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# ***HEIA ApS***

c/o Weibel Scientific A/S, Solvang 30, DK-3450  
Allerød

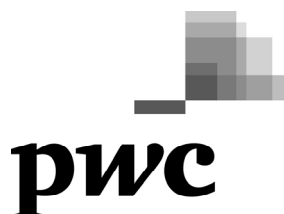
## **Annual Report for 1 May 2020 - 30 April 2021**

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CVR No 39 62 40 79

The Annual Report was  
presented and adopted at  
the Annual General  
Meeting of the Company on  
15/10 2021

Thomas Øiseth Munkholm  
Chairman of the General  
Meeting



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# Management's Statement

The Executive Board has today considered and adopted the Annual Report of HEIA ApS for the financial year 1 May 2020 - 30 April 2021.

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

In my opinion the Financial Statements and the Consolidated Financial Statements give a true and fair view of the financial position at 30 April 2021 of the Company and the Group and of the results of the Company and Group operations and cash flows for 2020/21.

In my opinion, Management's Review includes a true and fair account of the matters addressed in the Review.

I recommend that the Annual Report be adopted at the Annual General Meeting.

Allerød, 15 October 2021

## Executive Board

Thomas Øiseth Munkholm

# Independent Auditor's Report

To the Shareholder of HEIA ApS

## Opinion

In our opinion, the Consolidated Financial Statements and the Parent Company Financial Statements give a true and fair view of the financial position of the Group and the Parent Company at 30 April 2021 and of the results of the Group's and the Parent Company's operations and cash flows for the financial year 1 May 2020 - 30 April 2021 in accordance with the Danish Financial Statements Act.

We have audited the Consolidated Financial Statements and the Parent Company Financial Statements of HEIA ApS for the financial year 1 May 2020 - 30 April 2021, which comprise income statement, balance sheet, statement of changes in equity, cash flow statement and notes, including a summary of significant accounting policies, for both the Group and the Parent Company ("the Financial Statements").

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

## Statement on Management's Review

Management is responsible for Management's Review.

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

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

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

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

# Independent Auditor's Report

## Management's responsibilities for the Financial Statements

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, and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Our objectives are to obtain reasonable assurance about whether the Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and 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 Financial Statements.

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

- Identify and assess the risks of material misstatement of the Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's and the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.

## Independent Auditor's Report

- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the Financial Statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and contents of the Financial Statements, including the disclosures, and whether the Financial Statements represent the underlying transactions and events in a manner that gives a true and fair view.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the Consolidated Financial Statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

Hellerup, 15 October 2021

**PricewaterhouseCoopers**

Statsautoriseret Revisionspartnerselskab

*CVR No 33 77 12 31*

Thomas Baunkjær Andersen  
State Authorised Public Accountant  
mne35483

Mads Haugegaard Albrechsten  
State Authorised Public Accountant  
mne45846

## Company Information

### The Company

HEIA ApS  
c/o Weibel Scientific A/S, Solvang 30  
DK-3450 Allerød

CVR No: 39 62 40 79  
Financial period: 1 May - 30 April  
Incorporated: 12 April 2018  
Financial year: 4th financial year  
Municipality of reg. office: Allerød

### Executive Board

Thomas Øiseth Munkholm

### Auditors

PricewaterhouseCoopers  
Statsautoriseret Revisionspartnerselskab  
Strandvejen 44  
DK-2900 Hellerup

# Financial Highlights

Seen over a five-year period, the development of the Group is described by the following financial highlights:

	<b>Group</b>				
	2020/21 TDKK	2019/20 TDKK	2018/19 TDKK	2018/17 TDKK	2016/17 TDKK
<b>Key figures</b>					
<b>Profit/loss</b>					
Revenue	367,251	324,194	269,062	215,602	217,152
Revenue growth	13.0%	20.0%	25.0%	-1.0%	N/A
Gross profit	238,313	193,633	157,148	121,179	102,408
EBITDA	85,932	68,835	44,916	44,554	40,786
EBITDA less impact from sale of assets	78,003	69,300	44,916	44,554	40,786
EBIT	73,793	54,621	54,226	23,269	9,317
Net financials	-6,319	-515	-64	-1,051	5,794
Net profit/loss for the year	57,736	40,090	40,052	16,793	11,051
<b>Balance sheet</b>					
Balance sheet total	585,782	502,730	413,768	377,351	433,502
Investments in PPE	17,373	16,619	5,987	20,822	16,558
Equity	357,064	311,286	300,853	281,418	267,530
Net Working Capital	351,355	220,957	183,096	135,124	117,867
Net interest bearing debt/(cash)	45,002	12,277	-15,374	503	68,143
- operating activities	-42,331	13,436	12,770	16,842	8,948
- investing activities	11,476	-22,663	5,743	50,769	-15,124
- financing activities	824	-6,244	-2,783	-956	-30,937
Change in cash and cash equivalents for the year	-35,247	-5,459	15,730	66,655	-37,113
Employees in Denmark	199	152	144	112	99
Employees in Norway	9	8	6	0	0
Employees in US	5	3	2	2	2
<b>Total employees end of year</b>	<b>213</b>	<b>163</b>	<b>152</b>	<b>114</b>	<b>101</b>
EBITDA margin	23.4%	21.2%	16.7%	20.7%	18.8%
EBITDA margin less impact from sale of assets	21.2%	21.4%	16.7%	20.7%	18.8%
EBIT margin	20.1%	16.8%	20.2%	10.8%	4.3%
Return on equity	17.3%	13.1%	13.8%	6.1%	4.0%
Solvency ratio	61.0%	61.9%	72.7%	74.6%	61.7%
Liquidity ratio	355.2%	301.1%	360.6%	308.0%	209.5%
Debt to EBITDA ratio	52.0%	18.0%	N/A	1.0%	167.0%



# Management's Review

## Heia ApS Group Management review

Heia ApS or Heia is the majority shareholder of Weibel Scientific Group, or Weibel, or the Company. This is the absolute primary activity of Heia and this Management review is based on the ownership of Weibel.

Weibel is the leading global producer of continuous-wave Doppler radars, Weibel deliver superior products to mostly public organizations in the aerospace, defense, forensic science, and protection of critical infrastructure industry sectors with revenues of DKK 367 million and profit of DKK 57,7 million in 2020/21.

The Company is headquartered in Allerød north of Copenhagen, Denmark with core markets in North America and Europe.

### *Weibel: Strong together*

Together in Weibel, we create high-tech products and services that make a crucial difference for our end users, customers and society.

Our products enlighten the end user with the optimal basis for decision making by delivering sufficient and precise data/information visualized in a simple, automated and user friendly way.

Weibel products have to make a crucial difference when applied in real life – for example for a soldier by increasing the chances of surviving or by avoiding a plane colliding with a drone.

To protect and save lives and critical infrastructure, demands novel and innovative technology. Our technology has to be ahead of our competitors in the markets we choose to be in. Our product range has to be adapted to the specific applications on all parameters. We have to stay relevant in the market by continuously developing the Weibel technology and our production methods based on close dialogue with our end user and customers.

Customers and end users will prefer Weibel products if our products are relevant and we will have a #1 position in those markets and segments we decide to compete in.

Our motto is “Strong together” and it reflects the way we do business and the way we corporate internally as well as externally.

## **Our history**

### *Technological excellence from the very beginning*

The Company was established in 1977, when Mr. Erik Tingleff Larsen founded Weibel Scientific A/S. Larsen was convinced of the potential of Doppler radar technology, and he began to explore the potential of digital signal processing.

With his sights set initially on the U.S., Larsen saw a growing need to develop sophisticated radar

## Management's Review

systems for the tracking and measurement of airborne objects of all sizes and ranges.

The era of Weibel's Doppler radars began with the launch of the first Doppler radar system using fast Fourier transform processing and micro-strip array antennas in 1984. Over the next few years, Larsen travelled the U.S. far and wide. Finally, in 1988, determination and excellence paid off with the delivery of a tracking radar system to the U.S. Department of Defense.

The continuous development of new radar systems and technology for more than 30 years has allowed for expansion into new industry sectors, including operational radars in 1992, the aerospace industry in 2000, ballistic missile defense in 2012 and radars to protect critical infrastructure in 2018.

Peder Richardt Pedersen joined Weibel in 1983 as a Ph.D. student and has led the Company's journey since he was appointed CEO in 1992.

Mr. Larsen passed away in 2016 and since then the second generation of the family with Tina Munkholm Larsen Møller and Thomas Øiseth Munkholm have been owners and have with their ambitions set a clear strategic goal on developing and professionalizing the Company.

### *Measured, steady growth*

Through the years, we have maintained steady growth. Key company principles include developing a business based on close collaboration with customers and employing highly skilled and specialized staff. Today, most of our +200-strong workforce is based at company headquarters and development facilities in Allerød Denmark, north of Copenhagen.

In addition to the headquarters based in Denmark, Weibel has a sales & service office in the US, and a development office in Norway.

### **Main activity and business model**

Based on the Doppler principle, we have developed five generations of X-Band radar systems, with each new system building on the technological advances of the former.

These instruments rely on continuous-wave Doppler principles and cutting-edge microwave technologies, multiple receivers and advanced signal processing to measure Time Space Positioning Information (TSPI), velocity and dynamic behavior of multiple objects in real time.

### *In-house development and production*

Quality and reliability are key design principles, and we believe in having total control over all core processes – from development to production. That's why we develop and manufacture our systems in-house. All mechanical parts, electronics and software – including components such as microwave amplifiers and oscillators – are built by our team of highly specialized engineers in Denmark.

# Management's Review

## *On-site testing*

Before delivery, all our radar systems are calibrated and tested in realistic scenarios at our test facilities in Denmark. In addition to the industry's most advanced software and hardware systems for monitoring and measuring variables, our testing environment includes drones in various sizes and a small propeller airplane.

Our products are aimed at four overall market segments:

- Instrumentation
- Anti-Drone & Air defense systems
- Space
- Ballistic missile defense

The market segments do not reflect the organization of the Company, which is led managed and reported without segmentation split. Please see below for more details into our activities in these market segments.

## *Instrumentation*

The Instrumentation segment includes Velocity measurement radars and tracking radars.

Weibel is by far the strongest contender in the market segment for X-Band instrumentation radars in the Western oriented world.

## *Tracking radars*

Weibel's Doppler range instrumentation radar systems are used for advanced, complex measurements in test ranges worldwide. To date, Weibel has delivered more than 200 tracking radar systems worldwide.

The radars are typically applied for tests related to development and qualification of ammunition and weapon systems and applied for radar guidance in artillery and mortar systems.

Weibel's continuous-wave Doppler range instrumentation radar systems have proven their value to our customers globally by delivering real-time, precise and accurate Time Space and Position Information (TSPI) for a variety of airborne targets.

Weibel's tracking radars can be used in all testing environments. No matter what your specific testing requirements are, we can provide a radar system for that purpose. We bring our unique experience and knowledge within radar tracking to clients who work in precision-driven industries in which every detail matters.

Our instruments apply continuous-wave Doppler principles and the latest microwave technologies, multiple receivers and advanced signal processing, to measure the velocity and dynamic behavior of several moving objects at the same time.

## Management's Review

Within the Instrumentation segment Weibel develops, builds and delivers wide Field-Of-View phased-array radar systems to support complex mission scenarios. It enables our customers to detect, track and identify multiple free-flying objects simultaneously over a wide Field-Of-View at long ranges.

Phased-array radars consist of many smaller, individual antenna feeds, which serve to turn the radar system into multiple radars. These systems are based on highly advanced, complex technologies that offer great versatility. Agile, rapid beam switching allows to track some objects while still acquiring others.

### Velocity radars

Weibel instrumentation radar technology is ideal for precise measurements of objects, such as cars, projectiles and rockets.

With our X-Band continuous-wave radar technology, it is possible to analyze vital projectile behavior, including data such as radial velocity, slant range, spin and stability through the trajectory. To date, Weibel has delivered more than 800 velocity radar systems worldwide.

### *Anti-drone & air defense systems*

Weibel offers next-generation drone and air defense radar system specifically designed to meet challenging conditions when detecting, tracking, and classifying low, slow and small targets and at the same time detecting aircrafts, helicopters and missiles at long ranges.

Detection of drones is an essential security function in many vital situations – such as critical infrastructure protection, monitoring of mobile perimeters and borders, and unmanned traffic management (UTM) systems.

### *Building global Space Situational Awareness capability*

About 150 tons of space debris re-enter into the atmosphere each year, with burning up in the atmosphere and most of the rest falling into the Pacific Ocean. Despite a very low incident rate, there is growing concern about the potential of large objects to cause damage on Earth.

The ability to detect, track and monitor space debris, analyze data and build an accurate picture is crucial to Space Situational Awareness.

Weibel is addressing the market of radars for space related radars. Weibel expect that growing concerns related to space debris will lead to a growing market for radars to mitigate this global risk over the coming years.

Supplying long-range tracking radar systems to various space agencies around the world, Weibel play an important part in building this capability globally. Weibel's radars are well-suited for space surveillance and tracking just as they are well suited for safety during launch of satellites. Weibel's tracking radar family enables accurate tracking and surveillance of all types of space objects orbiting and approaching Earth, including satellites and space debris. This was demonstrated by a Weibel radar tracking a rogue

## Management's Review

Chinese space object approaching Earth in 2021:

Observers were faced with two significant challenges: uncertainty about whether the rocket would break up completely on re-entry into the atmosphere and the difficulty in accurately predicting where any surviving parts might land.

Agencies around the world followed the path of the object carefully in the days preceding re-entry. The large space object was the booster stage of the rocket launched on April 29 this year carrying the first section of China's space station. It was one of the largest pieces of space debris to approach Earth in recent times.

For the safety of land, people and infrastructure, it was crucial that the rocket section, orbiting Earth at about 29,000 kilometers per hour, was tracked and that its behavior on re-entry was closely monitored and accurately analyzed. The final hours before re-entry were crucial. Before then, the best possible prediction for any surviving parts was a wide section of Earth running from southern regions of Spain, Portugal and Italy down to Australia – between 41 degrees north and 41 degrees south.

From a location in Italy, a Multi-Frequency Doppler Radar from Weibel tracked the object, providing valuable data to enable the best possible estimation for the expected re-entry location and time.

The Weibel long-range tracking radar enabled the Doppler variation of the spinning Chinese rocket booster section to be captured as it passed over Europe. The Weibel radar provided highly accurate TSPI trajectory readings and accurate data for analyzing the object's tumbling rate, which helped narrow down predictions for its entry time and position. This was particularly important as the debris made its final approach.

### *More information*

More information about Weibel can be found on the Group's website at [www.weibel.dk](http://www.weibel.dk).

### **Research and development activities**

Research and development (R&D) is essential in order to ensure future development and growth, and therefore Weibel continues to spend considerable resources in R&D activities. The R&D activities in Weibel are significant in relative size of the total Company. During 2020/21 we have e.g. worked on projects related to development of new software appliances and not least the development of an entirely next generation product line related to drone surveillance. Weibel has during 2020/21 spent more than DKK 60 million during 2020/21 on R&D related activities.

# Management's Review

## Knowledge resources

It is Weibel's ambition for all employees to be able to live up to the constantly changing demands relating to the working processes. As a result Weibel attaches great importance to the training and education of the employees in order for each of them to be able at all times to deliver high performance and flawless products and services. The training takes place in both internal and external courses, and with this approach, a profound knowhow of the processes related to the radar development and production is achieved.

Weibel is applying resources in to various activities in order to ensure present and future knowledge resources. This includes technology partnerships and relationships with education and research communities:

### *Technology partnerships*

Weibel has been strategic partner of Lockheed Martin since 2015. The purpose of this long-term partnership with one of the elite players in the industry is to integrate Weibel's innovative Doppler radar technology into Lockheed Martin's missile defense systems.

We also have a long, close partnerships with NASA, US Army, US Navy and other agencies worldwide.

### *Education and research communities*

An important source of our own development and innovation is our partnerships with educational and research facilities within radar and digital processing technologies.

We have an excellent collaboration with Denmark's Technical University (DTU), where we regularly meet the next generation of engineering students. In addition to participating at DTU Space's Project Day, some of our specialists are external university examiners. We often offer graduate students the opportunity to work on relevant projects at Weibel and we usually have several Ph.D. students conducting innovative research at our development, test and production facilities.

We want to share an appreciation of science and technology with the general public and future generations. We also support Denmark's national science center ASTRA and its initiatives within Engineering the Future.

# Management's Review

## **In 2020 Weibel Scientific A/S developed and adopted the new strategy “Weibel Always Ahead”**

In Weibel we put profitable growth on the agenda. We seize the opportunities we create. The meaning of growing is to develop Weibel to new levels and create a security for our end users, customers and employees. Furthermore, when creating products that make a crucial difference in society, we have an obligation to deliver those products to the market and thereby grow – we have to take that responsibility. Finally, the growth will also create jobs in Denmark and globally.

In order to ensure this Management and Board of Directors developed the new strategy “Weibel Always Ahead” in 2020 covering the five years to 2025.

The strategy is based on a number of values and ambitions expressed by our owners:

A WINNING CULTURE has to flow through the Weibel organization for us to succeed in the long run. We will create this by focusing on 4 behavioral elements:

- Strong together
- We can, if we want to. Nothing is impossible. Never give up!
- Adaptable, effective and executable team Weibel
- Decency, passion and the common sense drives us

In order to achieve our goals we have identified five Must Win Battles that are the backbone of our strategy:

- 1.Capture the instrumentation market
- 2.Build a position in Xenta markets
- 3.Technology leadership and innovation power
- 4.Improve execution excellence
- 5.People, passion and performance

The Management team is working to implement the underlying strategic initiatives to be able to succeed on the strategic aim, which is to at least double Company revenue and profits by 2025 compared to the starting point in 2020 – and not least that Weibel by 2025 is recognized for always being ahead.

The strategy requires that Weibel improves execution excellence significantly over the first 2 years of the strategy period in order to secure the foundation for growth. In order to improve execution excellence a rather high number of subprojects have been identified and are being/will be executed over the period.

One of the projects included in improving execution excellence is an investment in building a new production facility in Allerød, which is now ongoing and expected to be finished December 2021/January 2022.

The foundation for being successful with the strategy is related to the combination on technology

## Management's Review

leadership and our people. In order to harvest synergies between these important areas we are currently working on improving the combination of:

- Customer focus,
- Leadership and
- Culture

While these topics are by large related to our people and performance; they are also key in a number of the technology related projects ongoing related to improving the user experience and applying new features to our products.

### Operating risks and financial risks

#### *Key Risks*

The Company, Board of Directors and Executive Management are in a close dialogue about important elements in the Company, one being risks which can potentially have large influence on the Company. Below is an overview of the key risks identified as important to Weibel including corresponding mitigating measures initiated in the various areas.

Management and Board of Directors have decided to implement a risk management policy in 2021/22.

#### *Market risks*

Weibel's business is within a highly regulated market with export regulations for dual-use and military equipment. The primary business model for Weibel is as a supplier of technology in a business-to-business or business to government transaction where the end user in most cases is a government authority.

If Denmark undertakes a different political standpoint on export regulations than our partner nations, this becomes a business challenge for Weibel, which will impact our ability to grow and create Danish jobs in the future.

Weibel invests a great deal of efforts into ensuring compliance with the complex regulations from EU, US and Danish authorities.

#### *Supply risk*

Over the past year various global trends and events have led to an increasing supply risk due to various imbalances between demand and supply.

For Weibel operational supply risk is related to products dependent on semi-conductors, chips and other electronically components, but also related to certain other key components to be included in radars.



## Management's Review

The potential impact from supply risk events may be delays in deliveries to our customers impacting the timeliness of cash flows and revenue and potentially also costs related to penalties for delayed deliveries.

### *IT-risk*

The Company depends on Information technology to manage critical business processes, such as development and production processes as well as administrative and financial functions. Extensive disruption of IT systems could have negative impact on the Company. The risks related to IT security are assessed on a regular basis and relevant measures are taken to meet the relevant threat picture.

Given the nature of our products and customers high levels of IT security are paramount, and the Company continuously ensure that policies and practices are developed, improved and followed within the overall IT area.

### *Financial risks*

The Board and the Executive Management regularly evaluate whether the capital structure of the Company and the Group is in accordance with the overall targets and supports long-term sustainable and profitable economic growth.

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

# Management's Review

## *Currency risks*

The majority of the Company's activities implies currency risk in connection with the purchase and sales of goods and services in foreign currencies.

The Company may be affected in the short term by exchange rate fluctuations related to deliveries.

The Company has decided to implement a new financial policy in 2021 regarding foreign exchange fluctuations and potential hedging or other mitigating measures.

Currency risk and development is closely monitored by Management and discussed with the Chairmanship and Board of Directors on an ongoing basis.

In general the order book is based on USD and EUR.

## *Interest rate risks*

Weibel is minimally exposed to changes in interest rates due to the low level of interest bearing debt.

## *Credit risk*

In general there is no significant risk relative to individual customers.

## *People risk*

The employees at Weibel constitute an important asset. Therefore, there is an inherent risk related to attracting, developing and retaining the required talent. Weibel has a formalized approach to recruitment of employees and runs regular engagement surveys.

The Company is constantly competing to attract and retain the best knowledge resources in the market for development of radars including various engineering skillsets within microwave, electronics, mechanics and software development.

The people risk – and potential – has been separately addressed in the strategy and a number of activities are planned in order to ensure that the risk is mitigated and also to ensure that Weibel people is developed.

The Company's vulnerability related to individual knowledge of employees is a risk, which Management on a continuous basis is working to mitigate through the combination of knowledge sharing and documentation of processes and knowledge.

## *Corporate Social Responsibility related risks*

The most significant CSR related risks for Weibel are related to the areas within social and employee relations, environment and climate as well as anti-bribery.

Our business model is based on developing and producing radars and the environmental and climate

## Management's Review

Footprint of Weibel is overall related to the use of energy and proper waste handling from our production processes. Our production is located in Denmark and must follow Danish rules and legislation within this area. Based here on the risks related to climate and environment are limited for Weibel.

Our employees are employed in highly regulated and sophisticated labor markets, where human rights between employer and employee is not an issue.

Our suppliers is a combination of local minor suppliers late in the global supply chain of e.g. aluminum and global suppliers, where Weibel has a very low influence on the conduct of these suppliers.

Our end customers are mostly public authorities in the Western oriented world. The products we market are dependent on export regulation and we are generally not allowed to export our products without prior export permission from Danish authorities. Export permissions are based on EU regulation regarding Dual-use products and authorities assess human rights before potentially providing export permissions.

Based on our assessment of the employment markets we operate in, our suppliers, our low global buying power and our position in a highly regulated market the possibility to impact human rights is limited for Weibel and no human rights policy has been adopted as the risk related to human rights is considered limited.

### *Covid-19 risk*

Our industry has until now been impacted at a lower rate than many other global industries. Among other reasons due to long-term sales processes and very stable customers, whose long-term demand is not impacted by the pandemic.

There is however a risk that some of the tendering processes have been or will be delayed due to Covid-19 impact, which may impact future sales processes from Weibel to potential customers with some delay. If this risk occurs, it is our view it will be at the earliest during the fiscal year 2022/23, but also that it will be a rather short impact, not affecting the long-term market growth or demand.

Please also refer to section Covid 19 impact for a description of the actual impact Covid 19 has had for Weibel during 2020/21.

### *Whistle blower function*

As part of the risk identification and risk management process, the Company has decided to set up a whistle-blower function which, in addition to the usual control functions is intended to report on suspected irregularities in the business. The whistle blower function will be established in 2021.

### **Ongoing litigation**

There are no ongoing litigations in the Group.

# Management's Review

## *Development in activities and financial position 2020/21*

Weibel revenue amounted to DKK 367 million, representing an organic growth of 13% from DKK 324 million in 2019/20.

EBITDA amounted to DKK 86 million. EBITDA is positively impacted by profit from divestment of various tangible assets at a level of DKK 8 million included in Other Operating Income.

EBITDA less impact from sale of assets amounted to DKK 78 million compared to DKK 69 million in 2019/20 a 13% growth from operational activities.

Shareholders equity amounted to DKK 357 million (30 April 2020: DKK 311 million) and consolidated total assets of DKK 586 million (30 April 2020: DKK 503 million).

While ensuring growth in revenue and profitability in 2020/21; the year's performance was also impacted by adverse impact from a number of issues resulting in lower delivery capabilities than planned. The issues primarily relate to adverse impact on the development process from especially Covid-19 resulting in a generally lower efficiency and a longer lead time for some projects resulting in higher costs than optimal.

The results are in line with the outlook as expressed in the annual report 2019/20.

### *Number of employees*

At 30 April 2021, the Weibel Scientific A/S had 199 employees compared to 154 employees at 30 April 2020, an increase of 31% from the previous year. The Group had 213 employees at 30 April 2021 compared to 163 at 30 April 2020, an increase of 31% from the previous year. Heia has had 0 employees at all times in the period.

### *Parent company*

There are no relevant issues regarding the parent company not mentioned in the Management review for the Company.

# Management's Review

## *Outlook for 2021/22*

Management expects revenue to grow between 10% and 30% in 2021/22.

During 2020/21 we have been able to increase the Company's order backlog and we enter 2021/22 with an order book that underlines the lower level of the projected revenue growth rates. Weibel is dependent on potentially securing and executing further orders to be able to achieve the upper part of the projected growth range.

The EBITDA margin less impact from sale of assets is targeted at the same level as realized in 2020/21 of 21%. However the combined impact from investment in new hires and the revenue development may drive the EBITDA margin down by 3%-5% in 2021/22 dependent on the choices the Company may make during the year.

The expectations for 2021/22 are based on a generally unchanged export environment and export regulations, which continually allows the Company to export its goods under same terms as historically.

Changes in exchange rates could impact the results positively or negatively. The main impact may be related to the development between DKK and USD as well during the year as at the balance sheet date.

## **Financial resources**

At 30 April 2021, cash and non-utilized credit facilities amounted to approximately DKK 139 million.

The Executive Management regularly assess whether the Company has an adequate capital structure, by assessing the size of the Company's cash flow, interest bearing debt, earnings and activities in general. The capital structure and readiness is considered to be adequate.

# Management's Review

## Material errors relating to previous years

Unfortunately the annual report 2019/20 was impacted by a material error.

The parent accounts are correct. The errors are related to the group accounts.

The error is merely related to the presentation of the accounting items inventories and work in progress. The error has no impact on profit or equity.

In the 2019/20 annual report work in progress was presented at a value of DKK 114 million and inventories were presented at a value of DKK 143 million. Both were impacted by a missing reclassification of DKK 35 million.

The correct presentation of the items would have been values of: work in progress at a value of DKK 148 million and inventories of DKK 109 million. This has been adjusted in the comparison figures of the annual report.

## Matters affecting the financial statements

Apart from the above mentioned there have been no unusual circumstances which should be referred to in relation to the accounts.

## Uncertainty related to recognition and measurement

The annual report is not impacted by uncertainty related to recognition and measurement.

# Management's Review

## Covid-19 impact in 2020/21

In 2020 the covid-19 pandemic put pressure on the physical and mental health of the Weibel employees.

Throughout the pandemic Weibel has focused on protecting the employees by prescribing clear Covid-19 guidelines and safeguarding measures.

Despite the measures we have taken to safeguard everyone from the spread of the corona virus, our production has been running at full speed during 2020/21. During this period our employees have shown a strong commitment to Weibel and we have been able to increase production productivity.

While production has been on-site, our development departments have during the year to a high extent been working from home. We have during the year on-boarded a relatively high number of new colleagues in our development departments. Working from home has impacted the on-boarding processes adversely and we look forward to being able to have our entire development team working together on-site again.

Due to local and global travel restrictions we have been severely impacted in performing our customer facing activities. We have not been able to visit customers as freely as needed in order to fully ensure our long-term sales goals and our delivery efficiency to our customers has been lower than planned. Another impact from the global travel restrictions has been that some of our customers have not been able to visit Weibel to participate in Factory Acceptance Tests. This impacts our ability to deliver to our customers and has an adverse impact to cash flow. The travel restrictions have also adversely impacted our software development processes as the teams in Denmark and Norway have not been able to travel freely between the countries.

On the supply side Weibel has been impacted from certain suppliers who have been severely impacted by Covid 19 and have postponed deliveries of critical components. Travel restrictions have also impacted our ability of attending decisive supplier meetings, which has caused delays in supplier selection for a number of projects. The overall impact from these issues has created delivery delays from Weibel to our customers, which has adverse financial impact.

The combined impact from Covid-19 has unfortunately increased our delivery time towards several customers, which has had adverse financial impact.

Weibel has not applied for or received any economic compensation from the public compensation schemes provided by Danish or other governments.

We have applied for and received acceptance of postponed employer tax payments in accordance with the generally offered schemes.

# Management's Review

## Corporate Social responsibility

In Weibel we take a social responsibility. Social responsibility for us is when we create work places, we develop society technologically, we develop education, we contribute to green transitioning, we contribute to the local society, we support elite sports and we support charity economically or by being involved directly or a combination of the two. We want to be an inspiration for other companies.

Our business model is described in the section "Main activity and business model" included in the Management review above.

We have assessed risks related to corporate social responsibility. These are included in the risk section above in the subsections: "People risk" and "Corporate Social Responsibility related risks".

### *Participating in a regulated industry*

The nature of the products we sell, develop and produce means that Weibel is part of a highly regulated industry. Most of what we produce is exported.

Our export market access is based on restrictions with regards to export regulations for dual-use and military equipment. Weibel invests a great deal of efforts into ensuring compliance with the complex regulations from EU, and Danish authorities.

We have a non-tolerating policy of violations to export regulations and work with relevant authorities to ensure that our policies are followed and export regulation is in compliance.

### *Stakeholders*

Weibel continuously seek to develop and maintain good relations with its stakeholders, because such relations are considered to have significant and positive impact on the Group's development.

The main stakeholders are:

- Employees & families,
- Customers & partners,
- Society,
- Soldiers and veterans.

### *Environment and climate*

Weibel take our part of the responsibility in transitioning society into green energy technologies. We will do this by investing in proven green technologies. Furthermore, we will create a development- and supply chain mindset, which will lower our product consumption of energy and materials without compromising our products functionality, performance and quality.

Everyone in Weibel must have a "green mindset" and act accordingly in Weibel. In this way, every employee will take responsibility for the green transition, however, these actions will also increase



## Management's Review

Weibel's competitiveness by reducing electricity consumption and thereby driving down costs. Said differently, we take care of Weibel when we take care of the planet.

In more detail the ambitions include to:

- Comply with environmental legislation and other requirements
- Continually seek to minimize pollutions, emissions, energy, water and waste, e.g. emissions from transport generated by the activities of Weibel
- Actively promote recycling
- Promote the use of digital communication channels to reduce the need for business travel
- Raise the employees' awareness on the importance of environmental care
- Incorporate environmental practice for procurement

We have decided to invest resources in working on obtaining the ISO 14001 environmental policy during 2021/22. As a part of this work we will identify relevant KPI's and review the development of these annually.

Weibel has a growth plan, which will increase the size of the Company to a higher level. Growing may lead to increased pressure from Weibel on the environment. In order to mitigate this and to live up to our environmental policy; Management will while planning and executing growth initiatives take environmental aspects into the decisions.

One of the most significant growth initiatives is related to the building of a new production facility, which will increase our footprint significantly. In order to mitigate the environmental impact from this growth initiative, we have decided:

- To build our new production building out of wood instead of e.g. concrete,
- We will add as many solar cells to the roof as possible instead of just the mandatory volume
- That heating will be generated from an air to water pump instead of gas based heating
- That installations will in general be low emission type of installations where it fits the production processes

Weibel has applied electric cars in the daily operations since 2013 and we plan to include even more electrical cars, when changing cars in the future. We have decided to support the green transportation transition among our employees by offering power supply options for their cars in 2021/22.

As a result of the increased awareness of environment and climate Weibel has over the past year increased recycling of our waste, we have improved the ratio between input and output with reference to energy consumption and we have decided to and actually divested our last corporate jet as Management considered this way of travelling to be an unnecessary environmental and climatic impact.

## Management's Review

### *Social and employee relations including diversity*

Based on our assessment of the employment markets we operate in, our suppliers and our low buying power and our position in a highly regulated market the possibility to impact human rights is limited for Weibel and no human rights policy has been adopted as the risk related to human rights is considered limited.

Weibel is operating within highly regulated labor markets and employees of Weibel have the right freely to organize in trade unions and to strike in accordance with the laws of the countries where Weibel operates. We are member of relevant employer's organizations and have close collaboration with union representatives.

Weibel wants to develop a culture of cooperation involving various employee groups with different perspectives and areas of expertise. This will ensure a varied and inspiring approach to the challenges Weibel encounter daily in the business.

Weibel focuses in creating equal opportunities for development and influence for employees and management – irrespective of gender, race or religion. As group policy, Weibel aims to select the most qualified candidates for the teams with a view to creating diversity in Weibel through a qualified recruitment process, covering all levels of the organization. During 2020/21 all recruitments have been evaluated according to this policy.

Traditionally Weibel has had a proportionately high number of men in the engineering and production departments. Weibel believes that a culture of cooperation with diverse groups of employees will generate greater success, Weibel will continue actively to encourage gender diversity in the group.

Weibel strives to ensure a safe and healthy working environment and are continuously improving work processes internally and the physical work space to underline this.

Management is closely monitoring the development in HSE incidents. The number of incidents over the past 12 months has been higher than Management's ambitions. For each of the incidents we have analyzed root course to the incident and applied relevant mitigating actions to avoid similar incidents in the future.

### *Anti-bribery and corruption*

The Company has implemented a code of conduct policy to ensure that the Company and employees act according to high ethical standards and clearly forbid the participation in any kind of bribery or facility payments – both directly and indirectly.

The purpose of Weibel's code of conduct policy is to contribute to the compliance of our fundamental values in practice. Working with and at Weibel entails basing our work on honesty and ethical conduct in accordance with the applicable laws of the countries in which we operate. Some of the most significant elements included in the code of conduct are:

## Management's Review

- It is forbidden for employees to attempt and accept bribery or in any other way offer or give unlawful payments or other services with a view to achieving or maintaining an advantage of any kind.
- It is forbidden for employees to participate in any form of illegal activity in relation to public authorities, customers, suppliers, banks, competitors or others.
- The business practices of Weibel should always be in full compliance with competition law wherever we operate.

The code of conduct is presented to all new employees and all employees are in an annual survey asked whether or not they consider to be in compliance with the code of conduct.

No incidents of corruption were detected during 2020/21 and Management is not aware of any violations of the strict anti-bribery and corruption polities of the Company.

### *Veteran support*

Helping Danish wounded veterans will always be special in our understanding of social responsibility. Former deployed Danish soldiers have been willing to sacrifice their lives – to keep others and us safe and protected. We respect their sacrifices and we believe it is our duty to return their sacrifices with support. Our active and economic support often has a large effect on the veterans. We will continue this work and keep inspiring other companies to do the same.

In order to reflect our commitment to the veteran area, Weibel has adopted a veteran policy. The main content of this policy is related to following main topics:

- Job, career and professional development
- Support to wounded veterans to improve their ability to take care of themselves
- Support activities and network for wounded veterans
- Positive treatment of suppliers with veteran relations

The veteran case is specially prioritized in Weibel. In 2020/21 we have contributed to Veterans with following activities and support:

- Support to Veteranskytterne
- Employment of a number of wounded veterans in various positions taking their individual needs into consideration
- Purchase of various products and services from Veterans' charity coffee

Weibel has employed veterans for many years. Veterans generally contribute to Weibel with experience and insights that contribute positively to our cooperation with defense related companies and end-users throughout the world. Currently Weibel has 20 veterans employed. Our definition of a veteran is a person, who has a significant military background and may have contributed to International assignments.

## Management's Review

### *Weibel one of four founding fathers of Børneriget Fonden*

In 2020 Weibel became one of four proud founding fathers of the children's hospital foundation BørneRiget Fonden. This is the first hospital foundation supporting a public hospital in Denmark ever. The children's hospital BørneRiget is being built through financing from Ole Kirk Foundation and Region Hovedstaden. The goal: to become the world's #1 hospital for children and pregnant women.

We are extremely proud to support this initiative now and in the future. Our goal is to inspire others to join the support of Børneriget Fonden and children's lives.

### Supporting elite performers

We are proud of supporting our local athletes and young university students with sponsorships to help make a difference.

We offer a Fulbright grant to young university students in collaboration with the Denmark-America Foundation in order to nurture young talent and build bridges between Denmark and the U.S.

Recognizing our strong connections with the U.S., we are a long-time member and Elite Partner of AmCham Denmark.

### Ownership and capital structure

Weibel Scientific A/S is 100% owned by Weibel Scientific Holding A/S.

The ultimate shareholders are Thomas Øiseth Munkholm and Tina Munkholm Larsen Møller through their companies:

- Heia ApS CVR no. 39 62 40 79 having 55% ownership and votes.
- Went ApS CVR no. 39 62 40 87 having 45% ownership and votes.

The Company's equity consists of 3 classes of shares and is the main capital source of the Company.

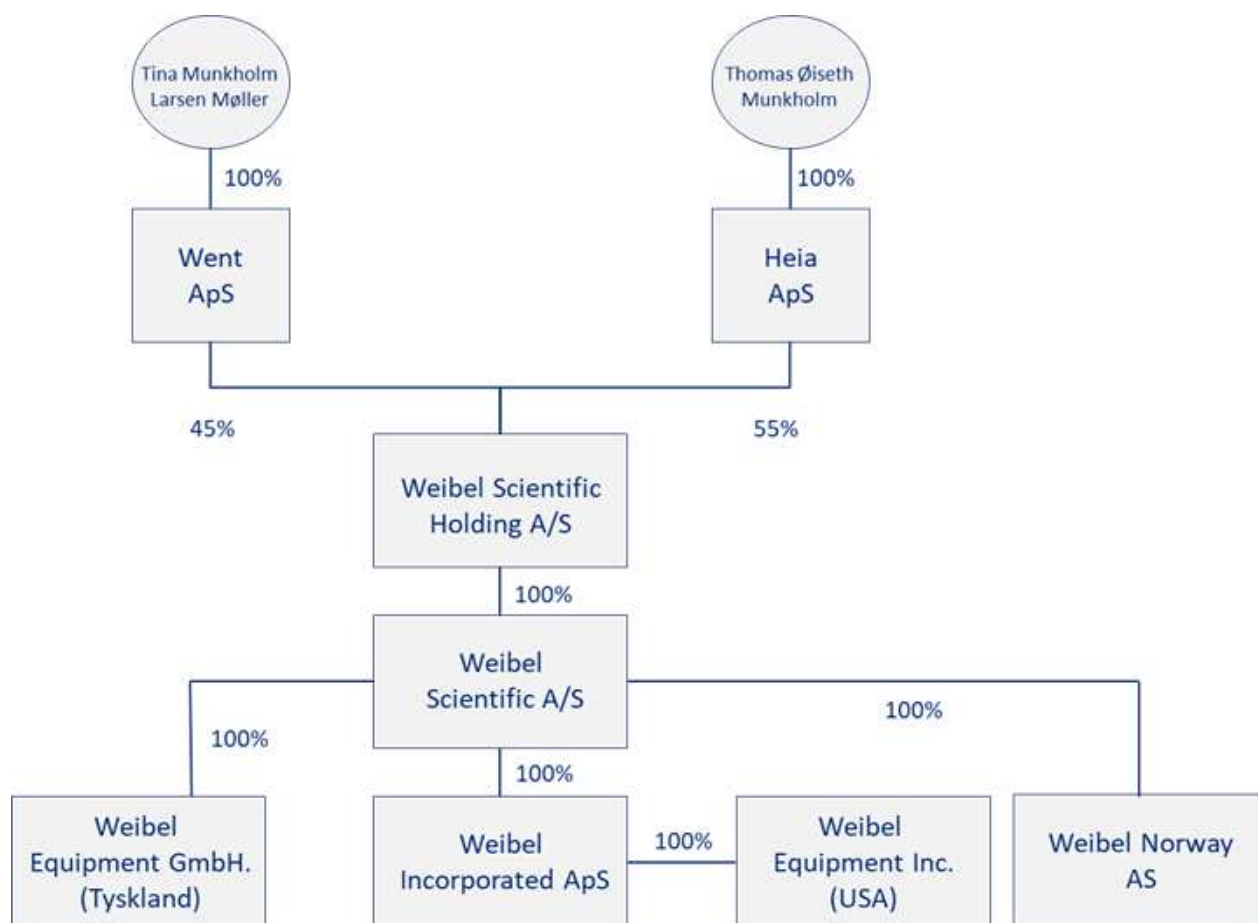
Loan capital consists of long term mortgage debt and short term credit facilities provided by Danske Bank.

Management finds the current capital structure to be appropriate and to provide the necessary financial flexibility in the group to support the strategy.

Our business model(s) has to create profit. The ambition is that 50% of the profit is invested in Weibel and 50% are dividends to the shareholders. This ambition will create a timely economic robustness, which ensures security for our employees, customers and strategic partners.

Weibel Scientific Group includes the companies Weibel Scientific A/S, Weibel Equipment GmbH., Weibel Incorporated ApS, Weibel Equipment Inc. and Weibel Norway AS.

## Management's Review



### Board of Directors, Executive Board and Company Management

The Board of Directors is comprised of the following members:

- Chairman: Jørgen Falkebo Jensen, appointed to the Board November 2019 and Chairman as of February 2021
- Vice-Chairman: Thomas Øiseth Munkholm, appointed September 2010, 55% shareholder
- Tina Munkholm Larsen Møller, appointed September 2010, 45% shareholder
- Tim Sloth Jørgen, appointed January 2019
- Margot Gunilla Fransson, appointed November 2019
- Carsten Kenneth Jensen, appointed September 2012
- Finn Möhring, appointed November 2019

The two shareholders are members of the Board of Directors representing 100% of the shares.

The Executive Board is comprised of the following member:

- CEO and President: Peder Richardt Pedersen, appointed May 1990

# Management's Review

## Corporate governance

The Board of Directors and the Executive Board work constantly to ensure that appropriate and sufficient control systems are in place, managed by a robust management team structure.

The Board of Directors and the Executive Board have a number of duties that are defined by the Danish Companies Act, the Danish Financial Statements Act and the Articles of Association and Rules of Procedure for the Board of Directors, among other regulations and policies.

On this basis the necessary internal procedures are continually being developed, refined and maintained to ensure active, reliable and profitable management of the Company.

The Board of Directors ensures that the Executive Board complies with the approved objectives, strategies, business procedures and rules of procedure for the Executive Board. The information presented to the Board of Directors is provided systematically before and during meetings as well as in written and verbal reports. The topics of these reports include market development and the Group's development and profitability. The Board of Directors and the Executive Management have overall responsibility for risk management and internal controls related to financial reporting.

The Board of Directors of the Company meet at least six times a year: Furthermore information about the Company, results and financial position is shared with the Board of Directors on a regular basis. If relevant extraordinary meetings are held. In addition the Board of Directors appoints committees for special tasks. A Chairmanship committee has been set up including Chairman and Vice-chairman that meets with Management on a regular basis.

### *Remuneration to Management and the Board of Directors*

To attract and retain the Company's management competencies, the remuneration of Management, senior employees and the Board of Directors is based on tasks, value creation and conditions in comparable companies. An incentive program has been implemented in the form of a bonus scheme for Executive Board and key employees.

### *The underrepresented gender, Board of Directors*

The Board of Directors consisted of 2 women and 5 men in 2020/21. The gender split on the Board of Directors was 28% female and 72% male.

The Company has to set a goal of the share of the underrepresented gender in the Board of Directors if the underrepresented gender amounts to 40% or less of the elected members. However the current split between female and male is considered to be equal according to guidance from the Danish Business Authority. As a consequence the Board of Directors has not set a goal of split between the genders. The Board of Directors are none the less committed to ensuring equal representations between genders.

### *The underrepresented gender, Management*

Our business – the combination of electronic engineering & software development and mechanical and

## Management's Review

electronic production industry – is in general a male-dominated field mainly due to the ratios between the genders at technical universities and schools etc. Nevertheless, Weibel focus on appointing 'the best qualified' people to all positions, including management positions on all levels regardless of gender.

The Company's overall policy is to employ and promote the most qualified people, regardless of gender, and to give equal access to leadership positions to all qualified candidates. Weibel Leadership Team comprises of seven persons, of which one is a woman.

At all operational levels of management, we aim to enhance diversity. Our values and culture are embedded in the company's focus on having a healthy work life balance, flat hierarchy and transparency.

Our policy regarding the 'under-represented gender' states that our objective is that the percentage of females in management positions accounts for at least 10% of all personnel with management responsibility in Weibel.

This goal has is not met at 30 April 2021 where the representation of women in leadership positions and with personnel management responsibility was 9% of all employees by 30 April 2021.

It is our ambition to continue to increase the proportion of women in management positions as well as in Weibel in general in order to praise such development, we:

- Discuss this topic with our female employees at the annual performance review meetings and encourage ambitions
- Ensure that search processes and job postings of new employees encourage women to work at Weibel
- Require that headhunters provide a number of female candidates in search processes
- Offer relevant management training to female talents
- Measurement of share of female/male in each department
- Will work to set goals for female hires in each department

Obtaining results in this area is a long term effort. Our work within this area has not yet lead to the desired results.

Other positions of the members of the Board of Directors and the Executive Board

Jørgen Falkebo Jensen

- VKR Holding A/S, Vice-Chairman
- Velux A/S, Chairman
- Micro Matic A/S, Vice-Chairman
- Ambu A/S, Chairman
- 3Shape Holding A/S, Chairman
- 3Shape A/S, Chairman
- 3Shape Trios A/S, Chairman
- 3 Shape Medical A/S, Chairman
- JFJ Invest ApS, Executive Board

## Management's Review

- Weibel Scientific Holding A/S, Board member
- Healthcare Denmark, Chairman

Thomas Øiseth Munkholm

- Heia ApS, Executive Board
- Weibel Scientific Holding A/S, Board member and Executive Board
- Smokequit ApS, Chairman

Tina Munkholm Larsen Møller

- Went ApS, Executive Board
- Weibel Scientific Holding A/S, Chairman

Tim Sloth Jørgensen

- Danish Ministry of Defense, Advisor
- Copenhagen Business School, Professor
- Danish Industry Foundation, Program manager cyber security
- Fonden Peder Skram, Chairman

Margot Gunilla Fransson

- Net Insight AB, Chairman
- Trelleborg AB, Board member
- Eltel AB, Board member
- Nederman Holding AB, Board member
- Securitas AB
- Nilar International AB

Carsten Kenneth Jensen

- Dansk Industri Roskilde/Køge Bugt, Chairman
- MCJ Holding ApS, Executive Board
- CKJ Steel A/S, Board member and Executive Board
- Industrivej 3-5 Køge ApS, Executive Board
- MCJ Ejendomsselskab ApS, Executive Board
- OY BTM ApS, Board member and Executive Board
- Airseven A/S, Board member

Finn Möhring

- DTU Electro, Advisory Board member

Peder Richardt Pedersen

- Forsvars- & Aerospaceindustrien i Danmark, Board member
- DTU Electro, Advisory Board member
- DTU Security, Advisory Board member



## **Management's Review**

### **Events subsequently to the financial year**

No events have occurred which affect the financial statement for 2020/21.

## Income Statement 1 May - 30 April

	Note	Group		Parent	
		2020/21	2019/20	2020/21	2019/20
		TDKK	TDKK	TDKK	TDKK
<b>Revenue</b>	1	<b>367,251</b>	<b>324,194</b>	<b>0</b>	<b>0</b>
Capitalized costs for development projects		8,607	7,610	0	0
Other operating income/ expenses		7,929	-465	0	0
Expenses for raw materials and consumables		-87,829	-85,343	0	0
Other external expenses		-57,676	-52,434	-14	-58
<b>Gross profit/loss</b>		<b>238,282</b>	<b>193,562</b>	<b>-14</b>	<b>-58</b>
Staff expenses	2	-152,350	-124,727	0	0
<b>EBITDA</b>		<b>85,932</b>	<b>68,835</b>	<b>-14</b>	<b>-58</b>
Depreciation, amortisation and impairment of intangible assets and property, plant and equipment	3	-12,139	-14,781	0	0
<b>Profit/loss before financial income and expenses</b>		<b>73,793</b>	<b>54,054</b>	<b>-14</b>	<b>-58</b>
Income from investments in subsidiaries		0	0	28,949	19,356
Financial income	4	3,919	1,682	180	86
Financial expenses	5	-10,238	-2,197	-420	-516
<b>Profit/loss before tax</b>		<b>67,474</b>	<b>53,539</b>	<b>28,695</b>	<b>18,868</b>
Tax on profit/loss for the year	6	-9,738	-13,449	274	-183
<b>Net profit/loss for the year</b>		<b>57,736</b>	<b>40,090</b>	<b>28,969</b>	<b>18,685</b>

# Balance Sheet 30 April

## Assets

	Note	Group		Parent	
		2020/21	2019/20	2020/21	2019/20
		TDKK	TDKK	TDKK	TDKK
Development projects in progress		19,627	11,020	0	0
<b>Intangible assets</b>	7	<b>19,627</b>	<b>11,020</b>	<b>0</b>	<b>0</b>
Land and Buildings		84,248	77,602	0	0
Other fixtures and fittings, tools and equipment		25,946	57,189	0	0
Prepayments for property, plant and equipment		0	682	0	0
<b>Property, plant and equipment</b>	8	<b>110,194</b>	<b>135,473</b>	<b>0</b>	<b>0</b>
Investments in subsidiaries	9	0	0	207,247	189,033
Receivables from associates	10	0	20	0	20
Deposits	10	265	406	0	0
<b>Fixed asset investments</b>		<b>265</b>	<b>426</b>	<b>207,247</b>	<b>189,053</b>
<b>Fixed assets</b>		<b>130,086</b>	<b>146,919</b>	<b>207,247</b>	<b>189,053</b>
<b>Inventories</b>	11	<b>103,805</b>	<b>108,610</b>	<b>0</b>	<b>0</b>
Trade receivables		41,267	52,841	0	0
Contract work in progress	12	279,025	148,133	0	0
Receivables from group enterprises		2	0	10,379	5,047
Other receivables		2,743	2,794	32	12
Deferred tax asset	15	0	0	321	198
Corporation tax		19,838	15,422	0	0
Prepayments	13	2,771	66	0	0
<b>Receivables</b>		<b>345,646</b>	<b>219,256</b>	<b>10,732</b>	<b>5,257</b>
<b>Cash at bank and in hand</b>		<b>6,245</b>	<b>27,945</b>	<b>0</b>	<b>0</b>
<b>Currents assets</b>		<b>455,696</b>	<b>355,811</b>	<b>10,732</b>	<b>5,257</b>
<b>Assets</b>		<b>585,782</b>	<b>502,730</b>	<b>217,979</b>	<b>194,310</b>

# Balance Sheet 30 April

## Liabilities and equity

	Note	Group		Parent	
		2020/21	2019/20	2020/21	2019/20
		TDKK	TDKK	TDKK	TDKK
Share capital		250	250	250	250
Reserve for net revaluation under the equity method		0	0	41,060	22,844
Reserve for exchange adjustments		-733	0	0	0
Retained earnings		192,991	160,959	157,325	147,305
<b>Equity attributable to shareholders of the Parent Company</b>		<b>192,508</b>	<b>161,209</b>	<b>198,635</b>	<b>170,399</b>
Minority interests		164,556	150,077	0	0
<b>Equity</b>		<b>357,064</b>	<b>311,286</b>	<b>198,635</b>	<b>170,399</b>
Provision for deferred tax	15	66,031	40,556	0	0
<b>Provisions</b>		<b>66,031</b>	<b>40,556</b>	<b>0</b>	<b>0</b>
Mortgage loans		23,368	25,446	0	0
Other payables		11,025	7,258	0	0
<b>Long-term debt</b>	16	<b>34,393</b>	<b>32,704</b>	<b>0</b>	<b>0</b>
Mortgage loans	16	2,022	2,023	0	0
Credit institutions		25,664	12,116	8,179	12,116
Lease obligations		193	637	0	0
Prepayments received from customers		3,160	36,848	0	0
Trade payables		27,397	18,651	46	42
Payables to group enterprises		0	0	410	379
Payables to owners and Management		21,059	11,477	10,709	11,374
Corporation tax		1,099	444	0	0
Other payables	16	47,700	35,988	0	0
<b>Short-term debt</b>		<b>128,294</b>	<b>118,184</b>	<b>19,344</b>	<b>23,911</b>
<b>Debt</b>		<b>162,687</b>	<b>150,888</b>	<b>19,344</b>	<b>23,911</b>
<b>Liabilities and equity</b>		<b>585,782</b>	<b>502,730</b>	<b>217,979</b>	<b>194,310</b>

## Statement of Changes in Equity

### Group

	Share capital	Reserve for net revaluation under the equity method	Reserve for exchange adjustments	Retained earnings	Equity excl. minority interests	Minority interests	Total
	TDKK	TDKK	TDKK	TDKK	TDKK	TDKK	TDKK
Equity at 1 May	250	0	0	160,959	161,209	150,077	311,286
Exchange adjustments	0	0	-733	0	-733	-628	-1,361
Dividends from group enterprises	0	0	0	0	0	-10,000	-10,000
Other equity movements	0	0	0	0	0	-597	-597
Net profit/loss for the year	0	0	0	32,032	32,032	25,704	57,736
<b>Equity at 30 April</b>	<b>250</b>	<b>0</b>	<b>-733</b>	<b>192,991</b>	<b>192,508</b>	<b>164,556</b>	<b>357,064</b>

### Parent

Equity at 1 May	250	22,844	0	147,305	170,399	0	170,399
Exchange adjustments relating to foreign entities	0	-733	0	0	-733	0	-733
Dividend from group enterprises	0	-10,000	0	10,000	0	0	0
Net profit/loss for the year	0	28,949	0	20	28,969	0	28,969
<b>Equity at 30 April</b>	<b>250</b>	<b>41,060</b>	<b>0</b>	<b>157,325</b>	<b>198,635</b>	<b>0</b>	<b>198,635</b>

## Cash Flow Statement 1 May - 30 April

	Note	Group	
		2020/21 TDKK	2019/20 TDKK
<b>EBITDA</b>		<b>85,932</b>	<b>68,835</b>
Adjustments	18	-8,740	465
Change in working capital	19	-130,397	-39,981
<b>Cash flows from operating activities before financial income and expenses</b>		<b>-53,204</b>	<b>29,319</b>
Financial income		3,919	1,682
Financial expenses		-10,238	-2,486
Corporation tax paid		11,976	-10,581
<b>Cash flows from ordinary activities</b>		<b>-47,547</b>	<b>17,934</b>
Purchase of intangible assets		-8,607	-7,611
Purchase of property, plant and equipment		-17,373	-16,619
Fixed asset investments made etc		141	10
Sale of intangible assets		37,315	1,557
<b>Cash flows from investing activities</b>		<b>11,476</b>	<b>-22,663</b>
Repayment of mortgage loans		-2,079	16,826
Reduction of lease obligations		-444	-148
Payables to shareholders and management		9,582	-180
Long term holiday accrual		3,765	7,258
Dividend paid		-10,000	-30,000
<b>Cash flows from financing activities</b>		<b>824</b>	<b>-6,244</b>
<b>Change in cash and cash equivalents</b>		<b>-35,247</b>	<b>-10,973</b>
Cash and cash equivalents at 1 May		15,829	26,802
<b>Cash and cash equivalents at 30 April</b>		<b>-19,418</b>	<b>15,829</b>
Cash and cash equivalents are specified as follows:			
Cash at bank and in hand		6,245	27,945
Credit institutions		-25,664	-12,116
<b>Cash and cash equivalents at 30 April</b>		<b>-19,418</b>	<b>15,829</b>

# Notes to the Financial Statements

1 Revenue	Group		Parent	
	2020/21	2019/20	2020/21	2019/20
	TDKK	TDKK	TDKK	TDKK
<b>Geographical segments</b>				
Revenue, Denmark	3,545	6,513	0	0
Revenue, exports	363,706	317,681	0	0
	<b>367,251</b>	<b>324,194</b>	<b>0</b>	<b>0</b>

Revenue relates to one segment which is sale of radars.

2 Staff expenses				
Wages and salaries	142,000	117,243	0	0
Pensions	2,520	1,945	0	0
Other social security expenses	1,391	1,373	0	0
Other staff expenses	6,439	4,166	0	0
	<b>152,350</b>	<b>124,727</b>	<b>0</b>	<b>0</b>
<b>Average number of employees</b>	<b>190</b>	<b>161</b>	<b>0</b>	<b>0</b>

Remuneration to the Executive Board has not been disclosed in accordance with section 98 B(3) of the Danish Financial Statements Act.

3 Depreciation, amortisation and impairment of intangible assets and property, plant and equipment				
Depreciation of property, plant and equipment	11,998	14,646	0	0
Impairment of property, plant and equipment	141	135	0	0
	<b>12,139</b>	<b>14,781</b>	<b>0</b>	<b>0</b>

## Notes to the Financial Statements

	Group		Parent	
	2020/21 TDKK	2019/20 TDKK	2020/21 TDKK	2019/20 TDKK
<b>4 Financial income</b>				
Interest received from group enterprises	0	0	180	0
Other financial income	18	44	0	86
Exchange adjustments	3,901	1,638	0	0
	<b>3,919</b>	<b>1,682</b>	<b>180</b>	<b>86</b>
<b>5 Financial expenses</b>				
Interest paid to group enterprises	0	0	161	0
Other financial expenses	984	2,197	259	516
Exchange adjustments, expenses	9,254	0	0	0
	<b>10,238</b>	<b>2,197</b>	<b>420</b>	<b>516</b>
<b>6 Tax on profit/loss for the year</b>				
Current tax for the year	-1,695	538	0	183
Deferred tax for the year	11,601	13,449	-274	0
Adjustment of tax concerning previous years	-168	-538	0	0
	<b>9,738</b>	<b>13,449</b>	<b>-274</b>	<b>183</b>



# Notes to the Financial Statements

## 7 Intangible assets

<b>Group</b>	Development projects in progress TDKK
Cost at 1 May	11,020
Additions for the year	8,607
Cost at 30 April	19,627
<b>Carrying amount at 30 April</b>	<b>19,627</b>

Development projects consist of a new type of product. The development costs are expected to add significant value to the product portfolio.

Development projects are measured at direct cost plus overhead. There are no signs of impairment on capitalized development project and the Group has entered into an agreement of a sale of the product. Furthermore, the group possesses the resources and skills to complete the development.

# Notes to the Financial Statements

## 8 Property, plant and equipment

### Group

	Land and buildings	Other fixtures and fittings, tools and equipment	Prepayments for property, plant and equipment
	TDKK	TDKK	TDKK
Cost at 1 May	108,464	184,828	682
Additions for the year	10,164	5,941	0
Disposals for the year	-2,281	-71,525	-682
Cost at 30 April	<u>116,347</u>	<u>119,244</u>	<u>0</u>
Impairment losses and depreciation at 1 May	30,861	127,558	0
Depreciation for the year	3,020	8,918	0
Impairment and depreciation of sold assets for the year	-1,782	-43,178	0
Impairment losses and depreciation at 30 April	<u>32,099</u>	<u>93,298</u>	<u>0</u>
<b>Carrying amount at 30 April</b>	<b><u>84,248</u></b>	<b><u>25,946</u></b>	<b><u>0</u></b>

## Notes to the Financial Statements

	Parent	
	2020/21	2019/20
	TDKK	TDKK
<b>9 Investments in subsidiaries</b>		
Cost at 1 May	166,187	166,187
Cost at 30 April	166,187	166,187
Value adjustments at 1 May	22,846	18,301
Other adjustments	595	0
Exchange adjustment	-733	189
Net profit/loss for the year	32,150	22,419
Dividend	-10,000	-15,000
Amortisation of goodwill	-3,063	-3,063
Change in intercompany profit on development projects	-735	0
Value adjustments at 30 April	41,060	22,846
<b>Carrying amount at 30 April</b>	<b>207,247</b>	<b>189,033</b>
Remaining positive difference included in the above carrying amount at 30 April	6,126	9,189

Investments in subsidiaries are specified as follows:

Name	Place of registered office	Share capital	Votes and ownership
Weibel Incorporated ApS	Allerød (Denmark)	200	100%
Weibel AS	Oslo (Norway)	23	100%
Weibel Equipment GmbH	Harrisee (Germany)	950	100%
Weibel Equipment Inc.	Leesburg (US)	62	100%
Weibel Scientific A/S	Allerød (Denmark)	500	100%
Weibel Scientific Holding A/S	Allerød (Denmark)	500	55%

# Notes to the Financial Statements

## 10 Other fixed asset investments

	<u>Group</u> <u>Deposits</u> TDKK
Cost at 1 May	406
Disposals for the year	-141
Cost at 30 April	<u>265</u>
<b>Carrying amount at 30 April</b>	<b><u>265</u></b>

	<u>Group</u>		<u>Parent</u>	
	<u>2020/21</u> TDKK	<u>2019/20</u> TDKK	<u>2020/21</u> TDKK	<u>2019/20</u> TDKK
<b>11 Inventories</b>				
Raw materials and consumables	66,464	67,834	0	0
Work in progress	18,177	22,368	0	0
Finished goods and goods for resale	2,703	4,231	0	0
Prepayments for goods	16,461	14,177	0	0
	<u>103,805</u>	<u>108,610</u>	<u>0</u>	<u>0</u>

	<u>Group</u>		<u>Parent</u>	
	<u>2020/21</u> TDKK	<u>2019/20</u> TDKK	<u>2020/21</u> TDKK	<u>2019/20</u> TDKK
<b>12 Contract work in progress</b>				
Selling price of work in progress	418,918	228,238	0	0
Payments received on account	-139,893	-80,105	0	0
	<u>279,025</u>	<u>148,133</u>	<u>0</u>	<u>0</u>

## 13 Prepayments

Prepayments comprise incurred costs relating to subsequent financial year.

## Notes to the Financial Statements

	<b>Parent</b>	
	2020/21	2019/20
	TDKK	TDKK
<b>14 Distribution of profit</b>		
Extraordinary dividend distributed in the financial year	0	15,000
Reserve for net revaluation under the equity method	28,949	19,356
Retained earnings	20	-15,671
	<b>28,969</b>	<b>18,685</b>

	<b>Group</b>		<b>Parent</b>	
	2020/21	2019/20	2020/21	2019/20
	TDKK	TDKK	TDKK	TDKK
<b>15 Provision for deferred tax</b>				
Intangible assets	4,663	2,424	0	0
Property, plant and equipment	7,465	12,869	0	0
Inventories	3,543	2,539	0	0
Contract work in progress	75,861	36,267	0	0
Provisions	-2,151	-1,849	0	0
Other provisions	-83	-83	0	0
Tax loss carry-forward	-23,267	-11,611	-321	-198
Transferred to deferred tax asset	0	0	321	198
	<b>66,031</b>	<b>40,556</b>	<b>0</b>	<b>0</b>
<b>Deferred tax asset</b>				
Calculated tax asset	0	0	321	198
<b>Carrying amount</b>	<b>0</b>	<b>0</b>	<b>321</b>	<b>198</b>

# Notes to the Financial Statements

## 16 Long-term debt

Payments due within 1 year are recognised in short-term debt. Other debt is recognised in long-term debt.

The debt falls due for payment as specified below:

	Group		Parent	
	2020/21 TDKK	2019/20 TDKK	2020/21 TDKK	2019/20 TDKK
<b>Mortgage loans</b>				
After 5 years	15,281	17,200	0	0
Between 1 and 5 years	8,087	8,246	0	0
Long-term part	23,368	25,446	0	0
Within 1 year	2,022	2,023	0	0
	<b>25,390</b>	<b>27,469</b>	<b>0</b>	<b>0</b>
<b>Other payables</b>				
Between 1 and 5 years	11,025	7,258	0	0
Long-term part	11,025	7,258	0	0

Long term debt related to frozen holidays allowance.

## 17 Prepayments from customers

Deferred income comprises income received to be recognised in the subsequent financial year.

# Notes to the Financial Statements

	<b>Group</b>	
	2020/21	2019/20
	TDKK	TDKK
<b>18 Cash flow statement - adjustments</b>		
Other operating income	-7,929	465
Exchange rate	-811	0
	<b>-8,740</b>	<b>465</b>
<b>19 Cash flow statement - change in working capital</b>		
Change in inventories	4,805	-50,918
Change in receivables	-121,973	-33,422
Change in trade payables, etc	-13,229	44,359
	<b>-130,397</b>	<b>-39,981</b>

	<b>Group</b>		<b>Parent</b>	
	2020/21	2019/20	2020/21	2019/20
	TDKK	TDKK	TDKK	TDKK
<b>20 Contingent assets, liabilities and other financial obligations</b>				
<b>Charges and security</b>				
The following assets have been placed as security with mortgage credit institutes:				
Buildings amounts to	84,248	77,602	0	0
<b>Rental and lease obligations</b>				
Lease obligations under operating leases. Total future lease payments:				
Within 1 year	1,080	1,589	0	0
	<b>1,080</b>	<b>1,589</b>	<b>0</b>	<b>0</b>

## Guarantee obligations

Recourse and non-recourse guarantee commitments amounts to TDKK 1,231

# Notes to the Financial Statements

## 20 Contingent assets, liabilities and other financial obligations (continued)

### Other contingent liabilities

The group companies are jointly and severally liable for tax on the jointly taxed incomes etc of the Group. The total amount of corporation tax payable by the Group amounts to TDKK 1,099. Moreover, the group companies are jointly and severally liable for Danish withholding taxes by way of dividend tax, tax on royalty payments and tax on unearned income. Any subsequent adjustments of corporation taxes and withholding taxes may increase the Company's liability.

## 21 Related parties

### Transactions

The Company has chosen only to disclose transactions which have not been made on an arm's length basis in accordance with section 98(c)(7) of the Danish Financial Statements Act.

There has not been such transactions during 2020/2021.

## 22 Fee to auditors appointed at the general meeting

### PriceWaterhouseCoopers appointed auditor for 2020/2021

### Deloitte appointed auditor for 2019/2020

	Group		Parent	
	2020/21	2019/20	2020/21	2019/20
	TDKK	TDKK	TDKK	TDKK
Audit fee	585	180	10	10
Other assurance engagements	156	23	5	5
Tax advisory services	71	320	0	0
Other services	8	223	0	0
	<b>820</b>	<b>746</b>	<b>15</b>	<b>15</b>



# Notes to the Financial Statements

## 23 Accounting Policies

The Annual Report of HEIA ApS for 2020/21 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to large enterprises of reporting class C .

The accounting policies applied remain unchanged from last year.

The Consolidated and Parent Company Financial Statements for 2020/21 are presented in TDKK.

### Correction of material misstatements

During the preparation of the financial statement for 2020/2021, Management noted that the presentation for work in progress and inventory was not disclosed correctly in 2019/2020.

Inventory has decreased by MDKK 34.5, and work in progress has increased by MDKK 34.5 for 2019/2020. The corrections do not impact profit, equity or cashflow for 2019/2020.

Other reclassifications have also been made for 2019/2020 for a true and fair view of the Annual Report.

### Recognition and measurement

Revenues are recognised in the income statement as earned. Furthermore, value adjustments of financial assets and liabilities measured at fair value or amortised cost are recognised. Moreover, all expenses incurred to achieve the earnings for the year are recognised in the income statement, including depreciation, amortisation, impairment losses and provisions as well as reversals due to changed accounting estimates of amounts that have previously been recognised in the income statement.

Assets are recognised in the balance sheet when it is probable that future economic benefits attributable to the asset will flow to the Company, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when it is probable that future economic benefits will flow out of the Company, and the value of the liability can be measured reliably.

Assets and liabilities are initially measured at cost. Subsequently, assets and liabilities are measured as described for each item below.

### Basis of consolidation

The Consolidated Financial Statements comprise the Parent Company, HEIA ApS, and subsidiaries in which the Parent Company directly or indirectly holds more than 50% of the votes or in which the Parent Company, through share ownership or otherwise, exercises control. Enterprises in which the Group holds between 20% and 50% of the votes and exercises significant influence but not control are classified as associates.

# Notes to the Financial Statements

## 23 Accounting Policies (continued)

On consolidation, items of a uniform nature are combined. Elimination is made of intercompany income and expenses, shareholdings, dividends and accounts as well as of realised and unrealised profits and losses on transactions between the consolidated enterprises.

The Parent Company's investments in the consolidated subsidiaries are set off against the Parent Company's share of the net asset value of subsidiaries stated at the time of consolidation.

### Minority interests

Minority interests form part of the Group's total equity. Upon distribution of net profit, net profit is broken down on the share attributable to minority interests and the share attributable to the shareholders of the Parent Company. Minority interests are recognised on the basis of a remeasurement of acquired assets and liabilities to fair value at the time of acquisition of subsidiaries.

On subsequent changes to minority interests where the Group retains control of the subsidiary, the consideration is recognised directly in equity.

### Leases

Leases in terms of which the Group assumes substantially all the risks and rewards of ownership (finance leases) are recognised in the balance sheet at the lower of the fair value of the leased asset and the net present value of the lease payments computed by applying the interest rate implicit in the lease or an alternative borrowing rate as the discount rate. Assets acquired under finance leases are depreciated and written down for impairment under the same policy as determined for the other fixed assets of the Group.

The remaining lease obligation is capitalised and recognised in the balance sheet under debt, and the interest element on the lease payments is charged over the lease term to the income statement.

All other leases are considered operating leases. Payments made under operating leases are recognised in the income statement on a straight-line basis over the lease term.

### Translation policies

Transactions in foreign currencies are translated at the exchange rates at the dates of transaction. Exchange differences arising due to differences between the transaction date rates and the rates at the dates of payment are recognised in financial income and expenses in the income statement. Where foreign exchange transactions are considered hedging of future cash flows, the value adjustments are recognised directly in equity.

# Notes to the Financial Statements

## 23 Accounting Policies (continued)

Receivables, payables and other monetary items in foreign currencies that have not been settled at the balance sheet date are translated at the exchange rates at the balance sheet date. Any differences between the exchange rates at the balance sheet date and the rates at the time when the receivable or the debt arose are recognised in financial income and expenses in the income statement.

Fixed assets acquired in foreign currencies are measured at the transaction date rates.

### Revenue

Information on business segments and geographical segments based on the Group's risks and returns and its internal financial reporting system. Business segments are regarded as the primary segments.

## Income Statement

### Revenue

Revenue from the sale of goods is recognised when the risks and rewards relating to the goods sold have been transferred to the purchaser, the revenue can be measured reliably and it is probable that the economic benefits relating to the sale will flow to the Group.

Contract work in progress (construction contracts) is recognised at the rate of completion, which means that revenue equals the selling price of the work completed for the year (percentage-of-completion method). This method is applied when total revenues and expenses in respect of the contract and the stage of completion at the balance sheet date can be measured reliably, and it is probable that the economic benefits, including payments, will flow to the Group. The stage of completion is determined on the basis of the ratio between the expenses incurred and the total expected expenses of the contract.

Revenue is measured at the consideration received and is recognised exclusive of VAT and net of discounts relating to sales.

### Expenses for raw materials and consumables

Expenses for raw materials and consumables comprise the raw materials and consumables consumed to achieve revenue for the year.

### Other external expenses

Other external expenses comprise indirect production costs and expenses for premises, sales and distribution as well as office expenses, etc.

### Staff expenses

Staff expenses comprise wages and salaries as well as payroll expenses.

# Notes to the Financial Statements

## 23 Accounting Policies (continued)

### **Amortisation, depreciation and impairment losses**

Amortisation, depreciation and impairment losses comprise amortisation, depreciation and impairment of intangible assets and property, plant and equipment.

### **Other operating income and expenses**

Other operating income and other operating expenses comprise items of a secondary nature to the main activities of the Group, including gains and losses on the sale of intangible assets and property, plant and equipment.

### **Income from investments in subsidiaries**

The item "Income from investments in subsidiaries" in the income statement includes the proportionate share of the profit for the year.

### **Financial income and expenses**

Financial income and expenses are recognised in the income statement at the amounts relating to the financial year.

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

Tax for the year consists of current tax for the year and changes in deferred tax for the year. The tax attributable to the profit for the year is recognised in the income statement, whereas the tax attributable to equity transactions is recognised directly in equity.

The Company is jointly taxed with wholly owned Danish and foreign subsidiaries. The tax effect of the joint taxation is allocated to enterprises in proportion to their taxable incomes.

## **Balance Sheet**

### **Intangible assets**

Intellectual property rights etc comprise in progress with related intellectual property rights, acquired intellectual property rights and prepayments for intangible assets.

Development projects on clearly defined and identifiable products and processes, for which the technical rate of utilisation, adequate resources and a potential future market or development opportunity in the enterprise can be established, and where the intention is to manufacture, market or apply the product or process in question, are recognised as intangible assets. Other development costs are recognised as costs in the income statement as incurred. When recognising development projects as intangible assets, an amount equalling the costs incurred less deferred tax is taken to equity under Reserve for development

# Notes to the Financial Statements

## 23 Accounting Policies (continued)

costs that is reduced as the development projects are amortised and written down.

The cost of development projects comprises costs such as salaries and amortisation that are directly and indirectly attributable to the development projects.

The basis of depreciation is cost less estimated residual value after the end of useful life. Straight-line depreciation is made on the basis of the following estimated useful lives of the assets:

Completed development projects	5-10 years
--------------------------------	------------

Estimated useful lives and residual values are reassessed annually.

### Property, plant and equipment

Property, plant and equipment are measured at cost less accumulated depreciation and less any accumulated impairment losses.

Cost comprises the cost of acquisition and expenses directly related to the acquisition up until the time when the asset is ready for use.

Interest expenses on loans raised directly for financing the construction of property, plant and equipment are recognised in cost over the period of construction.

Depreciation based on cost reduced by any residual value is calculated on a straight-line basis over the expected useful lives of the assets, which are:

Land and buildings	50 years
Plant and machinery	5-10 years
Other fixtures and fittings, tools and equipment	5-10 years

Depreciation period and residual value are reassessed annually.

### Impairment of fixed assets

The carrying amounts of intangible assets and property, plant and equipment are reviewed on an annual basis to determine whether there is any indication of impairment other than that expressed by amortisation and depreciation.

If so, the asset is written down to its lower recoverable amount.

# Notes to the Financial Statements

## 23 Accounting Policies (continued)

### Investments in subsidiaries

Investments in subsidiaries are recognised and measured under the equity method.

The item "Investments in subsidiaries" in the balance sheet include the proportionate ownership share of the net asset value of the enterprises calculated on the basis of the fair values of identifiable net assets at the time of acquisition with deduction or addition of unrealised intercompany profits or losses.

The total net revaluation of investments in subsidiaries is transferred upon distribution of profit to "Reserve for net revaluation under the equity method" under equity. The reserve is reduced by dividend distributed to the Parent Company and adjusted for other equity movements in the subsidiaries.

Subsidiaries with a negative net asset value are recognised at DKK 0. Any legal or constructive obligation of the Parent Company to cover the negative balance of the enterprise is recognised in provisions.

Goodwill acquired is measured at cost less accumulated amortisation. Goodwill is amortised on a straight-line basis over its useful life, which is assessed at 5 years.

### Other fixed asset investments

Other fixed asset investments consist of deposits.

### Inventories

Inventories are measured at the lower of cost under the FIFO method and net realisable value.

The net realisable value of inventories is calculated at the amount expected to be generated by sale of the inventories in the process of normal operations with deduction of selling expenses. The net realisable value is determined allowing for marketability, obsolescence and development in expected selling price.

The cost of goods for resale, raw materials and consumables equals landed cost.

The cost of finished goods and work in progress comprises the cost of raw materials, consumables and direct labour with addition of indirect production costs. Indirect production costs comprise the cost of indirect materials and labour as well as maintenance and depreciation of the machinery, factory buildings and equipment used in the manufacturing process as well as costs of factory administration and management.

# Notes to the Financial Statements

## 23 Accounting Policies (continued)

### Receivables

Receivables are measured in the balance sheet at the lower of amortised cost and net realisable value, which corresponds to nominal value less provisions for bad debts.

### Contract work in progress

Contract work in progress is measured at selling price of the work performed calculated on the basis of the stage of completion. The stage of completion is measured by the proportion that the contract expenses incurred to date bear to the estimated total contract expenses. Where it is probable that total contract expenses will exceed total revenues from a contract, the expected loss is recognised as an expense in the income statement.

Where the selling price cannot be measured reliably, the selling price is measured at the lower of expenses incurred and net realisable value.

Payments received on account are set off against the selling price. The individual contracts are classified as receivables when the net selling price is positive and as liabilities when the net selling price is negative.

Expenses relating to sales work and the winning of contracts are recognised in the income statement as incurred.

### Prepayments

Prepayments comprise prepaid expenses concerning rent, insurance premiums, subscriptions and interest.

### Equity

### Deferred tax assets and liabilities

Deferred income tax is measured using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes on the basis of the intended use of the asset and settlement of the liability, respectively.

Deferred tax assets are measured at the value at which the asset is expected to be realised, either by elimination in tax on future earnings or by set-off against deferred tax liabilities within the same legal tax entity.

# Notes to the Financial Statements

## 23 Accounting Policies (continued)

Deferred tax is measured on the basis of the tax rules and tax rates that will be effective under the legislation at the balance sheet date when the deferred tax is expected to crystallise as current tax. Any changes in deferred tax due to changes to tax rates are recognised in the income statement or in equity if the deferred tax relates to items recognised in equity.

### Current tax receivables and liabilities

Current tax liabilities and receivables are recognised in the balance sheet as the expected taxable income for the year adjusted for tax on taxable incomes for prior years and tax paid on account. Extra payments and repayment under the on-account taxation scheme are recognised in the income statement in financial income and expenses.

### Financial debts

Loans, such as mortgage loans and loans from credit institutions, are recognised initially at the proceeds received net of transaction expenses incurred. Subsequently, the loans are measured at amortised cost; the difference between the proceeds and the nominal value is recognised as an interest expense in the income statement over the loan period.

Mortgage loans are measured at amortised cost, which for cash loans corresponds to the remaining loan. Amortised cost of debenture loans corresponds to the remaining loan calculated as the underlying cash value of the loan at the date of raising the loan adjusted for depreciation of the price adjustment of the loan made over the term of the loan at the date of raising the loan.

Other debts are measured at amortised cost, substantially corresponding to nominal value.

## Cash Flow Statement

The cash flow statement shows the Group's cash flows for the year broken down by operating, investing and financing activities, changes for the year in cash and cash equivalents as well as the Group's cash and cash equivalents at the beginning and end of the year.

No cash flow statement has been prepared for the Parent Company as the Parent Company cash flows are included in the Consolidated Cash Flow Statement.

### Cash flows from operating activities

Cash flows from operating activities are calculated as EBITDA for the year adjusted for changes in working capital and non-cash operating items such as other operating income, exchange rate, corporation tax and provisions. Working capital comprises current assets less short-term debt excluding items included in cash and cash equivalents.



# Notes to the Financial Statements

## 23 Accounting Policies (continued)

### Cash flows from investing activities

Cash flows from investing activities comprise cash flows from acquisitions and disposals of intangible assets, property, plant and equipment as well as fixed asset investments.

### Cash flows from financing activities

Cash flows from financing activities comprise cash flows from the raising and repayment of long-term debt as well as payments to and from shareholders.

### Cash and cash equivalents

Cash and cash equivalents comprise "Cash at bank and in hand" and "Overdraft facilities".

The cash flow statement cannot be immediately derived from the published financial records.

# Notes to the Financial Statements

## 23 Accounting Policies (continued)

### Financial Highlights

#### Explanation of financial ratios

Gross margin	$\frac{\text{Gross profit} \times 100}{\text{Revenue}}$
Profit margin	$\frac{\text{Profit before financials} \times 100}{\text{Revenue}}$
Return on assets	$\frac{\text{Profit before financials} \times 100}{\text{Total assets}}$
Solvency ratio	$\frac{\text{Equity at year end} \times 100}{\text{Total assets at year end}}$
Return on equity	$\frac{\text{Net profit for the year} \times 100}{\text{Average equity}}$
EBITDA margin	$\frac{\text{EBITDA} \times 100}{\text{Revenue}}$
Revenue growth	$\frac{\text{Revenue (this year)} - \text{Revenue (previous year)} \times 100}{\text{Revenue (previous year)}}$
EBITDA margin less impact from sale of assets	$\frac{\text{EBTIDA margin less impact from sale of assets} \times 100}{\text{Revenue}}$
EBIT margin	$\frac{\text{EBIT} \times 100}{\text{Revenue}}$
Liquidity ratio	$\frac{\text{Current assets}}{\text{Current liabilities}}$
Debt to EBITDA ratio	$\frac{\text{Net interest bearing debt}}{\text{EBITDA}}$

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