
HEIA ApS

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

Annual Report for 1 May 2021 - 30 April 2022

CVR No 39 62 40 79

The Annual Report was
presented and adopted at
the Annual General
Meeting of the Company on
19/7 2022

Thomas Øiseth Munkholm
Chairman of the General
Meeting



Contents

	<u>Page</u>
Management's Statement and Auditor's Report	
Management's Statement	1
Independent Auditor's Report	2
Management's Review	
Company Information	5
Financial Highlights	6
Management's Review	7
Consolidated and Parent Company Financial Statements	
Income Statement 1 May - 30 April	33
Balance Sheet 30 April	34
Statement of Changes in Equity	37
Cash Flow Statement 1 May - 30 April	38
Notes to the Financial Statements	39

Management's Statement

The Executive Board has today considered and adopted the Annual Report of HEIA ApS for the financial year 1 May 2021 - 30 April 2022.

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 2022 of the Company and the Group and of the results of the Company and Group operations and of consolidated cash flows for 2021/22.

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, 19 July 2022

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 2022 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 2021 - 30 April 2022 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 2021 - 30 April 2022, 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.

Independent Auditor's Report

Management's responsibilities for the Financial Statements

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

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

Auditor's responsibilities for the audit of the Financial Statements

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

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

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

Independent Auditor's Report

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

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

Hellerup, 19 July 2022

PricewaterhouseCoopers

Statsautoriseret Revisionspartnerselskab

CVR No 33 77 12 31

Thomas Baunkjær Andersen
State Authorised Public Accountant
mne35483

Josephine Kilsgaard Holm
State Authorised Public Accountant
mne44114

Company Information

The Company

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

CVR No: 39 62 40 79
Financial period: 1 May - 30 April
Incorporated: 12 April 2018
Financial year: 5th financial year
Municipality of reg. office: Allerød

Executive Board

Thomas Øiseth Munkholm

Auditors

PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
Strandvejen 44
DK-2900 Hellerup

Financial Highlights

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

	Group				
	2021/22	2020/21	2018/19	2018/19	2018/17
	TDKK	TDKK	TDKK	TDKK	TDKK
Key figures					
Profit/loss					
Revenue	419,441	367,251	324,194	269,062	215,602
Revenue growth	14.2%	13.0%	20.0%	25.0%	-1.0
Gross profit	270,042	238,282	193,633	157,148	121,179
EBITDA	74,263	85,932	68,835	44,916	44,554
EBITDA less impact from sale of assets	74,043	78,003	69,300	44,916	44,554
EBIT	62,483	73,793	54,621	54,226	23,269
Net financials	-100	-6,319	-515	-64	-1,051
Net profit/loss for the year	52,973	57,736	40,090	40,052	16,793
Balance sheet					
Balance sheet total	792,036	585,782	502,730	413,768	377,351
Investments in PPE	59,156	17,373	16,619	5,987	20,822
Equity	398,912	357,064	311,286	300,853	281,418
Net Working Capital	471,520	351,355	220,957	183,096	135,124
Net interest bearing debt/(cash)	178,679	45,002	12,277	-15,374	503
- operating activities	-43,740	-47,548	13,436	12,770	16,842
- investing activities	-69,478	11,476	-22,663	5,743	50,769
- financing activities	6,518	824	-6,244	-2,783	-956
Change in cash and cash equivalents for the year	-106,700	-35,247	-15,471	15,730	66,655
Employees in Denmark	247	199	152	144	112
Employees in Norway	11	9	8	6	0
Employees in US	5	5	3	2	2
Total employees end of year	263	213	163	152	114
Ratios					
EBITDA margin	17.7%	23.4%	21.2%	16.7%	20.7%
EBITDA margin less impact from sale of assets	17.7%	21.2%	21.4%	16.7%	20.7%
EBIT margin	14.9%	20.1%	16.8%	20.2%	10.8%
Return on equity	14.0%	17.3%	13.1%	13.8%	4.0%
Solvency ratio	50.4%	61.0%	61.9%	72.7%	74.6%
Liquidity ratio	227.7%	355.2%	301.1%	360.6%	308.0%
Debt to EBITDA ratio	240.6%	52.0%	18.0%	N/A	1.0%

Management's Review

Heia ApS Group Management review

Heia ApS ('Heia') is the majority shareholder of Weibel Scientific Group ('Weibel' or 'the Company'). This is the absolute primary activity of Heia. This Management's Review is based on the ownership of Weibel.

Weibel is the leading global producer of continuous-wave Doppler radars. Weibel deliver superior products to mostly public organizations in the aerospace, defense, forensic science, and protection of critical infrastructure industry sectors with revenues of DKK 419 million and profit of DKK 52.8 million in 2021/22.

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

Weibel: Strong together

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

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

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

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

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

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

Our history

Technological excellence from the very beginning

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

With his sights set initially on the U.S., Larsen saw a growing need to develop sophisticated radar systems for the tracking and measurement of airborne objects of all sizes and ranges.

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

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

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

Peder Richardt Pedersen joined Weibel in 1983 as a Ph.D. student and led the Company's journey as CEO from 1992 to 2021. 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 +270-strong workforce is based at company headquarters and development facilities in Allerød Denmark, north of Copenhagen.

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

Main activity and business model

Based on the Doppler principle, we have developed five generations of X-Band radar systems, with each new system building on the technological advances of the former. These instruments rely on continuous-wave Doppler principles and cutting-edge microwave technologies, multiple receivers and advanced signal processing to measure Time Space Positioning Information (TSPI), velocity and dynamic behavior of multiple objects in real time.

In-house development and production

Quality and reliability are key design principles, and we believe in having control over 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. In addition to the industry's most advanced software and hardware systems for monitoring and measuring variables, our testing environment includes drones in various sizes and a small propeller airplane.

Our products are aimed at four overall market segments:

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

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

Instrumentation

The Instrumentation segment includes Velocity measurement radars and tracking radars.

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

Tracking radars

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

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

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

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

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

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

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

Velocity radars

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

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

Anti-drone & air defense systems

Weibel offers next-generation drone and air defense radar system specifically designed to meet challenging conditions when detecting, tracking, and classifying low, slow and small targets and at the same time detecting aircrafts, helicopters and missiles at long ranges. Detection of drones is an essential security function in many vital situations – such as critical infrastructure protection, monitoring of mobile perimeters and borders, and unmanned traffic management (UTM) systems.

Building global Space Situational Awareness capability

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

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

Weibel is addressing the market of radars for space related radars. Weibel 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.

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

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 2021/22 we have e.g. worked on projects related to development of new software appliances and not least the development of an entirely next generation product line related to drone surveillance. Weibel has during 2021/22 spent more than DKK 70 million on R&D related activities.

Knowledge resources

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

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

Technology partnerships

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

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

Education and research communities

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

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

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

Key Risks

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

Management and Board of Directors have decided to implement a risk management policy in 2022.

Operating risks and financial risks

Market risks

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

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

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

Supply risk

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

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

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

IT-risk

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

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

Financial risks

The Board and the Executive Management regularly evaluate whether the capital structure of the Company and the Group is in accordance with the overall targets and supports long-term sustainable and profitable economic growth. Weibel has the required credit lines available and the support of our financial partners to implement the planned short-term and long-term activities and investments.

Currency risks

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

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

The Company has decided to implement a new financial policy in 2022 regarding foreign exchange fluctuations and potential hedging or other mitigating measures.

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

In general the order book is based on USD and EUR. The cost base is in general denominated in DKK and EUR. 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 risks

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

Pandemic risk

Our industry has until now been 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 processes and very stable customers, whose long-term demand has not impacted by the pandemic.

If our markets would suffer to impact from pandemics, we would foresee a risk that some tendering processes could be delayed impacting future revenue for Weibel adversely.

Due to the current geopolitical development, we do not foresee this risk to materialize over the next years.

Please also refer to section Covid 19 impact for a description of the actual impact pandemic has had for Weibel during 2021/22.

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.

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

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

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

Ongoing litigation

There are no ongoing litigations in the Group.

Development in activities and financial position 2021/22

Weibel revenue amounted to DKK 419 million, representing an organic growth of 14% from DKK 367 million in 2020/21.

EBITDA less impact from sale of assets amounted to DKK 74 million compared to DKK 78 million in 2020/21 a 5% decrease from operational activities.

Shareholders equity (incl. minority interests) amounted to DKK 399 million (30 April 2021: DKK 357 million) and consolidated total assets of DKK 792 million (30 April 2021: DKK 586 million).

While ensuring growth in revenue in 2021/22; the year's development in profitability was negative. Profitability was impacted by a number of issues resulting in lower delivery capabilities than planned including a less efficient development process due to impacts from Covid-19 resulting in lower efficiency and a longer lead time for some projects resulting in higher costs than optimal. Profitability was also adversely impacted from high investments in 50 new hires and new products over the past year.

Revenue is in line with the lower level of the revenue outlook expressed in the annual report 2020/21 of a revenue growth of 10% to 30%. The EBITDA outlook was in the range 16% to 18%. The actual result is 14%, which is slightly below the outlook. The growth is impacted by the issues mentioned above.

Numbers of employees

At 30 April 2022, the Weibel Scientific A/S had 247 employees compared to 199 employees at 30 April 2021, an increase of 24% from the previous year. The Group had 263 employees at 30 April 2022 compared to 213 at 30 April 2021, an increase of 23% from the previous year. Heia has had 0 employees at all times in the period.

Parent company

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

Outlook for 2022/23

Management expects revenue to grow between 20% and 30% in 2022/23.

During 2021/22 we have been able to increase the Company's order backlog and we enter 2022/23 with an order book that underlines the lower level of the projected revenue growth rates. Weibel is dependent on securing and executing further orders to be able to achieve the upper part of the projected growth range.

Weibel operates in markets where sales processes are lengthy and to a high degree dependent on public spending on defense related purchases. We are quite aware that geopolitical changes will impact our market in the years to come, but the market for our products has already been growing for several years and our plans and outlook for the 2022/23 are based on the results of the long hard work we have been conducting over the past years.

The EBITDA margin for 2022/23 is targeted in a range of 12% - 14%. The expected decline in profitability is expected to be temporary and related to a number of specific investments, including investment in +70 new hires. The profitability of the underlying business is expected to be above 20% EBITDA margin.

The expectations for 2022/23 are based on a generally unchanged export environment and export regulations, which continually allows the Company to export its goods under same terms as historically.

Changes in exchange rates could impact the results positively or negatively. The main impact may be related to the development between DKK and USD as well during the year as at the balance sheet date. At 30 April 2022 the currency ratio was 7.06 DKK/USD.

Weibel Scientific's strategy: "Weibel Always Ahead"

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

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

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

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

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

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

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

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

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

We have built a new production facility in Allerød, which was completed on time in January 2022. The building has added significantly to our production capacity and provides ability to deliver on the strategic goals. The building will in the future be the work place for up to 150 Weibel employees.

The foundation for being successful with the strategy is related to the combination on technology leadership and our people. In order to harvest synergies between these important areas we are currently working on improving the combination of:

- Customer focus,
- Leadership and
- Culture

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

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

Our end-customers are mostly public authorities in the Western oriented world. The products we market are 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 Weibel and no 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 decided to set up a whistle-blower function which, in addition to the usual control functions is intended to report on suspected irregularities in the business. The whistle blower function will be established in 2021.

Financial resources

At 30 April 2022, cash and non-utilized credit facilities amounted to approximately DKK 82 million. 30 April 2021 was DKK 139 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 and activities in general. The capital structure and readiness is considered to be adequate.

Matters affecting the financial statements

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

Uncertainty related to recognition and measurement

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

Covid-19 impact in 2021/22

In 2021/22 the covid-19 pandemic put pressure on the physical and mental health of the Weibel employees.

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

Despite the measures we have taken to safeguard everyone from the spread of the corona virus, our production has been running at full speed during 2021/22 with only relatively short periods impacted by many sick employees at the time. Our employees have shown a strong commitment to Weibel.

While production has been on-site, our development departments have during the year to a high extent been working from home. We have during the year on-boarded a high number of new colleagues in our development departments. Working from home has impacted the on-boarding and development processes adversely. Working on-site again after the pandemic has had a positive impact to working environment and productivity.

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

On the supply side Weibel has been impacted by delays from some suppliers who have been severely impacted by Covid 19 and have postponed deliveries of critical components just as well as the pandemic has caused a general turmoil in the underlying balance between supply and demand, which has impacted Weibel.

The combined impact from Covid-19 has unfortunately increased our delivery time towards several customers, which has had adverse financial impact to both revenue and profitability as well as net working capital and interest bearing debt.

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

We have applied for and received acceptance of postponed employer tax payments in accordance with the generally offered schemes. We have repaid the installments as they have fallen due during 2021/22 so far and will repay outstanding amounts during as they fall due during 2022/23.

Corporate Social responsibility

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, we support elite sports and we support charity economically or by being involved directly or a combination of the two. We want to be an inspiration for other companies. Our business model is described in the section “Main activity and business model” included in the Management review above. We have assessed risks related to corporate social responsibility. These are included under the headline “Corporate Social Responsibility Risks” in the Key risk section above in the subsections: “People risk” and “Corporate Social Responsibility related risks”. Our business model is described in the section “Main activity and business model” included in the Management review above.

Participating in a regulated industry

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

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

It is 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 to be developed in accordance with the EU Commission recommendation on internal compliance programs for dual-use trade controls.

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

Due to the fundamental importance of compliance with all 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.

We will during 2022/23 continue to ensure compliance with Danish and International rules within this area.

Stakeholders

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

The main stakeholders are:

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

Environment and climate

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

Everyone in Weibel must have a "green mindset" and act accordingly in Weibel. In this way, every employee will take responsibility for the green transition, however, these actions will also increase Weibel's competitiveness by reducing electricity consumption and thereby driving down costs. Said differently, we take care of Weibel when we take care of the planet.

In more detail the ambitions include to:

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

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

One of the most significant growth initiatives 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 plan to include even more electrical cars, when changing cars in the future.

As a result of the increased awareness of environment and climate Weibel has over the past year increased recycling of our waste, we have improved the ratio between input and output with reference to energy consumption.

We will in 2022/23 continue our work to lower our energy consumption and we will investigate the opportunities of shifting from fossil consumption to other and cleaner sources of energy.

We have decided to invest resources in working on obtaining the ISO 14001 environmental policy in 2022/23. As a part of this work we will identify relevant KPI's and review the development of these annually.

We have decided to support the green transportation transition among our employees by offering power charging stations for their cars in 2022.

Social and employee relations including diversity

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

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

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

Weibel focuses in creating equal opportunities for development and influence for employees and management – irrespective of gender, race or religion. As group policy, Weibel aims to select the most qualified candidates for the teams with a view to creating diversity in Weibel through a qualified recruitment process, covering all levels of the organization. During 2021/22 all recruitments have been evaluated according to this policy.

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

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

HSE incidents

Management is closely monitoring the development in HSE incidents.

The number of incidents leading to absence during 2021/22 has been 3 with a total of 15 absent days. During 2020/21 the number of incidents was also 3, however with 190 absent days as a result. Even though there has been an improvement in the number of absent days; the result is lower than Management's ambitions in this field.

For each of the incidents we have analyzed root cause to the incident and applied relevant mitigating actions to avoid similar incidents in the future. We have not found any processes that generate systemic incidents.

In addition to Weibel's operational activities we have during 2021 had external entrepreneurs building our new production facility, which is more than 1,900 square meters. Weibel has had the overall responsibility for HSE in this project as well. We have worked closely with the entrepreneur and have closely monitored the HSE work and bi-weekly follow-ups during the project. We are very happy that the new building did not result in any incidents with absent days.

It is our ambition that the development in HSE incidents will at least remain stable during the coming year, but hopefully improve. To the extent we experience HSE incidents; it is our ambition that we will be able to ensure that we continue to not have systemic HSE incidents.

People development and support

People is Weibels' most valuable asset and we are actively working to ensure retention and attraction. We have implemented formalized processes to ensure that we are and continue to be an attractive work place. 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 in all functions to ensure that roles and responsibilities are understood and in place

- 2 annual employee satisfaction surveys and 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
- We endorse and support various social activities such as physical training (military style), 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

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

We are a high growth company during 2021/22 the number of employees grew from 213 end of April 2021 to 263 end of April 2022. The net growth of 50 FTE's is lower than budget, but in balance with the development of the company during 2021/22.

We measure turnover of employees and have during 2021/22 had a turnover of 10%, which we believe is at a fair level, taking leavers' performance of leavers into perspective.

We appraise equality with regards to age and are happy to have a balanced work place, where more than 10% of our employees are above 60 years of age. We have over the past year recruited a number of these experienced employees who contribute positively to our work place with long experience, high performance and provide a calmness that enables us to improve the performance of our younger staff.

For 2022/23 our ambitions in the People area include:

- Keeping employee turnover at a satisfactory level
- Improving and developing our People processes to a better level
- Being able to recruit 100 new employees to ensure people net growth to support Weibel's development
- Improving retention for key individuals
- Improving on-boarding process to gain high performance from new people faster
- Improving leadership
- Maintain sickness rates at a satisfactory level

Anti-bribery and corruption

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

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

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

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

No incidents of corruption were detected during 2021/22 and Management is not aware of any violations of the strict anti-bribery and corruption policies of the Company.

For 2022/23 it is our ambition with unchanged control still not to experience any incidents of corruption or violations of our anti-bribery and corruption policies.

Veteran support

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

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

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

The veteran case is specially prioritized in Weibel. In 2021/22 we have contributed to Veterans with following activities and support:

- Support to Veteranskytterne
- Employment of a number of wounded veterans in various positions taking their individual needs into consideration
- Purchase of various products and services from Veterans' Charity Coffee and Veterankompagniet
- Support to Danish veterans participating in various sports events and the Engage Festival.

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

We plan to uphold our support to veterans during 2022/23.

Weibel one of four founding fathers of Børneriget Fonden

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

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

The purpose of the foundation is to support BørneRiget which is a hospital being built in Copenhagen that it opens in 2025 - their goal is to become the world's best hospital for children, youngsters and pregnant women.

No child deserves to become seriously and chronically ill. With this initiative Weibel supports the hospital in research, new technology investments and the hospitals surroundings – all to the benefit of the patients and their families.

Sport Sponsorships

In addition to supporting Dansk Sejlunion (Danish Sailing Association), we were in 2021/22 a main sponsor of Team Cenholt/Lübeck Sailing, who participated in the Olympic Games in Tokyo 2021 in the boat class Nacra 17 and ended as number 4 in the competition. Weibel has supported Christian Lübeck and Lin Cenholt over the past years leading up to the Olympic Games.

Weibel also supports a local elite sports organization in Denmark, Team Hørsholm.

Data ethics according to section 99d of the Danish Financial Statement 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.

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 54.8% ownership and votes.
- Went ApS CVR no. 39 62 40 87 having 44.8% ownership and votes.

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

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

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

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

Board of Directors, Executive Board and Company Management

The Board of Directors of Weibel Scientific A/S is comprised of the following members:

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

The two shareholders are members of the Board of Directors representing 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. The topics of these reports include market development and the Group's development and profitability. The Board of Directors and the Executive Management have overall responsibility for risk management and internal controls related to financial reporting.

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

Remuneration to Management and the Board of Directors

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

The underrepresented gender, Board of Directors

The Board of Directors consisted of 2 women and 5 men in 2021/22. The gender split on the Board of Directors was 28% female and 72% male.

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

The underrepresented gender, Management

Our business – the combination of electronic engineering, software development and mechanical/electronic production industry – is in general a male-dominated field mainly due to the ratios between the genders at technical universities and schools etc. Nevertheless, Weibel focus on appointing ‘the best qualified’ people to all positions, including management positions on all levels regardless of gender.

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

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

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

This goal was not met at 30 April 2022 where the representation of women in leadership positions and with personnel management responsibility was 6%. This is a drop from 9% at 30 April 2021. The development is related to the resignation of 1 female manager, while no new female managers have been hired or promoted during 2021/22.

It is our ambition for 2022/23 to continue to increase the proportion of women in management positions as well as in Weibel in general in order to praise such development, we:

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

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

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

Jørgen Falkebo Jensen

- VKR Holding A/S, Vice-Chairman
- Velux A/S, Chairman
- Micro Matic A/S, Chairman
- Ambu A/S, Chairman
- 3Shape Holding A/S, Chairman
- 3Shape A/S, Chairman
- 3Shape Trios A/S, Chairman
- 3 Shape Medical A/S, Chairman
- JFJ Invest ApS, Executive Board
- Weibel Scientific Holding A/S, Board member
- Healthcare Denmark, Chairman
- Armacell International SA, Board member

Thomas Øiseth Munkholm

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

Tima Munkholm Larsen Møller

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

Tim Sloth Jørgensen

- Fonden Peder Skram, chairman
- Atlantic Services, Advisory Board member

Margot Gunilla Fransson

- Net Insight AB, Chairman
- Trelleborg AB, Board member
- Eltel AB, Board member
- Nederman Holding AB, Board member
- Securitas AB
- Dunkers Foundation

Carsten Kenneth Jensen

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

Finn Möhring

- Aalborg University – Centre for Acoustic Signal Processing Research (CASPR) – Advisory Board Member
- DTU – Oticon Centre of Excellence for Hearing and Speech Sciences (CHESS) – Advisory Board Member

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 2021/22.

Income Statement 1 May - 30 April

	Note	Group		Parent	
		2021/22 TDKK	2020/21 TDKK	2021/22 TDKK	2020/21 TDKK
Revenue	1	419,441	367,251	0	0
Capitalized costs for development projects		10,872	8,607	0	0
Other operating income/ expenses		220	7,929	0	0
Expenses for raw materials and consumables		-68,981	-87,829	0	0
Other external expenses		-91,510	-57,676	-58	-14
Gross profit/loss		270,042	238,282	-58	-14
Staff expenses	2	-195,779	-152,350	0	0
EBITDA		74,263	85,932	-58	-14
Depreciation, amortisation and impairment of intangible assets and property, plant and equipment	3	-11,780	-12,139	0	0
Profit/loss before financial income and expenses		62,483	73,793	-58	-14
Income from investments in subsidiaries		0	0	26,230	28,949
Financial income	4	4,925	3,919	262	180
Financial expenses	5	-5,025	-10,238	-207	-420
Profit/loss before tax		62,383	67,474	26,227	28,695
Tax on profit/loss for the year	6	-9,410	-9,738	-93	274
Net profit/loss for the year		52,973	57,736	26,134	28,969

Balance Sheet 30 April

Assets

	Note	Group		Parent	
		2021/22	2020/21	2021/22	2020/21
		TDKK	TDKK	TDKK	TDKK
Development projects in progress		30,472	19,627	0	0
Intangible assets	7	30,472	19,627	0	0
Land and Buildings		119,749	84,248	0	0
Other fixtures and fittings, tools and equipment		37,839	25,946	0	0
Property, plant and equipment	8	157,588	110,194	0	0
Investments in subsidiaries	9	0	0	217,048	207,247
Deposits	10	486	265	0	0
Other receivables	10	825	0	825	0
Fixed asset investments		1,311	265	217,873	207,247
Fixed assets		189,371	130,086	217,873	207,247
Inventories	11	129,032	103,805	0	0
Trade receivables		69,875	41,267	0	0
Contract work in progress	12	362,307	279,025	0	0
Receivables from group enterprises		6,506	2	22,522	10,379
Other receivables		7,138	2,743	0	32
Deferred tax asset	15	0	0	216	321
Corporation tax		11,000	19,838	0	0
Prepayments	13	4,206	2,771	0	0
Receivables		461,032	345,646	22,738	10,732
Cash at bank and in hand		12,601	6,245	0	0
Currents assets		602,665	455,696	22,738	10,732
Assets		792,036	585,782	240,611	217,979

Balance Sheet 30 April

Liabilities and equity

	Note	Group		Parent	
		2021/22	2020/21	2021/22	2020/21
		TDKK	TDKK	TDKK	TDKK
Share capital		250	250	250	250
Reserve for net revaluation under the equity method		0	0	51,513	41,060
Reserve for exchange adjustments		546	-733	0	0
Retained earnings		221,505	192,991	173,602	157,325
Equity attributable to shareholders of the Parent Company		222,301	192,508	225,365	198,635
Minority interests		176,611	164,556	0	0
Equity		398,912	357,064	225,365	198,635
Provision for deferred tax	15	68,063	66,031	0	0
Other provisions	16	200	0	0	0
Provisions		68,263	66,031	0	0
Mortgage loans		49,074	23,368	0	0
Other payables		11,061	11,025	0	0
Long-term debt	17	60,135	34,393	0	0

Balance Sheet 30 April

Liabilities and equity

	Note	Group		Parent	
		2021/22	2020/21	2021/22	2020/21
		TDKK	TDKK	TDKK	TDKK
Mortgage loans	17	3,317	2,022	0	0
Credit institutions		138,719	25,664	8,451	8,179
Lease obligations		169	193	0	0
Prepayments received from customers		901	3,160	0	0
Trade payables		35,051	27,397	38	46
Payables to group enterprises		0	0	0	410
Payables to owners and Management		21,277	21,059	6,757	10,709
Corporation tax		204	1,099	0	0
Other payables	17	65,088	47,700	0	0
Short-term debt		264,726	128,294	15,246	19,344
Debt		324,861	162,687	15,246	19,344
Liabilities and equity		792,036	585,782	240,611	217,979
Distribution of profit	14				
Contingent assets, liabilities and other financial obligations	21				
Related parties	22				
Fee to auditors appointed at the general meeting	23				
Accounting Policies	24				

Statement of Changes in Equity

Group

	Share capital	Reserve for net revaluation under the equity method	Reserve for exchange adjustments	Retained earnings	Equity excl. minority interests	Minority interests	Total
	TDKK	TDKK	TDKK	TDKK	TDKK	TDKK	TDKK
Equity at 1 May	250	0	-733	192,991	192,508	164,556	357,064
Exchange adjustments	0	0	1,279	0	1,279	1,055	2,334
Sale of shares to minorities	0	0	0	0	0	751	751
Dividends from group enterprises	0	0	0	0	0	-14,210	-14,210
Other equity movements	0	0	0	-683	-683	683	0
Net profit/loss for the year	0	0	0	29,197	29,197	23,776	52,973
Equity at 30 April	250	0	546	221,505	222,301	176,611	398,912

Parent

Equity at 1 May	250	41,060	0	157,325	198,635	0	198,635
Exchange adjustments	0	1,279	0	0	1,279	0	1,279
Dividend from group enterprises	0	-15,790	0	15,790	0	0	0
Other equity movements	0	-683	0	0	-683	0	-683
Net profit/loss for the year	0	25,647	0	487	26,134	0	26,134
Equity at 30 April	250	51,513	0	173,602	225,365	0	225,365

Cash Flow Statement 1 May - 30 April

	Note	Group	
		2021/22 TDKK	2020/21 TDKK
EBITDA		74,263	85,932
Adjustments	19	1,498	-8,740
Change in working capital	20	-119,967	-130,397
Cash flows from operating activities before financial income and expenses		-44,206	-53,205
Financial income		4,925	3,919
Financial expenses		-5,025	-10,238
Cash flows from ordinary activities		-44,306	-59,524
Corporation tax paid		566	11,976
Purchase of intangible assets		-10,845	-8,607
Purchase of property, plant and equipment		-59,156	-17,373
Changes in fixed asset investments		-1,046	141
Sale of tangible assets		331	37,315
Sale of fixed asset investments		1,238	0
Cash flows from investing activities		-69,478	11,476
Repayment and raising of mortgage loans		27,001	-2,079
Reduction of lease obligations		-24	-444
Raising of loans from shareholders		218	9,582
Long term holiday accrual		36	3,765
Loan provided to group enterprises		-6,503	0
Dividend paid		-14,210	-10,000
Cash flows from financing activities		6,518	824
Change in cash and cash equivalents		-106,700	-35,247
Cash and cash equivalents at 1 May		-19,418	15,829
Cash and cash equivalents at 30 April		-126,118	-19,418
Cash and cash equivalents are specified as follows:			
Cash at bank and in hand		12,601	6,245
Credit institutions		-138,719	-25,663
Cash and cash equivalents at 30 April		-126,118	-19,418

Notes to the Financial Statements

	Group		Parent	
	2021/22 TDKK	2020/21 TDKK	2021/22 TDKK	2020/21 TDKK
1 Revenue				
Geographical segments				
Revenue, Denmark	4,087	3,545	0	0
Revenue, exports	415,354	363,706	0	0
	419,441	367,251	0	0

Revenue relates to one segment which is sale of radars.

2 Staff expenses				
Wages and salaries	179,541	142,000	0	0
Pensions	3,525	2,520	0	0
Other social security expenses	3,364	1,391	0	0
Other staff expenses	9,349	6,439	0	0
	195,779	152,350	0	0
Average number of employees	229	190	0	0

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

3 Depreciation, amortisation and impairment of intangible assets and property, plant and equipment				
Depreciation of property, plant and equipment	11,780	11,998	0	0
Impairment of property, plant and equipment	0	141	0	0
	11,780	12,139	0	0

Notes to the Financial Statements

	Group		Parent	
	2021/22 TDKK	2020/21 TDKK	2021/22 TDKK	2020/21 TDKK
4 Financial income				
Interest received from group enterprises	31	0	262	180
Other financial income	231	18	0	0
Exchange adjustments	4,663	3,901	0	0
	4,925	3,919	262	180
5 Financial expenses				
Interest paid to group enterprises	0	0	4	161
Other financial expenses	3,275	984	203	259
Exchange adjustments, expenses	1,750	9,254	0	0
	5,025	10,238	207	420
6 Tax on profit/loss for the year				
Current tax for the year	782	-1,695	0	0
Deferred tax for the year	8,635	11,601	105	-274
Adjustment of tax concerning previous years	-7	-168	-12	0
	9,410	9,738	93	-274

Notes to the Financial Statements

7 Intangible assets

Group

	Development projects in progress TDKK
Cost at 1 May	19,627
Additions for the year	10,845
Cost at 30 April	<u>30,472</u>
Carrying amount at 30 April	<u>30,472</u>

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.

8 Property, plant and equipment

Group

	Land and Buildings TDKK	Other fixtures and fittings, tools and equipment TDKK
Cost at 1 May	117,421	119,424
Additions for the year	38,931	20,225
Disposals for the year	<u>0</u>	<u>-793</u>
Cost at 30 April	<u>156,352</u>	<u>138,856</u>
Impairment losses and depreciation at 1 May	33,173	93,460
Depreciation for the year	3,430	8,350
Reversal of impairment and depreciation of sold assets	<u>0</u>	<u>-793</u>
Impairment losses and depreciation at 30 April	<u>36,603</u>	<u>101,017</u>
Carrying amount at 30 April	<u>119,749</u>	<u>37,839</u>

Notes to the Financial Statements

	Parent	
	2021/22	2020/21
	TDKK	TDKK
9 Investments in subsidiaries		
Cost at 1 May	166,187	166,187
Disposals for the year	-652	0
Cost at 30 April	<u>165,535</u>	<u>166,187</u>
Value adjustments at 1 May	41,060	22,846
Other adjustments	-683	595
Disposals for the year	-97	0
Exchange adjustment	1,279	-733
Net profit/loss for the year	28,807	32,150
Dividend	-15,790	-10,000
Amortisation of goodwill	-3,063	-3,063
Change in intercompany profit on development projects	0	-735
Value adjustments at 30 April	<u>51,513</u>	<u>41,060</u>
Carrying amount at 30 April	<u>217,048</u>	<u>207,247</u>
Remaining positive difference included in the above carrying amount at 30 April	<u>3,063</u>	<u>6,126</u>

Investments in subsidiaries are specified as follows:

Name	Place of registered office	Share capital	Votes and ownership
Weibel Scientific Holding A/S	Allerød (Denmark)	DKK 500,000	55%

10 Other fixed asset investments

	Group		Parent
	Deposits	Other receiv- ables	Other receiv- ables
	TDKK	TDKK	TDKK
Cost at 1 May	265	0	0
Additions for the year	221	825	825
Cost at 30 April	<u>486</u>	<u>825</u>	<u>825</u>
Carrying amount at 30 April	<u>486</u>	<u>825</u>	<u>825</u>

Notes to the Financial Statements

	Group		Parent	
	2021/22	2020/21	2021/22	2020/21
	TDKK	TDKK	TDKK	TDKK
11 Inventories				
Raw materials and consumables	85,118	66,464	0	0
Work in progress	37,331	18,177	0	0
Finished goods and goods for resale	2,061	2,703	0	0
Prepayments for goods	4,522	16,461	0	0
	129,032	103,805	0	0

12 Contract work in progress

Selling price of work in progress	714,126	418,918	0	0
Payments received on account	-351,819	-139,893	0	0
	362,307	279,025	0	0

13 Prepayments

Prepayments comprise incurred costs relating to subsequent financial year.

	Parent	
	2021/22	2020/21
	TDKK	TDKK
14 Distribution of profit		
Reserve for net revaluation under the equity method	25,647	28,949
Minority interests' share of net profit/loss of subsidiaries	0	0
Retained earnings	487	20
	26,134	28,969

Notes to the Financial Statements

	Group		Parent	
	2021/22 TDKK	2020/21 TDKK	2021/22 TDKK	2020/21 TDKK
15 Provision for deferred tax				
Intangible assets	7,344	4,663	0	0
Property, plant and equipment	3,227	7,465	0	0
Inventories	4,576	3,543	0	0
Contract work in progress	130,951	75,861	0	0
Provisions	-2,926	-2,151	0	0
Other provisions	-168	-83	0	0
Tax loss carry-forward	-74,941	-23,267	-216	-321
Transferred to deferred tax asset	0	0	216	321
	68,063	66,031	0	0
Deferred tax asset				
Calculated tax asset	0	0	216	321
Carrying amount	0	0	216	321

16 Other provisions

The Group has implemented a long-term incentives plan related to the CEO 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 200 at 30 April 2022.

Other provisions	200	0	0	0
	200	0	0	0

The provisions are expected to mature as follows:

Between 1 and 5 years	200	0	0	0
	200	0	0	0

Notes to the Financial Statements

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:

	Group		Parent	
	2021/22 TDKK	2020/21 TDKK	2021/22 TDKK	2020/21 TDKK
Mortgage loans				
After 5 years	37,426	15,281	0	0
Between 1 and 5 years	11,648	8,087	0	0
Long-term part	49,074	23,368	0	0
Within 1 year	3,317	2,022	0	0
	52,391	25,390	0	0
Other payables				
Between 1 and 5 years	11,061	11,025	0	0
Long-term part	11,061	11,025	0	0
Other short-term payables	65,088	47,700	0	0
	76,149	58,725	0	0

Other payables long-term debt relates to frozen holiday balance.

18 Prepayments from customers

Prepayments from customers comprises income received to be recognised in the subsequent financial year.

19 Cash flow statement - adjustments

	Group	
	2021/22 TDKK	2020/21 TDKK
Other operating income	-220	-7,929
Exchange rate	1,718	-811
	1,498	-8,740

Notes to the Financial Statements

	Group	
	2021/22	2020/21
	TDKK	TDKK
20 Cash flow statement - change in working capital		
Change in inventories	-25,227	4,805
Change in receivables and work in progress, etc.	-117,721	-121,973
Change in trade payables, etc	22,981	-13,229
	-119,967	-130,397

	Group		Parent	
	2021/22	2020/21	2021/22	2020/21
	TDKK	TDKK	TDKK	TDKK
21 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	119,749	84,248	0	0
----------------------	---------	--------	---	---

Rental and lease obligations

Lease obligations under operating leases. Total future lease payments:

Within 1 year	1,956	572	0	0
Between 1 and 5 years	3,848	508	0	0
	5,804	1,080	0	0

Guarantee obligations

Recourse and non-recourse guarantee commitments amounts to TDKK 19,899 (30 April 2021: TDKK 1,231).

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.

Notes to the Financial Statements

22 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 2021/22.

	Group		Parent	
	2021/22 TDKK	2020/21 TDKK	2021/22 TDKK	2020/21 TDKK
23 Fee to auditors appointed at the general meeting				
PricewaterhouseCoopers				
Audit fee	489	585	50	10
Other assurance engagements	109	156	8	5
Tax advisory services	87	71	0	0
Other services	142	8	0	0
	827	820	58	15
Other				
Tax advisory services	363	300	0	0
	363	300	0	0
	1,190	1,120	58	15

Notes to the Financial Statements

24 Accounting Policies

The Annual Report of HEIA ApS for 2021/22 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to large enterprises of reporting class C .

The accounting policies applied remain unchanged from last year.

The Consolidated and Parent Company Financial Statements for 2021/22 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.

Notes to the Financial Statements

24 Accounting Policies (continued)

Minority interests

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

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

Leases

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

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

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

Translation policies

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

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.

Notes to the Financial Statements

24 Accounting Policies (continued)

Revenue

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

Income Statement

Revenue

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

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

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

Expenses for raw materials and consumables

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

Other external expenses

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

Staff expenses

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

Amortisation, depreciation and impairment losses

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

Notes to the Financial Statements

24 Accounting Policies (continued)

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 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.

Notes to the Financial Statements

24 Accounting Policies (continued)

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
--------------------------------	---------

Estimated useful lives and residual values are reassessed annually.

Property, plant and equipment

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

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

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

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

Land and buildings	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 are reviewed on an annual basis to determine whether there is any indication of impairment other than that expressed by amortisation and depreciation.

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

Notes to the Financial Statements

24 Accounting Policies (continued)

Investments in subsidiaries

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

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

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

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

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

Other fixed asset investments

Other fixed asset investments consist of deposits.

Inventories

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

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

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

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

Notes to the Financial Statements

24 Accounting Policies (continued)

Receivables

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

Contract work in progress

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

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

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

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

Prepayments

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

Equity

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.

Notes to the Financial Statements

24 Accounting Policies (continued)

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.

Current tax receivables and liabilities

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

Financial debts

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

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

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

Prepayments from customers

Prepayments from customers comprises payments received in respect of income in subsequent years.

Notes to the Financial Statements

24 Accounting Policies (continued)

Cash Flow Statement

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

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

Cash flows from operating activities

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

Cash flows from investing activities

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

Cash flows from financing activities

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

Cash and cash equivalents

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

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

Notes to the Financial Statements

24 Accounting Policies (continued)

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	$\frac{\text{EBTIDA margin less impact from sale of assets} \times 100}{\text{Revenue}}$
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	$\frac{\text{Net interest bearing debt}}{\text{EBITDA}}$