
HEIA ApS

C/O Weibel Scientific A/S Solvang 30, DK-3450 Allerød

Annual Report for 1 May 2023 - 30 April 2024

CVR No. 39 62 40 79

The Annual Report was
presented and adopted
at the Annual General
Meeting of the
company
on 1/7 2024

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 2023 - 30 April 2024.

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 2024 of the Company and the Group and of the results of the Company and Group operations and of consolidated cash flows for 2023/24.

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, 1 July 2024

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 2024 and of the results of the Group's and the Parent Company's operations and of consolidated cash flows for the financial year 1 May 2023 - 30 April 2024 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 2023 - 30 April 2024, which comprise income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies, for both the Group and the Parent Company, as well as consolidated statement of cash flows ("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' International Code of Ethics for Professional Accountants (IESBA Code) and the additional ethical requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Statement 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.

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

Independent Auditor's report

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 Group's and the Parent Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the Financial Statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Parent Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and the Parent Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and contents of the Financial Statements, including the 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.

Independent Auditor's report

Hellerup, 1 July 2024

PricewaterhouseCoopers

Statsautoriseret Revisionspartnerselskab

CVR No 33 77 12 31

Thomas Baunkjær Andersen

State Authorised Public Accountant

mne35483

Mads Lundemann

State Authorised Public Accountant

mne44181

Company information

The Company

HEIA ApS
C/O Weibel Scientific A/S Solvang 30
3450 Allerød

CVR No: 39 62 40 79

Financial period: 1 May 2023 - 30 April 2024

Incorporated: 12 April 2018

Financial year: 7th financial year

Municipality of reg. office: Allerød

Executive Board

Thomas Øiseth Munkholm

Auditors

PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
Strandvejen 44
DK-2900 Hellerup

Management's review

Financial highlights

Heia Group Financial highlights

DKK '000	2023/24	2022/23	2021/22	2020/21	2019/20
Financial highlights					
Revenue	576.317	521.734	419.441	367.251	324.194
Revenue growth	10%	24%	14%	13%	20%
Gross profit	449.027	299.829	270.042	238.282	193.633
EBITDA	142.235	38.551	74.263	85.932	68.835
EBITDA less impact from sale of assets	137.117	38.551	74.043	78.003	69.300
EBIT	128.382	26.165	62.483	73.793	54.621
Net financials	(5.658)	(11.559)	(100)	(6.319)	(515)
Profit/Loss for the year	100.230	13.403	52.973	57.736	40.090
Total assets	1.089.504	858.545	792.036	585.782	502.730
Investments in property, plant & equipment	21.537	24.167	59.156	17.373	16.619
Investments in development assets	57.224	19.705	10.845	8.607	7.611
Equity	500.229	403.490	398.912	357.064	311.286
Net Working Capital	484.723	507.721	471.520	351.355	220.957
Net interest bearing debt/(cash)	151.658	238.007	178.679	45.002	12.277
Cash flows from operating activities	168.257	(9.846)	(43.740)	(47.548)	13.436
Cash flows from investing activities	(68.562)	(43.373)	(75.982)	11.476	(22.663)
Cash flows from financing activities	(22.874)	(13.903)	13.021	824	(6.244)
Total cash flows	76.821	(67.122)	(106.701)	(35.248)	(15.471)
<i>Ratios</i>					
EBITDA margin	24,7%	7,4%	17,7%	23,4%	21,2%
EBITDA margin less impact from sale of assets	23,8%	7,4%	17,7%	21,2%	21,4%
EBIT margin	22,3%	5,0%	14,9%	20,1%	16,8%
Return on equity	22,2%	3,3%	14,0%	17,3%	25,8%
Solvency ratio	45,9%	47,0%	50,4%	61,0%	61,9%
Liquidity ratio	185,6%	169,4%	227,7%	355,2%	301,1%
Debt to EBITDA ratio	107%	617%	241%	52%	18%
<i>Employees end of year (FTE's):</i>					
Employees in Denmark	353	314	247	199	152
Employees in Norway	13	13	11	9	8
Employees in US	7	5	5	5	3
Total employees end of year	373	332	263	213	163
Female employees end of year	61	50	35	25	No data
Ratio of female employees	16%	15%	13%	12%	n/a
Employee growth	12%	26%	23%	31%	7%

For definitions of ratios, see under accounting policies.

Management's review

Heia ApS Group Management review

Heia ApS (Heia) is the majority shareholder of Weibel Scientific Group, (Weibel, or the Company), is the leading global producer of continuous-wave Doppler radars. This is the absolute primary activity of Heia. This Management's Review is based on the ownership of Weibel unless Heia is specifically mentioned.

Weibel delivers superior products to mostly public organizations in the aerospace, defense, forensic science, and protection of critical infrastructure industry sectors with revenues of DKK 576 million and profit of DKK 106 million in 2023/24.

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

Building on experience since 1977; Weibel develops, manufactures and sells the worlds most advanced Doppler radars. At Weibel we are – and have always been – driven by one overarching goal: *“To push the boundaries of physics and deliver “tip of the spear” capabilities to users worldwide”*.

Since 1977 we have delivered more than 5,000 radars to customers in more than 40 countries. Of those more than 4,000 are installed on artillery, naval guns and heavy mortar systems in the western oriented world.

Our radar product portfolio has mostly been developed for dual-use purposes within space, defense and protection of critical infrastructure and to a minor degree products developed entirely for military use.

Our Xenta radars are applied in airports for detection, tracking and classification of drones to increase the security of travelling. The radars are also applied within air defense systems for detecting, tracking and classifying low, slow and small targets such as drones and at the same time detecting aircrafts, helicopters and missiles at longer ranges.

We provide a wide a wide range of radar systems for use in military defense applications, including muzzle velocity radars for artillery and mortars, drone detection and short-range air defense. Whether installed on fixed or mobile weapon installations, our radars are designed to withstand the rigors of combat, as well as the most extreme conditions – from severe cold to high heat, dry to humid as well as sand, snow, hail and rain.

Our Instrumentation radars are applied on test ranges worldwide, just as these products are applied within the space industry for range safety objectives and as providers of capabilities within space situational awareness.

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

Management's review

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 systems for the tracking and measurement of cars and 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.

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

Mr. Frode Scott Nilsen was appointed Weibel's CEO January 2022.

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 +370-strong workforce is based at company headquarters, development and production facilities in Allerød Denmark, North of Copenhagen.

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

Management's review

In-house development and production

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

On-site testing

Before delivery, all our radar systems are calibrated and tested in realistic scenarios at our test facilities in Denmark. We have the industry's most advanced software and hardware systems for monitoring and measuring variables and our testing scenarios includes drones in various sizes.

Our products are aimed at four overall market segments:

- Tracking radars applied for Instrumentation purposes
- Surveillance radars related to Anti-Drone & Air defense systems including protection of critical infrastructure
- Space
- Radars for weapon systems to measure and track ammunition with great reliability and accuracy
- Ballistic missile defense

The market segments do not reflect the organization or reporting 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.

Tracking radars applied for Instrumentation purposes

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

Weibel's Doppler range instrumentation radar systems are used for advanced, complex measurements in test ranges worldwide. To date, Weibel has delivered more than 250 tracking radar systems worldwide.

The radars are typically applied for tests related to development and qualification of ammunition and weapon systems.

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

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.

Surveillance radars related to Anti-Drone & Air defense systems including protection of critical infrastructure

Weibel offers next-generation drone and air defense radar systems 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.

Detection, tracking and classification of drones is especially important within the defense segment in which this provides lifesaving capabilities to the end users of our products.

Radars for weapon systems to measure and track ammunition with great reliability and accuracy

The ability to accurately measure and analyze muzzle velocity in real-time is critical when firing artillery. In fact, muzzle velocity data is as important as meteorological data and projectile characteristics to ensure the best possible firing accuracy, accounting for up to 40 percent of the error budget in artillery shooting.

Several factors can affect a round's muzzle velocity, including weapon conditions, tube tolerance, ammunition lot variance, propellant conditions, crew performance, recoil system conditions and deployment. It is critical to compensate for these factors to achieve the desired accuracy by adjusting gun settings based on the actual muzzle velocity.

Artillery firing accuracy is described in terms of precision and bias. The objective is for multiple artillery rounds to strike a target with a small mean point of impact (MPI) and high precision.

This has very real performance results. It reduces collateral damage in complex battle scenarios when firing artillery and other indirect weapons and the desired effect is achieved faster and with fewer rounds. This is important in "shoot and scoot" missions to maximize survivability, and it helps to reduce the total costs of operation. Effectively controlling the muzzle velocity gives you a better opportunity to achieve satisfactory results in both of these parameters.

Through features such as self-calibration and active motion compensation technologies, Weibel muzzle velocity radars set the global standard for measurements of modern artillery with minimum maintenance and logistic requirements. The system consists of an antenna with an integrated processor and an optional display unit placed near the gunner or battery commander.

Management's review

Weibel has delivered more than 4,000 tactical muzzle velocity radars in 40 countries. Our family of tactical radars, based on Doppler X-band technology, accurately measure the muzzle velocity in artillery systems. Muzzle velocity is calculated using Fast Fourier Transform (FFT) and digital signal processing, ranging from 30 to 3,000 meters per second.

Building global Space Situational Awareness capability

Supplying long-range tracking radar systems to various space agencies around the world, Weibel play an important part in building capabilities for Space Situational Awareness globally. Weibel's radars are well-suited for space surveillance and tracking just as they are well suited for safety during space launches. 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.

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 expects that growing concerns related to space debris will lead to a growing market for radars to mitigate this global risk over the coming years.

More information

More information about Weibel can be found on the Group's website at 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 2023/24 we have e.g. worked on projects related to development of new software appliances, new and larger platform for Tracking radars and not least the development of Xenta, an entirely next generation product line related to drone surveillance. Weibel has during 2023/24 spent more than DKK 180 million on R&D related activities compared to DKK 120 million in 2022/23.

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 our 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.

An important source of our own development and innovation is our partnerships with educational and research facilities within radar and digital processing technologies. We want to share an appreciation of science and technology with the general public and future generations.

Weibel Scientific's strategy: "Weibel Always Ahead 2.0"

Weibel updated our strategy during 2022/23. The financial aim of the updated strategy, "Weibel Always Ahead 2.0", is that Weibel revenue will grow beyond DKK 1 billion over the next 3-4 years while we return to EBITDA margins above 25%, while at the same time heavily invest in development the Company and invest in development of new products to further secure continued growth.

The choice of strategy is based on continue growing, increase profitability, invest in development of the Company and new technology while we further professionalize the Company in order to ensure the foundation for continued growth.

The strategic focus areas of Weibel Always Ahead 2.0 are related to:

- Protect our strong points and capture new markets within the Instrumentation market
- Becoming a dominant player in Shorad, C-UAS and critical infrastructure protection radar surveillance markets
- Create a strong organization within Aftermarket
- Improve and scale our delivery capability
- Develop a market leading product portfolio
- Create an improved foundation for growth through people and infrastructure

Management has identified and set key targets within each of these 6 strategic focus areas and select key initiatives are executed to ensure we reach the targets in due time.

Key Risks

The Company, Board of Directors and Executive Management are in a continuous 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.

Weibel has adopted a risk Management policy. The risk management policy includes an overview of the risks that Management assesses on an ongoing basis and sets out guidelines for reporting and discussion between Management and Board of Directors. The risk management policy also sets out guidelines for mitigating actions of risks.

Market risks

The primary business model for Weibel is being a Danish supplier of technology in business-to-business or business-to-government transactions where the end user in most cases is a government authority.

Management's review

Weibel's business is within a highly regulated market with export regulations for dual-use and military equipment. Weibel invests a great deal of efforts into ensuring compliance with the complex regulations from EU, US and Danish authorities and we have established a formalized export control program.

If Denmark should undertake a stricter political standpoint on export regulations than the standpoints in the nations where our competitors are located, this becomes a business and competition challenge for Weibel, which will impact our ability to grow and create Danish jobs in the future and may cause a need for Weibel to grow outside of Denmark to maintain level playing field.

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. Some of the current and potential future geopolitical turmoil may have implications to the delivery and transportation of key components mentioned below.

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.

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 lower project efficiency and potentially also penalties for delayed deliveries or in worst case even risk of contracts being terminated by customers.

IT-risk and risk of espionage and sabotage from foreign nation state actors

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 value of our technology and the nature of our products and customers Weibel is especially exposed to risk of targeted cyber-attacks and cyber based espionage from foreign nation state actors as well as risk of sabotage from foreign nation state actors. Therefore, high levels of physical and IT security are paramount, and the Company continuously ensure that policies and practices are developed, improved and followed within the Company and the IT area in order to improve people, processes and technology within the physical and the IT domain.

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 and guarantee lines available and the support of our financial partners to implement and finance the planned short-term and long-term activities and investments.

To ensure stability Weibel has a policy of only doing business with strong financial institutions, who are considered SIFI institutions.

Weibel has ensured that our financial partners and counterparties understand and support the nature of our activities and to ensure stability we avoid doing business with financial institutions that do not show clear support to working within the defense industry.

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.

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

The Company has implemented a financial policy including policy regarding foreign exchange fluctuations and potential hedging or other mitigating measures.

In accordance with the policy The Company has not applied any currency hedging during the year and no financial instruments are in place at 30 April 2024.

In general, the order book is based on USD, DKK and EUR. The cost base is in general denominated in DKK and EUR and to a minor extent to NOK and USD. The primary currency risk is related to the relation between DKK and USD.

Interest rate risks

Weibel has limited exposure to changes in interest rates due to the level of interest bearing debt and a combination of mortgage loans with fixed and floating interest.

Credit risk

Due to the nature of the customers and the milestone payments associated with our contracts, there is no significant credit risk relative to individual customers.

Pandemic risk

Our industry was impacted at a lower rate than many other global industries from the recent Covid-19 pandemic.

Main reasons for the lower impact to our company is related to long-term sales and delivery processes and very stable customers, whose long-term demand was not impacted by the pandemic.

The main pandemic risk for Weibel is related to supply risk to the extent that the supply situation may be impacted by consequences of a potential future pandemic situation.

Geopolitical risk

The geopolitical situation has in general changed over the past few years with regards to the impact from the war in Ukraine and Russian aggressions in Europe, the attack on Israel and the situation in the Red Sea and the rising tensions among global powers in the Asia-Pacific region including the risk of a "trade war" with China.

The geopolitical development imposes a risk to society as we used to know it before 2022 and has led to higher inflation and risk of energy and other supply shortages.

Weibel is part of the defense industry and do not foresee that the geopolitical development will have adverse impact to the demand of our products. On the contrary the geopolitical development has led to Western

Management's review

oriented nations increasing defense spending for own use and to the support of Ukraine. This development is expected to drive an increased demand of our products.

Weibel is exposed to the overall adverse impact that the geopolitical situation may have to the supply of critical products dependent on semi-conductors, chips and other electronically components, but also related to certain other key components to be included in radars. Weibel may also be impacted if the geopolitical situation will cause disturbances to the supply of energy or any failures to public infrastructure. We do not foresee our supply side will be impacted any different than other Danish companies.

Corporate Social Responsibility risks

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.

Weibel 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 our 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 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 on this 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 are 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 subject to 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 or military products. 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

Management's review

Weibel and no formalized human rights policy has been adopted as the risk related to human rights is considered limited.

Whistle blower function

As part of the risk identification and risk management process, the Company has set up a whistle-blower function which, in addition to the other control functions within the Company is intended to report on suspected irregularities in the business.

Ongoing litigation

There are no ongoing litigations in the Group.

Development in activities and financial position 2023/24

Heia and Weibel reported revenue amounted to DKK 576 million, representing an organic growth of 10% from DKK 522 million in 2022/23.

Heia reported EBITDA less impact from sale of assets amounted to DKK 137 million compared to DKK 39 million in 2022/23 reflecting a reported EBITDA margin of 23,8% in 2023/24 compared to 7.4% in 2022/23.

Weibel has during the year entered a buy-back transaction with one of our customers regarding a radar included in a project that was classified as work in progress. In the transaction Weibel bought back a radar that was delivered to the customer, but where final acceptance had not been completed. The radar is a very advanced and fully functional radar, which will be divested to another customer during 2024/25.

The impact from this buy-back transaction has been adverse to revenue by DKK 67m and has had an adverse EBITDA-impact of DKK 9m.

Weibel Management has during 2023/24 reviewed underlying performance defined as reported performance net of this buy-back transaction to understand the development of the underlying business. Underlying revenue was DKK 643 million and underlying EBITDA less impact from sale of assets was DKK 154 million. This reflects underlying revenue growth of 23% and an underlying EBITDA-margin of 23.9%.

Reported and underlying profitability has been improved compared to last year due to the positive impacts from higher revenue, improved gross margins, improved economy of scale and capitalization of product development. The improvement is better than included in the outlook for 2023/24.

Outlook for 2023/24 as presented in the annual report 2022/23 was revenue growth between 15% and 25% and EBITDA margin between 10% and 15%.

Underlying Revenue growth of 23.9% is in the high range of the revenue outlook presented last year, whereas reported revenue growth of 10% is just below the outlook presented. Reported as well as underlying EBITDA margins (25.2% and 23.9%) both exceeded the outlook significantly.

Management's review

Profitability of 2023/24 was impacted by the hire of 41 new employees (12% growth compared to April 2023) and continued investment in new products and professionalization of the Company resulting in a high level of development costs.

Heia Group shareholder's equity amounted to DKK 500 million (30 April 2023: DKK 403 million) and consolidated total assets of DKK 1,089 million (30 April 2023: DKK 859 million).

Number of employees

At 30 April 2024, the Weibel Scientific A/S had 353 employees compared to 314 employees at 30 April 2023, an increase of 12% from the previous year (last year growth was 27%). The Heia group had 373 employees at 30 April 2024 compared to 332 at 30 April 2023, an increase of 12% from the previous year (was 26% last year).

Parent company

The parent company, Heia ApS, revenue amounted to DKK 0 million in 2023/24. EBITDA amounted to DKK (1) million, EBIT was DKK (1) million and profit after tax was DKK 55 million. The parent company's equity amounted to DKK 280 million at 30 April 2024 and total assets of DKK 280 million at 30 April 2024.

Besides the above, there are no other relevant issues regarding the parent company not mentioned in the Management review for the Company.

Outlook for 2024/25

Management expects underlying revenue to grow between 20% and 30% in 2024/25. Reported revenue is expected to grow by 40% to 50% in 2024/25.

During 2023/24 we have been able to increase the Company's order backlog and we enter 2024/25 with an order book that supports higher underlying revenue than realized during 2023/24. Weibel is dependent on securing and executing further orders to be able to achieve the growth ranges indicated above.

Weibel operates in markets where sales processes are lengthy and to a high degree dependent on public spending on defense related purchases. Contract signing is regularly delayed due to issues out of our control. We are however quite confident; we will be able to secure orders that provide basis for the growth ranges indicated above.

Geopolitical turmoil has impacted the growth of the market for defense spending positively during the past year. The market for Weibel products was already growing for several years before 2022 and our plans and outlook for the 2024/25 are based on the results of the long hard work we have been conducting over the past years.

Management's review

The EBITDA margin for 2024/25 is targeted in a range of 18% - 22%. The level of profitability is expected to be temporary low due to the combination of: Two projects with lower-than-normal margins due to specific circumstances, a number of specific investments and not least the investment in +80 new hires. The profitability of the underlying business is expected to be above 20% EBITDA margin.

The expectations for 2024/25 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 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. At 30 April 2024 the currency ratio was 6.96 DKK/USD compared to 6.79 at 30 April 2023.

Financial resources

At 30 April 2024, cash and non-utilized credit facilities amounted to approximately DKK 130 million. 30 April 2023 was DKK 55 million.

The Executive Management together with the Board of Directors regularly assess whether the Company has an adequate capital structure, by assessing the size of the Company's cash flow, interest bearing debt, earnings, gearing between EBITDA and Net-interest-bearing debt and activities in general. The capital structure and readiness is considered to be adequate. If the owners of the Company should wish to change the capital structure or increase credit facilities Management assess the Company is well positioned to do so.

Matters affecting the financial statements

Apart from the buy-back transaction mentioned above under financial performance, 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.

Corporate Social responsibility according to section 99a of the Danish Financial Statements Act for Heia ApS-Group

In Weibel we take a social responsibility. Social responsibility for us is when we create jobs, we develop society technologically, we educate our people, we contribute to green transitioning, we contribute to the local society 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 under the headline "Corporate Social Responsibility Risks" in the Key risk section above in the subsections: "People risk" and "Corporate Social Responsibility related risks".

Management's review

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. Nearly all of what we produce is exported.

Our market access is based on export 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 within export control and sanctions.

It is of course the policy of Weibel to comply with all laws and regulations including those governing sanctioned parties and import/export of products such as physical products, technology and software. Hence, all exports and imports from and to Weibel are required to be handled in accordance with the exporting and importing countries applicable laws which seek to control nuclear proliferation, missile technology, chemical and biological weapons as well as violations of human rights.

All Weibel employees and officers shall on an ongoing basis ensure such compliance within their sphere of influence. This includes an obligation to comply with Weibel's internal compliance procedures for export control which are developed in accordance with the EU Commission recommendation on internal compliance programs for dual-use trade controls.

No transactions are made with any individual or company that appears on an applicable sanctioned parties list issued by the United Nations, the European Union or national states and in particular the United States of America.

Due to the fundamental importance of compliance with applicable export control laws and economic sanctions, employees or officers who knowingly violate compliance with this policy may face serious consequences. We work with relevant authorities to ensure that our policies are followed and export regulation is in compliance. This has most recently been confirmed by a regular inspection from the Danish Business Authorities (Erhvervsstyrelsen) in 2023.

Based on our assessment of the highly sophisticated employment markets we operate in, our suppliers, the geographical footprint of our supply chain, our low buying power and our position in a highly regulated industry the possibility to impact human rights is limited for Weibel and no human rights policy has been adopted for such upstream issues as the risk related to human rights is considered limited. With regards to downstream human rights issues our policy is to adhere to the rules and regulation within this regulated industry as referred to above.

We will during 2024/25 continue to ensure compliance with Danish and International rules within this area.

Management's review

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 identified by Weibel 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 Weibel's competitiveness by reducing relative 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 employee awareness on the importance of environmental care
- Incorporate environmental practice for procurement

Weibel is a fast-growing industrial company, which will increase the size of the Company to a higher level. Growing will lead to increased absolute 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 we have executed has been the building of a new production facility, which has increased our footprint significantly. In order to mitigate the environmental impact from this growth initiative, we have:

- Built our new production building out of wood instead of e.g. concrete,
- Added as many solar cells to the roof as possible instead of just the mandatory volume
- Installed non-fossil heating generated from an air to water pump instead of gas based heating
- In general chosen low emission type of installations in the building

Weibel has applied electric cars in the daily operations since 2013 and we will include even more electrical cars, when changing cars in the future.

Management's review

To support the green transportation transition among our employees we have installed a number of power charging stations for their cars and will continue to expand this offering to our employees.

As a result of the increased awareness of environment and climate Weibel has during 2023 increased recycling of our waste, we have improved the ratio between input and output with reference to energy consumption. We have as of April 2024 changed the source of our power consumption from blended power to 100% green power. This initiative will significantly improve the CO₂-consumption related to our activities.

We will in 2024/25 continue our work to lower our relative energy consumption.

Weibel is defined as a large company under Danish legislation and will as of 2025/26 be impacted by new comprehensive regulation with regards to ESG reporting - CSRD-reporting.

Weibel has during 2023/24 prepared a double materiality analysis and a gap analysis to understand our current level of readiness to implement CSRD-reporting. Working on the ESG agenda and investing in new employees within this field is one of the actions Weibel has planned for 2024/25 to fill the gaps and ensure we are ready for CSRD-reporting and harvesting the improvements we identify and decide to invest in. It is also our ambition that we will during 2024/25 become more data driven within this area.

Social and employee relations including diversity

Most of what we develop and produce is exported to public authorities in the Western-oriented world. The nature of our products means that Weibel is part of a highly regulated industry. All exports and imports from and to Weibel are handled in close accordance with applicable laws. We invest great efforts into ensuring compliance with laws and regulations, and no export happens without prior export permission from Danish authorities who assess export markets in terms of human rights, economic sanctions and other risks.

We have insourced nearly all development and production, giving us control over every little detail in our radar systems. The suppliers we use are primarily a combination of local minor suppliers in the global supply chain of e.g. aluminum and global suppliers where our low purchasing power allows us to yield very little influence on their conduct.

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, age, 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 2023/24 all recruitments have been evaluated according to this policy.

Management's review

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 workspace to underline this. We perform several employee surveys each year within this area and entertain follow up meetings including employees to identify and classify improvements to be made to the workspace.

Outsourcing of certain limited development and production tasks has been placed with suppliers in Denmark or e.g. Germany ensuring similar conditions to those described above.

HSE incidents and illness absence

Management is closely monitoring the development in HSE incidents.

The number of incidents leading to absence during 2023/24 has been 3 with a total of 0 absent days. During 2022/23 the number of incidents was 6, with 10 absent days as a result. Even though there has been an improvement in the number of incidents and number of absent days; the result is still not as good as Management's ambitions in this field.

We have a process in place to analyze potential incidents with regards to root cause to the incident and apply relevant mitigating actions to avoid similar incidents in the future. We have not found any processes that generate systemic incidents during 2023/24, we have however based on employee input identified a few areas, where we will improve our surroundings to avoid future incidents.

It is our ambition that the development in HSE incidents will at least remain low during the coming year, but due to the very low number of incidents during 2023/24, there is a risk that the number of HSE incidents may increase. To the extent we may experience HSE incidents; it is our ambition that we will be able to ensure that we continue to not have systemic HSE incidents.

Illness absence

Management is closely monitoring the development in illness absence and having monthly reviews of the development.

Weibel has put in place a number of actions that help our employees maintain a good health. This includes voluntarily annual flu vaccination programs, opportunity of participating in exercise and focus on healthy food in the Company canteen. We have a health insurance plan in place for all employees and have in 2024 also implemented an insurance for dentist treatment for the employees to encourage that our employees ensure healthy teeth, which may improve their long-term health.

The overall illness absence was 4.3% during 2023/24 (2022/23 was 2.6%). The trend on illness has been slightly increasing over the past few months. Part of the increasing trend is related to improved data quality and increased level of registering actual illness absence, which was previously not a focus point for Weibel. Another part of the increasing trend is however related to a low number of employees who are currently in long-term illness situations.

Management's review

It is our ambition to maintain a workplace with a low level of illness absence during 2024/25 and Management will continue to monitor the development and will impose mitigating actions if we find this needed. It is also our ambition to ensure that those employees, who enter situations with long-term illness can be brought back to Weibel; preferably in the position they have held prior to their absence, but if this should not be possible, at least in a position that fits their new condition.

People development and support

People is Weibel's most valuable asset and we are very actively working to ensure retention and attraction. We have implemented formalized processes to ensure that we are and continue to be an attractive workplace. The initiatives and tools that are part of our annual People wheel include:

- Annual organizational reviews and bi-annual employee development meetings to ensure that all people are aware of expectations and receive the training needed to develop for the benefit of themselves and for Weibel
- Annual key person assessment related to key individuals in the organization to assess Weibel's risks related to individuals in order to enable work on developing or attracting relevant people to lower the risk related to key individuals and to ensure scalability
- We have clear role descriptions on employee level in all functions to ensure that roles and responsibilities are understood and in place
- +2 annual employee satisfaction surveys and regular follow up meetings at team level to identify and implement improvements
- We develop our leaders and our HR department support individual managers with coaching and sparring to improve quality of daily leadership
- A series of cultural and teambuilding activities such as Weibel Family day, Christmas party for families, annual parties and other after-work activities
- An annual salary adjustment process to ensure that all people have adequate salaries that reflect the development and value they create for Weibel

To support this work, we have during 2023/24 further developed our online training portal, Weibel Academy, that supports more efficient and streamlined training to be introduced to new employees and to support the roll-out of new guidelines, processes etc.

The work we do on People is reported to and discussed with the Board of Directors once annually at an Organizational Review session.

Weibel is a high growth company and the number of employees has more than doubled since April 2020, when the number of employees was at 163. For each of the past 4 years we have net added 12% to 30% new employees compared to the previous year. The growth in employees follows the strategy of combining growth and professionalization at the same time. Weibel has during this period added new functions as well as more staff to existing functions. New functions e.g., includes Planning, Project Management, IT Security, Legal and an entirely new production line for our new Xenta product. To support the growth in revenue we have added employees to all parts of the Company during the period.

Management's review

During 2023/24 the number of employees grew from 332 end of April 2023 to 373 end of April 2024. The net growth of 41 FTE's is spot on budget of 40 net hires and is by purpose lower than the 69 hires in 2022/23, but in balance with the development of the company during 2023/24.

We measure turnover of employees and have during 2023/24 had a turnover of 12% (2022/23 was 14%), which we believe is at a fair level, taking leavers' performance of leavers into perspective. Among the leavers we measure "Bad leavers". "Bad leavers" are defined as employees where Weibel would have wished them keep employed. The number of "Bad leavers" during 2023/24 was 3% (2022/23 was 4%) a level, which we believe is adequate.

We appraise equality with regards to age and are happy to have a balanced workplace, where 11% of our employees are above 60 years of age (2022/23 was 13%). The number of employees in this group is unchanged, but the growth in employees has driven the relative decrease in this group employees. We have during 2023/24 recruited a few of these experienced employees who contribute positively to our workplace with long experience, high performance and provide a calmness that enables us to improve the performance of our younger staff and our Company in general.

For 2024/25 our ambitions in the People area include:

- Keeping employee turnover at a satisfactory level and keep level of Bad leavers low
- Further improving and developing our People processes
- Being able to recruit about 130 new employees to ensure people net growth of 80 employees to support Weibel's continued development
- Ensuring retention for key individuals
- Improving on-boarding process to gain high performance from new people faster
- Improving leadership for middle managers
- Maintain sickness rates at a satisfactory level
- Increase the quantity and quality of internal training in Weibel Academy
- Continue adapting the growing organization to the changes that more employees require

Anti-bribery and corruption

Weibel has implemented a code of conduct policy to ensure that the Company, employees, agents and resellers act according to high ethical standards and clearly forbid the participation in any kind of bribery or facility payments – both directly and indirectly, as the main risks in this area is assessed to lie within unawareness of responsible business conduct.

The purpose of Weibel's code of conduct policy is to contribute to the compliance of regulation and 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:

- 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 export compliance and sanction regulation wherever we operate.
- The business practices of Weibel should always be in full compliance with competition law wherever we operate.

Management's review

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. Annual code of conduct training is provided to all employees.

No incidents of corruption were detected during 2023/24 and Management is not aware of any violations of the strict anti-bribery and corruption policies of the Company.

For 2024/25 it is our ambition with unchanged control still not to experience any incidents of corruption or violations of our anti-bribery and corruption policies.

To support our work on improving Weibel security we have adopted a security clearance policy to support the confidentiality related to working at Weibel. The policy includes criminal record screenings and obtaining security clearance for select staff. The policies also include external consultants and other business partners.

Veteran support

Supporting veterans in Denmark and abroad will always be special to our understanding of social responsibility.

We have a profound respect for those willing to sacrifice their lives to keep others safe, and our veteran policy encompasses both direct involvement and economic support in a wide range of initiatives. The main content of our Veteran 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
- Financial support directly and indirectly to veterans and veteran organizations

We have employed veterans for many years. Their experience and insights contribute positively to our cooperation with defense organizations and end-users throughout the world. Currently, Weibel has about 20 veterans employed.

We are a continuous sponsor and partner of the Society of Danish Wounded Warriors (Veteranskytterne). We also support various veteran sports events, veteran music festival Engage, the organization "Velkommen Hjem" and other veteran-related activities and organizations in Denmark and abroad.

We strongly encourage veteran support from our suppliers and partners and are proud to favor coffee from Veterans' Charity Coffee and services from Veterankompagniet.

We plan to uphold our support to veterans during 2024/25.

Management's review

Creating the world's best children's hospital – Weibel as one of four founding fathers of Børneriget Fonden

In 2020, Weibel became one of four founding fathers of the children's hospital foundation Børneriget Fonden. This is the first ever hospital foundation supporting a public hospital in Denmark; Mary Elizabeth's Hospital is planned to open in 2026. The goal: Building the world's #1 hospital for children and pregnant women.

No child deserves to become seriously or chronically ill. Weibel is very proud to support the hospital in research, new technology investments and the physical surroundings – all to the benefit of the patients and their families.

Supporting education

We see it as our responsibility to help spread an interest in STEM among future generations. At the same time, partnerships with educational facilities are an important source of our own development and innovation.

We have a close and long-standing collaboration with Denmark's Technical University (DTU). We are involved in a range of activities, some of our specialists are external examiners, and we often have several graduate and PhD students conducting research at our development, test, and production facilities.

Data ethics according to section 99d of the Danish Financial Statements Act

At Weibel, we are committed to protecting our employees' right to privacy, and we fully comply with GDPR legislation relating to our employees and any other personal data we may possess.

All other data, Weibel may have, is considered business critical and will under no circumstance be subject to sharing, selling or otherwise be made available to external parties. Therefore, Weibel does not have a business policy on data ethics.

However, Weibel continuously assess our potential impact on the right to privacy, and should the risk picture change, we will take the necessary steps with our top management to put in place adequate policies and procedures to ensure that we continue to comply with the highest level of data ethics and protection of people's right to privacy.

Management's review

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:

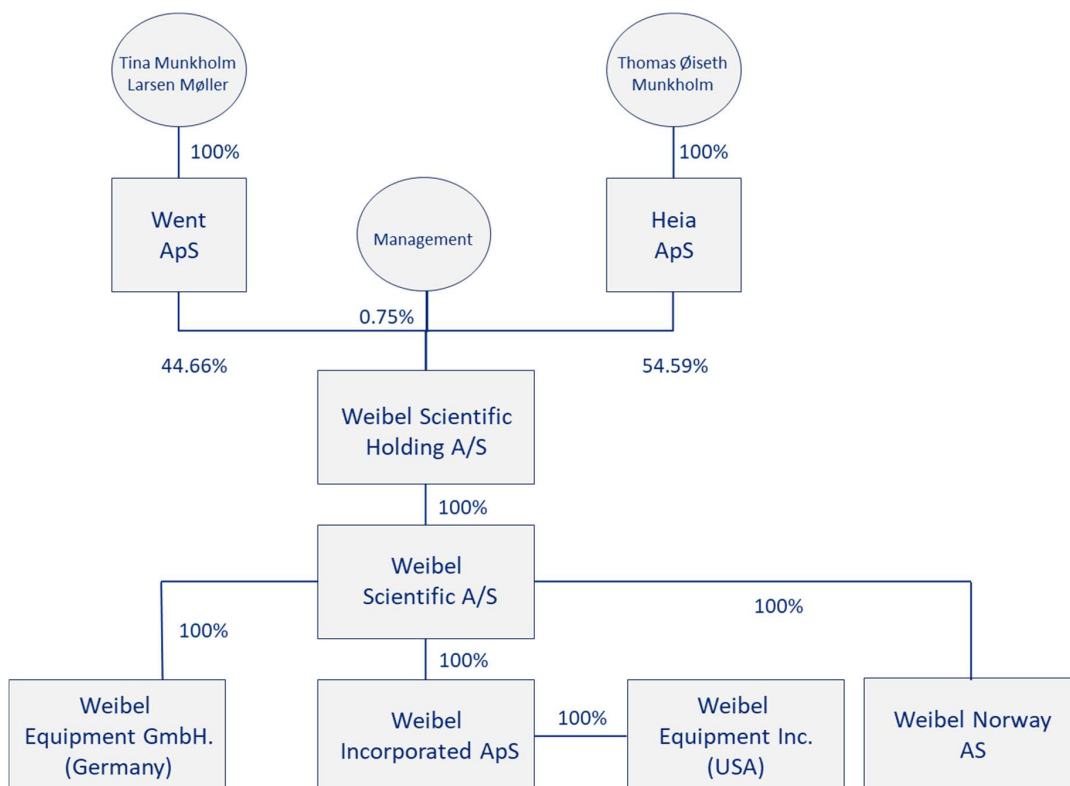
- Heia ApS CVR no. 39 62 40 79 having 54.59% ownership and 54.27% votes.
- Went ApS CVR no. 39 62 40 87 having 44.66% ownership and 45.62% votes.

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 a major Danish SIFI-rated bank.

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

Weibel Scientific Group includes the companies Weibel Scientific A/S, Weibel Equipment GmbH., Weibel Incorporated ApS, Weibel Equipment Inc. and Weibel Norway AS. No changes have been implemented to the group structure in 2023/24.



Management's review

Board of Directors, Executive Board and Company Management

At 30 April 2024 the Board of Directors (BOD) 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, 54.59% shareholder
- Tina Munkholm Larsen Møller, appointed September 2010, 44.66% shareholder
- Carsten Kenneth Jensen, appointed September 2012
- Reynold Nelson Hoover, appointed June 2023

During the year Mr. Tim Sloth Jørgensen left the BOD for retirement.

The two main shareholders are members of the Board of Directors representing 99.6% of the shares.

The Executive Board is comprised of the following member:

- CEO: Frode Scott Nilsen, appointed January 2022

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 on regular basis. The topics of these reports include market development and the Group's development, financing 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 five times a year: Furthermore, information about the Company, results and financial position is shared with the Board of Directors on a regular basis. Extraordinary meetings are held if relevant. 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 (CEO and CFO) on a monthly basis and when needed and a US committee has been set up regarding development in the US.

Management's review

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 performance, 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 according to section 99b of the Danish Financial Statements Act Heia ApS

The underrepresented gender, Executive Board

The Executive Board only has 1 member and there is no Board of Directors established. Therefore, no target has been set with regards to underrepresented gender.

The underrepresented gender, Management

Heia Aps employes less than 50 employees. Therefore, Heia ApS is not obliged to and has not created a policy for the underrepresented gender.

Other positions of the members of the Board of Directors and the Executive Board of Weibel Scientific A/S

Jørgen Falkebo Jensen

- VKR Holding A/S, Vice-Chairman
- Velux A/S, Chairman
- Micro Matic A/S, Chairman
- Ambu A/S, Chairman
- 3Shape Holding A/S, Chairman
- 3Shape A/S, Chairman
- 3Shape Trios A/S, Chairman
- JFJ Invest ApS, Executive Board
- Weibel Scientific Holding A/S, Board member
- Armacell S.a.r.L., Board member
- Healthcare Denmark, Chairman

Thomas Øiseth Munkholm

- Heia ApS, Executive Board
- Weibel Scientific Holding A/S, Board member and Executive Board
- Unbelievable ApS, Chairman
- OONO Medical A/S, Board member
- Sense Technologies AS, Styreleder og Daglig Leder

Tina Munkholm Larsen Møller

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

Management's review

Carsten Kenneth Jensen

- 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
- CC Modul ApS, Chairman
- European Aircraft Sales A/S, Chairman
- Investeringselskabet Artha Safe A/S, Board member
- Investeringselskabet Artha Responsible A/S, Board member
- Investeringselskabet Artha DMax A/S, Board member
- Investeringselskabet Artha Optimum A/S, Board member
- Investeringselskabet Artha Max A/S, Board member

Reynold Nelson Hoover

- CEO of the Organizing Committee of the Olympic and Paralympic Games LA28

Frode Scott Nilsen

- DI Forsvar og Sikkerhed, Board member

Events subsequently to the financial year

No events have occurred which affect the financial statement for 2023/24.

Income statement 1 May 2023 - 30 April 2024

	Note	Group		Parent company	
		2023/24	2022/23	2023/24	2022/23
		TDKK	TDKK	TDKK	TDKK
Revenue	1	576,317	521,734	0	0
Work on own account recognised in assets		57,015	15,529	0	0
Other operating income		5,710	0	0	0
Expenses for raw materials and consumables		-112,521	-135,405	0	0
Other external expenses		-77,494	-102,015	-594	-69
Gross profit		449,027	299,843	-594	-69
Staff expenses	2	-306,792	-261,292	0	0
Earnings Before Interest Taxes Depreciation and Amortization		142,235	38,551	-594	-69
Amortisation, depreciation and impairment losses of intangible assets and property, plant and equipment	3	-13,271	-12,227	0	0
Other operating expenses		-582	-159	0	0
Profit/loss before financial income and expenses		128,382	26,165	-594	-69
Income from investments in subsidiaries		0	0	54,773	4,086
Financial income	4	16,952	10,747	752	774
Financial expenses	5	-22,610	-22,306	-301	-250
Profit/loss before tax		122,724	14,606	54,630	4,541
Tax on profit/loss for the year	6	-22,494	-1,203	31	-100
Net profit/loss for the year	7	100,230	13,403	54,661	4,441

Balance sheet 30 April 2024

Assets

	Note	Group		Parent company	
		2023/24	2022/23	2023/24	2022/23
		TDKK	TDKK	TDKK	TDKK
Acquired licenses		10,815	4,175	0	0
Development projects in progress		103,226	46,002	0	0
Intangible assets	8	114,041	50,177	0	0
Land and buildings		118,469	121,420	0	0
Other fixtures and fittings, tools and equipment		43,370	47,146	0	0
Property, plant and equipment	9	161,839	168,566	0	0
Investments in subsidiaries	10	0	0	265,043	210,896
Other investments	11	8,279	5,985	8,279	5,985
Deposits	11	594	565	0	0
Other receivables	11	826	769	826	769
Fixed asset investments		9,699	7,319	274,148	217,650
Fixed assets		285,579	226,062	274,148	217,650
Inventories	12	276,685	143,673	0	0
Trade receivables		56,958	102,303	0	0
Contract work in progress	13	427,923	336,357	0	0
Receivables from group enterprises		0	0	5,375	15,954
Other receivables		627	24,448	10	7
Deferred tax asset	15	0	0	147	116
Corporation tax		11,336	11,584	27	0
Prepayments	14	13,611	5,131	0	0
Receivables		510,455	479,823	5,559	16,077
Cash at bank and in hand		16,785	8,987	295	0
Current assets		803,925	632,483	5,854	16,077
Assets		1,089,504	858,545	280,002	233,727

Balance sheet 30 April 2024

Liabilities and equity

	Note	Group		Parent company	
		2023/24 TDKK	2022/23 TDKK	2023/24 TDKK	2022/23 TDKK
Share capital		250	250	250	250
Reserve for net revaluation under the equity method		0	0	99,509	45,362
Reserve for exchange rate conversion		305	170	0	0
Retained earnings		274,671	226,010	175,467	180,818
Proposed dividend for the year		4,500	3,000	4,500	3,000
Equity attributable to shareholders of the Parent Company		279,726	229,430	279,726	229,430
Minority interests		220,503	174,060	0	0
Equity		500,229	403,490	279,726	229,430
Provision for deferred tax	15	101,563	74,250	0	0
Other provisions	16	10,874	3,600	0	0
Provisions		112,437	77,850	0	0
Mortgage loans		37,867	45,880	0	0
Other payables		10,624	10,859	0	0
Long-term debt	17	48,491	56,739	0	0
Mortgage loans	17	2,017	3,531	0	0
Credit institutions		128,558	197,583	0	4,034
Prepayments received from customers	18	0	13	0	0
Trade payables		49,219	34,016	123	56
Contract work in progress	13	111,351	2,451	0	0
Payables to owners and Management		5,999	14,704	153	194
Corporation tax		581	448	0	0
Other payables	17	130,622	67,720	0	13
Short-term debt		428,347	320,466	276	4,297
Debt		476,838	377,205	276	4,297
Liabilities and equity		1,089,504	858,545	280,002	233,727

Balance sheet 30 April 2024

Liabilities and equity

	Note	Group		Parent company	
		2023/24	2022/23	2023/24	2022/23
		TDKK	TDKK	TDKK	TDKK
Contingent assets, liabilities and other financial obligations	22				
Related parties	23				
Fee to auditors appointed at the general meeting	24				
Accounting Policies	25				

Statement of changes in equity

Group

	Share capital	Reserve for exchange rate conversion	Retained earnings	Proposed dividend for the year	Equity excl. minority interests	Minority interests	Total
	TDKK	TDKK	TDKK	TDKK	TDKK	TDKK	TDKK
Equity at 1 May	250	170	226,010	3,000	229,430	174,060	403,490
Exchange adjustments	0	135	0	0	135	113	248
Ordinary dividend paid	0	0	0	-3,000	-3,000	0	-3,000
Extraordinary dividend paid	0	0	-1,500	0	-1,500	0	-1,500
Additions minorities	0	0	0	0	0	761	761
Net profit/loss for the year	0	0	50,161	4,500	54,661	45,569	100,230
Equity at 30 April	250	305	274,671	4,500	279,726	220,503	500,229

Statement of changes in equity

Parent company

	Share capital	Reserve for net revaluation under the equity method	Retained earnings	Proposed dividend for the year	Total
	TDKK	TDKK	TDKK	TDKK	TDKK
Equity at 1 May	250	45,362	180,818	3,000	229,430
Exchange adjustments	0	135	0	0	135
Ordinary dividend paid	0	0	0	-3,000	-3,000
Extraordinary dividend paid	0	0	-1,500	0	-1,500
Net profit/loss for the year	0	54,012	-3,851	4,500	54,661
Equity at 30 April	250	99,509	175,467	4,500	279,726

Cash flow Statement 1 May 2023 - 30 April 2024

	Note	Group	
		2023/24	2022/23
		TDKK	TDKK
EBITDA		142.235	38.551
Adjustments	20	3.465	(544)
Working capital changes	21	22.989	(36.294)
Cash flow from operating activities		168.698	1.713
Financial income received		15.384	10.747
Financial expenses paid		(21.043)	(22.306)
Income taxes refunded/(paid)		5.227	4.644
Cash flow from operating activities		168.257	(5.202)
Acquisition of intangible assets		(57.224)	(19.705)
Acquisition of tangible assets		(21.537)	(24.173)
Divestment of property, plant and equipment		11.764	(318)
Acquisition of financial assets		(2.390)	-
Divestment of shares		825	823
Acquisition of enterprises		-	-
Cash flow from investing activities		(68.562)	(43.373)
Debt to group enterprises		(8.611)	(5.069)
Repayment from long term other payables		-	3.198
Loans provided to group enterprises		-	(744)
Lease obligations		-	(169)
Dividend paid		(4.500)	(8.139)
Long term holiday accrual		(235)	-
Mortgage debt		(9.527)	(2.980)
Cash flow from financing activities		(22.874)	(13.903)
Net Cash flow		76.823	(62.478)
Opening cash balance		(188.596)	(126.118)
Closing cash balance		(111.773)	(188.596)

Notes to the Financial Statements

	Group		Parent company	
	2023/24	2022/23	2023/24	2022/23
	TDKK	TDKK	TDKK	TDKK
1. Revenue				
Geographical segments				
Revenue, Denmark	2,007	3,390	0	0
Revenue, exports	574,308	518,344	0	0
Other	2	0	0	0
	576,317	521,734	0	0

The group's revenue relates exclusively to the sale of radar and related products.

	Group		Parent company	
	2023/24	2022/23	2023/24	2022/23
	TDKK	TDKK	TDKK	TDKK
2. Staff Expenses				
Wages and salaries	283,057	238,802	0	0
Pensions	6,789	4,611	0	0
Other social security expenses	6,385	4,300	0	0
Other staff expenses	10,561	13,579	0	0
	306,792	261,292	0	0

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

Average number of employees	373	307	0	0
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	Group		Parent company	
	2023/24	2022/23	2023/24	2022/23
	TDKK	TDKK	TDKK	TDKK
3. Amortisation, depreciation and impairment losses of intangible assets and property, plant and equipment				
Depreciation of property, plant and equipment	13,271	12,227	0	0
	13,271	12,227	0	0

Notes to the Financial Statements

	Group		Parent company	
	2023/24	2022/23	2023/24	2022/23
	TDKK	TDKK	TDKK	TDKK
4. Financial income				
Interest received from group enterprises	0	0	421	734
Other financial income	7,987	2,738	331	40
Exchange adjustments	8,965	8,009	0	0
	16,952	10,747	752	774

	Group		Parent company	
	2023/24	2022/23	2023/24	2022/23
	TDKK	TDKK	TDKK	TDKK
5. Financial expenses				
Interest paid to group enterprises	0	134	47	134
Other financial expenses	14,766	10,239	254	116
Exchange adjustments, expenses	7,844	11,933	0	0
	22,610	22,306	301	250

	Group		Parent company	
	2023/24	2022/23	2023/24	2022/23
	TDKK	TDKK	TDKK	TDKK
6. Income tax expense				
Current tax for the year	-4,843	-4,983	0	0
Deferred tax for the year	27,313	6,186	-31	100
Adjustment of tax concerning previous years	24	0	0	0
	22,494	1,203	-31	100

Notes to the Financial Statements

	Group		Parent company	
	2023/24	2022/23	2023/24	2022/23
	TDKK	TDKK	TDKK	TDKK
7. Profit allocation				
Extraordinary dividend paid	1,500	0	1,500	0
Proposed dividend for the year	4,500	3,000	4,500	3,000
Reserve for net revaluation under the equity method	0	0	54,012	4,086
Minority interests' share of net profit/loss of subsidiaries	45,569	5,898	0	0
Retained earnings	48,661	4,505	-5,351	-2,645
	100,230	13,403	54,661	4,441
Extraordinary dividend after year end	4,500	0	4,500	0

8. Intangible fixed assets

Group

	Acquired licenses	Development projects in progress
	TDKK	TDKK
Cost at 1 May	4,175	46,002
Additions for the year	6,640	57,224
Cost at 30 April	10,815	103,226
Carrying amount at 30 April	10,815	103,226

Development projects consist of 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 sign 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

9. Property, plant and equipment Group

	Land and buildings	Other fixtures and fittings, tools and equipment
	TDKK	TDKK
Cost at 1 May	161,704	156,101
Additions for the year	1,065	13,841
Disposals for the year	0	-21,020
Cost at 30 April	<u>162,769</u>	<u>148,922</u>
Impairment losses and depreciation at 1 May	40,284	108,955
Depreciation for the year	4,016	9,252
Reversal of impairment and depreciation of sold assets	0	-12,655
Impairment losses and depreciation at 30 April	<u>44,300</u>	<u>105,552</u>
Carrying amount at 30 April	<u>118,469</u>	<u>43,370</u>

Notes to the Financial Statements

	Parent company	
	2023/24	2022/23
	TDKK	TDKK
10. Investments in subsidiaries		
Cost at 1 May	165,534	165,534
Cost at 30 April	165,534	165,534
Value adjustments at 1 May	45,362	51,513
Disposals for the year	-761	0
Exchange adjustment	135	-376
Net profit/loss for the year	54,773	7,149
Dividend to the Parent Company	0	-9,861
Amortisation of goodwill	0	-3,063
Value adjustments at 30 April	99,509	45,362
Carrying amount at 30 April	265,043	210,896

Investments in subsidiaries are specified as follows:

Name	Place of registered office	Share capital	Ownership
Weibel Scientific Holding A/S	Allerød (Denmark)	DKK 500,000	54,59%

11. Other fixed asset investments

	Group			Parent company	
	Other investments	Deposits	Other receivables	Other investments	Other receivables
	TDKK	TDKK	TDKK	TDKK	TDKK
Cost at 1 May	5,985	565	769	5,985	769
Additions for the year	2,294	29	57	2,294	57
Cost at 30 April	8,279	594	826	8,279	826
Carrying amount at 30 April	8,279	594	826	8,279	826

Notes to the Financial Statements

	Group		Parent company	
	2023/24	2022/23	2023/24	2022/23
	TDKK	TDKK	TDKK	TDKK
12. Inventories				
Raw materials and consumables	29,081	104,431	0	0
Work in progress	174,411	27,466	0	0
Finished goods and goods for resale	58,116	2,048	0	0
Prepayments for goods	15,077	9,728	0	0
	276,685	143,673	0	0

	Group		Parent company	
	2023/24	2022/23	2023/24	2022/23
	TDKK	TDKK	TDKK	TDKK
13. Contract work in progress				
Selling price of work in progress	1,473,289	1,158,409	0	0
Payments received on account	-1,156,717	-824,503	0	0
	316,572	333,906	0	0

Recognised in the balance sheet as follows:

Contract work in progress recognised in assets	427,923	336,357	0	0
Prepayments received recognised in debt	-111,351	-2,451	0	0
	316,572	333,906	0	0

14. Prepayments

Prepayments comprise incurred costs relating to subsequent financial year.

	Group		Parent company	
	2023/24	2022/23	2023/24	2022/23
	TDKK	TDKK	TDKK	TDKK
15. Provision for deferred tax				
Deferred tax liabilities at 1 May	74,250	68,063	-116	-216
Amounts recognised in the income statement for the year	27,313	6,187	-31	100
Deferred tax liabilities at 30 April	101,563	74,250	-147	-116

Notes to the Financial Statements

Group		Parent company	
2023/24	2022/23	2023/24	2022/23
TDKK	TDKK	TDKK	TDKK

16. Other provisions

The Group has implemented a long-term incentives plan related to the CEO and Chairman of Weibel Scientific A/S. The provision will be recognised linearly during the vesting period based on the estimated fair value of the liability at the vesting dates. A provision related to this has been recognised at TDKK 10,874 at 30 April 2024.

Other provisions	10,874	3,600	0	0
	10,874	3,600	0	0

The provisions are expected to mature as follows:

Between 1 and 5 years	10,874	3,600	0	0
After 5 years	0	0	0	0
	10,874	3,600	0	0

Group		Parent company	
2023/24	2022/23	2023/24	2022/23
TDKK	TDKK	TDKK	TDKK

17. 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:

Mortgage loans

After 5 years	30,946	33,037	0	0
Between 1 and 5 years	6,921	12,843	0	0
Long-term part	37,867	45,880	0	0
Within 1 year	2,017	3,531	0	0
	39,884	49,411	0	0

Notes to the Financial Statements

	Group		Parent company	
	2023/24	2022/23	2023/24	2022/23
	TDKK	TDKK	TDKK	TDKK
17. Long-term debt				
Other payables				
After 5 years	0	0	0	0
Between 1 and 5 years	10,624	10,859	0	0
Long-term part	10,624	10,859	0	0
Other short-term payables	130,622	67,720	0	13
	141,246	78,579	0	13

Other payables long-term debt relates to holiday balance.

	Group		Parent company	
	2023/24	2022/23	2023/24	2022/23
	TDKK	TDKK	TDKK	TDKK
18. Received prepayments from customers				
Other prepayments	0	13	0	0
	0	13	0	0

19. Deferred income

Deferred income consists of payments received in respect of income in subsequent financial year.

	Group	
	2023/24	2022/23
	TDKK	TDKK
20. Cash flow statement - Adjustments		
Other operating income	-5,079	159
Loss from sale of assets included in Other operating expenses	582	0
Adjustment of other long-term payables	7,083	0
Exchange rate adjustments, per equity reconciliation	516	0
Exchange rate adjustments, other	408	-703
	3,465	-544

Notes to the Financial Statements

	Group	
	2023/24	2022/23
	TDKK	TDKK
21. Cash flow statement - Change in working capital		
Change in inventories	-133,012	-14,644
Change in receivables	-22,391	-24,754
Change in other provisions	7,274	0
Change in trade payables, etc	171,118	3,104
	<u>22,989</u>	<u>-36,294</u>

	Group		Parent company	
	2023/24	2022/23	2023/24	2022/23
	TDKK	TDKK	TDKK	TDKK
22. Contingent assets, liabilities and other financial obligations				
Charges and security				
The following assets have been placed as security with mortgage credit institutes:				
Buildings amounts to	118,469	121,420	0	0
Rental and lease obligations				
Lease obligations under operating leases. Total future lease payments:				
Within 1 year	2,349	1,611	0	0
Between 1 and 5 years	2,273	1,867	0	0
	<u>4,622</u>	<u>3,478</u>	<u>0</u>	<u>0</u>

Guarantee obligations

Recourse and non-recourse guarantee commitments amounts to TDKK 233.235 (30 April 2023: TDKK 58.193)

Notes to the Financial Statements

Group		Parent company	
2023/24	2022/23	2023/24	2022/23
TDKK	TDKK	TDKK	TDKK

22. Contingent assets, liabilities and other financial obligations

Other contingent liabilities

The group companies are jointly and severally liable for tax on the jointly taxed incomes etc of the Group. 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.

23. 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 2023/24.

Group		Parent company	
2023/24	2022/23	2023/24	2022/23
TDKK	TDKK	TDKK	TDKK

24. Fee to auditors appointed at the general meeting

PricewaterhouseCoopers

Audit fee	744	508	62	50
Other assurance engagements	103	65	0	6
Tax advisory services	83	67	0	0
Non-audit services	907	655	272	0
	1,837	1,295	334	56

Other

Tax advisory services	83	225	0	0
	83	225	0	0

Notes to the Financial Statements

25. Accounting policies

The Annual Report of HEIA ApS for 2023/24 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 Financial Statements and the Parent Company Financial Statements for 2023/24 are presented in TDKK.

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.

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.

Notes to the Financial Statements

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

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.

Segment information on 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 the consolidated revenue for the year.

Other external expenses

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

Staff expenses

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

Notes to the Financial Statements

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 Danish subsidiaries. The tax effect of the joint taxation is allocated to enterprises in proportion to their taxable incomes.

Balance sheet

Intangible fixed 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 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: 7 years

Acquired licenses: 7 years

Estimated useful lives and residual values are reassessed annually.

Notes to the Financial Statements

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 contracted directly for financing the construction of property, plant and equipment are recognised in cost over the construction period.

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	20-50 years
Plant and machinery	5-25 years
Other fixtures and fittings, tools and equipment	5-10 years

The fixed assets' residual values are determined at nil.

Depreciation period and residual value are reassessed annually.

Impairment of fixed assets

The carrying amounts of intangible assets and property, plant and equipment and investments 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.

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.

Fixed asset investments

Fixed asset investments consist of deposits and investment in unlisted entities which are recognised at cost and written down to a lower recoverable amount.

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.

Notes to the Financial Statements

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.

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

Dividend

Dividend distribution proposed by Management for the year is disclosed as a separate equity item.

Provisions

Provisions are recognised when - in consequence of an event occurred before or on the balance sheet date - the Group has a legal or constructive obligation and it is probable that economic benefits must be given up to settle the obligation.

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.

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.

Notes to the Financial Statements

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 liabilities

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.

Deferred income

Deferred income comprises payments received in respect of income in subsequent years.

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.

Cash flows from operating activities

Cash flows from operating activities are calculated as the net profit/loss for the year adjusted for changes in working capital and non-cash operating items such as depreciation, amortisation and impairment losses, and provisions. Working capital comprises current assets less short-term debt excluding items included in cash and cash equivalents.

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 .

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

Notes to the Financial Statements

Financial Highlights

Explanation of financial ratios

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