2022/23 ANNUAL REPORT

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GROUP INFORMATION

Qubiqa Holding
Morsøgade 10, 6700 Esbjerg DK
Tel.: 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

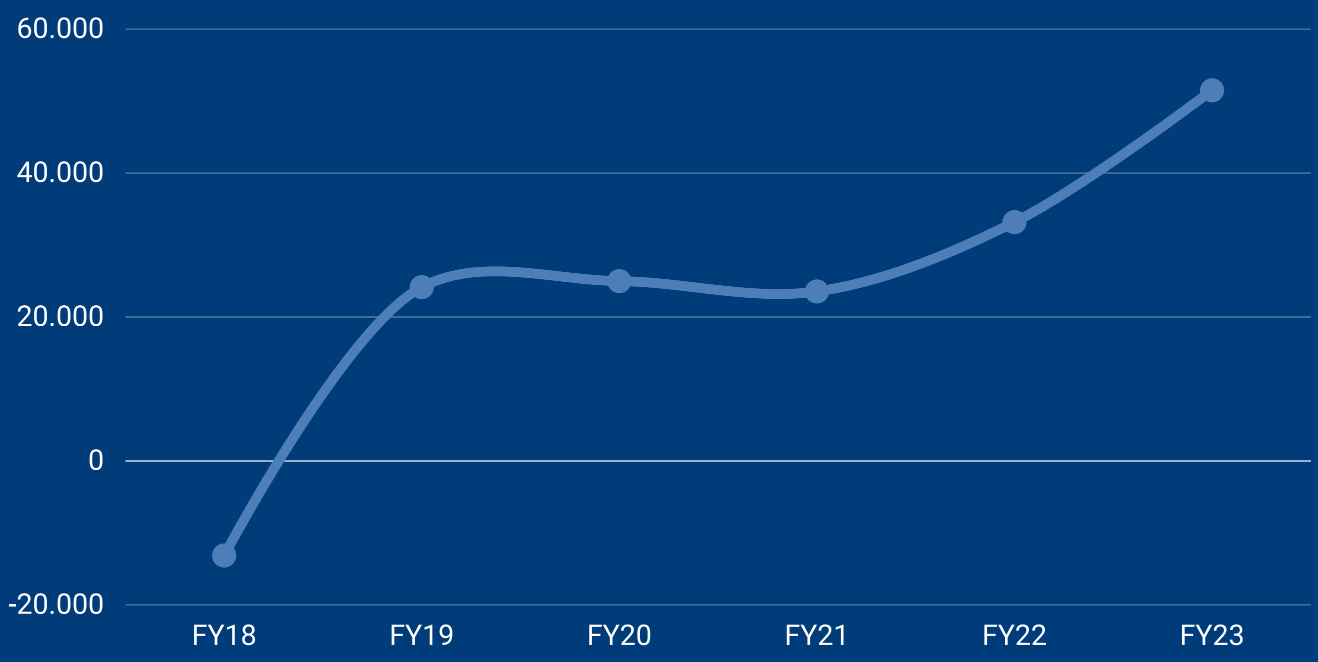
CEO's statement

All-time high activity level

Summing up 2022 in a few words, 'busy' and 'profitable' comes to mind.

We entered the year from an all-time high activity level and stayed there throughout. With an extensive project pipeline and a significant backlog due to the challenging global supply situation and reduced components availability of the previous year, we knew we were in for an engaging 2022. Further adding to that through a strong presence in existing and emerging markets, we have had a lot on our plate, with successfully implemented projects paving the way for the next projects.

Morten Lagoni Seeberg, CEO



**EBITDA (in 1,000 DKK)*

It has paid off

We have realised an increase in profitbefore tax from DKK 19.7 million to DKK 39 million. We have now effectively more than doubled our turnover since fiscal year 2020, and I wish to extend my heartfelt respect and sincere thank you to all colleagues for this outstanding achievement. You have enabled us to deliver on our promise to our customers. And there are pretty many to thank.

The increased activity has seen an influx of colleagues, with the Qubiqa family growing by around 30 per cent. A warm welcome to you all. We have had to expand our facilities, too, with Qubiqa now operating from four locations in Denmark and two in Poland.

Looking ahead

As for FY24, recruiting talent for some areas to keep up with the activity remains high on our agenda.

We have seen a more moderate sales activity in the first half of the fiscal year, and we expect that level to continue at least until the end of 2023. We are, however, in a situation where our order books are full and, therefore, we still have a very high activity level that will keep us busy for the rest of FY24.

It means that the sales we register at the moment is for delivery in Q4 2024.

Having somewhat overperformed and overproduced for the past year, a slightly less intense activity level is welcomed. While there is every reason to be delighted with our 2022 performance, I would like to see our work-life balance getting more attention.

Thus, another key task for FY24 will be ensuring we remain profitable without compromising our ambitions to be a great workplace. Increased flexibility in the workplace, and the opportunity to work from home are all parts of our 2023 agenda defined in dialogue with our employees.

Our expectations for FY24 are positive. We have strong books, qualified and talented staff, and committed owners who are investing in building Qubiqa as a company as well as expanding our interests on a group level to other markets.
With the global agenda of reducing energy consumption as strong as ever, further pushing the demand for our product, we have every reason to be optimistic.

Financial highlights - key figures

Figures in DKK '000	2022/23	2021/22	2020/21	2019/20	2018/19
Profit/loss					
Gross result	148,107	109,661	85,907	95,405	111,372
Profit/loss before depreciation, amortisation, write-downs and impairment losses	52,193	33,192	2,356	24,993	24,159
Total net financials	-3,956	-4,017	-3,933	-4,775	-6,112
Profit for the year	30,538	15,826	1,146	3,991	-2,048
Balance					
Total assets	299,071	240,494	157,687	164,317	185,096
Investments in property, plant and equipment	3,360	3,211	1,025	3,614	2,821
Equity	81,592	70,375	45,736	32,155	34,940

Ratios

	2022/23	2021/22	2020/21	2019/20	2018/19
Profitability					
Return on equity	40.19 %	27.26 %	2.51 %	10.72 %	6.10 %
Equity ratio					
Solvency ratio	27.28%	29.26 %	29.01 %	25.76 %	17.37 %

Ratios definitions

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

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

Statement by the Board

A strong year, an extraordinary result

Solid, in demand, well-driven, reputable... and profitable!

From a shareholder's point of view, the FY23 ticked a lot of the right boxes for Qubiqa. We had a very strong year, delivering on good books and setting a new all-time high for profit and turnover. We grew organically in existing and new markets, realising an extraordinary result.
This was very much a team effort achievement. A lot of people put in a lot of hours, dedication and hard work to make this possible – we could not wish for more in terms of commitment, dedication, and team spirit.

Axel Manøe Jepsen, Chairman of the Board

Building on the results

Looking ahead, building on the results of FY23 and previous years is prioritised on the agenda.
Healthy profits are a strong platform to build from. In that respect, I expect us to look back at FY23 in a few

... We are dedicated to further developing Qubiqa as a group and have a very strong platform to build on..

years' time and recognise the remarkable effort and extraordinary result as a key financial enabler in realising the further development of Qubiqa as a group.

We want to invest this year's outstanding performance in the future of the company. Supporting organic growth with mergers and acquisitions, we wish to strengthen the group.

We have made a first, strong commitment with the acquisition of CH Systems, further broadening our market position to include a wider range within the green energy transition. We expect more investments during FY24.

Statement by the Executive Board

We have, on this day, presented the annual report for the financial year 01 June 2022 - 31May 2023 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 of 31 May 2023 and the results of the group’s and parent’s activities and the group's cash flows for the financial year 01 June 2022 - 31 May 2023.

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.

Executive Board

Morten Lagoni Seeberg

Board of Directors

Axel Manøe Jepsen
Chairman

Claus Peter Skov

Esben Bay Jørgensen

Jesper Hilarius Kalko

Independent auditor's report

Opinion

We have audited the consolidated financial statements and parent company financial statements of Qubiqa Holding A/S for the financial year 01 June 2022 - 31 May 2023, which comprise the income statement, balance sheet, statement of changes in equity and notes to the financial statements, including a summary of significant accounting policies for the group as well as for the parent company as well as the consolidated cash flow statement.

The consolidated financial statements and parent company financial statements are prepared in accordance with the Danish Financial Statements Act (Årsregnskabsloven).

In our opinion the consolidated financial statements and parent company financial statements give a true and fair view of the group's and the parent company's assets, liabilities and financial position at 31 May 2023 and of the results of the group's and the parent company's operations and the consolidated cash flows for the financial year 01 June 2022 - 31 May 2023 in accordance with the the Danish Financial Statements Act (Årsregnskabsloven).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing 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 financial statements and parent company 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.

Management's responsibility for the consolidated financial statements and parent company financial statements

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

In preparing the consolidated financial statements and parent company financial statements, Management is responsible for assessing the group's and the parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting in preparing the consolidated financial statements and parent company 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 parent company financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements and parent company 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 International Standards on Auditing and the additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements and parent company financial statements.

As part of an audit conducted in accordance with International Standards on Auditing and the additional requirements applicable in Denmark, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the group's and the parent company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.

- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the consolidated financial statements and parent company financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group's and the parent company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements and parent company 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 parent company financial statements, including the disclosures, and whether the consolidated financial statements and parent company financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

Statement regarding the Management's review

Management is responsible for Management's review.

Our opinion on the consolidated financial statements and parent company financial statements do not cover Management's review, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements and parent company financial statements, 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 otherwise appears to be materially misstated.

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

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

Aarhus, September 28, 2023

Beierholm
Statsautoriseret Revisionspartnerselskab
CVR no. 32 89 54 68

Flemming Laigaard
State Authorized Public Accountant
MNE-no. mne29497

MANAGEMENT’S REVIEW

A very strong year bolsters Qubiqa for FY24

Overshot expectations

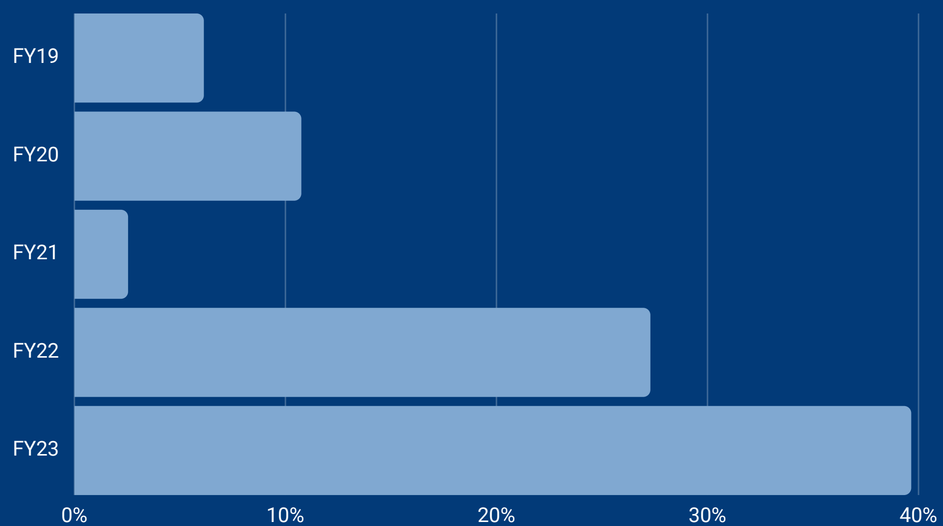
When we considered our budgets for FY23, we opted for a conservative approach with a moderate increase in activity and profit.
Looking back on our performance and results in FY23, we have overshot those expectations by quite a margin.

We made a EBITDA of DKK 52.1 million for the period against DKK 33.2 million in FY22

Our equity grew from DKK 70.4 million to DKK 81.5 million this fiscal year, a notable 15% increase. Additionally, we have a significant amount of free liquidity available, showcasing our financial strength and readiness for future opportunities.

The increase in activity was made possible through an investment in new colleagues as well as further office facilities and plants. With qualified personnel in high demand and short supply, we had to supplement our workforce with hire-ins, resulting in an increase in expenditure and a slight decline in profit margins. Opting for a slightly lesser profitability in exchange for delivering on our promise to our customers was never a difficult choice.

Jørgen Prange Løvschall, CFO



Equity %

15%

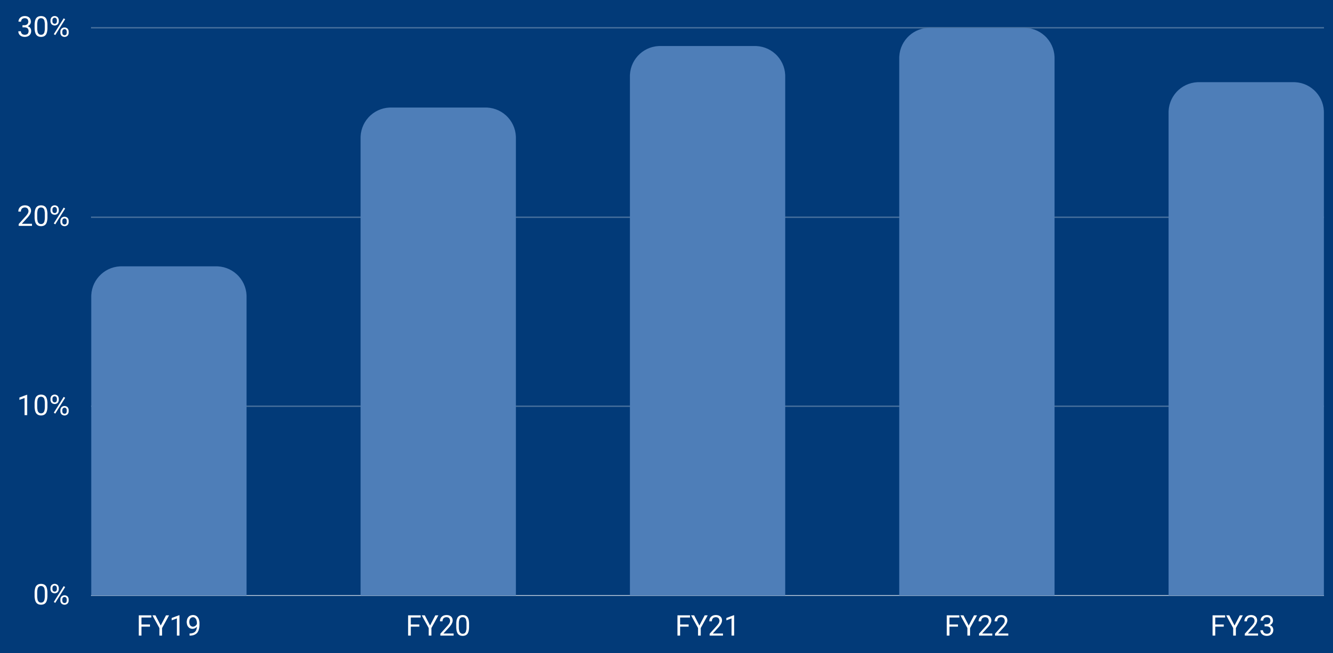
INCREASE IN EQUITY

Positive options in front of us

Looking ahead, we are confident. We have further bolstered our equity, and with committed owners, Qubiqa has a lot of positive options in front of us. We anticipate a move from a 'high demand and low supply'-reality to a slightly lower demand and more normal supply.

In a slightly cooler market, we will have time for strategic investments and thus expect a result reflecting a slight move in focus from pure sales to also include long-term investments.

For FY24 Qubiqa Holding, along with the newly acquired subsidiary C&H System A/S anticipate an increase in EBITDA to DKK 65 million.



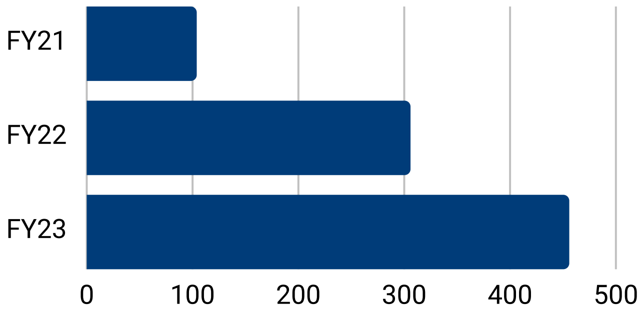
Solvency ratio (%)

Record sales in FY23 leave positive expectations for FY24

In terms of sales, we knew upfront that FY23 would be busy. Yet, the level of activity was well beyond our expectations, and we are delighted with a strong year.

The sales generated growth in project sales from the past few years has been outstanding, from 103 MDKK in FY21 to 305 MDKK in FY22 and 455 MDKK in FY23.

We have a lot to be proud of, succeeding in closing moumerous orders in a strong growing market.



Sales in MDKK

Getting there is one thing. Staying there, however, is something else entirely.

We still have strong books, busy customers, and every reason to be positive for the years ahead. We have markets to explore and the potential to grow.

As reflected by our results, Qubiqa's customers had a very busy FY23. They will be focusing on implementing a lot of the projects we delivered in the past year, affecting the immediate need for further projects.

The key will be to maintain the cadence and ensure that our sales and production flows are in check. Last year's level of sales brought a challenge to the rest of the organisation, playing capacity-catch-up for much of the year. A more balanced FY24 would be welcomed.

Anders Andersen, Sales Manager

Digital solutions will be a sales driver

Digitalisation and automation remain high on the agenda of our customers, and we have a lot to offer in that regard. Utilising the potential in digital twinning, simulations, and emulations will help us improve testing and problem-solving, delivering a better result earlier in the process and having our customers up and running faster.

Digital solutions will be a sales driver, not least as a top-up on existing machinery. We are, from a digital standpoint, still ahead of our customers. Showcasing the potential of digitalisation will be a focal point for FY24.

The continued momentum for the green agenda is another essential driver for us. With buildings responsible for 40 percent of global energy consumption, our value proposition remains strong and relevant, and both global agreements and local legislation is expected to further strengthen the need for what we do.

Goals for a better world

OUR CSR VISION

"We want to be the preferred, responsible partner and supplier of high-quality products, services and knowledge to our customers to help them realize their opportunities"

Morten Lagoni Seeberg, CEO

CORPORATE SOCIAL RESPONSIBILITY

Extracts from our CSR report 2022/23

Management introduction

At Qubiqa, we have always been committed to doing business in a way that respects and supports society, people, and the environment.

We take a holistic approach to being responsible and our CSR strategy is ambitious. The strategy is based on the ten principles of the UN Global Compact – which Qubiqa Denmark joined in 2021 – concerning human rights, labour rights, anti-corruption, climate, and environment. This ties in closely with the UN Sustainable Development Goals (SDGs), which Qubiqa also support.

Three interlinked developments on FY23, which are both in line with Global Compact and the SDGs, deserve special mentioning here.

Firstly, we signed up for monitoring by EcoVadis – the world's largest and most trusted independent provider of business sustainability ratings. In July 2022, Qubiqa A/S was awarded a Bronze Medal by EcoVadis in recognition of our achievements. Bronze is awarded for a score in the top 50 % of all companies in the same industry. From 2024, EcoVadis will narrow this to the top 30 %, so we hope to retain Bronze or even advance to Silver in the coming years. Meanwhile, preparations are underway to also have our subsidiary, Qubiqa Poland, included in the monitoring by EcoVadis.

Secondly, we spent the last months of FY23 – continuing into FY24 – preparing to submit our first Communication of Progress (COP) report to Global Compact and our second Sustainability Report to EcoVadis. This entails collection and processing of CSR data to answer wide-ranging questionnaires, and the process has significantly helped us focus and accelerate our CSR work.

Thirdly, by the end of FY23 we had completed the first of two stages in a systematic review of our CSR governance at Group level. This included, inter alia, an updated materiality analysis, a prioritized stakeholder map, and a series of CSR meetings to gain inputs from managers and employees in Denmark and Poland. We fully expect to complete the second stage of the review in FY24, which will lead to a new set of CSR policies, targets, action plans, manuals, procedures, and other governance documents.

The work ahead also entails a gap analysis to assess our subsidiaries maturity vis-à-vis the Global Compact and EcoVadis requirements, i.e., Qubiqa Poland (our subconstruction division) and CH System (a Danish robotics company which Qubiqa acquired in July 2023).

On the following pages, we are delighted to share a status on our CRS governance and an update on relevant activities and result in FY23. The latter will be given under the headings of our current four strategic CSR focus areas:

Environment & Energy

The Surrounding Society

Customers & Products

Employees

Based on our CSR vision we always strive to accomplish that …

…our CUSTOMERS see

- that Qubiqa works professionally and ambitiously with product innovation, services, product knowledge, responsibility, and sustainability.
- that they get products and solutions of high quality that are produced under sustainable conditions.

…our EMPLOYEES see

- that they can grow and develop together with Qubiqa, because we offer good opportunities for personal and professional development.
- that Qubiqa is an attractive, responsible, and safe workplace, where employees are happy to work.
- that social aspects are always considered.

…the WORLD AROUND US sees

- that Qubiqa works strategically with sustainability and societal responsibility.
- that we differentiate ourselves by embracing a holistic view of sustainability and responsibility.
- that we do not compromise on our values, quality, sustainability, and responsibility.

Selected CSR key figures

Below you find selected CSR key figures derived from our efforts and actions. You can find more detailed information about our progress in the CSR report.

Focus area	**Goals**	**Goals in numbers**	**2022/23**	**2021/22**	**2020/21**	**2019/20**	**2018/19 (baseline)**
Environment & energy	Implement initiatives to reduce our energy consumption	3 initiatives/year	3	2	2	2	2
	Use carbon-neutral electricity	100 % in DK and PL	100%	100%	100%	100%	100%
Employees	Hire apprentices/ trainees, etc.	3 apprentices/ trainees, etc.	12	9	9	12	14
	Conduct annual employee development interviews	95 %	83%	96%	84%	100%	N/A
	Reduce the number of lost time injuries (LTIs) (frequency)	Max. 10	13	18	13	8	14
Customers & products	Incorporate sustainability into our product development	2 initiatives/year	2	2	2	2	2
The surrounding society	Conduct anti-corruption training	100 % of 'high-risk positions'	100%	100%	100%	100%	100%
	Ensure high level of data security	2 initiatives/year	2	3	4	2	2

UN Sustainable Development Goals

Qubiqa supports the SGDs, and we have arranged our CSR objectives and activities to contribute to this agenda. Where possible and feasible, we incorporate the SDGs into our business activities. Our CSR strategy includes direct support for these four SDGs:

	... aims at...	… and Qubiqa's CSR strategy supports the SDG as…
7 AFFORDABLE AND CLEAN ENERGY	ensuring that everyone has access to reliable, sustainable and modern energy at an affordable price, which is achieved, among other things, through increasing the consumption of renewable energy as well as through increased efficiency in the consumption of energy.	we regularly calculate and report on our GHG emissions and work purposefully to reduce emissions. We focus on optimizing and reducing our energy consumption and working towards converting consumption to renewable and emission-reduced forms of energy. One of our focus points is the materials and transport consumption associated with our business. Especially SDG targets 7.2 and 7.3 are addressed..
8 DECENT WORK AND ECONOMIC GROWTH	to promoting sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all, which is achieved, among other things, by promoting productive activities that create decent jobs, creativity and development, and by creating a safe and stable working environment for all workers	we offer opportunities for employees to work on their specialties and grow professionally by carrying out systematic employee development interviews and workplace assessments as well as ensuring well-functioning processes for following up on these assessments. We have drawn up employee policies, we offer a range of staff benefits, and the working environment rarely causes work-related injuries. *Especially SDG targets 8.2 and 8.3 are addressed.*
9 INDUSTRY, INNOVATION AND INFRASTRUCTURE	up to date manufacturing equipment with increased resource-use efficiency and adoption of clean and environmentally sound technologies and industrial processes.	we aim at finding methods for designing and manufacturing our products in a resource efficient way, which can include designing products that can be disassembled in each material fraction at end-of-life, designing high-quality products that last for many years, designing products that consume less energy during use, and designing products based on transportation optimizations. *Especially SDG target 9.4 is addressed.*
12 RESPONSIBLE CONSUMPTION AND PRODUCTION	ensuring sustainable consumption and forms of production, which is achieved, among other things, by reducing waste generation through prevention, reduction, reuse and recycling, performing efficient use of natural resources, communicating relevant information and awareness for sustainable development, as well as by integrating information on sustainability into companies' reporting cycle.	we have established a model for incorporating sustainability into both product design and product development. We continuously register our manufacturing materials and waste, and optimization actions are implemented on an ongoing basis. Waste fractions are sorted at the source and waste disposal complies with regulations and good practices. We communicate with stakeholders to increase sustainability awareness and we publish an annual CSR report. *Especially SDG targets 12.2, 12.5, and 12.6 are addressed*

Our CSR governance

At Qubiqa, we consider a systematic approach to CSR governance vital – providing assurance to our owners, management, customers, and other stakeholders and ensuring alignment with evolving national and international legal and ethical standards.

Organizational CSR setup

Our Executive Board and Board of Directors are responsible for the overall decisions relating to CSR and the allocation of resources. CSR is an important area of responsibility for our management and an agenda point at relevant board and management meetings.

Our CSR Steering Committee convenes regularly during the year to follow up on progress and agrees on appropriate initiatives. The CSR Steering Committee is led by the CEO of Qubiqa Holding and consists of senior executives from the Group companies, and dedicated specialists.

CSR policies and targets

Qubiqa's CSR policies constitute the framework for setting concrete CSR targets and formulating the action plans, that are subsequently implemented by management and employees with relevant and required qualifications.

The CSR policies in force during FY23 were unchanged compared to FY22. However, in the summer of 2022, we started a process of updating, reformulating, and expanding our CSR policies.

The process was momentarily put on hold due to a change in personnel but resumed in July 2023 (i.e., after the FY23 reporting period ended). We now plan to have a set of eight new CSR policies, accompanied by new targets and action plans, in place by the end of 2023 – tentatively with the following titles.

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

Each CSR policy will describe what Qubiqa envisions, our objectives, implementation principles, performance measures, and sanctions we may apply in case of non-compliance.

In FY 24, Qubiqa will also begin to perform annual audits to follow up on the implementation of the new CSR policies and evaluate their effectiveness. This will be done in conjunction with our reporting to EcoVadis and Global Compact. 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.

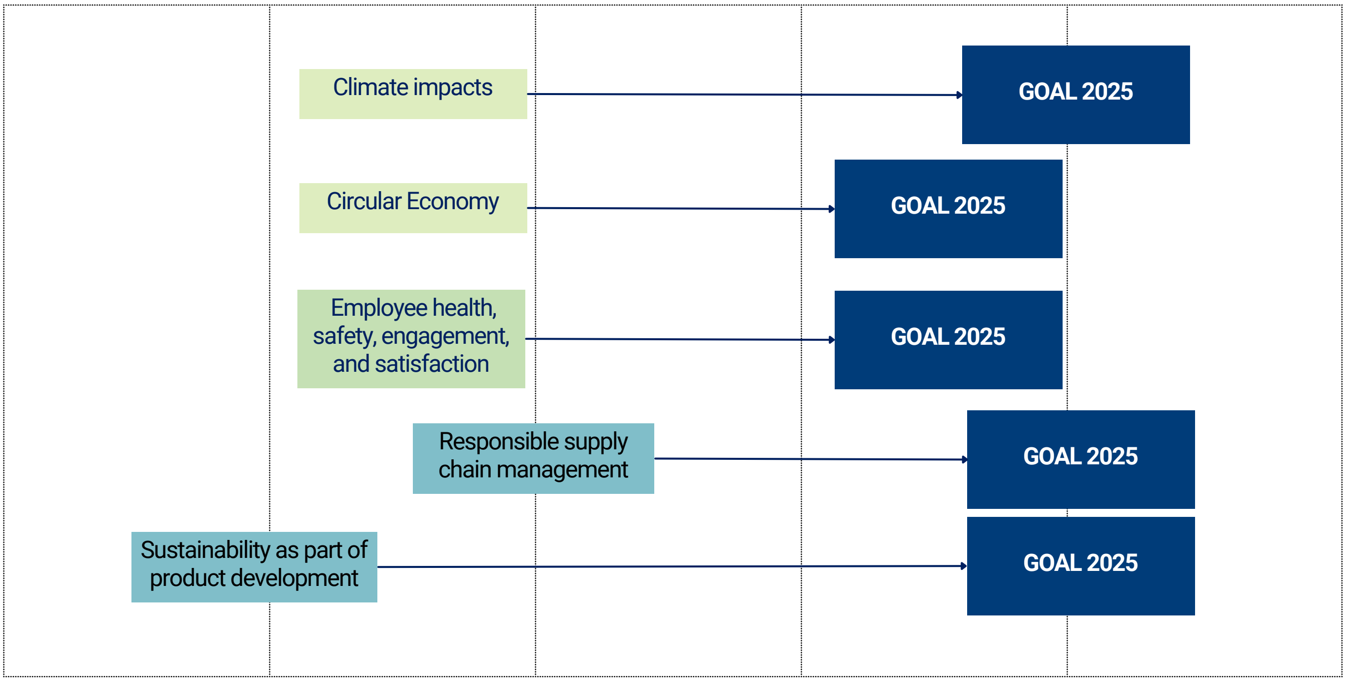
Materiality analysis

In line with international guidelines for good CSR practice, Qubiqa regularly conducts a materiality analysis to systematically identify and prioritize which CSR topics are the most relevant to us, to our primary stakeholders, and to society. In the last update of our materiality analysis, conducted in the period April - October 2022, the five highest prioritized CSR topics were:

1. Climate impacts
2. Circular economy (focus on manufacturing materials and waste)
3. Employee health, safety, engagement, and satisfaction
4. Responsible supply chain management
5. Sustainability as part of product development

As an integrated part of the 2022-update of the materiality analysis, we also decided on ambition levels towards the reporting FY25 for these five CSR topics. The figure on next page illustrates estimations of FY22 (baseline) maturity levels and our ambition levels for FY25.

Low		**CSR performance level**		*High*
Non-practice	**Compliant**	**Managed**	**Strategic**	**Best practice**
"This is the task of others to handle – not much relevant to us"	*"We address this as much as we have to for living up to requirements/ expectations"*	*"This is integrated into our daily business operations"*	*"This is a natural thing to us - it gives us a competitive advantage"*	*"We work with others to be at the forefront – to be part of the solution"*



Capturing and incorporating development ideas from managers and employees

Qubiqa's CSR Steering Committee works to ensure that our CSR efforts address the entire organisation. To this end, CSR workshops held in late 2022 were followed up by a series of 10 ad hoc project group meetings in January 2023 with the participation of 24 managers and employees (17 from Denmark and 7 from Poland).

The CSR workshops and meetings served to provide actionable input in relation to the five prioritized areas in our materiality analysis, the proposed new CSR policies, and a new prioritised CSR stakeholder map. The latter, for example, led to the identification of 49 CSR stakeholder categories, of which the following were considered the most important:

- Current owners
- Sustainability conscious customers
- Qubiqa's top management
- Non-sustainability conscious customers
- Existing bank partners, the Export and Investment Fund of Denmark (EIFO), etc.
- Existing employees
- Potential employees conscious of sustainability
- Other management levels at Qubiqa

Selected CSR activities and results during FY23

Environment & Energy

CSR AREA 1 – Environment & energy

A new waste management system
In early 2023, Qubiqa A/S implemented a new waste management system. This allows for sorting waste in more fractions than previously, e.g., food waste and paper, and updated signs with sorting guidelines have been placed at each waste station. Our collection and disposal providers have appropriate CSR policies and certificates such as ISO 14001, ISO 9001, and ISO 45001. With the new system, Qubiqa will continue to identify potential waste management opportunities with the aim of moving even more waste volume (weight) from Qubiqa facilities (production, warehouse and administration) up the waste ladder each year.

Measuring and reducing our carbon footprint
In the second half 2022 we measured and calculated our total GHG scope 1 and 2 emissions og the last four years. We also started estimating our scope 3 emissions.

Based on the results we plan to set emission reduction targets and define concrete reduction actions based on Science Based Targets initiative (SBTi) for SMEs. We continued to look for ways to reduce our consumption of electricity, district heating, natural gas, LPG, diesel, and our other fuels in 2022/23. Nonetheless, a small increase in CO2 emissions of 1.6 % (equivalent to 8,357 kg CO2) was measured compared to 2021/22. This was mainly due to expanded production in Denmark.

Three energy saving initiatives were implemented in 2022/23 (thus meeting our annual goal). The first two involved modernization of the heating system and replacement of old lamps with LED on the assembly line at Qubiqa Poland. Thanks to this, gas and electricity consumption was reduced by approximately 20% and 26% compared with FY22.

As a relatively smaller, third initiative, Qubiqa Denmark's canteen had new refrigerators and freezers with energy label A installed.

Carbon-neutral electricity
As in previous years we maintained contracts for the supply of fully carbon-neutral electricity in both Denmark and Poland in FY23.

Employees

CSR AREA 2 – Employees

Hiring apprentices, trainees, etc.
During FY23 we had 12 apprentices, trainees, and students employed at Qubiqa, thus once again exceeding or annual goal of three. Some of those employed belong to groups often experience difficulties establishing a normal foothold on the labour market.

Annual employee development interviews
Our goal of conducting development interviews with at least 95 % of our employees were not met in FY23 - mainly because of changes in managerial positions. The percentage was 83 %. We have, therefore, made it a key priority to reach the goal in FY24. We are also considering improvements to our current generic method to gain an even better insight into the needs of and possibilities for each employee.

Reducing work-related injuries
In FY23 we had a total of five injuries in Denmark and Poland, which is one less than in FY22 (6 injuries). Qubiqa's Lost Time Injury frequency (LTI-f) for FY23 is 13. This is an improvement, but still above our goal of maximum 10.

Workplace assessment
On 25 May 2023, our Workplace Health & Safety Committee carried out a Workplace Assessment, which is a legal requirement in Denmark every three years. This was conducted via group interviews of all employee units facilitated by two independently hired consultants.

The Workplace Assessment was subsequently followed up by an Action Plan to be implemented over the next three years. The latter will include new risk assessments and initiatives related to five themes: working at heights, transport with crane, ventilation/exhaust system, hired labour, and external contractors on site.

Customers & Products

CSR AREA 3 – Customers & products

Incorporating sustainability into product development

Offering products that facilitate green transition, is a longstanding element in Qubiqa’s value proposition. A notable example of this was brought to public attention in June 2022, when the influential Danish nationwide newspaper, Børsen brough an article headlined ‘Faster logistics creates more sustainability’. The article described how a fully automatic packing line, designed and developed by Qubiqa, had enabled kitchen manufacturer KVIK to double its capacity and at the same time help achieve its ambition for sustainability via significant CO2 emissions through increased energy efficiency. The automatic packing line also improved working conditions for employees through better ergonomics and lifting quality.

Another outstanding example concerns our patented FlexWeld system, which enables customers to reduce the amount of plastic needed for welding packaging by almost 50% by transitioning to thinner and stronger film, thus reducing environmental strain. Normally, this would be a good business case, but now it is an outstanding one. In a world with supply shortages, high raw material prices, and increased taxes on plastic film, there is an even greater push towards sustainable production.

Qubiqa originally developed FlexWeld for the insulation industry, but in FY23 we began investigating where FlexWeld could create value in completely new customer segments such as compression of clothing textiles, home textiles, industrial waste, hay, compost, animal feed, etc. In august 2022, we applied for a DKK 171,564 subsidy for this project from SMV:Eksport (a government programme for SMEs sponsored by the EU), which we received. Our motivation: “…creating ‘New Bizz’ exports and thereby also growing Qubiqa's sales of sustainability solutions and contributing to the SDGs.”

In FY23 we also witnessed continued high demand for improving energy efficiency in buildings. This affected our customers in the insulation industry, who want more efficient handling and packing solutions for their products.

To accommodate the demand, Qubiqa expanded our production facilities in late 2022 by renting 7,000 m2 on Falkevej in Esbjerg – thus adding to the 8,000 m2 production area at Qubiqa’s HQ on Morsøgade in Esbjerg.

Producing, testing, and assembling our machines before delivery require space, and the new building also means an increase in Qubiqa’s CO2 emissions. However, this is vastly offset by the emission reductions these machines enable downstream in our value chain.

The Surrounding Society

CSR AREA 4 – The Surrounding society

Anti-corruption
We have had no actual or suspected cases of corruption in FY23. Likewise, we have received no claims of corruption or other CSR-related misconduct though our online, anonymous Whistleblower System.

Two anti-corruption training courses were performed on 15 May (onsite) and 23 May 2023 (virtually) with the participation of 100 % of newly hired employees from our Danish and Polish sites within defined job positions, e.g., purchasers, sales staff, project managers, and top managers. The courses lasted three hours and encompassed presentations, videos, dilemma exercises, discussions, and exchange of experiences. The course material was also updated, restructured, and expanded compared to previous years.

A high level of data security
Qubiqa maintained focus on ensuring a high level of data security in FY23 and achieved its goal of at least two implemented initiatives per year.

The first was a series of external and internal penetration tests, phishing campaigns tests, security assessments and advisory services, which Qubiqa had carried out by an independent cybersecurity company in November 2022. The company subsequently concluded that several identified issues had been handled by an immediate fix, and that all other identified issues and recommendations to secure and harden it-infrastructure were recognized and prioritized. The results from benchmarking Qubiqa with other companies were also satisfactory. We maintain a contract with this company involving continuous monitoring, scanning, management, and advisory on it- and cybersecurity.

The second initiative was a risk identification, risk assessment and risk treatment analysis across all Qubiqa's it- assets (16 types) completed on 1 May 2023. The analysis covered some 100 risks in 25 categories, identifying 4 threats with potential high risk, 45 with medium risk, and 51 with low risk.

Responsible supply chain management
Requirements for our suppliers to respect human rights, labour rights, environmental, climate, and anti-corruption issues have been established in Qubiqa's Supplier Code of Conduct (SCoC) since 2021. In FY23 all required suppliers signed the SCoC. We also conducted a CSR survey among suppliers of hired labour to Qubiqa in May 2023. In FY24, we plan to update our manual for responsible purchasing and supply chain management; conduct new risk assessments for industries, suppliers, and products; and provide generic checklist for Qubiqa's purchasers.

Community engagement
As in previous years, we participated in several events in FY23, where we engaged with lot of talented students - the future workforce. Examples include a national event called "Girls day in Science" where 15 girls joined Qubiqa for an exciting and educational day; a yearly primary school event called 'Natural Sciences Festival', for which Qubiqa developed a fun machine to show the pupils how wool is compressed, an event at Fredericia College of Marine and Technical Engineering (FMS) that aimed to get as many students as possible into internships; and a Career Fair hosted by Business Esbjerg.

In FY2023, Qubiqa also provided support to worthy causes through direct sponsorships or advertising. For Qubiqa Denmark this amounted to DKK 142,106 for OMP Global Sourcing 2022, Médecins Sans Frontières, Musikhuset Esbjerg (local music and theatre venue), Condor Kids, Fagenes Fest (graduation celebration for skilled craftsmen), Team Esbjerg HK U17 (youth handball), Spangsbjerg IF U11 (youth football), Muskelsvindfonden (muscular dystrophy association), and Hjerneskadeforeningen (brain injury association). Qubiqa Poland sponsored a Christmas gift worth PLN 3,841 (approx. DKK 6,400) for a family in need via Noble Parcel, which is one of the largest social programmes in Poland.

FINANCIAL STATEMENTS

Income statement

Note		Group 2022/23 DKK '000	Group 2021/22 DKK '000	Parent 2022/23 DKK '000	Parent 2021/22 DKK '000
	Gross result	148,107	109,661	-135	-70
1	Staff costs	-95,914	-76,469	0	0
	Profit/loss before depreciation, amortisation, write-downs and impairment losses	52,193	33,192	-135	-70
2	Depreciation, amortisation and impairments losses of intangible assets and property, plant and equipment	-8,484	-8,923	0	0
	Other operating expenses	-13	-505	0	0
	Operating profit/loss	43,696	23,764	-135	-70
3	Income from equity investments in group enterprises	0	0	31,854	15,317
4	Financial income	3,522	23	0	0
5	Financial expenses	-7,478	-4,040	-1,552	-895
	Profit before tax	39,740	19,747	30,167	14,352
6	Tax on profit for the year	-9,202	-3,921	371	1,474
	Profit for the year	30,538	15,826	30,538	15,826

7 Proposed appropriation account

Balance sheet
Assets

Note		Group		Parent	
		31.05.23 DKK '000	31.05.22 DKK '000	31.05.23 DKK '000	31.05.22 DKK '000
	Completed development projects	705	2,921	0	0
	Goodwill	32,801	35,361	0	0
8	Total intangible assets	33,506	38,282	0	0
	Land and buildings	52,870	53,417	0	0
	Plant and machinery	624	482	0	0
	Other fixtures and fittings, tools and equipment	6,131	5,944	0	0
9	Total property, plant and equipment	59,625	59,843	0	0
10	Equity investments in group enterprises	0	0	110,706	88,172
10	Other investments	112	96	0	0
11	Other receivables	1,127	289	0	0
	Total investments	1,239	385	110,706	88,172
	Total non-current assets	94,370	98,510	110,706	88,172
	Raw materials and consumables	8,246	6,482	0	0
	Work in progress	7,255	14,495	0	0
	Prepayments for goods	0	196	0	0
	Total inventories	15,501	21,173	0	0
12	Work in progress for third parties	36,483	19,505	0	0
	Trade receivables	12,481	11,429	0	0
	Deferred tax asset	382	2,830	1,327	956
	Income tax receivable	91	174	518	685
	Other receivables	10,175	15,755	0	0
	Prepayments	595	924	0	0
	Total receivables Cash	60,207	50,617	1,845	1,641
	Total current assets	128,993	70,194	169	1
	Total assets	204,701	141,984	2,014	1,642
		299,071	240,494	112,720	89,814

Balance sheet

Equity & Liabilities

Note		Group		Parent	
		31.05.23 DKK '000	31.05.22 DKK '000	31.05.23 DKK '000	31.05.22 DKK '000
13	Share capital	1,000	1,000	1,000	1,000
	Reserve for net revaluation according to the equity method	0	0	15,334	0
	Foreign currency translation reserve	-164	-505	0	0
	Cash flow hedging reserve	258	0	0	0
	Retained earnings	71,498	49,880	56,258	49,375
	Proposed dividend for the financial year	9,000	20,000	9,000	20,000
	Total equity	81,592	70,375	81,592	70,375
14	Provisions for deferred tax	12,604	11,238	0	0
15	Other provisions	5,364	7,713	0	0
	Total provisions	17,968	18,951	0	0
16	Mortgage debt	21,592	22,862	0	0
16	Lease commitments	1,638	2,406	0	0
16	Income taxes	4,355	0	0	0
16	Other payables	27	1,833	0	0
	Total long-term payables	27,612	27,101	0	0
16	Short-term part of long-term payables	2,178	2,341	0	0
	Payables to other credit institutions	4,831	5,816	0	0
12	Prepayments received from work in progress for third parties	99,183	45,086	0	0
	Trade payables	39,097	32,937	120	50
	Payables to group enterprises	3,393	6,122	31,008	19,389
	Income taxes	1,906	2,231	0	0
	Other payables	21,311	28,218	0	0
	Deferred income	0	1,316	0	0
	Total short-term payables	171,899	124,067	31,128	19,439
	Total payables	199,511	151,168	31,128	19,439
	Total equity and liabilities	299,071	240,494	112,720	89,814

17 Fair value information
18 Derivative financial instruments
19 Contingent liabilities
20 Charges and security
21 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	49,880	20,000	70,375
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	421	0	421
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	7,538	9,000	30,538
Balance as at 31.05.23	1,000	0	-164	258	71,498	9,000	81,592
Parent:							
Statement of changes in equity for 01.06.22 -31.05.23							
Balance as at 01.06.22	1,000	0	0	0	49,375	20,000	70,375
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	56,258	9,000	81,592

Consolidated cash flow statement

Note		Group 2022/23 DKK '000	Group 2021/22 DKK '000
	Profit for the year	30,538	15,826
22	Adjustments	21,845	20,859
	Change in working capital:		
	Inventories	5,671	-11,335
	Receivables	-12,522	-13,239
	Trade payables	6,159	10,521
	Other payables relating to operating activities	43,471	34,876
	Other provisions	-2,350	-3,098
	Cash flows from operating activities before net financials	92,810	54,410
	Interest income and similar income received	3,522	-123
	Interest expenses and similar expenses paid	-7,478	-3,537
	Income tax paid	-1,275	1,063
	Cash flows from operating activities	87,579	51,813
	Purchase of property, plant and equipment	-3,360	-3,212
	Sale of property, plant and equipment	9	102
	Cash flows from investing activities	-3,351	-3,110
	Raising of additional capital	0	20,671
	Dividend paid	-20,000	-16,000
	Repayment of mortgage debt	-1,280	0
	Arrangement of payables to credit institutions	-985	693
	Repayment of lease commitments	-1,358	0
	Repayment of other long-term payables	-1,806	-2,856
	Cash flows from financing activities Total	-25,429	2,508
	cash flows for the year	58,799	51,211
	Cash, beginning of year	70,194	18,868
	Securities with no significant price risk, beginning of year	0	115
	Cash, end of year	128,993	70,194
	Cash, end of year, comprises:		
	Cash	128,993	70,194
	Total	128,993	70,194

Notes

	Group		Parent	
	2022/23 DKK '000	2021/22 DKK '000	2022/23 DKK '000	2021/22 DKK '000
1. Staff costs				
Wages and salaries	86,189	68,609	0	0
Pensions	5,328	3,928	0	0
Other social security costs	1,023	452	0	0
Other staff costs	3,374	3,480	0	0
Total	95,914	76,469	0	0
Average number of employees during the year	211	191	0	0
Remuneration for the management:				
Remuneration for the Executive Board and Board of Directors	3,506	3,292	0	0

2. Depreciation, amortisation and impairments losses of intangible assets and property, plant and equipment

Amortisation of intangible assets	4,818	4,507	0	0
Depreciation of property, plant an equipment	3,666	4,416	0	0
Total	8,484	8,923	0	0

3. Income from equity investments in group enterprises

Share of profit or loss of group enterprises	0	0	31,854	15,317
Total	0	0	31,854	15,317

Notes

	Group		Parent	
	2022/23 DKK '000	2021/22 DKK '000	2022/23 DKK '000	2021/22 DKK '000
4. Financial income				
Foreign currency translation adjustments	2,516	0	0	0
Other financial income	1,006	23	0	0
Total	3,522	23	0	0
5. Financial expenses				
Interest, group enterprises	270	122	1,552	410
Foreign exchange losses	3,039	503	0	0
Other financial expenses	4,169	3,415	0	485
Other financial expenses	7,208	3,918	0	485
Total	7,478	4,040	1,552	895
6. Tax on profit for the year				
Tax on profit or loss for the year	5,388	1,713	-371	-1,474
Adjustment of deferred tax for the year	3,814	1,756	0	0
Adjustment of tax in respect of previous years	0	452	0	0
Total	9,202	3,921	-371	-1,474
7. Proposed appropriation account				
Reserve for net revaluation according to the equity method	0	0	15,334	0
Extraordinary dividend for the financial year	0	16,000	0	16,000
Proposed dividend for the financial year	9,000	20,000	9,000	20,000
Retained earnings	21,538	-20,174	6,204	-20,174
Total	30,538	15,826	30,538	15,826

Notes

8. Intangible assets

Figures in DKK '000	Completed development projects	Goodwill	Total
Group:			
Cost as at 01.06.22	39,296	62,365	101,661
Cost as at 31.05.23	39,296	62,365	101,661
Amortisation and impairment losses as at 01.06.22	-36,375	-27,004	-63,379
Amortisation during the year	-2,216	-2,560	-4,776
Amortisation and impairment losses as at 31.05.23	-38,591	-29,564	-68,155
Carrying amount as at 31.05.23	705	32,801	33,506

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 2023/24 - 2026/27.

Notes

9. Property, plant and equipment

Figures in DKK '000	Land and buildings	Plant and machinery	Other fixtures Plant andand fittings, tools machineryand equipment
Group:			
Cost as at 01.06.22	63,527	7,320	32,770
Foreign currency translation adjustment of foreign enterprises	119	0	-61
Additions during the year	929	333	2,098
Disposals during the year	0	-713	-940
Cost as at 31.05.23	64,575	6,940	33,867
Revaluations as at 01.06.22	36,783	0	0
Revaluations as at 31.05.23	36,783	0	0
Depreciation and impairment losses as at 01.06.22	-46,892	-6,838	-26,825
Foreign currency translation adjustment of foreign enterprises	-38	0	87
Depreciation during the year	-1,558	-191	-1,917
Reversal of depreciation of and impairment losses on disposed assets	0	713	919
Depreciation and impairment losses as at 31.05.23	-48,488	-6,316	-27,736
Carrying amount as at 31.05.23	52,870	624	6,131
Carrying amount in the balance sheet if revaluation to fair value had not been carried out as at 31.05.23	24,615	0	0
Parent:			
Carrying amount of assets held under finance leases as at 31.05.23	0	0	1,620

Notes

10. Investments Figures in DKK '000	Equity investments in group enterprises	Other investments
Group:		
Cost as at 01.06.22	0	54
Cost as at 31.05.23	0	54
Depreciation and impairment losses as at 01.06.22	0	42
Impairment losses during the year	0	16
Depreciation and impairment losses as at 31.05.23	0	58
Carrying amount as at 31.05.23	0	112
Parent:		
Cost as at 01.06.22	93,547	0
Cost as at 31.05.23	93,547	0
Depreciation and impairment losses as at 01.06.22	-5,375	0
Foreign currency translation adjustment of foreign enterprises	341	0
Amortisation of goodwill	-2,234	0
Net profit/loss from equity investments	34,088	0
Dividend relating to equity investments	-10,000	0
Other equity adjustments relating to equity investments	339	0
Depreciation and impairment losses as at 31.05.23	17,159	0
Carrying amount as at 31.05.23	110,706	0

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

Notes

11. Other non-current financial assets

Figures in DKK '000	Other receivables
Group:	
Cost as at 01.06.22	289
Additions during the year	838
Cost as at 31.05.23	1,127
Carrying amount as at 31.05.23	1,127

12. Work in progress for third parties

Work in progress for third parties	270,342	210,131	0	0
On-account invoicing	-333,043	-235,712	0	0
Total work in progress for third parties	-62,701	-25,581	0	0
Work in progress for third parties	36,483	19,505	0	0
Prepayments received from work in progress for third parties, short-termpayables	-99,184	-45,086	0	0
Total	-62,701	-25,581	0	0

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

Notes

14. Deferred tax	Group		Parent	
	31.05.23 DKK '000	31.05.22 DKK '000	31.05.23 DKK '000	31.05.22 DKK '000
Deferred tax as at 01.06.22	8,408	6,652	-956	0
Deferred tax recognised in the income statement	3,814	1,756	-371	-956
Deferred tax as at 31.05.23	12,222	8,408	-1,327	-956
Deferred tax is recognized in the balance sheet as:				
Deferred tax asset	-382	-2,830	0	0
Provisions for deferred tax	12,604	11,238	0	0
Total	12,222	8,408	0	0

As at 31.05.23, the company has recognised a deferred tax asset of DKK 382. The deferred tax asset is recognised on the basis of expectations of positive operating result for the coming years.

15. Other provisions

Figures in DKK '000	Warranty commitments
Group:	
Provisions as at 01.06.22	7,713
Applied during the year	-2,349
Provisions as at 31.05.23	5,364

	31.05.23 DKK '000	31.05.22 DKK '000	31.05.23 DKK '000	31.05.22 DKK '000
Other provisions are expected to be distributed as follows:				
Current liabilities	5,364	7,713	0	0

Notes

16. Long-term payables

Figures in DKK '000	Repayment first year	Outstanding debt after 5 years	Total payables at 31.05.23	Total payables at 31.05.22
Group:				
Mortgage debt	1,286	21,576	22,878	24,158
Lease commitments	892	526	2,530	3,451
Income taxes	0	0	4,355	0
Other payables	0	27	27	1,833
Total	2,178	22,129	29,790	29,442

17. Fair value information

Figures in DKK '000	Derivative financial instruments	Total
Group:		
Fair value as at 31.05.23		
Calculated market value at years end made by the bank.	331	331

18. Derivative financial instruments

Group:

The board determines the framework for entering into contracts on derivattive financial instruments. The company only enters into contracts with the aim of hedging the exchange rate risk on future sales of goods in foreign currency.

19. Contingent liabilities

Group:

The group has concluded lease agreements with total lease payments of DKK 5.481k.

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 31.05.23.

Notes

20. Charges and security

Group:
Land and buildings with a book value of DKK 52.870k have been provided as security for mortgage debt of DKK 22.878k.

To ensure the Group's involvement with Jyske Bank, owner mortgages of nom. 56,250 t.kr have been deposited. with mortgages on properties and related production plants and machinery.

The carrying amount of pledged properties amounts to DKK 52.870k., and on the carrying amount of pledged production facilities amounts to DKK 3.809k.

To ensure the Group's involvement with Jyske Bank, indemnification letter nom. DKK 10,000k 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 15.725k.

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 shres mounts to DKK 110.706 thousand. per 31.05.2023.

21. Related parties

Controlling influence	Basis of influence
Q Invest 2021aps	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.

	Group	
	2022/23 DKK '000	2021/22 DKK '000
22. Adjustments for the cash flow statement		
Other operating income	0	-12
Depreciation, amortisation and impairments losses of intangible assets and property, plant and equipment	8,484	8,924
Other operating expenses	12	0
Financial income	-3,522	-23
Financial expenses	7,478	4,039
Tax on profit or loss for the year	9,202	3,920
Other adjustments	191	4,011
Total	21,845	20,859

23. 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.

Derivative financial instruments

On initial recognition, derivative financial instruments are measured at cost. Subsequently, they are measured at fair value and recognised under other receivables and other payables, respectively.

Fair value adjustment of derivative financial instruments classified as and meeting the criteria for hedging future cash flows (cash flow hedging) are recognised in equity under the cash flow hedging reserve. In the event that the hedged transaction results in the recognition of an asset or a liability, the accumulated fair value adjustment of the hedging instrument, which was previously recognised in equity, will be included in the cost of the asset or the liability. In the event that the hedged transaction results in the recognition of an income or an expense, the accumulated fair value adjustment of the hedging instrument, which was previously recognised in equity, will be recognised together with the hedged income or expense.

If the hedged transaction is no longer expected to occur, the cash flow hedging treatment is discontinued, and the accumulated fair value adjustment of the hedging instrument is transferred to other net financials in the income statement. If the hedged transaction is still expected to occur, but the criteria for cash flow hedging are no longer met, the hedging treatment is discontinued, and the accumulated fair value adjustment of the hedging instrument remains in equity until the transaction occurs.

Fair value adjustments of derivative financial instruments that do not meet the criteria for hedge accounting treatment are recognised under other net financials in the income statement on an ongoing basis.

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).

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 depreciated 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
Goodwill	20	0
Buildings	10-40	10,000
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.

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, 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.

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.

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.

Revaluation reserve comprises in the financial statements of the parent revaluation of at fair value. The revaluation reserve is measured less deferred tax and reduced by depreciation and amortisation of the revalued assets. On the disposal of the assets, the remaining amount is transferred from the revaluation reserve to retained earnings.

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.

Grants received from the parent are recognised directly in equity under retained earnings, as the grants are treated as capital contributions.

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 or elimination in tax on future earnings.

Deferred tax is measured on the basis of the tax rules and at the tax rates 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
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 payables are measured at amortised cost, normally corresponding to the nominal value of such payables.

Deferred income
Deferred income under liabilities comprises payments received in respect of income in subsequent financial years.

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 intangible 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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