Qubiqa Group

2023/24

ANNUAL REPORT

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GROUP INFORMATION

Qubiqa Holding
Morsøgade 10, 6700 Esbjerg, DK
Tel.: +45 75 12 01 99
Registered office: Esbjerg
CVR no.: 38 26 83 17
Financial year: 01 June - 31 May

Executive Board
Morten Lagoni Seeberg

Board
Axel Manøe Jepsen
Esben Bay Jørgensen
Claus Peter Skov
Jesper Hilarius Kalko

Auditors
Beierholm
Statsautoriseret Revisionspartnerselskab

STATEMENTS

Statement by the Board

Active Year with Strong Momentum

FY24 was marked by consistently high activity levels at both Qubiqa and CH System. Despite challenges posed by a shortage of skilled labor, both companies met their obligations and delivered high-quality projects on time. With skilled and flexible staff, Qubiqa and CH System navigated the year with impressive results.

Sales in the primary markets were slow for most of the year, but activity picked up towards the end of the year. Looking ahead, we remain optimistic. Both companies are in a healthy, positive development, positioning us strongly for the future.

Axel Manøe Jepsen, Chairman

... Qubiqa and CH System overcame challenges to deliver on time, strengthening their global reach and positioning for future growth...

Strengthened Product Portfolio

Qubiqa has maintained a strong market focus on the insulation industry while expanding geographically, a key element of Qubiqa Group's strategy. Last year, we acquired CH System, which not only enhanced our product portfolio but also opened new markets and strengthened our technological platform.

In the coming years, we will leverage the Group's size to build a stronger international aftersales support system by implementing new systems and training staff across our global facilities. We also anticipate increased competitiveness as our larger procurement volume allows for the optimal use of our Polish production facilities.

Preparation for the Future

The Qubiqa Group aims to remain a strong and leading player in industrial logistics in selected niche markets. With CH System now part of our group, we continue this strategy with increased focus and ambition.

Financial consolidation is necessary following an acquisition, but Qubiqa remains a financially sound company with strong ownership. We plan to integrate 1-2 additional companies into our group, supporting our ongoing development.

The board's priorities for the coming year include strengthening and building common group activities and developing a unified strategy for both companies. This cohesive strategy will support our growth and development, ensuring we build on past successes and navigate future challenges with confidence and innovation.

Statement by the Executive Board

On this day we have presented the annual report for the financial year 01.06.23 - 31.05.24 for Qubiqa Holding A/S.

The annual report is presented in accordance with the Danish Financial Statements Act (Årsregnskabs loven).

In our opinion, the consolidated financial statements and financial statements give a true and fair view of the group's and the parent's assets, liabilities and financial position as at 31.05.24 and of the results of the group's and parent's activities and of the group's cash flows for the financial year 01.06.23 - 31.05.24.

We believe that the management's review includes a fair review of the matters dealt with in the management's review.

The annual report is submitted for adoption by the general meeting.

Esbjerg, October 24, 2024

Executive Board

Morten Lagoni Seeberg

Board of Directors

Axel Manøe Jepsen
Chairman

Esben Bay Jørgensen

Claus Peter Skov

Jesper Hilarius Kalko

Independent Auditor´s Report

To the Shareholder of Qubiqa Holding A/S

Opinion

We have audited the consolidated financial statements and financial statements of Qubiqa Holding A/S for the financial year 01.06.23 - 31.05.24, which comprise income statement, balance sheet, statement of changes in equity and notes to the financial statements, including material accounting policy informationfor the group as well as for the parent company as well as the consolidated cash flow statement. The consolidated financial statements and financial statements are prepared in accordance with the Danish Financial Statements Act. (Årsregnskabsloven).

In our opinion the consolidated financial state ments and financial statements give a true and fair view of the group's and the company's financial position at 31.05.24 and of the results of the group's and the company's operations and con solidated cash flows for the financial year 01.06.23 - 31.05.24 in accordance with the Danish Financial Statements Act. (Årsregnskabsloven).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the “Auditor’s responsibilities for the audit of the consolidated finan cial statements and financial statements” section of our report.

We are independent of the group and the company in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (IESBA Code) and the additional ethical requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Statement regarding the management's review

Management is responsible for the management's review.

Our opinion on the consolidated financial statements and 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 consolidated finan cial statements and financial statements, it is our responsibility is to read management's review and, in doing so, consider whether management's review is materially inconsistent with the consolidated financial statements or parent company financial statements or our knowledge obtained during the audit, or other wise appears to be materially misstated.

Moreover, it is our responsibility to consider whether management's review provides the information required by law and regulations.

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

Management's responsibilities for the consolidated financial state ments and financial statements

Management is responsible for the preparation of consolidated financial statements and financial state ments 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 consolidated financial statements and financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements and financial statements, management is responsible for assessing the group's and the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting in preparing the consoli dated financial statements and financial statements unless management either intends to liquidate the group and the company or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the consolidated financial statements and financial statements

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements and 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 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 consolidated financial statements and 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 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 consolidated financial statements and 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 company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and contents of the consolidated financial statements and financial statements, including the disclosures, and whether the consolidated financial statements and 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.

Aarhus, October 24, 2024
Beierholm
Godkendt Revisionspartnerselskab
CVR no. 32 89 54 68

Flemming Laigaard

State Authorised Public Accountant
MNE-no. mne29497

Financial highlights - Key figures

Key figures

Figures in DKK '000	2023/24	2022/23	2021/22	2020/21	2019/20
Profit/loss					
Gross result	206,592	148,106	109,661	85,907	95,405
Profit/loss before depreciation, amortisation, write-downs and impairment losses	56,308	52,192	33,192	2,356	24,993
Operating profit/loss	44,261	43,696	23,764	6,059	10,399
Total net financials	-10,227	-3,956	-4,017	-3,933	-4,775
Profit for the year	24,781	30,538	15,826	1,146	3,991
Balance					
Total assets	352,398	299,071	240,494	157,687	164,317
Investments in property, plant and equipment	22,693	3,360	3,211	1,025	3,614
Equity	98,770	81,591	70,375	45,736	32,155

Ratios

	2023/24	2022/23	2021/22	2020/21	2019/20
Profitability					
Return on equity	27%	40%	27%	3%	11%
Equity ratio					
Solvency ratio	28%	27%	29%	29%	26%

Ratios definitions

Return on equity: $\frac{\text{Profit/loss for the year x 100}}{\text{Average equity}}$

Solvency ratio: $\frac{\text{Equity, end of year x 100}}{\text{Total assets}}$

MANAGEMENT’S REVIEW

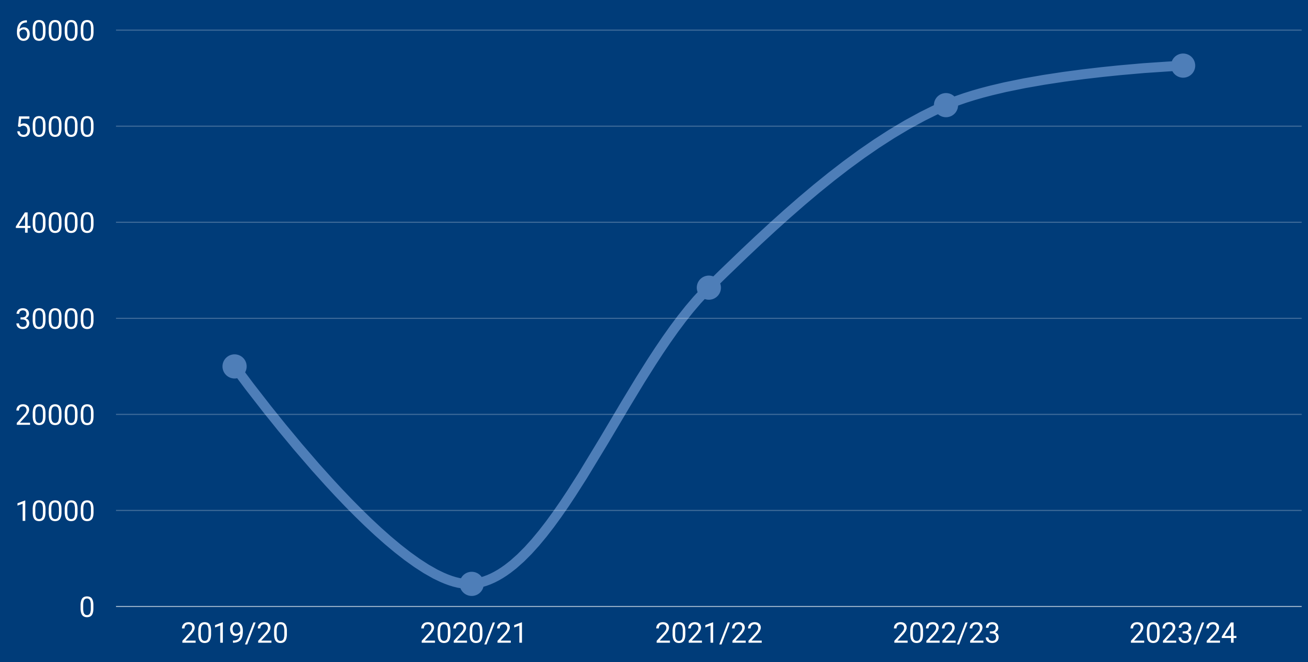
Qubiqa's FY24

Revenue Highlights Strategic Resilience

Once again, we have surpassed our record revenue from FY23. FY24 also marked a return to more normal supply chains, with our primary task being to ensure the availability of the right resources at the right time. Our flexible approach and strong supplier relationships have been essential in achieving our goals.

Moving forward, we will focus on growth and strengthening Qubiqa as an attractive workplace where our colleagues thrive and develop professionally.

Morten Lagoni Seeberg, Qubiqa, CEO



EBITDA (in 1.000 DKK)

High Activity Level

Entering FY24 with a full order book, we anticipated lower sales compared to FY23. However, we have once again maintained a very high activity level, achieving a record revenue surpassing FY23. It's important to note that our profit before tax has seen a decrease, primarily due to increased operational costs. These costs include higher expenses for leasing buildings and the rental of resources. It has been a financially challenging year but also a highly satisfactory one. We are deeply grateful to our dedicated employees for their crucial role in fulfilling our promises to customers.

The rising inflation and higher interest rates at the beginning of last financial year have challenged us, leading us to enter FY25 with an order backlog below our capacity. Nevertheless, I remain optimistic about the future as we expect sales to rebound strongly in Q3-4, where we see significant potential ready to be exploited.

Effective Resource Management

FY24 marked a return to more stable supply chains for our production. The year's biggest challenge was ensuring timely resources, requiring significant efforts from our logistics and production departments. Our effective resource management has enabled our high activity level and contributed to our success. Our flexible approach and strong supplier relationships have been crucial in navigating these challenges and contributing to our success.

The busy year has also been felt by everyone at Qubiqa, which is why we will increase our focus on well-being and its importance for a modern workplace in the coming years. We have introduced several initiatives to improve the work environment, including flexible working hours and the option for remote work, and we are continuously working to maintain a healthy work-life balance for our employees. This will be a central focus in FY25 as we prepare for the next upswing and aim to become an even better workplace. This effort will also help attract and retain our talented colleagues, who are essential to our continued success.

...our unwavering focus on effective resource management and employee well-being has been instrumental in preparing for future growth.

Future Expectations

As a project-oriented company, we naturally experience fluctuations in activity levels, and during FY24, we worked on a business plan for the period FY25 to FY28. The plan will focus on growing the company while equally addressing how we manage the fluctuations that our daily operations bring.

The goal is to ensure continued strong earnings, but just as important is to remain an attractive and excellent workplace where we can attract and retain talented colleagues. By continuing to develop our work environment and maintaining a strong focus on our employees' well-being, we are well-equipped to meet future challenges and seize the opportunities that arise.

Continued growth in EBITDA

Jørgen Prange Løvschall, CFO

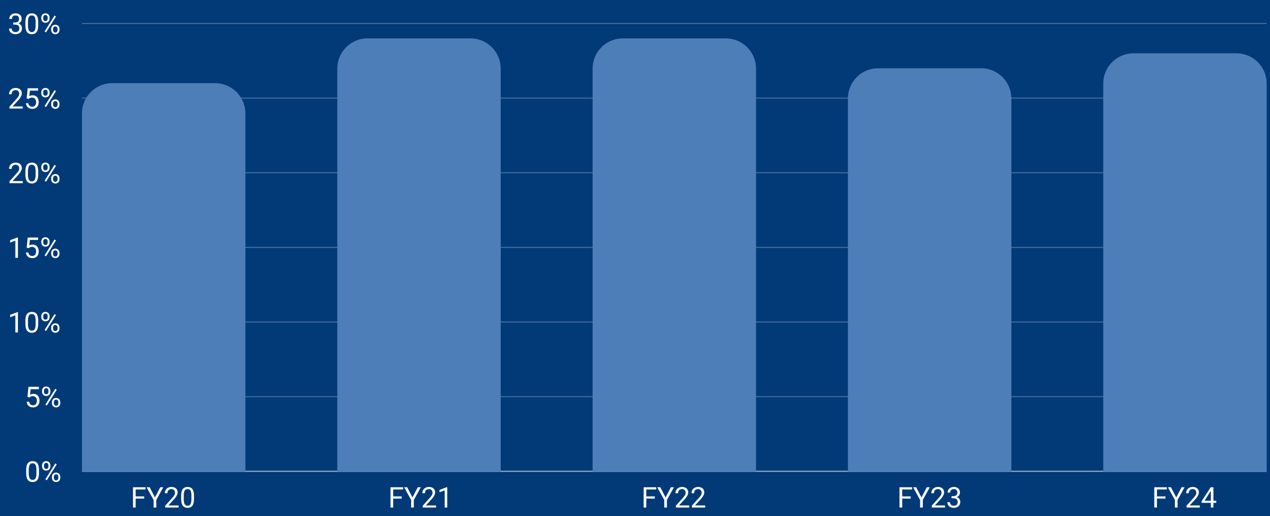
During the fiscal year, the group has continued its trend of rising EBITDA, which has reached a record level of 56 MDKK, mainly due to the high order backlog that Qubiqa A/S started the year with. Depreciation and financial expenses have increased, as C&H System A/S is now included in the group's financial figures. As a result of these increased costs, profit before tax fell from 39.8 MDKK to 34 MDKK. This also contributed to a decrease in return on equity.

Solvency for the year has increased from 27% to 28%, despite taking on additional debt due to the acquisition of C&H. Solvency, including subordinated loans, has reached 49%.

The earnings expectations for the financial year 01.06.23 - 31.05.24 were an EBITDA of DKK 65 mio. The resultat was DKK 9 mio. worse than expected due to lower activity in C & H Systems.

The year has been marked by various integration activities following the acquisition of C&H System, including the replacement of the IT platform and implementation of the Group ERP system in C&H.

Solvency



Solvency ratio (%)

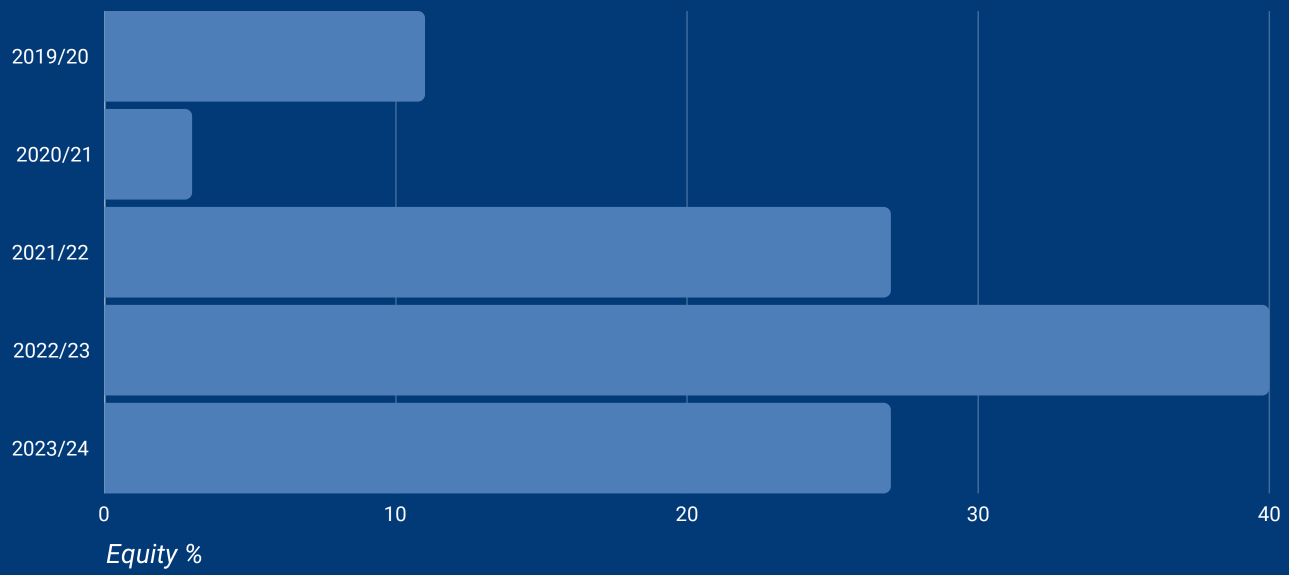
Outlook for 2024/25
Navigating Market Challenges

In FY24, the group successfully navigated a challenging market environment, largely due to the high order backlog at the beginning of the year.

Order intake was below expectations in FY24 and has continued to be lower in the first months of FY25. However, there is an increasing trend in activities within our core segments, including a pickup in order intake in Q3, which is a positive sign for future development. Despite this encouraging trend, we expect the group to experience a lower EBITDA in the range of 5-10 MDKK in FY25.

It is important to highlight that financial consolidation over the past years, including increased solvency, has provided the necessary liquidity to handle a year with declining activity. To ensure robustness, adjustments in staffing and OPEX have also been made to secure more efficient operations during this period of lower order intake.

Equity



Successful Integration and Strengthened Position

A big part of FY24 has been dedicated to necessary strategic changes following the acquisition, which have already laid a solid foundation for our future growth. The integration with Qubiqa has strengthened our strategy by opening doors to larger projects and establishing collaboration agreements between units, reinforcing our business strategy and enabling us to leverage resources across countries.

FY24 has not been without challenges, particularly concerning order delays that have impacted our results. These delays, primarily due to project-related issues, have necessitated the postponement of orders into FY25. Despite these obstacles, our ability to adapt and stay focused on long-term goals underscores the resilience and capability of our workforce.

This year's sales results have also been a mix of challenges and successes. We have seen significant growth in orders from our new business area, "PtX," which has strengthened our market position. Although we will enter FY25 with a lower pipeline than expected, we see increased customer interest towards the end of the year, and that keeps me optimistic. I anticipate that the deferred orders and growing interest will materialize, further contributing to our success.

Retention and Future Plans

We have actively worked to preserve our corporate culture and employee engagement during the transition period, and employee care will remain a key factor for FY25.

The challenge ahead is to secure and retain the right workforce in an almost depleted market. We are focused on training and development and dedicated to being an attractive workplace that keeps pace with the technological advancements shaping our industry. Furthermore, we will continue to promote a flat structure, open communication, and transparency to maintain our unique culture. This will ensure that we not only keep up with developments but actively shape them, positioning us strongly to meet future challenges and seize opportunities.

John Thrane Nielsen, CCO, C & H System A/S

... Our integration with Qubiqa has fortified our strategy and positioned us for future growth

Focus on Growth and Collaboration

CH System's core business includes handling complex turn-key solutions and smaller tasks in material handling, both before and after the production chain, for our customers in sectors such as food, pharmaceuticals, future energy, including power-to-X, and construction.

In FY25, our primary focus will be on strengthening both internal and external collaborative relationships to support our growth. We are committed to expanding our market share within "PtX," and we will intensify our efforts in the pharmaceutical sector, aiming to grow significantly and establish ourselves as a preferred supplier while maintaining our strong presence in the food industry. Additionally, we will focus on integrating more robots and AGVs into our solutions to ensure that we continue to deliver innovative and efficient solutions to our customers. As part of our ongoing strategic process, we are also exploring opportunities to identify new areas where we could expand and thrive.

Corporate Social Responsibility

CSR

Health & Safety

Employee Engagement & Satisfaction

Diversity, Inclusion, Equality & Equity

Human Rights & Labour Rights

Anti-Corruption

Environmental Practices

Purchasing & Supply Chain Management

CSR Communication

Extracts from our CSR report 2023/24

Introduction

The Qubiqa Group is strongly committed to doing business in a way that respects and supports people, society and the environment. We label this Corporate Social Responsibility (CSR), which we treat synonymously with terms like Responsible Business Conduct (RBC) or Sustainability, and we use the method ESG (Environment, Social, Governance) to categorise and report on CSR.

The Group's vision is "Realizing Opportunity",and our CSR vision is to "be the preferred, responsible partner and supplier of high-quality products, services and knowledge to our customers to help them realize their opportunities". Based on the CSR vision, we always strive to accomplish hat our owners, employees, customers, suppliers, and other stakeholders in the world around us see:

- That we work ambitiously with CSR and that we do not compromise on our values.
- That we offer safe and attractive workplaces.
- That our employees can grow with the Group because we offer good opportunities for personal and professional development.
- That our customers get solutions that are produced under environmentally sustainable and socially responsible conditions.
- That our solutions do not only enhance customer's efficiency and productivity but also reduce their climate footprint and advance employee well-being by decreasing heavy lifts and repetitive tasks – thereby benefitting both environmental and social sustainability.

On the following pages, we summarise our most important CSR activities and results during FY 2023/24, starting with governance, which was the year's main CSR priority. More details can be found in our CSR Report 2023/24 on www.qubiqa.com.

Governance

Harmonisation following Group expansion

First and foremost, we have worked hard to harmonise and streamline our CSR governance following the Group's expansion with CH System in July 2023. This was aided by the fact that CH System was already recognised for responsible business operations and compliance with some of the strictest industry regulations. We are more resilient together, and it has been an absolute pleasure to see how the integration of CH System has strengthened common values and objectives.

Impressive sustainability ratings

Our hard work was reflected in the sustainability ratings we received by EcoVadis. In October 2023, Qubiqa A/S was awarded a gold medal due to an increased overall performance score of 73/100 points, which placed Qubiqa Denmark in the top 5 per cent of companies evaluated by EcoVadis. The good news continued in March 2024, when CH System was awarded a silver medal with an overall performance score of 66/100 points, placing it in the top 15% of evaluated companies.

Similarly, CH System's received high scores in comparison with industry and national average at other platforms, for registering ESG data requested by customers, including CDP (Carbon Disclosure Project), SupplierAssurance's SAQ 5.0 (Sustainability Assessment Questionnaire), IntegrityNext, Factlines, and TransparencyGate.

The EcoVadis ratings in particular serve as independent recognition of the Group's commitment to CSR and ESG documentation. We therefore intend to proceed with an application to have all three companies covered by a multi-site EcoVadis sustainability rating in 2025.

Revised organisational CSR setup

In late 2023, we completed the second of two stages in a detailed review of CSR governance at Group Level, which was further necessitated by the expansion of the Group with CH System.

CSR in the Qubiqa Group is now governed by:

- The Board of Directors and Executive Board, which have overall responsibility for strategic CSR decisions and allocation of resources.

- The Group CSR Steering Committee, which is led by the CEO of Qubiqa Holding and consists of senior executives from the three Group companies and dedicated specialists. The Committee is responsible for ensuring fulfilment of CSR policies, targets, and action plans. It convenes at least quarterly to follow up on progress and agree on new initiatives.

- The Group CSR Team, which is made up of CSR consultants and supporting staff. The team carries out practical work and manages projects on behalf of and as directed by the CSR Steering Committee.

- Ad Hoc CSR Project Groups, which usually include managers and employees from each company. These temporary groups implement specific projects across the companies and are coordinated by the Group CSR Team.

- CSR Points of Contact (PoC's), who are appointed voluntarily within each company, act as local CSR-ambassadors, and participate in relevant CSR Project Groups.

This new structure not only serves to ensure that CSR efforts address the entire Group but also to capture feedback and ideas from employees.

CSR topics are also frequently on the agendas of two other fora in each company - Works Councils and Workplace Health & Safety Organisations. These consist of both management and employee representatives who have the right to be heard and involved in decisions that significantly affect employment terms and working conditions.

New Group CSR Policies

In December 2023, eight new Group CSR policies were approved for the following areas:

1. Health & Safety
2. Employee Engagement & Satisfaction
3. Diversity, Inclusion, Equality & Equity
4. Human Rights & Labour Rights
5. Anti-corruption
6. Environmental Practices
7. Purchasing & Supply Chain Management
8. CSR Communication

We take great pride in these policies and have made them available on www.qubiqa.com, where we encourage interested parties to read them.

The policies describe what the Group envision within each area followed by our objectives, principles implementation, performance measures, and possible sanctions in case of non-compliance. The policies took effect on 1 January 2024 and were subsequently translated into Danish and Polish for employees who prefer to read in their native language. They were also followed up with motivational videos and information at meetings for management, Works Councils and Health & Safety Organisations in all three companies.

We are currently considering making each policy even more actionable via an Employee Code of Conduct with behavioural requirements and expectations.

Starting in 2025, the CSR policies will be collectively reviewed once a year to follow up on implementation and evaluate their effectiveness. Throughout any given year, however, all employees are encouraged to provide feedback to the CSR Steering Committee on how the policies may be improved or supplemented by new ones. At present we are, e.g., planning to write a CSR Policy on Responsible Investment and a CSR Policy on Preparedness & Crisis Management.

New Group CSR Targets

The eight CSR policies were supplemented by a set of Group CSR Targets, which likewise took effect in January 2024. The document contains 53 targets under 22 themes organised around the titles of the CSR policies and crosscutting areas. Each target constitutes the framework for formulating action plans for deliverables. Most have deadlines spanning the period 2024-2026, but some have permanent status. Noteworthy examples that were fully achieved, initiated or planned before the end of FY 2023/24 are described in this report.

The new CSR targets replace the ‘CSR goals’ included in previous annual reports, for which we have measured performance quantitively since 2018/19. However, given that the new CSR targets took effect in the middle of FY 2023/24, the 13 goals and achievement levels are still included in the text of this report and in the table on the next page. In the table, the goals have been re-arranged to fit the ESG reporting method and take into account the Group’s expansion with CH System in July 2023 (see notes). When we report on CSR in 2024/25, we plan to include a larger number of data points and set new baseline years for the entire Group.

CSR Key Figures

Area	Goals	Goals in numbers	Note [I]	2023/24	2022/23	2021/22	2020/21	2019/20	2018/19 Baseline
E Environment	Implement initiatives to reduce our energy consumption	3 initiatives/ year	II	4	3	2	2	2	2
	Use carbon-neutral electricity for HQs	100%	III	100%	100%	100%	100%	100%	100%
	Saved carbon emissions (tonnes)	N/A	II	441.0	507.3	638.1	332.0	70.1	98.9
	Incorporate sustainability into our product development	2 initiatives/ year	II	1	2	3	2	2	2
S Social	Reduce the number of Lost Time Injuries Frequency (LTIF)	Max. 10	II	6	13	18	13	8	14
	Reduce sickness absence	Less than 3.1 %	IV	3.3%	3,5%	3.7%	3.0%	2.1%	2.5%
	Conduct annual employee development interviews	95%	II & V	84%	83%	96%	84%	100%	N/A
	Hire apprentices/ trainees etc.	3	II	13	12	9	9	12	14
G Governance	Ensure required suppliers with new contracts sign Supplier Code of Conduct	100% / year	VI	100%	100%	100%	100%	100%	100%
	Conduct anti-corruption training	100% of high-risk positions	VII	50%	100%	100%	100%	100%	100%
	Ensure high level of data security	2 initiatives / year	II	4	2	3	4	2	2
	Increase number of female members of the Board of Directors	25% (= 1) or more	II	0	0	0	0	0	0
	Comply with all marketing rules	No. of violations	II	0	0	0	0	0	0

Notes

I: The table only include 13 goals for which we have measured performance quantitively since 2018/19. The accounting principles that have been used for the table are further explained in our separate CSR Report 2023/24. As the text shows, our activities and results go well beyond these goals. Our next reporting for 2024/25 will include a larger number of data points.

II: The figures for 2023/24 includes Qubiqa Denmark, Qubiqa Poland and CH System. The figures for all financial years before that only include Qubiqa Denmark and Qubiqa Poland.

III: The figures only include the HQs of Qubiqa Denmark and Qubiqa Poland. For Qubiqa Poland's HQ, carbon-neutral electricity has been consumed since January 2021. CH System's HQ began consuming carbon-neutral electricity in January 2024.

IV: The figure for 2023/24 includes Qubiqa Denmark, Qubiqa Poland and CH System. The figures for all financial years before that only include Qubiqa Denmark, not Qubiqa Poland.

V: The Qubiqa model for employee development interviews was in a test phase in 2018/19, so comparable data are not applicable.

VI: As this only became a requirement for CH System in Q2 2024, only data for Qubiqa Denmark and Qubiqa Poland are included.

VII: As this was not made a requirement for CH System in 2023/24, only data for Qubiqa Denmark and Qubiqa Poland are included.

ISO re-certification and possible expansion

At CH System, the quality management system (QMS) has been ISO 9001 certified since 2017 and was last re-certified in June 2023, i.e. just before entering the Qubiqa Group but within FY 2023/24. As we are always on the lookout for best practices that might be implemented at Group level, CH System's experiences will be of vital importance when we initiate a QHSE Management System gap analysis for an ISO 9001 (Quality), ISO 14001 (Environment), and ISO 45001 (Health & Safety) Group multi-site certificate. Conducting this analysis and deciding whether to proceed with ISO certification will be a key CSR target for 2025.

Support for UN Global Compact and the SDGs

Following the acquisition of CH System, the Group decided that both CH System and Qubiqa Poland must become members of the UN Global Compact in 2024/25, just like Qubiqa Denmark has been since 2022. This is only natural, given that our CSR strategy is based on Global Compact's ten principles for human rights, labour rights, anti-corruption, climate, and environment.

It also ties in closely with the UN Sustainable Development Goals (SDGs), of which we have incorporated the following four into our CSR strategy and business activities.

7 AFFORDABLE AND CLEAN ENERGY

8 DECENT WORK AND ECONOMIC GROWTH

9 INDUSTRY, INNOVATION AND INFRASTRUCTURE

12 RESPONSIBLE CONSUMPTION AND PRODUCTION

Internal CSR questionnaire

As in previous years, we initiated a CSR survey for FY 2023/24 among all Group managers and board members. At the time of writing, however, the survey has not yet been concluded. The survey contains 13 questions related to human rights, labour rights, environmental practices, corruption, conflicts of interest, and remedy (e.g. corrective measures, redress or compensation for negative mpacts). The questions address conditions both within Group companies and in the supply chain.

Purchasing and supply chain management

In the Qubiqa Group we take responsibility for our own immediate impacts on people, society, and the environment, and - whilst we accept different levels of CSR maturity - we want our suppliers to do the same. We made this theme a special focus area in 2023/23 with the following initiatives:

- In September 2023, we created an ad hoc Project Group on responsible purchasing and supply chain management.
- In November 2023, we established a new position as Group Supply Chain Director and hired an experienced top executive to fill it.
- In January 2024, our Policy on Responsible Purchasing & Supply Chain Management and associated CSR targets went into force.
- In March 2024, we launched a new Group Handbook which elaborates and operationalises the Group's new policy. The 20-page handbook outlines organisational set-up and responsibilities, work procedures, and practical tools for the CSR approval process of suppliers, CSR risk assessments, the SCoC, CSR supplier questionnaires, requirements in contracts or letters of agreement, reviews and audits of suppliers, due diligence investigations, and training of employees.
- Also in March 2024, we audited two supplier companies in Poland for compliance with our SCoC. The audits were performed via interviews, direct observations at production facilities, and dialogue about ESG issues. In both cases, results were positive and left no need for corrective actions or follow-up audits.
- In April 2024, two training workshops were held in Denmark and Poland for 22 managers and employees with purchasing and supply chain management responsibilities.

During 2023/24 we also began a process to update the Group's Supplier Code of Conduct (SCoC) in English, Danish and Polish. The SCoC has been in place since 2021 and lists requirements of our suppliers in the areas of human rights, labour rights, environment, climate, and anti-corruption.

Our annual goal that all required suppliers with new contracts sign the SCoC was met 100% for Qubiqa Denmark and Qubiqa Poland. Controls show that this was also the case for the vast majority of CH System's suppliers. However, the requirement to collect signed SCoC was only made applicable to CH System in the Spring of 2024 following a change to SAP accounting software.

As a new CSR target to improve our CSR control processes for suppliers from 2024/25, we have decided that company risk assessments must be carried out for all new suppliers of products or services within industries given a 'high' or 'very high' risk score. These risk assessments will then be followed up by audits for selected companies in the form of administrative checks on onsite visits to identify potentially negative impacts. If serious misconduct is suspected, audits can be followed by more thorough due diligence investigations.

Anti-corruption

The Group experienced no actual or suspected cases of corruption in 2023/24. Likewise, we did not receive claims of corruption (nor any other CSR-related misconduct) though Qubiqa's and CH System's anonymous whistleblower systems.

As part of our anti-corruption efforts in 2023/24, the Group began a corruption risk assessment, drafted a 'Procedure for Approval of Sensitive Transactions', and updated our training material for in-house courses, which encompasses presentations, videos, dilemma exercises, discussions, and exchange of experiences.

Since 2018/19, the Group's annual goal has been to conduct anti-corruption training for 100% of new employees (i.e. those hired within the last 12 months) in four job positions: top management, purchasing, sales, and project management. Unfortunately, this goal was not met in 2023/24.

Given that CH System entered the Group in July 2023, none of its employees had participated in prior training seminars, and merely training newly hired employees would not suffice. CH System was therefore exempted from the goal in 2023/24. Instead, an ambitious anti-corruption training plan for CH System has been made for 2024/25.

For Qubiqa Denmark, a training session for five employees on 21 May 2024 had to be postponed due to layoffs affecting two of these employees. For Qubiqa Poland, training was conducted on 29 May 2024. Unlike previous years this did not only address three newly hired employees, but also served as a brush-up course for 16 other employees with more than 12 months tenure.

With the required training thus completed for three Polish employees, but not for three Danish employees, the combined goal achievement rate for the Qubiqa companies was 50%. Nonetheless, more employees (19) were trained than in previous years. Moreover, from 2024/25, we plan to expand the training of the newly hired with a requirement that employees who have worked more than three years in relevant positions repeat the training or participate in brush-up seminars.

High level of data security

The Group's goal of at least two initiatives per year to ensure a high level of data security was more than met in 2023/24. The largest initiatives were implemented at CH System, where we:

- Replaced all network equipment - increasing security considerably with next-generation firewalls, network segmentation, etc.
- Replaced all server and storage hardware and at the same time introduced a new, greatly improved backup solution.
- Improved security with a focus on server/endpoint configuration and patching.
- Implemented security awareness training.

Meanwhile, Qubiqa Denmark carried out numerous activities to optimize existing systems and technologies and continued its contract with an independent cybersecurity company, which involve external and internal penetration tests, phishing campaigns tests, security assessments and advisory services. Finally, the Group also began the process of sourcing a new HR system (not yet implemented), which will aid in being even better at protecting GDPR relevant data.

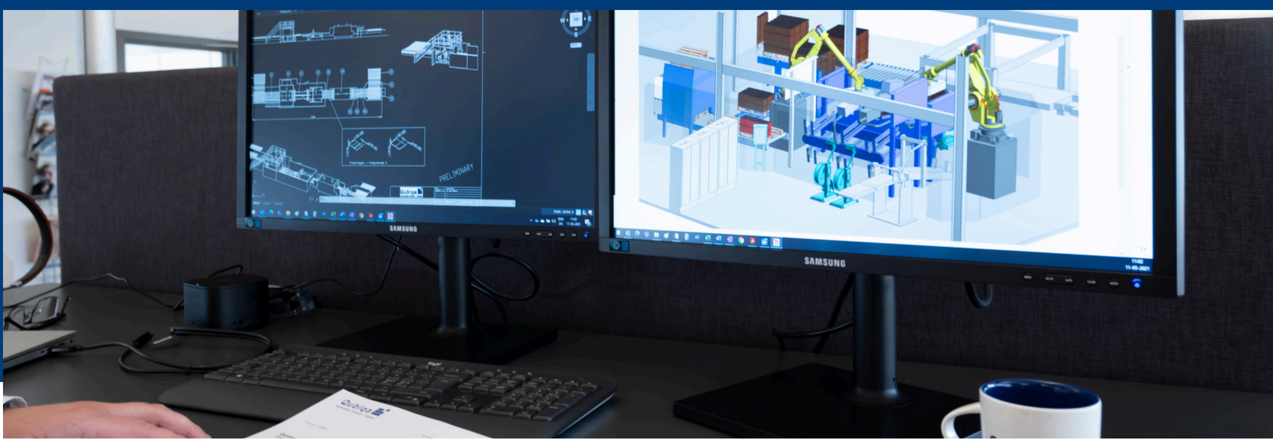
Board composition diversity

For many years, it has been our goal that women shall constitute 25% (= 1 member) of Qubiqa Holding's Board of Directors. We are still working to achieve this goal, but it was not met in 2023/24.

Marketing and CSR communication

As in previous years, the Group was in full compliance with marketing legislation in the countries in which we operate in 2023/24.

CSR communication targets for 2024/25 will be to restructure, synchronise and increase CSR-related content on company websites and social media.



Preparing for CSRD compliance

Reporting in accordance with the EU's Corporate Sustainability Reporting Directive (CSRD), will be a legal obligation for the Qubiqa group in 2025/26, c.f. the revised Danish Financial Statements Act. This will involve replacing our single materiality analysis from 2022 with a 'double materiality assessment' that consider both impact materiality and financial materiality. The result will determine the number of disclosure requirements and ESG data points we include in future annual reports.

As initial steps in 2023/24 we began by:

- Familiarizing ourselves with relevant European Sustainability Reporting Standards (ESRS).

- Performing six basic ESG impact risk assessments.

- Deciding to replace Qubiqa's 'CSR Stakeholder Map' from 2023 with a new 'Group Stakeholder Analysis and Involvement Plan' as a CSR target for 2024/25.

- Drafting a manual for collecting and reporting on ESG data points for both EcoVadis and CSRD purposes. So far, we have identified 107 data points and started the process of collecting and verifying them, so that we will be able to report for all three companies and track development over the next year.

CSRD compliance is expected to become one of the most resource-intensive tasks for our CSR governance structure and finance division over the next two years – and we will probably aim for a 'light approach' in 2024/25 to avoid overreaching. But we are looking forward to this essential work, which will undoubtedly help accelerate and further focus our CSR reporting capabilities.

E

Environment

Environment

Energy-saving initiatives

Following up on previous years' efforts, the Group continued to look for ways to reduce our consumption of electricity, district heating, natural gas, LPG, diesel, petrol and other fuels. Four relatively minor new initiatives were implemented in 2023/24, thus meeting our annual goal of three:

- Fitting solar film on the windows of Qubiqa Denmark's main office building to limit the heat in summer months as an alternative to installing a mechanical cooling system, which would have increased electricity consumption.

- Choosing electric cars as new company cars for three managers at Qubiqa Denmark and deciding that electric cars should from now on always be considered first as company cars.

- Moving a laser cutting machine to Qubiqa Poland after Qubiqa Denmark acquired a new one. The machines use approximately the same amount of electricity and gas, so the replacement itself did not necessarily result in reductions, but by getting the old machine, carbon emissions from transport between Qubiqa Poland and subcontractors was saved.

- Switching CH System's lunch supplier from an out-of-town firm near Koege to one in Naestved in order to reduce carbon emissions from transport and support local businesses.

Carbon emissions

In FY 2022/23, Qubiqa Denmark and Qubiqa Poland measured scope 1 and 2 carbon emissions and started estimating scope 3 emissions. For its part, CH System had - prior to joining the Qubiqa Group - produced a Carbon Accounting Report for the calendar years 2021 and 2022. CH System also roduced a 'CO2 Strategy 2.0' report in March 2023 with 2030-projections and reduction scenarios.

During 2023/24, the Group have consolidated the measuring of GHG emissions at company level, improved data quality, and synchronised data collection to follow the financial year rather than the calendar year.

The data shows that the expansion of the Group has naturally increased our total carbon emissions from consumption of electricity, district heating, natural gas, LPG, diesel, and other fuels. In 2022/23, when the Group only consisted of Qubiqa Denmark and Qubiqa Poland, emissions were 1,092 tonnes. In 2023/24, after the acquisition of CH System, emissions rose to 1,614 tonnes.

In the coming years, the Group CSR targets are to:

- Map new energy consumption reduction options and relevant carbon neutrality options.

- Set reduction targets for scope 1 and 2.

- Establish a baseline and set reduction targets for scope 3.

- Sign-up for SBTi (Science Based Targets initiative).

During 2023/24, we also spent considerable effort preparing to service our largest customers with the carbon emission data they need from us for their own climate accounting, e.g. as part of Tetra Pak's supplier initiative "Join us in protecting the planet". As a supplier to multiple industries worldwide, we do not doubt that the future customer demand for such data will grow substantially, and we must do our best to meet it.

Carbon-neutral electricity

Today, all three Group companies purchase fully carbon-neutral electricity for their headquarters. Qubiqa Denmark and Qubiqa Poland have done so for several years, and in 2023/24 this compensated for 441 tonnes carbon emissions. CH System purchases are not included in this figure, as its carbon-neutral electricity purchases were only initiated on 1 January 2024.

Incorporating environmental sustainability in product development

Offering products that facilitate green transition for customers is a longstanding element in the Group's value proposition. And with energy efficiency and sustainable energy production as strong as ever on the global agenda, we have every reason to be optimistic about future demand.

Moreover, we do not only develop high-quality products that last for many years and consume less energy during use. Our design efforts also include minimizing waste of manufacturing materials, sorting waste fractions at the source, avoiding hazardous materials, optimizing transportation, and enabling disassembly of our products in material fractions at end-of-life.

Finally, by designing products that reduce repetitive tasks and heavy lifts, we can help boost the working environment at customer sites, thus benefitting both environmental and social sustainability.

Since 2018/19, our annual goal has been to launch at least two new initiatives to incorporate environmental sustainability into product development per year. No single new Qubiqa or CH System products stand out as prime examples of this in 2023/24, but we choose to register the goal as 50% fulfilled due to a project in April-July 2024, where CH System mapped PFAS (per-and polyfluoroalkyl substances) and Hexavalent Chromium (Cr6+) in its supply chain. Fortunately, in both cases none were found.

As a new CSR target to further strengthen sustainability in product development and circular economy, the Group has decided to establish a 'Green Product Transition ad hoc group' in 2025 with focus on design, purchases, processes, and test of products.

Waste management

Throughout 2023/24 the Group continued to identify new opportunities to reduce waste in all our facilities (production, warehouse and administration), and to reduce loss of materials, e.g., through reuse, recycling, usage optimizations and utilizing rest lengths of manufacturing materials whenever possible. Our manufacturing it-systems contribute significantly to this.

The collection and disposal providers to all three companies have appropriate CSR policies and certificates (e.g. ISO 14001, ISO 9001, and ISO 45001). CH System's access to data from its provider (REMONDIS A/S) shows considerable reduction across waste fractions and in total waste collected in 2023/24 (22,395 kg) compared with 2022/23 (37,350 kg). The new waste management system implemented by Qubiqa Denmark in early 2023 has also worked to satisfaction by allowing for sorting waste in more fractions than previously.

We can still do more, however, and as a CSR target for 2025, we plan to conduct a gap-analysis of opportunities for reducing waste, water, materials, etc. upstream and downstream in the value chain.

Social

S
Social

Work-related injuries

The Qubiqa Group is strongly committed to provide a safe and healthy working environment. In 2023/24 the Group companies experienced a total of 3 work-related injuries, which was a noticeable improvement, and the Group's Lost Time Injury Frequency (LTIF) was 6, which was below our goal of maximum 10.

To reduce the risk of work-related injuries, three initiatives in 2023/24 deserve special mentioning.

- Harmonisation of the Workplace Health & Safety Organisations in all three companies as regards structure, membership, tasks, frequency of meetings, and documentation requirements. We completed this in May 2024, fulfilling one of our new CSR targets.

- Installation of fall protection equipment on tall machines at Qubiqa Denmark in the spring of 2024. The equipment protects our own employees during work on top of the machines and stays on the machines after delivery, thereby benefiting customers as well.

- A full day course in May 2024 at Qubiqa Denmark for approx. 10 employees, who needed to learn or update existing knowledge about rigging, i.e. the process of attaching and securing a heavy load to a crane, hoist, or other lifting equipment with proper use of slings, hooks etc. Vocational training centre AMU-Vest showed considerable flexibility in accommodating our request, that the course be held in-house in Esbjerg to use of Qubiqa's own equipment and machines in the training.

Upcoming health & safety CSR targets planned for 2024/25 include:

- Group minimum training requirements.

- Workplace Assessments in all three companies (legal requirement in Denmark every 3 years).

- Ensuring that all new employees are instructed on lifting techniques and ergonomics within their first three months of employment (i.e., in addition to the legally required certification of those employees who operate heavy lifting and hoisting equipment).

- Making it binding for CEOs or other top executives to participate in at least one scheduled safety inspection round in production and warehouse facilities each year.

- Synchronising the conduct and evaluation of emergency evacuation drills at all sites.

Sickness absence

The absence rate due to sickness was 3.3% for the Group in 2023/24, and thereby slightly above our goal of 3.1 % or less each year. Regardless of the rate, each Group company is obliged to perform interviews in connection with long-term and frequent, short-term sickness absence, to formulate plans for employee retention, and ensure a well-supported return to work.

Employee engagement and satisfaction

Throughout 2023/24, the Group continued efforts to maintain and strengthen a positive working environment. A prime example was CH Systems' completion in December 2023 of a multi-year employee wellbeing project named 'Come to work happy and safe'. The project received funding from the Danish Ministry of Employment's 'Working Environment Pool' in 2022 and was conducted in collaboration with an authorised consultant. It resulted in stress policy, concrete tools for managers and employee representatives, an annual cycle for the Health & Safety Organisation and Works Council, and the launch of a stress barometer in November 2023 to measure overall well-being, identify potential stressors in time, and highlight tendencies to be more vigilant.

Meanwhile, all three companies continued to make appreciation of employees visible via activities and benefits like competence development, health insurance, subsidised sports, celebrations of anniversaries, Christmas presents, company parties and social outings, giving employees a chance to unwind and connect with colleagues outside work. Examples included:

- Qubiqa Denmark's annual community get-together on 30 June 2023 where both existing, retired and former employee are invited to wish each other a good vacation, keep in touch and share experiences and memories.
- Qubiqa Denmark's Company Outing on 25 August 2023 with focus on culture, community and history in Denmark's oldest city, Ribe.
- Qubiqa Denmark's renewal of its contract in august 2023 for physiotherapy and massage treatment at reduced price.
- Qubiqa Denmark's participation in the national exercise campaigns "We cycle to work" (8 employees) and "Count steps" (12-19 employees on three occasions in 2023/24).
- Qubiqa Poland's Summer integration event outside the company in July 2023 and Christmas party in December 2023.
- CH System's establishment in May 2023 of 'Robobar' - a new room, which can be used for breaks, games and social gatherings in interaction with the company canteen.
- CH SYSTEM's Summer Party on 16 June 2023.

As new CSR targets for employee engagement and satisfaction in 2024/25 we now plan to:

- Begin conducting annual Group employee satisfaction surveys.
- Integrate CSR in on-boarding programmes for new employees.
- Develop a training programme and record to document who was trained, when, and where.
- Report on average employee training hours.

- Develop a Group toolkit for voluntary 'exit conversations' between managers and employees who retire or leave on their own accord to pursue other jobs. The purpose will be to learn how employee engagement and satisfaction might be improved.

Human & labour rights, diversity, inclusion, equality & equity

The Group has zero-tolerance for violence, bullying, harassment, prejudice, and other inappropriate behaviour in the workplace. One initiative we took to enforce this in 2023/24 was a ban on nude calendars on all our premises. We also set a series of ambitious CSR targets aiming at:

- Zero incidents indicating violations of human and labour rights or related to diversity, inclusion, equality and equity each year.

- Implementing an anti-discrimination training course, which 100 % of all Group employees must have participated in by 2025. Part of the course will also train traveling employees in spotting potential violations by third-party suppliers when at customer sites.

- Conducting a gap analysis followed by an action plan and new targets in 2024/25 reg. issues such as wage equality, equal work conditions, equal career development opportunities, motivations, and barriers for selection of management positions, management pipeline challenges, use of earmarked parental leave for fathers, avoidance of social dumping, etc.

- Identifying possibilities for recruitment, onboarding, and retention of people with disabilities, and conducting workplace screening and accessibility assessment for people with disabilities in 2025.

Employee development interviews

Development interviews were carried out for 84% of employees in the tree companies combined in 2023/24. This was the second year in a row, where our goal of conducting development interviews with at least 95 % of employees was not met. We will therefore make it a key priority to ensure that the interviews are henceforth carried out for each employee every year, and as a new CSR target for 2024/25 we plan to implement a systematic approach for this in all Group companies, including a template for competence development plans.

Apprentices, trainees, and students

Supporting young people entering the job market is important to us, and during 2023/24 we had 13 apprentices, trainees, and students working within the three Group companies, thereby once again far exceeding or annual goal of three.

CSR-related external education activities

Two employees from CH System participated in 'The Green Growth Engine' - a 6-week programme in May-June 2023 organised by 'Grow with Google Denmark'. The focus was on companies' dual transition (digital and green), and the programme covered topics like sustainable business development, carbon accounting, digitization of business models, and marketing strategies.

From May-November 2023, a CH System employee also took part in 'Green Future Proofing' - a 3-module course organised by Næstved Erhverv and Sparekassen Sjælland-Fyn focusing on topics such as life cycle assessments (LCA) and environmental product declarations (EPD).

Community engagement

As usual, Group companies participated in various local community events and contributed to charitable causes in 2023/24. Examples included:

- CH System's hosting of two eighth-grade classes from a local school for an inspiring day dedicated to robotics on 6 September 2023.
- Qubiqa Denmark's participation in Karrieremesse Esbjerg, South Jutland's largest career and job fair, on 21 September 2023.
- A visit to Qubiqa Denmark by 30 school teachers from Esbjerg Municipality on 30 November 2023.
- Qubiqa Denmark's participation in the West Coast Run (Vestkystløbet) and the 'Esbjerg Extreme Challenge' distance run in 2023.
- Participation of 57 Qubiqa Denmark employees in the Danish Childhood Cancer Foundation's campaign #Football Jersey Friday on 1 March 2024. As a result, Qubiqa Denmark donated DKK 11,200 to the foundation's life-saving cancer research and support for children and their families through treatment.
- Qubiqa Denmark's support through direct sponsorships or advertising amounting to DKK 116,666.19 in 2023/24. The recipients were the Global Gypsum/ Insulation Conference & Exhibition 2023 (Chicago, USA), Musikhuset Esbjerg (local music and theatre venue), Médecins Sans Frontières, Team Esbjerg and SGI (local youth sports association), Vejen eSport (local youth e-sport association), Team Rynkeby Vestjylland (local cycling team supporting children with critical illnesses), and Esbjerg Energy (local elite ice hockey team).
- Qubiqa Poland's donation of PLN 4,056 (approx. DKK 7,060) for a Christmas gift to a family in need via the Polish social programme Noble Gift.
- Qubiqa Denmark's open and free offer on 'Ude.nu' – a digital platform for offers to schools from external learning environments in Esbjerg Municipality. The offer consists of a company presentation, a guided tour, and a workshop building programmable toy robots with LEGO® MINDSTORMS® to give 6-8th grade schoolchildren an experience of working in a company like Qubiqa through play.

FINANCIAL STATEMENTS

Income statement

Note		Group 2023/24 DKK '000	Group 2022/23 DKK '000	Parent 2023/24 DKK '000	Parent 2022/23 DKK '000
	Gross result	**206,592**	**148,106**	**-361**	**-135**
1	Staff costs	-150,284	-95,914	0	0
	Profit/loss before depreciation, amortisation, write-downs and impairment losses	**56,308**	**52,192**	**-361**	**-135**
2	Depreciation, amortisation and impairments losses of intangible assets and property, plant and equipment	-11,569	-8,484	0	0
	Other operating expenses	-478	-12	-478	0
	Operating profit/loss	**44,261**	**43,696**	**-839**	**-135**
3	Income from equity investments in group enterprises	0	0	32,331	31,854
4	Financial income	3,716	3,522	0	0
5	Financial expenses	-13,943	-7,478	-8,735	-1,553
	Profit before tax	**34,034**	**39,740**	**22,757**	**30,166**
6	Tax on profit for the year	-9,253	-9,202	2,024	372
	Profit for the year	**24,781**	**30,538**	**24,781**	**30,538**

7 Proposed appropriation account

Balance sheet
Assets

Note		Group 31.05.24 DKK '000	Group 31.05.23 DKK '000	Parent 31.05.24 DKK '000	Parent 31.05.23 DKK '000
	Completed development projects	508	705	0	0
	Acquired rights	2,745	0	0	0
	Goodwill	86,506	32,801	0	0
8	**Total intangible assets**	**89,759**	**33,506**	**0**	**0**
	Land and buildings	65,161	52,869	0	0
	Leasehold improvements	19	0	0	0
	Plant and machinery	575	623	0	0
	Other fixtures and fittings, tools and equipment	11,050	6,130	0	0
9	**Total property, plant and equipment**	**76,805**	**59,622**	**0**	**0**
10	Equity investments in group enterprises	0	0	222,298	110,705
10	Other investments	133	112	0	0
11	Deposits	796	0	0	0
11	Other receivables	304	1,128	0	0
	Total investments	**1,233**	**1,240**	**222,298**	**110,705**
	Total non-current assets	**167,797**	**94,368**	**222,298**	**110,705**
	Raw materials and consumables	7,833	8,246	0	0
	Work in progress	3,605	7,255	0	0
	Total inventories	**11,438**	**15,501**	**0**	**0**
12	Work in progress for third parties	60,380	36,483	0	0
	Trade receivables	28,823	12,481	0	0
	Deferred tax asset	759	382	0	1,327
	Income tax receivable	63	93	3,350	518
	Other receivables	6,353	10,175	0	0
	Prepayments	979	595	0	0
	Total receivables	**97,357**	**60,209**	**3,350**	**1,845**
	Cash	**75,806**	**128,993**	**144**	**169**
	Total current assets	**184,601**	**204,703**	**3,494**	**2,014**
	Total assets	**352,398**	**299,071**	**225,792**	**112,719**

Balance sheet
Equity & Liabilities

Note		Group		Parent	
		31.05.24 DKK '000	31.05.23 DKK '000	31.05.24 DKK '000	31.05.23 DKK '000
13	Share capital	1,000	1,000	1,000	1,000
	Reserve for net revaluation according to the equity method	0	0	30,887	15,334
	Foreign currency translation reserve	1,563	-164	0	0
	Cash flow hedging reserve	0	258	0	0
	Retained earnings	71,207	71,497	41,883	56,257
	Proposed dividend for the financial year	25,000	9,000	25,000	9,000
	Total equity	**98,770**	**81,591**	**98,770**	**81,591**
14	Provisions for deferred tax	28,972	12,604	0	0
15	Other provisions	6,881	5,364	0	0
	Total provisions	**35,853**	**17,968**	**0**	**0**
16	Subordinate loan capital	75,141	0	75,141	0
16	Mortgage debt	28,461	21,592	0	0
16	Lease commitments	6,453	1,638	0	0
16	Income taxes	700	4,355	0	0
16	Other payables	2,463	27	0	0
	Total long-term payables	**113,218**	**27,612**	**75,141**	**0**
16	Short-term part of long-term payables	3,496	2,178	0	0
	Payables to other credit institutions	3,629	4,831	0	0
12	Prepayments received from work in progress for third parties	16,406	99,184	0	0
	Trade payables	27,392	39,097	170	120
	Payables to group enterprises	22,617	3,393	51,711	31,008
	Income taxes	3,004	1,906	0	0
	Other payables	28,013	21,311	0	0
	Total short-term payables	**104,557**	**171,900**	**51,881**	**31,128**
	Total payables	**217,775**	**199,512**	**127,022**	**31,128**
	Total equity and liabilities	**352,398**	**299,071**	**225,792**	**112,719**

17 Fair value information
18 Contingent liabilities
19 Charges and security
20 Related parties

Statement of changes in equity

Figures in DKK '000	Share capital	Reserve for net revaluation according to the equity method	Foreign currency translation reserve	Cash flow hedging reserve	Retained earnings	Proposed dividend for the financial year	Total equity
Group:							
Statement of changes in equity for 01.06.22 - 31.05.23							
Balance as at 01.06.22	1,000	0	-505	0	49,878	20,000	70,373
Fair value adjustment of hedging instruments	0	0	0	331	0	0	331
Dividend paid	0	0	0	0	0	-20,000	-20,000
Other changes in equity	0	0	0	0	422	0	422
Tax on changes in equity	0	0	0	-73	0	0	-73
Transfers to/from other reserves	0	0	341	0	-341	0	0
Net profit/loss for the year	0	0	0	0	21,538	9,000	30,538
Balance as at 31.05.23	1,000	0	-164	258	71,497	9,000	81,591
Statement of changes in equity for 01.06.23 - 31.05.24							
Balance as at 01.06.23	1,000	0	-164	258	71,497	9,000	81,591
Foreign currency translation adjustment of foreign enterprises	0	0	1,727	0	0	0	1,727
Fair value adjustment of hedging instruments	0	0	0	-258	0	0	-258
Dividend paid	0	0	0	0	0	-9,000	-9,000
Other changes in equity	0	0	0	0	-71	0	-71
Net profit/loss for the year	0	0	0	0	-219	25,000	24,781
Balance as at 31.05.24	1,000	0	1,563	0	71,207	25,000	98,770

Statement of changes in equity

Figures in DKK '000	Share capital	Reserve for net revaluation according to the equity method	Foreign currency translation reserve	Cash flow hedging reserve	Retained earnings	Proposed dividend for the financial year	Total equity
Parent:							
Statement of changes in equity for 01.06.22 - 31.05.23							
Balance as at 01.06.22	1,000	0	0	0	49,374	20,000	70,374
Dividend paid	0	0	0	0	0	-20,000	-20,000
Other changes in equity	0	0	0	0	679	0	679
Net profit/loss for the year	0	15,334	0	0	6,204	9,000	30,538
Balance as at 31.05.23	1,000	15,334	0	0	56,257	9,000	81,591
Statement of changes in equity for 01.06.23 - 31.05.24							
Balance as at 01.06.23	1,000	15,334	0	0	56,257	9,000	81,591
Dividend paid	0	0	0	0	0	-9,000	-9,000
Other changes in equity	0	0	0	0	1,398	0	1,398
Net profit/loss for the year	0	15,553	0	0	-15,772	25,000	24,781
Balance as at 31.05.24	1,000	30,887	0	0	41,883	25,000	98,770

Consolidated cash flow statement

Note		Group 2023/24 DKK '000	2022/23 DKK '000
	Profit for the year	**24,781**	**30,538**
21	Adjustments	40,733	21,845
	Change in working capital:		
	Inventories	4,063	5,669
	Receivables	-36,801	-12,522
	Trade payables	-11,705	6,159
	Other payables relating to operating activities	-75,410	43,471
	Other provisions	1,517	-2,350
	Cash flows from operating activities before net financials	**-52,822**	**92,810**
	Interest income and similar income received	3,716	3,522
	Interest expenses and similar expenses paid	-13,943	-7,478
	Income tax paid	-3,701	-1,275
	Cash flows from operating activities	**-66,750**	**87,579**
	Purchase of intangible assets	-62,795	0
	Purchase of property, plant and equipment	-22,193	-3,360
	Sale of property, plant and equipment	0	9
	Cash flows from investing activities	**-84,988**	**-3,351**
	Dividend paid	-9,000	-20,000
	Arrangement of payables to group entreprises	19,440	0
	Arrangement of subordinated loan	75,141	0
	Arrangement of other long-term payables	22,756	0
	Repayment of other long-term payables	-9,786	-5,429
	Cash flows from financing activities	**98,551**	**-25,429**
	Total cash flows for the year	**-53,187**	**58,799**
	Cash, beginning of year	128,993	70,194
	Cash, end of year	**75,806**	**128,993**
	Cash, end of year, comprises:		
	Cash	75,806	128,993
	Total	**75,806**	**128,993**

Notes

	Group		Parent	
	2023/24 DKK '000	2022/23 DKK '000	2023/24 DKK '000	2022/23 DKK '000
1. Staff costs				
Wages and salaries	134,993	86,189	0	0
Pensions	10,343	5,328	0	0
Other social security costs	1,347	1,023	0	0
Other staff costs	3,601	3,374	0	0
Total	150,284	95,914	0	0
Average number of employees during the year	284	211	0	0
Remuneration for the management:				
Remuneration for the Executive Board and Board of Directors	3,894	3,506	0	0
2. Depreciation, amortisation and impairments losses of intangible assets and property, plant and equipment				
Amortisation of intangible assets	6,607	4,818	0	0
Depreciation of property, plant and equipment	4,962	3,666	0	0
Total	11,569	8,484	0	0
3. Income from equity investments in group enterprises				
Share of profit or loss of group enterprises	0	0	32,331	31,854
Total	0	0	32,331	31,854

Notes

	Group		Parent	
	2023/24 DKK '000	2022/23 DKK '000	2023/24 DKK '000	2022/23 DKK '000
4. Financial income				
Foreign currency translation adjustments	1,757	2,516	0	0
Other financial income	1,959	1,006	0	0
Total	3,716	3,522	0	0
5. Financial expenses				
Interest, group enterprises	6,900	270	8,735	1,553
Interest, associates	97	0	0	0
Foreign exchange losses	1,916	3,039	0	0
Other financial expenses	5,030	4,169	0	0
Other financial expenses	7,043	7,208	0	0
Total	13,943	7,478	8,735	1,553
6. Tax on profit for the year				
Current tax for the year	1,604	5,388	82	-372
Adjustment of deferred tax for the year	7,649	3,814	-2,106	0
Total	9,253	9,202	-2,024	-372

Notes

	Group		Parent	
	2023/24 DKK '000	2022/23 DKK '000	2023/24 DKK '000	2022/23 DKK '000
7. Proposed appropriation account				
Reserve for net revaluation according to the equity method	0	0	15,553	15,334
Proposed dividend for the financial year	25,000	9,000	25,000	9,000
Retained earnings	-219	21,538	-15,772	6,204
Total	24,781	30,538	24,781	30,538

Notes

8. Intangible assets

Figures in DKK '000	Completed development projects	Acquired right	Goodwill	Total
Group:				
Cost as at 01.06.23	39,297	0	62,365	101,662
Additions relating to mergers and acquisition of enterprises	7,653	1,771	0	9,424
Additions during the year	0	2,745	58,962	61,707
Cost as at 31.05.24	46,950	4,516	121,327	172,793
Amortisation and impairment losses as at 01.06.23	-38,592	0	-29,564	-68,156
Additions relating to mergers and acquisition of enterprises	-6,565	-1,771	0	-8,336
Amortisation during the year	-1,285	0	-5,257	-6,542
Amortisation and impairment losses as at 31.05.24	-46,442	-1,771	-34,821	-83,034
Carrying amount as at 31.05.24	508	2,745	86,506	89,759

Completed development projects include the development of machines for automation within packaging and stacking of insulation material

Costs consist of costs in the form of materials, personnel costs (own and hired employees) and indirect production costs

Incurred development costs mainly relate to the development of new machine types aimed for the American market.

The newly developed machines are expected to bring competitive advantages, and there is a significant potential in the sale of these machines in the American market.

It is assessed here whether the recovery value in the form of the useful value exceeds the book value.

The recovery value is calculated on the basis of expected realized contribution margin on the basis of expected sales in the years 2024/25 - 2027/28.

Notes

9. Property, plant and equipment

Figures in DKK '000	Land and buildings	Leasehold improvements	Plant and machinery	Other fixtures and fittings, tools and equipment
Group:				
Cost as at 01.06.23	64,946	457	6,940	35,003
Additions relating to mergers and acquisition of enterprises	24,452	0	0	0
Foreign currency translation adjustment of foreign enterprises	-243	0	0	0
Additions during the year	36	0	126	5,235
Disposals during the year	0	0	-282	-4,426
Cost as at 31.05.24	89,191	457	6,784	35,812
Revaluations as at 01.06.23	36,783	0	0	0
Revaluations as at 31.05.24	36,783	0	0	0
Depreciation and impairment losses as at 01.06.23	-48,479	-377	-6,317	-26,820
Additions relating to mergers and acquisition of enterprises	-9,952	0	0	0
Depreciation during the year	-2,382	-61	-174	-2,344
Reversal of depreciation of and impairment losses on disposed assets	0	0	282	4,402
Depreciation and impairment losses as at 31.05.24	-60,813	-438	-6,209	-24,762
Carrying amount as at 31.05.24	65,161	19	575	11,050
Carrying amount in the balance sheet if revaluation to fair value had not been carried out as at 31.05.24	41,572	0	0	0
Parent:				
Carrying amount of assets held under finance leases as at 31.05.24	0	0	0	7,348

Notes

10. Investments

Figures in DKK '000	Equity investments in group enterprises	Other investments
Group:		
Cost as at 01.06.23	0	54
Cost as at 31.05.24	0	54
Depreciation and impairment losses as at 01.06.23	0	59
Impairment losses during the year	0	20
Depreciation and impairment losses as at 31.05.24	0	79
Carrying amount as at 31.05.24	0	133
Parent:		
Cost as at 01.06.23	93,547	0
Additions during the year	97,864	0
Cost as at 31.05.24	191,411	0
Depreciation and impairment losses as at 01.06.23	17,158	0
Foreign currency translation adjustment of foreign enterprises	1,728	0
Amortisation of goodwill	-4,526	0
Net profit/loss from equity investments	36,946	0
Dividend relating to equity investments	-20,000	0
Other equity adjustments relating to equity investments	-419	0
Depreciation and impairment losses as at 31.05.24	30,887	0
Carrying amount as at 31.05.24	222,298	0
Positive balances ascertainable on initial recognition of equity investments measured at equity value	0	0

Name and registered office:	Ownership interest
Subsidiaries:	
Qubiqa A/S, Danmark	100%
C & H SYSTEM A/S, Danmark	100%

Notes

11. Other non-current financial assets

Figures in DKK '000	Deposits	Other receivables
Group:		
Cost as at 01.06.23	0	304
Additions relating to mergers and acquisition of enterprises	760	0
Additions during the year	46	0
Disposals during the year	-10	0
Cost as at 31.05.24	796	304
Carrying amount as at 31.05.24	796	304

12. Work in progress for third parties

Work in progress for third parties	612,643	270,342	0	0
On-account invoicing	-568,669	-333,043	0	0
Total work in progress for third parties	43,974	-62,701	0	0
Work in progress for third parties	60,380	36,483	0	0
Prepayments received from work in progress for third parties, short-term payables	-16,406	-99,184	0	0
Total	43,974	-62,701	0	0

Notes

13. Share capital

The share capital consists of:

	Quantity	Total nominal value
Share class A	788,105	788,000
Share class B	24,374	24,000
Share class C	187,521	188,000
Total		1,000,000

14. Deferred tax

Deferred tax as at 01.06.23	12,222	8,408	-1,327	-956
Additions relating to mergers and acquisition of enterprises	8,342	0	0	0
Deferred tax recognised in the income statement	7,649	3,814	1,327	-371
Deferred tax as at 31.05.24	28,213	12,222	0	-1,327
Deferred tax is recognized in the balance sheet as:				
Deferred tax asset	-759	-382	0	0
Provisions for deferred tax	28,972	12,604	0	0
Total	28,213	12,222	0	0

As at 31.05.24, the company has recognised a deferred tax asset of DKK 759. The deferred tax asset is recognised on the basis of expectations of positive operating results for the coming years.

Notes

15. Other provisions

Figures in DKK '000	Warranty commitments
Group:	
Provisions as at 01.06.23	5,364
Additions relating to mergers and acquisition of enterprises	1,381
Provisions during the year	136
Provisions as at 31.05.24	6,881

	31.05.24 DKK '000	31.05.23 DKK '000	31.05.24 DKK '000	31.05.23 DKK '000
Other provisions are expected to be distributed as follows:				
Current liabilities	6,881	5,364	0	0

16. Long-term payables

Figures in DKK '000	Repayment first year	Outstanding debt after 5 years	Total payables at 31.05.24	Total payables at 31.05.23
Group:				
Subordinate loan capital	0	0	75,141	0
Mortgage debt	1,613	22,853	30,074	22,878
Lease commitments	1,883	29	8,336	2,530
Income taxes	0	0	700	4,355
Other payables	0	0	2,463	27
Total	3,496	22,882	116,714	29,790

Notes

16. Long-term payables - continued -

Figures in DKK '000	Repayment first year	Outstanding debt after 5 years	Total payables at 31.05.24	Total payables at 31.05.23
Parent:				
Subordinate loan capital	0	0	75,141	0
Total	0	0	75,141	0

The full amount of the subordinate loan capital ranks after the company's existing and future creditors. The subordinate loan capital carries interest at a rate of 8% p.a. and falls due for payment on 01.06.27 at the earliest. There are no other terms associated with the subordination.

17. Fair value information

Figures in DKK '000	Derivative financial instruments
Group:	
Fair value as at 31.05.24	-31

18.CONTINGENT LIABILITIES

Group:

The group has concluded lease agreements with total lease payments of DKK 13.275k.

The company has concluded rent agreements with terms to maturity of 6-24 months and total lease payments of DKK 2.598k.

Parent:

Other contingent liabilities
The company is taxed jointly with the other Danish companies in the group and has joint, several and unlimited liability for income taxes and any obligations to withhold tax at source on interest, royalties and dividends for the jointly taxed companies. The total known tax liability for the jointly taxed companies is stated in the management company. The liability also includes any subsequent corrections to the calculated tax liability as a consequence of changes made to the jointly taxable income etc.

The company has no contingent liabilities as at 31.05.24.

19. CHARGES AND SECURITY

Group:
Land and buildings with a book value of DKK 53.279k have been provided as security for mortgage debt of DKK 30.074k.

To ensure the Group's involvement with Jyske Bank, owner mortgages of nom. 9,200 t.kr have been deposited. with mortgages on properties and related production plants and machinery. The carrying amount of pledged properties amounts to DKK 53.279k.

Property located abroad with a book value of 11.882k. is pledged as securrity for debt to financial institions.
To ensure the Group's involvement with Jyske Bank, indemnification letter nom. DKK 20,000k has been deposited. receivables arising from the sale of goods and services, as well as inventory.
The carrying amount of pledged receivables and inventory amounts to DKK 35.657k.

Parent:
As security for the group's bank debt, a pledge has been given in capital shares in affiliated companies.
The accounting value of the capital shares amounts to DKK 222.297 thousand. per 31.05.2024.

20. RELATED PARTIES

Controlling influence = Q Invest 2021 Aps
Basis of influence, owns 100%

Related party transactions are not disclosed, as all transactions are entered into in the ordinary course of business at arms' length.

Remuneration for the management is specified in note 1. Staff costs.

22. Adjustments for the cash flow statement

	Group	
	2023/24 DKK '000	2022/23 DKK '000
21. Adjustments for the cash flow statement		
Depreciation, amortisation and impairments losses of intangible assets and property, plant and equipment	11,569	8,484
Other operating expenses	0	12
Provision in acquired companies	8,342	0
Financial income	-3,716	-3,522
Financial expenses	13,943	7,478
Tax on profit or loss for the year	9,253	9,202
Other adjustments	1,342	191
Total	40,733	21,845

22. Accounting policies

GENERAL

The annual report is presented in accordance with the provisions of the Danish Financial Statements Act for medium-sized groups and enterprises in reporting class C.

The accounting policies have been applied consistently with previous years.

Basis of recognition and measurement

Income is recognised in the income statement as earned, including value adjustments of financial assets and liabilities. All expenses, including depreciation, amortisation, impairment losses and write-downs, are also recognised in the income statement.

Assets are recognised in the balance sheet when it is probable that future economic benefits will flow to the company, and the value of such assets can be measured reliably. Liabilities are recognised in the balance sheet when it is probable that future economic benefits will flow from the company, and the value of such liabilities can be measured reliably. On initial recognition, assets and liabilities are measured at cost. Subsequently, assets and liabilities are measured as described for each item below.

On recognition and measurement, account is taken of foreseeable losses and risks arising before the date at which the annual report is presented and proving or disproving matters arising on or before the balance sheet date.

CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements comprise the parent and its subsidiaries in which the parent directly or indirectly holds more than 50% of the voting rights or by way of agreements exercises control.

All financial statements used for consolidation are prepared in accordance with the accounting policies of the group.

The consolidated financial statements consolidate the financial statements of the parent and its subsidiaries by adding together items of a uniform nature, eliminating intercompany income and expenditure, equity investments, intercompany balances and dividends as well as gains and losses resulting from transactions between the consolidated enterprises to the extent that the underlying assets and liabilities are not realised.

BUSINESS COMBINATIONS

Newly acquired or newly founded enterprises are recognised as from the date of acquisition and the date of foundation, respectively. The date of acquisition is the date at which control of the enterprise is obtained. Divested or discontinued enterprises are recognised until the date of divestment or discontinuation. The date of discontinuation is the date at which control of the enterprise passes to a third party.

Acquired enterprises are recognised in accordance with the acquisition method, according to which the identifiable assets and liabilities of the newly acquired enterprises are measured at fair value at the date of acquisition.

The cost of the equity investments in the acquired enterprises is offset against the proportionate share of the fair value of the enterprises' net assets at the acquisition date.

On acquisition of subsidiaries, goodwill is recognised on a proportionate basis based on the actual ownership interest in the acquired equity investments.

The goodwill (positive difference) determined at the date of acquisition is recognised under intangible assets. Goodwill from acquired enterprises is adjusted until 12 months after the acquisition date.

CURRENCY

The annual report is presented in Danish kroner (DKK).

On recognition of independent foreign entities, the income statements are translated at the exchange rates applicable at the transaction date or approximate average exchange rates. The balance sheet items are translated using the exchange rates applicable at the balance sheet date. Foreign currency translation adjustments arising from the translation of equity at the beginning of the year using the exchange rates applicable at the balance sheet date and from the translation of income statements from average exchange rates to the exchange rates applicable at the balance sheet date are recognised directly in equity under the reserve for net revaluation according to the equity method in respect of investments measured according to the equity method, and otherwise under the foreign currency translation reserve.

Translation adjustments of intercompany balances with independent foreign entities, measured using the equity method and where the balance is considered to be part of the overall investment, are recognised directly in equity under the foreign currency translation reserve. On the divestment of foreign entities, accumulated exchange differences are recognised in the income statement.

LEASES

Leases relating to assets where the company has substantially all the risks and benefits incidental to the ownership of the asset (finance leases) are recognised in the balance sheet. On initial recognition, assets held under finance leases and related lease commitments are measured at the lower of the fair value of the leased asset and the present value of future lease payments. Subsequently, assets held under finance leases are treated like other similar assets.

Lease commitments relating to assets held under finance leases are recognised in the balance sheet as payables. Subsequent to initial recognition, lease commitments are measured at amortised cost according to which the interest element of the lease payment is recognised in the income statement over the lease term.

Lease payments relating to operating leases are recognised in the income statement on a straight-line basis over the lease term.

INCOME STATEMENT

Gross result

Gross result comprises revenue, other operating income, raw materials and consumables and cost of sales and other external expenses.

Revenue

Income from the sale of goods is recognised in the income statement if delivery has taken place and the risk has passed to the buyer before the end of the financial year and where the selling price can be determined reliably and is expected to be paid. Revenue is measured at fair value and is determined exclusive of VAT and other taxes collected on behalf of third parties and less discounts.

Income from the sale of services is recognised in the income statement in line with completion of services, which means that revenue corresponds to the selling price of the work performed for the year stated on the basis of the stage of completion at the balance sheet date (percentage of completion method).

Income from construction contracts involving the delivery of highly customised assets are recognised in the income statement as revenue according to the stage of completion. Accordingly, revenue corresponds to the selling price of work performed during the year (percentage of completion method).

Other operating income
Other operating income comprises income of a secondary nature in relation to the enterprise's activities, including rental income, negative goodwill and gains on the sale of intangible assets and property, plant and equipment.

Costs of raw materials and consumables
Costs of raw materials and consumables comprise raw materials and consumables used for the year as well as any changes in inventories, including any inventory wastage.

Write-downs of inventories of raw materials and consumables are also recognised under raw materials and consumables to the extent that these do not exceed normal write-downs.

Cost of sales
Cost of sales comprises cost of sales for the year measured at cost plus any changes in inventories, including write-downs to the extent that these do not exceed normal write-downs.

Other external expenses
Other external expenses comprise costs relating to distribution, sales and advertising and administration, premises and bad debts to the extent that these do not exceed normal write-downs.

Staff costs
Staff costs comprise wages and salaries as well as other staff-related costs.

Depreciation, amortisation and impairment losses
The depreciation and amortisation of intangible assets and property, plant and equipment aim at systematic depreciation and amortisation over the expected useful lives of the assets. Assets are depreci-ated and amortised according to the straight-line method based on the following expected useful lives and residual values:

	Useful lives, years	Residual value DKK '000
Completed development projects	3-10	0
Acquired rights	3-5	0
Goodwill	20	0
Buildings	10-40	10,000
Leasehold improvements	3-7	0
Plant and machinery	3-7	0
Other plant, fixtures and fittings, tools and equipment	3-7	0

Goodwill is amortised over 20 years. The useful life has been determined in consideration of the expected future net earnings of the enterprise or activity to which the goodwill relates.

Land is not depreciated.

The basis of depreciation and amortisation is the cost of the asset less the expected residual value at the end of the useful life. Moreover, the basis of depreciation and amortisation is reduced by any impairment losses. The useful life and residual value are determined when the asset is ready for use and reassessed annually.

Intangible assets and property, plant and equipment are impaired in accordance with the accounting policies referred to in the 'Impairment losses on fixed assets' section.

Other operating expenses
Other operating expenses comprise costs of a secondary nature in relation to the enterprise's activities, including costs relating to rental activities and losses on the sale of intangible assets and property, plant and equipment.

Income from equity investments in group entreprises
For equity investments in subsidiaries that in the parent are measured using the equity method, the share of the enterprises' profit or loss is recognised in the income statement after elimination of unrealised intercompany profits and losses and less any goodwill amortisation and impairment losses.

Income from equity investments in equity investments in subsidiaries also comprises gains and losses on the sale of equity investments.

Other net financials
Interest income and interest expenses, the interest element of finance lease payments etc. are recognised in other net financials.

Amortisation of capital losses and borrowing costs relating to financial liabilities is recognised on an ongoing basis as financial expenses.

Tax on profit/loss for the year
The current and deferred tax for the year is recognised in the income statement as tax on the profit/loss for the year with the portion attributable to the profit/loss for the year, and directly in equity with the portion attributable to amounts recognised directly in equity.

The company is jointly taxed with Danish consolidated enterprises. The parent is the administration company for the joint taxation and thus settles all income tax payments with the tax authorities.

In connection with the settlement of joint taxation contributions, the current Danish income tax is allocated between the jointly taxed enterprises in proportion to their taxable incomes. This means that enterprises with a tax loss receive joint taxation contributions from enterprises which have been able to use this loss to reduce their own taxable profit.

BALANCE SHEET

Intangible assets
Completed development projects
Development projects are recognised in the balance sheet where the project aims at developing a specific product or a specific process, intended to be produced or used, respectively, by the company in its production process. On initial recognition, development projects are measured at cost. Cost comprises the purchase price plus expenses resulting directly from the purchase, including wages and salaries directly attributable to the development projects until the asset is ready for use. Interest on loans arranged to finance development projects in the development period is not included in the cost. Other development projects and development costs are recognised in the income statement in the year in which they are incurred.

Development projects are subsequently measured in the balance sheet at cost less accumulated amortisation and impairment losses.

Completed development projects are amortised using the straight-line method based on useful lives, which are stated in the 'Depreciation, amortisation and impairment losses' section.

Acquired rights
Aquired rights are measured in the balance sheet at cost less accumulated amortisation and impairment losses.

Acquired rights are amortised using the straight-line method based on useful lives, which are stated in the 'Depreciation, amortisation and impairment losses' section.

Goodwill
Goodwill is measured in the balance sheet at cost less accumulated amortisation and impairment losses.

Goodwill is amortised using the straight-line method based on useful lives, which are stated in the 'Depreciation, amortisation and impairment losses' section.

Gains or losses on the disposal of intangible assets
Gains or losses on the disposal of intangible assets are determined as the difference between the selling price, if any, less selling costs and the carrying amount at the date of disposal.

Property, plant and equipment
Property, plant and equipment comprise land and buildings, leasehold improvements, plant and machinery as well as other fixtures and fittings, tools and equipment.

Property, plant and equipment are measured in the balance sheet at cost less accumulated depreciation and impairment losses.

Cost comprises the purchase price and expenses resulting directly from the purchase until the asset is ready for use. Interest on loans arranged to finance production is not included in the cost.

The total cost of an asset is decomposed into separate components that are depreciated separately if the useful lives of the individual components vary.

Property, plant and equipment are depreciated using the straight-line method based on useful lives and residual values, which are stated in the 'Depreciation, amortisation and impairment losses' section.

Gains and losses on the disposal of property, plant and equipment are determined as the difference between the selling price, if any, less selling costs and the carrying amount at the date of disposal less any costs of disposal.

Equity investments in group entreprises
Equity investments in subsidiaries are recognised and measured according to the equity method in the balance sheet of the parent. For equity investments in subsidiaries, the equity method is considered a measurement method.

Accounting policies for the acquisition of subsidiaries are stated in the 'Business combinations' section.

On initial recognition, equity investments measured according to the equity method are measured at cost. Transaction costs directly attributable to the acquisition are recognised in the cost of equity investments. However, transaction costs on the acquisition of subsidiaries are recognised in the income statement in the consolidated financial statements at the date incurred.

On subsequent recognition and measurement of equity investments according to the equity method, equity investments are measured at the proportionate share of the enterprises' equity value, determined according to the accounting policies of the parent, adjusted for the remaining value of goodwill and gains and losses on transactions with the enterprises in question. Equity investments, where information for recognition according to the equity method is not known, are measured at cost.

Gains or losses on disposal of equity investments are determined as the difference between the disposal consideration and the carrying amount of net assets at the time of sale, including non-amortised goodwill, as well as the expected costs of divestment or discontinuation. Gains and losses are recognised in the income statement under income from equity investments.

Impairment losses on fixed assets
The carrying amount of fixed assets which are not measured at fair value is assessed annually for indications of impairment over and above what is reflected in depreciation and amortisation.

If the company's realised return on an asset or a group of assets is lower than expected, this is considered an indication of impairment.

If there are indications of impairment, an impairment test is conducted of individual assets or groups of assets.

The assets or groups of assets are impaired to the lower of recoverable amount and carrying amount.

The higher of net selling price and value in use is used as the recoverable amount. The value in use is determined as the present value of expected net cash flows from the use of the asset or group of assets as well as expected net cash flows from the sale of the asset or group of assets after the expiry of their useful lives.

Impairment losses are reversed when the reasons for the impairment no longer exist. Impairment losses on goodwill are not reversed, unless goodwill is included in the carrying amount of equity investments.

Inventories
Inventories are measured at cost calculated according to the FIFO-method. Inventories are written down to the lower of cost and net realisable value.

The cost of raw materials and consumables as well as goods for resale is determined as purchase prices plus expenses resulting directly from the purchase.

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

Receivables
Receivables are measured at amortised cost, which usually corresponds to the nominal value, less write-downs for bad debts.

Write-downs for bad debts are determined based on an individual assessment of each receivable if there is no objective evidence of individual impairment of a receivable.

Deposits recognised under assets comprise deposits paid to the lessor under leases entered into by the company.

Work in progress for third parties
Work in progress for third parties is measured at the selling price of the work performed less on-account invoicing made for each piece of work in progress.

The selling price is measured according to the stage of completion at the balance sheet date and total expected income from each piece of work in progress. The degree of completion for each piece of work in progress is normally calculated as the ratio between the resources spent and the total budgeted resource consumption. For some work in progress where the resource consumption cannot be used as a basis, the ratio between completed subactivities and the combined subactivities for the individual piece of work in progress is used instead.

When the selling price of a piece of work in progress cannot be determined reliably, the selling price is measured at the lower of costs incurred and net realisable value.

The individual piece of work in progress is recognised under receivables or payables in the balance sheet depending on whether the net value of the selling price less prepayments received is positive or negative.

When it is likely that the total costs of the individual piece of work in progress will exceed total sales income, the total expected loss is recognised as a provision.

Prepayments
Prepayments recognised under assets comprise costs incurred in respect of subsequent financial years.

Other investments
Other equity investments are measured at fair value in the balance sheet. For equity investments that are traded in an active market, fair value is equivalent to the market value at the balance sheet date. Other equity investments for which fair value cannot be determined reliably are measured at cost.

Cash
Cash includes deposits in bank accounts as well as operating cash.

Equity
The proposed dividend for the financial year is recognised as a separate item in equity.

The net revaluation of equity investments measured according to the equity method is recognized in the financial statements of the parent in the net revaluation reserve in equity according to the equity method to the extent that the carrying amount exceeds the cost.

Unrealised foreign currency gains and losses from the translation of the net investment in independent foreign entities are recognised in equity under the foreign currency translation reserve. The reserve is dissolved when the independent foreign entities are disposed of.

Unrealised gains and losses on financial instruments classified as and meeting the criteria for hedging of future cash flows (cash flow hedging) are recognised in equity under the cash flow hedging reserve. The reserve is measured less deferred tax. The reserve is dissolved when the hedged transaction occurs, or it is no longer expected to occur.

Provisions
Other provisions comprise expected expenses incidental to warranty commitments, loss on work in progress, restructuring etc. and are recognised when the company has a legal or constructive obligation at the balance sheet date and it is probable that such obligation will draw on the financial resources of the company. Provisions are measured at net realisable value or fair value if the provision is expected to be settled over the longer term.

Warranty commitments comprise the obligation to repair defective work within the warranty period of 1-5 years. Warranty commitments are measured at net realisable value and recognised based on previous years' experience with warranty work.

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

Joint taxation contributions payable and receivable are recognised as income tax under receivables or payables in the balance sheet.

Deferred tax liabilities and tax assets are recognised on the basis of all temporary differences between the carrying amounts and tax bases of assets and liabilities. However, deferred tax is not recognised on temporary differences relating to goodwill which is non-amortisable for tax purposes and other items where temporary differences, except for acquisitions, have arisen at the date of acquisition without affecting the net profit or loss for the year or the taxable income. In cases where the tax value can be determined according to different taxation rules, deferred tax is measured on the basis of management's intended use of the asset or settlement of the liability.

Deferred tax assets are recognised, following an assessment, at the expected realisable value through offsetting against deferred tax liabilities within the same tax jurisdiction or elimination in tax on future earnings.

Deferred tax is measured on the basis of the tax rules and at the tax rates in the respective countries which, according to the legislation in force at the balance sheet date, will be applicable when the deferred tax is expected to crystallise as current tax.

Payables
With subordinate loan capital, the creditor has subordinated its claim to those of all other creditors of the company.

Long-term payables are measured at cost at the time of contracting such liabilities (raising of the loan). The payables are subsequently measured at amortised cost where capital losses and loan expenses are recognised in the income statement as a financial expense over the term of the payable on the basis of the calculated effective interest rate in force at the time of contracting the liability.

Short-term financial payables are measured at amortised cost, normally corresponding to the nominal value of such payables. Other short-term payables are measured at net realisable value.

CASH FLOW STATEMENT

The cash flow statement is prepared using the indirect method, showing cash flows from operating, investing and financing activities as well as cash and cash equivalents at the beginning and end of the year.

Cash flows from operating activities comprise the net profit or loss for the year, adjusted for non-cash operating items, income tax paid and changes in working capital.

Cash flows from investing activities comprise payments in connection with the acquisition and divestment of companies and financial assets as well as the purchase, development, improvement and sale of in-tangible assets and property, plant and equipment.

Cash flows from financing activities comprise changes in the parent's share capital and associated costs and financing from and dividends paid to shareholders as well as the arrangement and repayment of long-term payables. Cash flows from financing activities also comprise finance lease payments.

Cash and cash equivalents at the beginning and end of the year comprise cash and short-term payables to credit institutions.

Referring to section 86(4) of the Danish Financial Statements Act a cash flow statement has not been prepared for the parent as the parent is included in the consolidated cash flow statement.

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Axel Manøe Jepsen
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Axel Manøe Jepsen
Dirigent
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Flemming Laigaard
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Claus Peter Skov

Bestyrelse

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