)
Acquisition of software, property, plant, and equipment	26	(106,539)	(91,779)
<b>Cash flows for investing activities</b>		(230,204)	(187,995)
Repayments, non-current liabilities		(9,447)	(10,404)
Subordinated loans		0	45,000
Changes in current interest bearing debt		(51,624)	51,624
Minority interest – capital injection		275	0
Proceeds from incurrence of debt		23,100	104,436
Loan from parent company		3,669	(42,679)
<b>Cash flows from financing activities</b>		(34,027)	147,977
<b>Net cash flows from operating, investing, and financing activities</b>		95,384	(26,759)
Current cash at 1 March		19,196	45,955
<b>Current cash at 28 February</b>		114,580	19,196



## **Consolidated and Parent Company Annual Report 1 March 2018 – 28 February 2019**

### **Notes**

#### **1. Accounting Policies**

The Annual Report of Thrige Holding A/S for 2018/19 has been prepared in accordance with the provisions in the Danish Financial Statements Act applying to large reporting class C entities.

Thomas B. Thriges Fond is the ultimate Parent. In accordance with the Danish Financial Statements Act §111 section 3, no Consolidated Financial Statements are made for the foundation. Thus the Consolidated Financial Statements of Thrige Holding A/S are at the highest level for the Group.

Recognition and measurement of derivative financial instruments are made in accordance with International Financial Reporting Standards (IFRS), cf. the Danish Financial Statements Act, § 37 section 5.

The accounting policies are consistent with those of last year. Some accounting items have been reclassified and the equity reserve for translation adjustments and hedging instruments has been implemented. The comparable figures have been restated.

#### **Consolidated Financial Statements**

The Consolidated Financial Statements comprise the Parent Company Thrige Holding A/S and subsidiaries over which Thrige Holding A/S has control, i.e. the power to govern the financial and operating policies so as to obtain benefits from its activities. Control is obtained when the Company directly or indirectly holds more than 50% of the voting rights in the subsidiary or, in some other way, controls the subsidiary.

The Consolidated Financial Statements have been prepared as a consolidation of the Financial Statements of the Parent Company and subsidiaries, prepared according to the Group's accounting policies. On consolidation, intra-group income and costs, stockholdings, intra-group balances and dividends, and realized and unrealized gains and losses on intra-group transactions are eliminated.

Entities acquired or formed during the year are recognized in the Consolidated Financial Statements from the date of acquisition or formation. Entities which are disposed of or wound up are recognized in the Consolidated Income Statement until the date of disposal or winding-up. The comparative figures are not restated for entities acquired, disposed of, or wound up.

#### **Foreign currency translation**

Transactions denominated in foreign currencies are translated at the exchange rates at the transaction date. Foreign exchange differences arising between the exchange rates at the transaction date and at the date of payment are recognized in the Income Statement as financial income or financial costs.

Receivables, payables, and other monetary items denominated in foreign currencies, which are not settled on the Balance Sheet date, are translated at the exchange rates at the Balance Sheet date. The difference between the exchange rates at the Balance Sheet date and at the date at which the receivable or payable arose or was recognized in the latest Financial Statements is recognized in the Income Statement as financial income or financial costs.

Upon recognition of subsidiaries that are foreign entities, the Income Statements are translated at an average rate of exchange for the month, and the Balance Sheet items are translated at the exchange rates at the Balance Sheet date. Currency differences arising upon translation of foreign subsidiaries' equity at the beginning of the year to the exchange rates at the Balance Sheet date and upon translation of Income Statements from the average rates of exchange to the exchange rates at the Balance Sheet date are recognized directly in the equity.

## Consolidated and Parent Company Annual Report 1 March 2018 – 28 February 2019

Foreign exchange adjustment of balances with foreign entities which are considered part of the investment in the entity is recognized in the Consolidated Financial Statements in the equity.

Upon recognition of foreign subsidiaries that are integrated entities, monetary items are translated at the exchange rate at the Balance Sheet date. Non-monetary items are translated at the exchange rate at the date of acquisition or the time of the subsequent revaluation or impairment of the asset. The items in the Income Statement are translated at the exchange rate at the date of transaction. However, items derived from non-monetary items are translated at the historical conversion rate of the non-monetary item.

### Derivative financial instruments

Derivative financial instruments are initially recognized in the Balance Sheet at cost and are subsequently measured at fair value. Positive and negative fair values of derivative financial instruments are included in other receivables and other payables, respectively.

Changes in the fair value of derivative financial instruments designated as and qualifying for recognition as a hedge of the fair value of a recognized asset or liability are recognized in the Income Statement together with changes in the fair value of the hedged asset or liability.

Changes in the fair value of derivative financial instruments designated as and qualifying for recognition as a hedge of future assets or liabilities are recognized directly in other receivables or other payables and in the equity. If the hedged forecast transaction results in the recognition of assets or liabilities, amounts which were previously recognized in the equity are transferred to the cost of the asset or liability, respectively. If the hedged forecast transaction results in income or costs, amounts previously recognized in the equity are transferred to the Income Statement in the period in which the hedge item affects the profit or loss.

Changes in the effective portion of the fair value of derivative financial instruments that are designated and qualify as hedge accounting are recognized in the hedging reserve within equity. When the hedged transaction materializes, amounts previously recognized in the hedging reserve are transferred to the same item as the hedged item.

For derivative financial instruments that do not qualify for hedge accounting, changes in fair value are recognized in the Income Statement on a regular basis.

### Income Statement

#### Revenue

Revenue comprises the deliveries for the year and the value of construction contracts in process with significant customization.

Revenue from contract work in process with an insignificant degree of customization is recognized in the Income Statement when the transfer of risk to the customer has taken place. Any discounts allowed are deducted from the revenue.

Construction contracts with significant customization are recognized as revenue by reference to the percentage of completion method, which means that revenue corresponds to the selling price of work performed during the year.

## **Consolidated and Parent Company Annual Report 1 March 2018 – 28 February 2019**

### ***Production costs***

Production costs comprise costs, including depreciation, amortization, and salaries, incurred in generating the revenue for the year. Such costs include direct and indirect costs for raw materials and consumables, wages and salaries, depreciation of production plants, and other production costs.

Production costs also comprise research and development costs that do not qualify for capitalization and amortization of capitalized development costs.

Production costs also comprise provisions for losses on construction contracts.

### ***Distribution costs***

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

### ***Administrative costs***

Administrative costs comprise costs incurred during the year for the Management and administration, including costs related to administrative staff, office premises and office expenses, and depreciation.

### ***Leases***

Payments relating to operating leases are recognized in the Income Statement over the term of the lease. The Company's total liabilities relating to operating leases are disclosed in the notes.

### ***Other operating income and costs***

Other operating income and costs comprise items secondary to the principal activities, including gains and losses on disposal of intangibles and property, plant, and equipment. In the Parent Company, other operating income also comprises management fees from subsidiaries.

### ***Profit in subsidiaries***

The individual subsidiaries' profit after tax is recognized in the Income Statement for the Parent Company following elimination of intra-group gains/losses.

### ***Financial income and costs***

Financial income and costs comprise interest income and costs, gains and losses on receivables, payables, and other transactions denominated in foreign currencies, amortization of financial assets and liabilities as well as surcharges and refunds under the on-account tax scheme, etc.

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

Thrige Holding A/S is subject to the compulsory Danish joint taxation method for Thrige Holding A/S and the Thrige Holding Group's Danish subsidiaries. Subsidiaries are part of the joint taxation from the time of the consolidation in the Group's Financial Statements and until the time when they are left out of the consolidation.

Thrige Holding A/S is the administrative company for the joint taxation, and as a consequence, it settles all tax payments with the authorities.

## Consolidated and Parent Company Annual Report 1 March 2018 – 28 February 2019

The current Danish corporate income tax is allocated by payment of the joint taxation contribution between the jointly taxed companies relative to the taxable income. In this respect, companies with tax loss receive joint taxation contributions from companies which have used this loss to reduce their own tax profit.

Tax for the year comprises current tax for the year, the joint taxation contribution, and changes in deferred tax. The tax expense relating to the profit for the year is recognized in the Income Statement, and the tax expense relating to amounts directly recognized in equity is recognized directly in the equity.

### Balance Sheet

#### Intangibles

##### *Goodwill*

Goodwill is amortized on a straight-line basis over estimated useful life, determined at 20 years.

The carrying amount of goodwill is assessed regularly and written down to the recoverable amount in the income statement if the carrying amount exceeds the expected future net income from the company or activity to which the goodwill is related.

##### *Development projects, patents, and software licenses*

Development projects comprise costs, salaries, and amortization directly attributable to the development activities.

Development projects that are clearly defined and identifiable, where the technical feasibility, sufficient resources, and a potential future market or development opportunities can be evidenced, and where it is intended to produce, market, or use the project, are recognized as intangibles, provided that the cost can be measured reliably, and that there is sufficient assurance that future earnings can cover production costs, selling costs, administrative costs, and development projects. Other development projects in process are recognized in the Income Statement when incurred.

Capitalized development projects are recognized at cost less accumulated amortization and impairment losses.

Following the completion of development projects, capitalized development costs are amortized concurrently with the sale of the developed products, alternatively on a straight-line basis over the estimated useful life. The amortization period is usually 5-15 years. The amortization profile is reevaluated on an annual basis.

Patents and software licenses are measured at cost less accumulated depreciation and impairment loss. Patents are depreciated on a straight-line basis over the remaining patent period, and software licenses are depreciated over the contract period, however, not longer than 8 years.

Gains and losses on the disposal of development projects, patents, and software licenses are determined as the difference between the selling price less selling costs and the carrying amount at the date of disposal. Gains and losses are recognized in the Income Statement under other operating income and other operating costs, respectively.

#### Property, plant, and equipment

Land and buildings, plant and machinery, and fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation and impairment losses. Cost comprises the purchase price and any costs directly attributable to the acquisition until the date when the asset is available for use. The cost of self-

## Consolidated and Parent Company Annual Report 1 March 2018 – 28 February 2019

constructed assets comprises direct and indirect costs of materials, components, subcontractors, and wages and salaries. No interest is included.

The cost of a total asset is divided into separate elements which are depreciated separately if the useful life of the individual elements varies.

Depreciation is provided on a straight-line basis over the expected useful lives of the assets. The expected useful lives are as follows:

Buildings 10-50 years  
Plant and machinery 3-20 years  
Fixtures and fittings, tools and equipment 3-7 years

The basis of depreciation is based on the residual value of the asset at the end of its useful life and is reduced by impairment losses, if any. The depreciation period and the residual value are determined at the time of acquisition and are reassessed every year. Where the residual value exceeds the carrying amount of the asset, no further depreciation charges are recognized.

In case of changes in the depreciation period or the residual value, the effect on the amortization charges is recognized prospectively as a change in accounting estimates.

Depreciation is recognized in the Income Statement as production costs, distribution costs, and administrative costs, respectively.

Gains and losses on the disposal of property, plant, and equipment are determined as the difference between the selling price less selling costs and the carrying amount at the date of disposal. The gains or losses are recognized in the Income Statement as other operating income or other operating costs, respectively.

### ***Investments in subsidiaries***

Investments in subsidiaries are measured according to the equity method.

Investments in subsidiaries are measured in the Balance Sheet at the subsidiaries' net asset values calculated in accordance with the Group's accounting policies minus or plus unrealized intra-group profits and losses and plus goodwill.

Net revaluation of investments in subsidiaries is shown as a reserve for net revaluation according to the equity method under equity to the extent that the carrying value exceeds the cost. Subsidiary dividends are transferred from the net revaluation to the distributable reserves at the time of distribution.

### **Impairment of non-current assets**

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

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

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

## Consolidated and Parent Company Annual Report 1 March 2018 – 28 February 2019

Previously recognized impairment will only be reversed if the reason for impairment no longer exists. Impairments for goodwill cannot be reversed.

### **Inventories**

Inventories are measured at cost in accordance with the FIFO method. Where the net realizable value is lower than the cost, inventories are written down to this lower value.

Raw materials and consumables are measured at cost, comprising purchase price plus delivery costs.

Finished goods and work in process are measured at cost, comprising the cost of raw materials, consumables, direct wages and salaries, and indirect production overheads. Indirect production overheads comprise indirect materials and wages and salaries as well as maintenance and depreciation of production machinery, buildings, and equipment as well as factory administration and management. Borrowing costs are not included in the cost.

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

### **Receivables**

Receivables are recognized initially at fair value and subsequently measured at amortized cost less impairment losses. The impairment assessment is based on the Expected Credit Loss model (ECL).

The ECL model involves a three-stage approach under which financial assets move through the stages as their credit quality changes.

The stages determine how impairment losses are measured and the effective interest is applied. For trade receivables, the Group applies the simplified approach, which permits the use of lifetime ECL. Provision rates are determined based on grouping of trade receivables sharing the same credit risk characteristics and days past due.

Regarding Group intercompany loans, impairment losses will be recognized based on 12-month or lifetime ECL depending on whether a significant increase in credit risk has arisen since initial recognition.

### **Construction contracts**

Construction contracts are measured at the selling price of the work performed. The impairment assessment is based on the ECL model, cf. above.

The selling price is measured on the basis of the stage of completion at the Balance Sheet date and total expected income from the individual contract work. When the selling price of a contract cannot be measured reliably, the selling price is measured at the costs incurred or at net realizable value, if this is lower.

The individual construction contract is recognized in the Balance Sheet under either receivables or liabilities, depending on the net amount of the selling price less payables. Net assets are constituted by the sum of the construction contracts where the selling price of the work performed exceeds the amount which has been invoiced on account. Net liabilities are constituted by the sum of the construction contracts where the amount which has been invoiced on account exceeds the selling price.

Selling costs and costs incurred in securing contracts are recognized in the Income Statement when incurred.

## Consolidated and Parent Company Annual Report 1 March 2018 – 28 February 2019

### **Prepayments**

Prepayments recognized under current assets comprise costs incurred concerning subsequent fiscal years.

### **Equity**

#### ***Reserve for net revaluation according to the equity method (Parent Company)***

Net revaluation of investments in subsidiaries is recognized at cost in the reserve for net revaluation according to the equity method. The reserve cannot be recognized at a negative amount.

#### ***Proposed dividend***

Dividend proposed is recognized as a liability at the date when they are adopted at the general meeting (declaration date). Dividend during the year (extraordinary) or dividend expected to be distributed for the year are disclosed separately under equity.

#### ***Current tax and deferred tax***

Current tax payable and receivable is recognized in the Balance Sheet as tax computed on the taxable income for the year, adjusted for tax on the taxable income of prior years and for tax paid on account.

Payable and receivable joint tax contributions are recognized in the Balance Sheet under balances for the Parent Company.

Deferred tax is measured using the Balance Sheet liability method on all temporary differences between the carrying amount and the tax value of assets and liabilities. Where different tax rules can be applied to determine the tax base, deferred tax is measured on the basis of the planned use of the asset or settlement of the liability, respectively. Adjustment is made to deferred tax resulting from elimination of unrealized intra-group profits and losses.

Deferred tax assets, including the tax value of tax loss carryforwards, are recognized at the expected value of their utilization, either as a set-off against tax on future income or as set-off against deferred tax liabilities in the same legal tax entity and jurisdiction.

Deferred tax is measured according to the tax rules and at the tax rates applicable in the respective countries at the Balance Sheet date.

### **Provisions**

Provisions comprise anticipated costs related to warranties, losses related to construction contracts in process and court case in Poland. Provisions are recognized when, as a result of past events, the Group has a legal or a constructive obligation, and it is probable that settlement of the obligation will result in an outflow of financial resources.

Warranties comprise obligations to make good any defects within the warranty period. Provisions for warranties are measured at net realizable value and recognized based on past experience.

If it is probable that the total costs related to a construction contract will exceed the total income, the expected total loss of the construction contract is recognized as a provision.

Provision for the Polish court case covers expected costs regarding the court case in Poland.

## Consolidated and Parent Company Annual Report 1 March 2018 – 28 February 2019

### Liabilities other than provisions

Financial liabilities are recognized at the date of borrowing at the net proceeds received less transaction costs paid. In subsequent periods, the financial liabilities are measured at amortized cost, corresponding to the capitalized value using the effective interest rate. Accordingly, the difference between the proceeds and the nominal value is recognized in the Income Statement over the term of the loan.

Other liabilities are measured at net realizable value.

### Fair value

Fair value measurements are based on the principal market. If no principal market exists, the measurement is based on the most advantageous market, i.e. the market that maximizes the price of the asset or liability less transaction and/or transport costs.

All assets and liabilities which are measured at fair value, or whose fair value is disclosed, are classified based on the fair value hierarchy, see below:

- Level 1: Value in an active market for similar assets/liabilities
- Level 2: Value based on recognized valuation methods on the basis of observable market information
- Level 3: Value based on recognized valuation methods and reasonable estimates (non-observable market information).

### Cash Flow Statement

The Cash Flow Statement shows the Group's cash flows from operating, investing, and financing activities for the year, the year's changes in cash as well as the Group's cash at the beginning and end of the year.

#### *Cash flows from operating activities*

Cash flows from operating activities are calculated as the Group's profit adjusted for non-cash operating items, changes in working capital, corporate tax paid, and receivable/joint taxation contribution.

#### *Cash flows for investing activities*

Cash flows for investing activities comprise payments in connection with capitalized development costs (cash effect) and acquisitions and disposals of other intangibles, property, plant, and equipment, and investments.

#### *Cash flows from financing activities*

Cash flows from financing activities comprise payments to and from the Group's stockholders and related costs as well as raising of loans and repayment of interest-bearing debt.

### Current cash

Current cash includes cash in hand and bank deposits.

### Segment information

Revenue has been allocated according to business segments and geographical markets.



## Consolidated and Parent Company Annual Report 1 March 2018 – 28 February 2019

### 2 Special items

Special items comprise significant income and costs of a special character in relation to the Group's operating activities generating income, i.e. costs in connection with comprehensive restructuring of processes and fundamental structural modifications and related gains and losses on disposals which will be of significance over a period of time. Special items also comprise other significant one-off expenses, which according to Management are not a part of the normal operating activities of the Group.

As mentioned in the Management's Review, the result for the year has been impacted by circumstances that according to Management deviate from being a part of the operating activities.

In December, the Regional Court of Warsaw, a first instance court, delivered its judgment in the dispute, which Terma filed in 2014 against the Polish Ministry of National Defence for breach of contract.

Both parties have decided to appeal to the Court of Appeals higher court.

The case confirmed that Terma's Airborne Survivability Equipment system lives up to expected performance, and both Terma and Terma's legal advisers view that the case against the Polish Ministry of National Defence is strong. Nonetheless, due to the fact that the judgment did not fully turn out in Terma's favor and due to the actual circumstances surrounding the Polish court system, an amount of 133,681 tDKK has been accrued for the case.

The order value of a customer project is downwards adjusted and thereby impacting the result for the year with 15,000 tDKK.

In addition, a restructuring of the organization has taken place with a further impact of 15,116 tDKK.

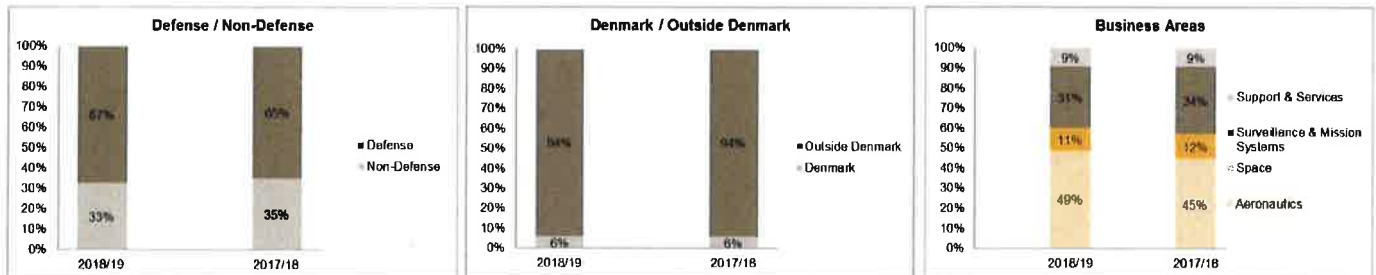
These one-off costs have impacted the profit for the year negatively with 163,797 tDKK in total and relate to the following items:

DKK 1,000	Consolidated		Parent Company	
	2018/19	2017/18	2018/19	2017/18
Revenue	77,945	0	0	0
Production costs	26,374	24,132	0	0
Distribution costs	2,611	2,320	0	0
Administrative costs	1,131	4,310	0	0
Other operating costs	15,851	0	0	0
Financial costs	39,885	0	0	0
Result in subsidiaries	-	-	136,536	23,995
Total before tax	163,797	30,762	136,536	23,995
Tax	(27,261)	(6,767)	0	0
Total	136,536	23,995	136,536	23,995

## Consolidated and Parent Company Annual Report 1 March 2018 – 28 February 2019

### 3. Segment information, Revenue (excluding the Polish court case)

Consolidated



DKK 1,000.	Consolidated		Parent Company	
	2018/19	2017/18	2018/19	2017/18
<b>Revenue</b>				
Goods and services	656,407	648,394	0	0
Construction contracts	1,146,951	1,136,197	0	0
	1,803,358	1,784,591	0	0
The Polish court case	(77,945)	0	0	0
	<u>1,725,413</u>	<u>1,784,591</u>	<u>0</u>	<u>0</u>

### 4 Costs

#### Staff costs

Wages and salaries	839,761	765,612	0	0
Remuneration to Parent Company Board Members and Management registered in the Central Business Register	750	750	0	0
Pensions	52,573	47,792	0	0
Other social security costs	40,279	34,976	0	0
	<u>933,363</u>	<u>849,130</u>	<u>0</u>	<u>0</u>
Average number of full-time employees	<u>1,495</u>	<u>1,398</u>	<u>0</u>	<u>0</u>

#### Parent

No remuneration for the Parent Company Board Members and Management was given in the 2018/19 fiscal year.

No staff is employed apart from the Management.

#### Group

According to the exemption clause in § 98, section 3, No. 1 of the the Danish Financial Statements Act, remuneration for the Consolidated Management is presented in total to avoid disclosure of remuneration for the Management.

## Consolidated and Parent Company Annual Report 1 March 2018 – 28 February 2019

Incentive programs have been established for the Management and employees in managerial positions. The programs comprise the possibility of settlement in cash depending on achievement of specific targets. The programs run mainly annually.

### 5 Fees paid to auditors

DKK 1,000	Consolidated	
	2018/19	2017/18
Statutory audit	1,017	1,173
Other assurance engagements	77	87
Tax and VAT	916	751
Other non-audit services	668	395
<b>Total</b>	2,678	2,406

### 6 Investments in subsidiaries

DKK 1,000	
Cost at 1 March 2018	467,443
Cost at 28 February 2019	467,443
Net revaluation at 1 March 2018	237,454
Result for the year in subsidiaries	(64,741)
Amortization of goodwill	(1,906)
Other changes in equity in subsidiaries	(18,116)
Value adjustments at 28 February 2019	152,691
<b>Carrying amount at 28 February 2019</b>	<b>620,134</b>
Unamortized goodwill at 28 February 2019	0

Please refer to note 21 for further disclosure of subsidiaries.

## Consolidated and Parent Company Annual Report 1 March 2018 – 28 February 2019

### 7 Financial income and costs

	Consolidated		Parent Company	
	2018/19	2017/18	2018/19	2017/18
DKK 1,000				
Included in financial income and costs are:				
Intercompany interest income, current assets	-	-	309	254
Other interest	0	0	0	0
Exchange rate variations regarding hedging instruments	16,311	9,837	0	0
<b>Financial income</b>	<b>16,311</b>	<b>9,837</b>	<b>309</b>	<b>254</b>
Court case in Poland	39,885	0	0	0
Intercompany interest, current liabilities	281	931	2,199	2,666
Interest on subordinated loans	7,650	6,975	2,025	1,350
Interest to credit institutions, non-current liabilities	4,618	6,407	0	0
Interest to credit institutions, current liabilities	6,538	2,793	0	0
Guarantee expenses and bank charges	2,439	2,001	1	0
Exchange rate variations and hedging costs regarding hedging instruments	13,782	17,813	0	0
<b>Financial costs</b>	<b>75,193</b>	<b>36,920</b>	<b>4,225</b>	<b>4,016</b>
<b>8 Tax</b>				
Corporate income tax	10,616	19,469	(914)	(883)
Deferred tax	(19,746)	10,323	0	0
<b>Total tax</b>	<b>(9,130)</b>	<b>29,792</b>	<b>(914)</b>	<b>(883)</b>
Specified as follows:				
Tax on profit	(3,560)	20,452	(914)	(883)
Tax on changes in equity	(5,570)	9,340	0	0
	(9,130)	29,792	(914)	(883)

## Consolidated and Parent Company Annual Report 1 March 2018 – 28 February 2019

### 9 Intangibles

DKK 1,000	Consolidated					
	Group Goodwill	Software	Software in process	Developm. projects, completed	Developm. projects, in process	Total
Cost at 1 March 2018	224,136	46,606	2,229	754,144	153,213	1,180,328
Foreign currency translation	0	0	0	0	1,657	1,657
Additions	0	18,631	12,352	0	123,665	154,648
Disposals	0	(3,473)	0	(35,496)	0	(38,969)
Transfers	0	1,979	(1,979)	2,079	(2,079)	0
Cost at 28 February 2019	<u>224,136</u>	<u>63,743</u>	<u>12,602</u>	<u>720,727</u>	<u>276,456</u>	<u>1,297,664</u>
Amortizations and impairments at 1 March 2018	222,230	22,878	0	498,696	0	743,804
Amortizations and impairments	1,906	14,371	0	99,254	0	115,531
Disposals	0	(3,473)	0	(35,496)	0	(38,969)
Amortizations and impairments at 28 February 2019	<u>224,136</u>	<u>33,776</u>	<u>0</u>	<u>562,454</u>	<u>0</u>	<u>820,366</u>
<b>Carrying value at 28 February 2019</b>	<u>0</u>	<u>29,967</u>	<u>12,602</u>	<u>158,273</u>	<u>276,456</u>	<u>477,298</u>
Amortized over	<u>20 years</u>	<u>3-5 years</u>		<u>5-15 years</u>		

#### Development costs

Development projects comprise large and small projects in all Terma's Business Areas. Investments are made in the development of:

- Physical products or product platforms based on a set of technologies
- Software platforms, generic or actual applications
- Production processes with future profitability, supporting provision of one or more of the other assets.

A development project is initiated based on an assessment of the business potential described in a business case. Terma uses a gateway model ensuring ongoing follow-up of the development projects.

All development projects are evaluated to ensure that future earnings justify the carrying amount. An annual impairment test of the individual development project will ensure this, in which the discounted expected cash flow is compared with the carrying amount. Ongoing projects are discounted with a WACC of 13-15% after tax, and finished projects are discounted with a WACC of 9-13% after tax.

#### Sensitivity Analysis

An increase in the WACC percentage of 1% will decrease the discounted value of the projects, but they will all remain within the carrying amount.

## Consolidated and Parent Company Annual Report 1 March 2018 – 28 February 2019

### 10. Property, plant, and equipment

DKK 1,000	Consolidated				Total
	Land and buildings	Plant and machinery	Fixtures and fittings, tools and equipment	Property, plant, and equipment under construction	
Cost at 1 March 2018	460,465	440,214	113,247	25,235	1,039,161
Foreign currency translation adjustments	0	514	1,165	0	1,679
Transfers	6,839	10,154	205	(17,198)	0
Additions	8,508	11,846	13,339	34,303	67,996
Disposals	0	(3,812)	(6,100)	0	(9,912)
Cost at 28 February 2019	475,812	458,916	121,856	42,340	1,098,924
Revaluation at 1 March 2018	20,621	0	0	0	20,621
Revaluation at 28 February 2019	20,621	0	0	0	20,621
Depreciation and impairments at 1 March 2018	207,959	263,000	88,108	0	559,067
Foreign currency translation adjustments	0	487	775	0	1,262
Depreciations	14,091	27,777	9,731	0	51,599
Disposals	0	(3,812)	(5,967)	0	(9,779)
Depreciations and impairments at 28 February 2019	222,050	287,452	92,647	0	602,149
<b>Carrying amount at 28 February 2019</b>	<b>274,383</b>	<b>171,464</b>	<b>29,209</b>	<b>42,340</b>	<b>517,396</b>
Depreciated over	<u>10-50 years</u>	<u>3-20 years</u>	<u>3-7 years</u>		

## Consolidated and Parent Company Annual Report 1 March 2018 – 28 February 2019

### 11 Construction contracts

DKK 1,000	Consolidated		Parent Company	
	2019	2018	2019	2018
Selling price of construction contracts	2,893,544	2,152,006	-	-
Invoiced on account	(2,844,896)	(1,914,530)	-	-
<b>Construction contracts at 28 February</b>	<b>48,648</b>	<b>237,476</b>	<b>-</b>	<b>-</b>
Recognized as follows:				
Construction contracts (assets)	302,523	380,739	-	-
Construction contracts (liabilities)	(253,875)	(143,263)	-	-
	48,648	237,476	-	-

### 12 Corporate tax payable

Corporate tax payable at 1 March	17,682	18,038	17,374	11,821
Transferred from intra-group accounts	0	0	1,572	19,804
Tax for the year	10,616	19,469	(914)	(883)
Corporate tax paid during the year	(26,291)	(19,825)	(19,750)	(13,368)
<b>Corporate tax payable at 28 February</b>	<b>2,007</b>	<b>17,682</b>	<b>(1,718)</b>	<b>17,374</b>
recognized as follows:				
Corporate tax receivable	(2,080)	(3,268)	(1,718)	0
Corporate tax payable	4,087	20,950	0	17,374
	2,007	17,682	(1,718)	17,374

## Consolidated and Parent Company Annual Report 1 March 2018 – 28 February 2019

DKK 1,000	Consolidated		Parent Company	
	2019	2018	2019	2018
<b>13 Deferred tax</b>				
Deferred tax at 1 March	141,933	131,474	0	0
Foreign currency translation	(101)	136	0	0
Tax adjustments for the year	(19,746)	10,323	0	0
<b>Deferred tax at 28 February</b>	122,086	141,933	0	0
recognized as follows:				
Deferred tax asset	(3,921)	(1,384)	0	0
Deferred tax	126,007	143,317	0	0
	122,086	141,933	0	0
Deferred tax relates to:				
Intangibles	86,845	86,348	0	0
Property, plant, and equipment	38,508	34,806	0	0
Current assets	29,618	21,611	0	0
Provisions	(20,635)	0	0	0
Liabilities other than provisions	(12,250)	(832)	0	0
	122,086	141,933	0	0
<b>Expected timeframe for elimination of deferred tax liabilities:</b>				
0-1 year	7,688	15,869	0	0
1-5 years	48,313	76,808	0	0
>5 years	66,085	49,256	0	0
	122,086	141,933	0	0
<b>14 Prepayments</b>				
Insurance premiums	673	679	0	0
Rent	280	938	0	0
Tax on real property	505	519	0	0
IT licenses, short term	3,581	4,262	0	0
Other prepayments	1,786	1,006	0	0
	6,825	7,404	0	0



## Consolidated and Parent Company Annual Report 1 March 2018 – 28 February 2019

### 15 Equity

Capital stock consists of stock of 25 million with a nominal value of DKK 1.00, in total MDKK 25.

The capital stock has remained unchanged during the preceding five years.

The Company does not hold any own shares at the Balance Sheet date. Buying or selling own shares have not taken place during the financial year, either.

### 16 Warranty provisions

DKK 1,000	Consolidated		Parent Company	
	2018/19	2017/18	2018/19	2017/18
Warranty provisions at 1 March	11,772	12,179	0	0
Used during the year	(5,976)	(9,347)	0	0
Unused warranty provisions, reversed	(573)	(1,033)	0	0
Provisions for the year	6,643	9,973	0	0
<b>Warranty provisions at 28 February</b>	<b>11,866</b>	<b>11,772</b>	<b>0</b>	<b>0</b>
Expected maturity dates for warranty provisions				
0-1 year	8,381	8,315	0	0
>1 years	3,485	3,457	0	0
	<b>11,866</b>	<b>11,772</b>	<b>0</b>	<b>0</b>

### 17 Provision for the Polish court case

Provision for the Polish court case covers expected costs regarding the court case in Poland. More information on the Polish court case can be found in the Management's Review and note 20. The judgment from the Court of Appeal is expected after more than 1 year.

### 18 Subordinated loans

Subordinated convertible loans have been obtained from the ultimate owner Thomas B. Thriges Fond with a total nominal value of 170 MDKK (Parent: 45 MDKK). The interest rate is fixed at 4.5% pro anno. The loans expire 31 May 2019 and 30 June 2019 without further notice, and have been renewed on similar terms, expiring on 1 March 2022. Once a year in February, the loans can be fully or partially converted into shares in Thrige Holding A/S / the subsidiary Terma A/S based on current value, however, not less than par.

## Consolidated and Parent Company Annual Report 1 March 2018 – 28 February 2019

### 19 Non-current liabilities other than provisions

2018/19	Consolidated					
DKK 1,000	Liabilities	Fair value	Nominal value	Long-term liabilities	Short-term liabilities	Loans outstanding after five years
Subordinated loans	170,000	170,000	170,000	170,000	45,000	0
Credit institutions	208,777	208,916	208,916	197,171	11,606	17,409
Mortgage credit institutions	206,868	211,657	209,402	195,037	11,831	146,146
<b>28 February 2019</b>	<b>585,645</b>	<b>590,573</b>	<b>588,318</b>	<b>562,208</b>	<b>68,437</b>	<b>163,555</b>

2017/18	Consolidated					
DKK 1,000	Liabilities	Fair value	Nominal value	Long-term liabilities	Short-term liabilities	Loans outstanding after five years
Subordinated loans	170,000	170,000	170,000	170,000	0	0
Credit institutions	208,502	208,502	208,502	208,502	0	63,739
Mortgage credit institutions	193,490	199,403	197,449	182,983	10,507	139,611
<b>28 February 2018</b>	<b>571,992</b>	<b>577,905</b>	<b>575,951</b>	<b>561,485</b>	<b>10,507</b>	<b>203,350</b>

2018/19	Consolidated			
DKK 1,000	28 February 2018	Cash flow	Non-monetary	28 February 2019
Non-current liabilities other than provisions	561,485	309	(44,586)	517,208
Current liabilities other than provisions	81,599	(35,025)	45,000	91,574
<b>Liabilities other than provisions from investing activities</b>	<b>643,084</b>	<b>(34,716)</b>	<b>414</b>	<b>608,782</b>

## Consolidated and Parent Company Annual Report 1 March 2018 – 28 February 2019

### Debt to financial institutions

		2019			
DKK 1,000	Average nominal interest rate	Average effective interest rate	Currency	Fixed interest period	Carrying amount
<b>Mortgage loans:</b>					
Variable rate loans	0.95	0.91		3-6 months	51,967
Fixed rate loans	2.42	2.69		16-22 years	143,070
<b>Mortgage loans total</b>	2.02	2.21			195,037
<b>Loans from banks:</b>					
Fixed interest rate loans	1.15	1.18			197,171
<b>Loans from banks total</b>	1.15	1.18			197,171
<b>Credit institutions total at 28 February</b>					392,208

		2018			
DKK 1,000	Average nominal interest rate	Average effective interest rate	Currency	Fixed interest period	Carrying amount
<b>Mortgage loans:</b>					
Variable rate loans	0.93	0.93	DKK	3-6 months	57,917
Fixed rate loans	2.82	3.12	DKK	17-23 years	125,066
<b>Mortgage loans total</b>	2.23	2.43			182,983
<b>Loans from banks:</b>					
Fixed interest rate loans	1.15	1.18	EUR		208,502
<b>Loans from banks total</b>	1.15	1.18			208,502
<b>Credit institutions total at 28 February</b>					391,485

## Consolidated and Parent Company Annual Report 1 March 2018 – 28 February 2019

### 20 Contingent liabilities and security

#### Contingent liabilities

	Consolidated		Parent Company	
	2019	2018	2019	2018
DKK 1,000				
Lease liabilities (operating leases) falling due within five years (annual cost 14,784 tDKK)	43,579	41,337	0	0
Lease liabilities due after more than five years	3,026	483	0	0

The German consolidated company Thrige Electric GmbH has secondary liability for pension obligations towards former employees in a transferred subsidiary. The activities have been retransferred three times and the risk that the obligations will be actualized is assessed low.

Terma A/S is a party, as the plaintiff, to a court dispute with the Polish Ministry of National Defence regarding Aircraft Survivability Equipment. The Regional Court of Warsaw has delivered its judgment resulting in both parties having appealed to the Court of Appeal. If the Court of Appeal rules in favor of Terma's opponent, Terma could risk a further loss for liquidated damages up to 33 MDKK plus statutory interest. The principal claim is maintained at 135 MDKK plus statutory interest.

The subsidiaries Terma A/S, Terma Aerostructures A/S, and Thrige-Titan A/S are assessed for Danish tax purposes jointly with Thrige Holding A/S. As of 2013/14, the company is jointly and severally liable with the other companies in the Group for payment of income tax and withholding tax in Denmark. Net liability of the jointly liable companies towards SKAT appears from the annual report of Thrige Holding A/S. Corrections of income tax and withholding tax appearing at a later time may result in responsibility to pay an increased amount.

Thrige Holding A/S is jointly and severally liable for joint registration concerning VAT with the subsidiary Terma A/S.

On behalf of the Terma Group, third parties have issued performance and advance payment bonds at total of

74,205	152,684	0	0
12,704	18,492	0	0

#### Security

The following assets have been provided as security for mortgage loans:

Carrying amount of land and buildings	274,383	273,127	-	-
Other property, plant, and equipment estimated to be comprised by the collateral, cf. the provisions of the Danish Registration of Property Act	243,013	227,588	-	-

## Consolidated and Parent Company Annual Report 1 March 2018 – 28 February 2019

### 21 Related parties

The related parties of Thrige Holding A/S are:

#### Related parties with control and ownership

Thrige Holding A/S is fully (100%) owned by:

Thomas B. Thriges Fond (Central Business Register No. 10 15 62 11)

% Terma A/S

Vasekær 12

2730 Herlev

As a subsidiary, the company is included in the annual report of Thomas B. Thriges Fond. The annual report can be obtained by request at the company's address.

#### Other related parties

		Ownership share	Capital stock
Terma A/S (Central Business Register No. 41 88 18 28)	Lystrup, Denmark	100%	18,000 tDKK
Terma Aerostructures A/S (Central Business Register No. 35 23 62 52)	Grenaa, Denmark	100%	5,000 tDKK
Terma North America Inc., USA	Delaware, USA	100%	150 tUSD
Terma B.V., the Netherlands	Leiden, the Netherlands	100%	750 tEUR
Terma GmbH, Germany	Darmstadt, Germany	100%	51 tEUR
Terma Singapore Pte. Ltd., Singapore	Singapore, Singapore	100%	100 tSGD
Terma (UK) Ltd., England	London, England	100%	10 tEUR
Terma (India) Pvt.Ltd., India	Delhi, India	100%	1,000 tINR
Terma France SAS, France	Paris, France	100%	10 tEUR
Terma Middle East Trading LLC	Abu Dhabi, UAE	49%	300 tAED
Thrige-Titan A/S (Central Business Register No. 40 32 24 18)	Lystrup, Denmark	100%	5,000 tDKK
Thrige Electric GmbH, Germany	Darmstadt, Germany	100%	2,301 tEUR

The Board of Directors in Thrige Holding A/S

The Board of Directors in Thomas B. Thriges Fond

## Consolidated and Parent Company Annual Report 1 March 2018 – 28 February 2019

### Transactions with related parties

Significant transactions with related parties comprise:

DKK 1,000	2018/19	2017/18
<b>Consolidated</b>		
Subordinated loan from Parent Company	170,000	170,000
Amounts owed to Parent Company	23,137	19,468
Sale of services to Parent Company	281	901
Interest expense to Parent Company	7,650	7,906
<b>Parent Company</b>		
Subordinated load from Parent Company	45,000	45,000
Accounts receivable at subsidiary	35,499	54,433
Amounts owed to Parent Company	3,890	1,737
Amounts owed to subsidiary	41,771	40,532
Purchase of services from subsidiary	72	71
Interest income from subsidiary	309	254
Interest expense to subsidiary	2,072	1,891
Interest expense to Parent Comapny	2,152	2,125

### 22 Events after the balance sheet date

Following the end of the fiscal year, no significant events have occurred which affect the assessment of the Group's and Parent Company's financial position as reported on 28 February 2019 or in the Annual Report 2018/19.

### 23 Financial instruments and financial risks

Through its operations, the Thrige Holding Group is exposed to a certain financial risk; this financial risk relates to and is defined as follows:

Liquidity risk	The risk that Terma Group is not able to meet its future cash flow needs
Credit risk	The risk of incurring a financial loss if a customer or counterparty fails to fulfill its contractual obligations
Market risk	The risk of losses in financial positions arising from movements in interest, currency rates, and raw material prices to which the Group is exposed

## Consolidated and Parent Company Annual Report 1 March 2018 – 28 February 2019

Policies and objectives for handling financial risks are regularly assessed and approved by the Board of Directors.

Sensitivity analyses and stress tests are performed. Sensitivity information reported is calculated at Balance Sheet date and comprises only sensitivity relating to financial instruments, so the amounts disclosed do not necessarily give a complete picture of the Group's risk relating to changes in currency rates and interest rates.

There are no changes to the Group's exposure to and management of financial risk since last year.

### Liquidity risk

<u>Related business activity</u>	<u>Implication</u>	<u>Risk mitigation</u>	<u>Impact</u>
The Group is exposed to liquidity risk due to ongoing normal business activities, significant investments, and to a lesser extent to repayment of mortgage loans.	<i>Effect:</i> Medium  <i>Threat:</i> Low	Liquidity is managed at Group level.  Liquidity forecasts are produced and updated regularly based on forecasts on operational cash flows, CAPEX, and investment commitments.	The Group's liquidity reserve consists of an unsecured overdraft facility for multi-currency short-term financing needs.
Cash management is vital in relation to fulfill requirements from financial institutions.		Flexibility in the Group's loan portfolio is secured by having different institutions, terms, and expiry.  The Group's loan agreements include covenants (leverage ratio). The agreements do not include clauses where cash security has to be pledged.	Similar to 2017/18, there has been no breach of covenants during the year  It is the Management's opinion that the Group has sufficient financial resources to settle obligations as they become due.

Investments are classified as financial assets at fair value through profit or loss (financial derivatives) or as loans and receivables. The classification depends on the purpose for which the investments were acquired. Financial assets classified at fair value through profit or loss are investments that are measured and reported at fair value in the internal management reporting. Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables are included in trade receivables and other receivables in the statement of financial position.

The Group's loan portfolio consists of a traditional mortgage loan, a European Investment Bank loan, and a loan from the Parent Company (intra-group balance).

In addition, the Group has subordinated loans of 170 MDKK.

At year-end February 2019, cash and cash equivalents amounted to MDKK 114. In addition to cash and cash equivalents, an unsecured overdraft facility for multi-currency short-term financing needs is in place.

## Consolidated and Parent Company Annual Report 1 March 2018 – 28 February 2019

Below is a maturity analysis of the financial liabilities at year-end, 28 February 2019 and 28 February 2018.

	2019				2018			
	Carrying amount/ contractual cash flow	0-1 year	1-5 years	>5 years	Carrying amount/ contractual cash flow	0-1 year	1-5 years	>5 years
DKK 1,000								
<b>Non-derivats:</b>								
Subordinated loans	170,000	45,000	125,000	-	170,000	-	170,000	-
Credit institutions	208,777	11,606	179,762	17,409	208,502	-	144,763	63,739
Mortgage credit institutions	206,868	11,831	48,891	146,146	182,983	-	43,372	139,611
Current liabilities other than provisions	730,674	730,674	-	-	632,873	632,873	-	-
<b>Derivats:</b>								
Forward contracts	12,695	12,695	-	-	3,797	3,797	-	-
Interest swaps	3,044	3,044	-	-	3,778	3,778	-	-
	1,332,058	814,850	353,653	163,555	1,201,933	640,448	358,135	203,350

### Credit risk

Related business activity	Implication	Risk mitigation	Impact
The Group is exposed to credit risk from receivables and from balances with banks.	<i>Effect:</i> Medium	The Group conducts credit assessments of new customers and partners.	In general, there is no significant credit risk relative to individual customers.
Risk related to receivables occurs when customers do not pay as agreed.	<i>Threat:</i> Low	Customers outside Europe and North America are individually assessed and due to the assessment the trade is handled on letter of credit or with upfront payment.	In 2018/19, the Group has incurred a minor financial loss on debtors. In 2017/18, there was no loss.
Credit risk with balances in banks occurs when it is uncertain if the bank is capable of settling its obligations as they become due.		Credit insurance from EKF is used if deemed necessary.	The Group does not expect any loss on trade receivables, construction contracts, or amounts owed by subsidiaries.
		The Group minimizes risk from banks by using banks with proper ratings.	Therefore, there has not been recognized any ECL loss.



## Consolidated and Parent Company Annual Report 1 March 2018 – 28 February 2019

In 2018/19, there was an impairment of receivables of 0.5 MDKK with the Asia Pacific Area. 3% of the receivables exceeded payment terms with more than one month.

In 2017/18, there was no impairment of receivables. 5% of the receivables exceeded payment terms with more than one month.

Accounts receivable from sales are specified as follows:

DKK 1,000	2018/19	2017/18
Europe	192,822	177,731
North and Central America	119,384	95,805
Asia Pasific	36,153	25,416
Middle East and North Africa	8,805	19,151
Rest of World	1,245	612
<b>Accounts receivable at 28 February</b>	<b>358,409</b>	<b>318,715</b>

Overdue Accounts Receivable:

DKK 1,000	2018/19	2017/18
Up to 1 month	16,480	35,703
Between 1 and 2 months	4,262	3,753
More than 2 months	8,247	10,701
<b>Overdue accounts receivable at 28 February</b>	<b>28,989</b>	<b>50,157</b>

### Interest rate risk

<u>Related business activity</u>	<u>Implication</u>	<u>Risk mitigation</u>	<u>Impact</u>
Due to financing of investments and normal business operations, the Group is exposed to risk concerning fluctuations in the interest rate. The primary risk is related to fluctuations in CIBOR.	<i>Effect:</i> Medium  <i>Threat:</i> Low	It is the Group's policy to have long-term borrowings to a large extent at fixed rates. Net interest rate risks may be hedged via interest rate swaps and related instruments, if assessed as advantageous. The Group uses cash pool arrangements to net funds on deposit with debt to minimize interest payments.	99% of total interest-bearing debt excluding subordinated loans is fixed rated (2017/18 it was 68%). The effective interest rate of this part of the debt is 1.8% (2017/18 it was 1.9%). Please refer to note 18 for information about subordinated loans.

## Consolidated and Parent Company Annual Report 1 March 2018 – 28 February 2019

The exposure to floating interest rates at Balance Sheet date 28 February 2019 and 28 February 2018 are as follows:

	2019				2018			
	Notional principal amount	Value adjustment recognized in equity after tax	Fair value	Expected life	Notional principal amount	Value adjustment recognized in equity after tax	Fair value	Expected life
DKK 1,000								
Interest rate swap	38,620	(2,375)	(3,254)	3 years	40,955	(2,947)	(3,999)	4 years

Changes in market values on derivatives could cause calls of further pledge or cash distribution, but the risk is considered insignificant, and we have sufficient credit lines with our financial counterparties. The Group has unutilized facilities including cash totalling 340 MDKK (2017/18: 188 MDKK).

### *Sensitivity of interest rate risk*

The calculated effect after tax based on a 1% point interest rate increase would affect profit/(loss) by 0 MDKK (2017/18: (1.6) MDKK) and equity by 0 MDKK (2017/18: (1.2) MDKK).

A 1% point interest rate decrease would as a minimum have a corresponding inverse effect (however, not below zero interest rates).

### **Currency risk**

<u>Related business activity</u>	<u>Implication</u>	<u>Risk mitigation</u>	<u>Impact</u>
The Group is exposed to currency risk due to selling in USD and EUR, buying in EUR, USD, and GBP, loan taken in EUR, and net investments in subsidiaries with functional currency in SGD, INR, and AED.	<i>Effect:</i> High  <i>Threat:</i> Low	It is the Group's policy to use derivative instruments to hedge currency risks, and forward exchange contracts are entered into in connection with the acceptance and conclusion of contracts.  EUR cash flow is used for repaying loan in EUR but otherwise not hedged due to Danish fixed exchange rate policy against EUR.  Net investments in foreign subsidiaries are not hedged.	The effect from currency risk originates mainly from USD cash flows. The company has hedged the currency risk in accordance with the Group's policy. As in 2017/18, the Group has only used derivative financial instruments to hedge exchange rate risks.

The operating and reporting currency is DKK, and thus, all amounts are recorded and reported in DKK.

## Consolidated and Parent Company Annual Report 1 March 2018 – 28 February 2019

At year-end, the Group held the following derivatives:

**2019**

DKK 1,000	Payable/ maturity date	Receivables	Credit institutions	Liabilities other than provisions	Hedged by forward exchange contracts and currency swaps	Net position
USD	< 1 year	114,474	-	(85,801)	(26,100)	2,573
GBP	< 1 year	169	-	(8,636)	8,475	8
SEK	< 1 year	-	-	(296)	-	(296)
EUR	< 1 year	218,979	(11,606)	(366,095)	-	(158,722)
EUR	> 1 year	-	(197,310)	-	-	(197,310)
INR	< 1 year	456	-	(326)	-	130
SGD	< 1 year	735	-	(2,178)	-	(1,443)
AED	< 1 year	2,816	-	(743)	(1,481)	592

**2018**

DKK 1,000	Currency	Payable/ maturity date	Receivables	Credit institutions	Liabilities other than provisions	Hedged by forward exchange contracts and currency swaps	Net position
USD		< 1 year	109,086	-	(68,886)	(22,955)	17,245
GBP		< 1 year	3,812	-	(8,532)	-	(4,720)
CAD		< 1 year	13	-	-	-	13
SEK		< 1 year	-	-	(555)	-	(555)
EUR		< 1 year	187,182	-	(90,440)	-	96,742
EUR		> 1 year	-	(208,502)	-	-	(208,502)
INR		< 1 year	180	-	(229)	-	(49)
SGD		< 1 year	563	-	(1,180)	-	(617)
AED		< 1 year	12,407	-	(370)	(12,037)	-
CHF		< 1 year	-	-	(42)	-	(42)

## Consolidated and Parent Company Annual Report 1 March 2018 – 28 February 2019

### Sensitivity of currency risk

To measure currency risk in accordance with IFRS 7, sensitivity is calculated as the change in fair value of future cash flows from financial instruments as a result of fluctuations in exchange rates on the Balance Sheet date. Other things being equal and after tax, sensitivity to fluctuations in USD at Balance Sheet date based on a 10% decrease in currency translation rates against DKK would result in a net profit/(loss) of (0.3) MDKK (2017/18: (1.7) MDKK) and affect equity by (0.2) MDKK (2017/18: (1.3) MDKK). The effect of a 10% increase in the currency translation rates against DKK would have a corresponding inverse effect.

### Exchange rate contracts:

DKK 1,000	Period	Contractual value		Fair value		Gains and losses recognized in the equity	
		2019	2018	2019	2018	2019	2018
AED	0-1 year	1,421	10,939	(107)	294	(39)	116
AED	1-5 years	635	2,487	(48)	71	(19)	95
USD	0-1 year	291,498	266,621	(20,648)	14,003	(7,879)	10,930
USD	1-5 years	109,411	225,765	(3,301)	2,289	(1,966)	3,828
		<u>402,965</u>	<u>505,812</u>	<u>(24,104)</u>	<u>16,657</u>	<u>(9,903)</u>	<u>14,969</u>
Tax						<u>(2,793)</u>	<u>4,222</u>
Total before tax						<u>(12,696)</u>	<u>19,191</u>

Fair value of financial instrument is related to observable input (level 2).

### Categories of financial instruments:

DKK 1,000	2018/19	2017/18
<b>Financial assets:</b>		
Financial derivatives used for hedging purposes	<u>117,459</u>	<u>125,305</u>
Receivables and cash at bank and in hand	<u>472,989</u>	<u>337,764</u>
<b>Financial liabilities:</b>		
Financial derivatives used for hedging purposes	<u>95,180</u>	<u>77,788</u>
Financial liabilities measured at amortized costs	<u>540,645</u>	<u>623,616</u>

## Consolidated and Parent Company Annual Report 1 March 2018 – 28 February 2019

### Raw material price risk

<u>Related business activity</u>	<u>Implication</u>	<u>Risk mitigation</u>	<u>Impact</u>
The Group is exposed to risk concerning raw material prices due to raw material as aluminum and composite materials forming part of the products sold.	<i>Effect:</i> Low  <i>Threat:</i> Low	Raw material price risk has until now not been hedged. The impact on the financial result is immaterial as major parts of raw materials are bought in accordance with customer's requirement and their "Right to buy" agreements. These agreements are firm fixed prices in USD in 3-5 years.	The developments in raw material prices have had an immaterial impact on the Group's financial result in 2017/18 and 2018/19.
		The development in raw material prices is followed continuously.	

### 24 Proposed profit appropriation

DKK 1,000	<u>2018/19</u>	<u>2017/18</u>
Reserved for net revaluation according to the equity method	(66,647)	62,670
Retained earnings	(3,241)	(3,129)
	<u>(69,888)</u>	<u>59,541</u>

### 25 Changes in working capital

DKK 1,000		
Inventories	(63,826)	(30,930)
Receivables including construction contracts	50,952	(186,208)
Construction contracts and prepayments from customers	106,190	14,227
Trade payable and other payables	56,375	(13,336)
	<u>149,691</u>	<u>(216,247)</u>

## Consolidated and Parent Company Annual Report 1 March 2018 – 28 February 2019

### 26 Acquisition of software, property, plant, and equipment

	Consolidated	
	2018/19	2017/18
DKK 1,000		
Additions to software, property, plant, and equipment (note 9 and 10)	98,979	92,931
Hereof trade payables to be paid in the following financial year	(6,930)	(14,490)
Trade payables beginning of year	14,490	13,338
Paid concerning addition to property, plant, and equipment	106,539	91,779