

HEIA ApS

Solvang 30

3450 Allerød

Central Business Registration

No 39624079

Annual report

01.05.2019 -

30.04.2020

The Annual General Meeting adopted the annual report on 26.11.2020

Chairman of the General Meeting

Name: Jens Boëtius Andersen

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Entity details

Entity

HEIA ApS
Solvang 30
3450 Allerød

Central Business Registration No (CVR): 39624079
Registered in: Allerød
Financial year: 01.05.2019 - 30.04.2020

Executive Board

Thomas Øiseth Munkholm

Auditors

Deloitte Statsautoriseret Revisionspartnerselskab
Weidekampsgade 6
2300 Copenhagen C

Statement by Management on the annual report

The Executive Board has today considered and approved the annual report of HEIA ApS for the financial year 01.05.2019 - 30.04.2020.

The annual report is presented in accordance with the Danish Financial Statements Act.

In my opinion, the consolidated financial statements and the parent financial statements give a true and fair view of the Group's and the Parent's financial position at 30.04.2020, and of the results of their operations and consolidated cash flows for the financial year 01.05.2019 – 30.04.2020.

I believe that the management commentary contains a fair review of the affairs and conditions referred to therein.

I recommend the annual report for adoption at the Annual General Meeting.

Hørsholm, 26.11.2020

Executive Board

Thomas Øiseth Munkholm

Independent auditor's report

To the shareholder of HEIA ApS

Opinion

We have audited the consolidated financial statements and the parent financial statements of HEIA ApS for the financial year 01.05.2019 - 30.04.2020, which comprise the income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies, for the Group as well as the Parent, and the consolidated cash flow statement. The consolidated financial statements and the parent financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the consolidated financial statements and the parent financial statements give a true and fair view of the Group's and the Parent's financial position at 30.04.2020, and of the results of their operations and the consolidated cash flows for the financial year 01.05.2019 - 30.04.2020 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the Auditor's responsibilities for the audit of the consolidated financial statements and the parent financial statements section of this auditor's report. We are independent of the Group in accordance with the International Ethics Standards Board of Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Management's responsibilities for the consolidated financial statements and the parent financial statements

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

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

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements and the parent 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

Independent auditor's report

reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements and these parent 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 consolidated financial statements and the parent financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Parent's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the consolidated financial statements and the parent financial statements, and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Parent's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements and the parent 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 Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements and the parent financial statements, including the disclosures in the notes, and whether the consolidated financial statements and the parent financial statements represent the underlying transactions and events in a manner that gives a true and fair view.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

Independent auditor's report

Statement on the management commentary

Management is responsible for the management commentary.

Our opinion on the consolidated financial statements and the parent financial statements does not cover the management commentary, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements and the parent financial statements, our responsibility is to read the management commentary and, in doing so, consider whether the management commentary is materially inconsistent with the consolidated financial statements and the parent financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether the management commentary provides the information required under the Danish Financial Statements Act.

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

Violation of company law and similar legislation

Contrary to the Danish Companies Act, the Company has for a period during the fiscal year and by mistake granted loan to the shareholder, for which Management may be held liable. The loan was repaid at balance sheet day.

Copenhagen, 26.11.2020

Deloitte

Statsautoriseret Revisionspartnerselskab
Central Business Registration No (CVR) 33963556

Nikolaj Thomsen
State Authorised Public Accountant
Identification No (MNE) mne33276

Ane Sachs Aasand
State Authorised Public Accountant
Identification No (MNE) mne42783

Management commentary

	2019/20 DKK'000	2018/19 DKK'000	2017/18 DKK'000	2016/17 DKK'000	2015/16 DKK'000
Financial highlights					
Key figures					
Gross profit	187.455	157.123	121.131	102.390	136.781
EBITDA	69.300	63.536	45.865	40.786	64.853
Operating profit/loss	54.054	54.226	23.269	9.317	45.007
Net financials	(515)	(64)	(1.051)	5.794	(8.190)
Profit/loss for the year	40.090	40.052	16.793	11.051	30.268
Total assets	502.730	413.768	377.351	433.502	521.352
Investments in property, plant and equipment	16.619	5.987	20.822	16.558	75.886
Equity	311.286	300.853	281.418	267.350	285.875
Number of employees at balance sheet date	183	152	114	101	96
Ratios					
Return on equity (%)	13,1	13,8	6,1	4,0	11,0
Equity ratio (%)	61,9	72,7	74,6	61,7	54,8

Financial highlights are defined and calculated in accordance with the current version of "Recommendations & Ratios" issued by the Danish Society of Financial Analysts.

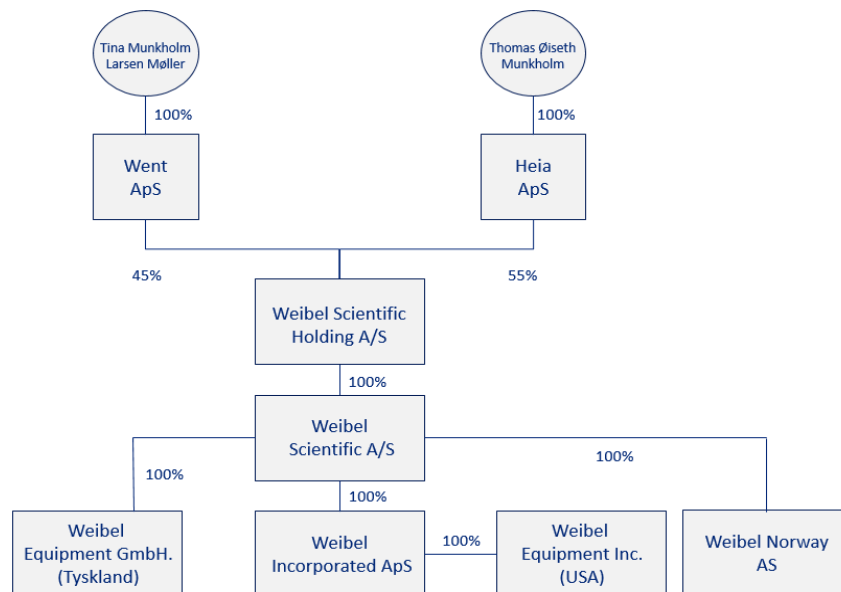
Ratios	Calculation formula	Calculation formula reflects
Return on equity (%)	$\frac{\text{Profit/loss for the year} \times 100}{\text{Average equity}}$	The entity's return on capital invested in the entity by the owners.
Equity ratio (%)	$\frac{\text{Equity} \times 100}{\text{Total assets}}$	The financial strength of the entity.

Management commentary

Primary activities

The Group's activities comprise research, development, production and marketing of remote sensing instruments for the use of aviation, metrology, testing, analyses, and similar activities.

The parent Company's primary activities comprise owning interests in limited liability companies and related activities. See the group chart below:



Development in activities and finances

The income statement for the period 01.05.2019 - 30.04.2020 shows a profit of DKK 40,090k against DKK 40,052k for the period 01.05.2018 - 30.04.2019. The balance sheet shows an equity including equity attributable to minority interests of DKK 311,286k.

The results are considered satisfactory and in accordance with the latest announced expectations.

Outlook

Management estimates that there will be no material changes in the market for sale of radar systems in the coming period. Management expects an increase in Group revenue and profit compared to 2019/20.

Knowledge resources

Part of the Company's business foundation is to deliver high-tech and reliable radar systems. This calls for particularly high demands for knowledge resources and production processes.

Research and development activities

The development activities primarily comprise development of new radar systems and continued development of existing systems and products.

Events after the balance sheet date

No events have occurred after the balance sheet date to this date, which would influence the evaluation of this annual report.

Consolidated income statement for 2019/20

	<u>Notes</u>	<u>2019/20 DKK'000</u>	<u>2018/19 DKK'000</u>
Gross profit		187.455	157.123
Staff costs	1	(118.155)	(93.587)
Depreciation, amortisation and impairment losses	2	(15.246)	(9.310)
Operating profit/loss		54.054	54.226
Other financial income	3	1.682	2.777
Other financial expenses	4	(2.197)	(2.841)
Profit/loss before tax		53.539	54.162
Tax on profit/loss for the year	5	(13.449)	(14.110)
Profit/loss for the year	6	40.090	40.052

Consolidated balance sheet at 30.04.2020

	<u>Notes</u>	<u>2019/20</u> <u>DKK'000</u>	<u>2018/19</u> <u>DKK'000</u>
Completed development projects		0	0
Development projects in progress		11.020	3.409
Intangible assets	7	11.020	3.409
Land and buildings		77.602	65.785
Other fixtures and fittings, tools and equipment		57.189	69.896
Prepayments for property, plant and equipment		682	0
Property, plant and equipment	8	135.473	135.681
Investments in associates		20	0
Deposits		406	436
Fixed asset investments	9	426	436
Fixed assets		146.919	139.526
Raw materials and consumables		67.834	52.069
Work in progress		25.828	19.956
Manufactured goods and goods for resale		35.282	20.179
Prepayments for goods		14.177	0
Inventories		143.121	92.204
Trade receivables		52.841	50.159
Contract work in progress	10	113.622	83.031
Deferred tax	13	0	91
Other receivables		2.794	1.745
Income tax receivable		15.422	6.750
Prepayments	11	66	966
Receivables		184.745	142.742
Cash	12	27.945	39.296
Current assets		355.811	274.242
Assets		502.730	413.768

Consolidated balance sheet at 30.04.2020

	<u>Notes</u>	<u>2019/20</u> <u>DKK'000</u>	<u>2018/19</u> <u>DKK'000</u>
Contributed capital		250	250
Retained earnings		160.959	154.022
Equity attributable to the Parent's owners		161.209	154.272
Share of equity attributable to minority interests		150.077	146.581
Equity		311.286	300.853
Deferred tax	13	40.556	27.185
Provisions		40.556	27.185
Mortgage debt		25.446	9.681
Other payables		7.258	0
Non-current liabilities other than provisions	14	32.704	9.681
Current portion of long-term liabilities other than provisions	14	2.023	962
Bank loans		12.116	12.494
Finance lease liabilities		637	785
Prepayments received from customers	15	36.848	3.713
Trade payables		18.651	17.787
Payables to shareholders and management		11.477	11.658
Income tax payable		444	2.601
Other payables		35.988	23.508
Deferred income	16	0	2.541
Current liabilities other than provisions		118.184	76.049
Liabilities other than provisions		150.888	85.730
Equity and liabilities		502.730	413.768
Unrecognised rental and lease commitments	18		
Contingent liabilities	19		
Assets charged and collateral	20		
Transactions with related parties	21		
Receivables from management category repaid during the financial year	22		
Subsidiaries	23		

Consolidated statement of changes in equity for 2019/20

	Contributed capital DKK'000	Retained earnings DKK'000	Proposed extraordinary dividend DKK'000
Equity beginning of year	250	154.022	0
Extraordinary dividend paid	0	0	(15.000)
Exchange rate adjustments	0	189	0
Dividends from group enterprises	0	0	0
Profit/loss for the year	0	6.748	15.000
Equity end of year	250	160.959	0

	Share of equity attributable to minority interests DKK'000	Total DKK'000
Equity beginning of year	146.581	300.853
Extraordinary dividend paid	0	(15.000)
Exchange rate adjustments	154	343
Dividends from group enterprises	(15.000)	(15.000)
Profit/loss for the year	18.342	40.090
Equity end of year	150.077	311.286

Consolidated cash flow statement for 2019/20

	<u>Notes</u>	<u>2019/20</u> <u>DKK'000</u>	<u>2018/19</u> <u>DKK'000</u>
Operating profit/loss		54.054	54.227
Amortisation, depreciation and impairment losses		15.246	9.310
Working capital changes	17	(39.981)	(33.776)
Cash flow from ordinary operating activities		29.319	29.761
Financial income received		1.682	2.777
Financial expenses paid		(2.486)	(2.840)
Income taxes refunded/(paid)		(10.581)	(16.928)
Cash flows from operating activities		17.934	12.770
Acquisition etc of intangible assets		(7.611)	(3.409)
Acquisition etc of property, plant and equipment		(16.619)	(6.772)
Sale of property, plant and equipment		1.557	36.176
Acquisition of fixed asset investments		10	(221)
Acquisition of enterprises		0	(20.031)
Cash flows from investing activities		(22.663)	5.743
Loans raised		16.826	0
Repayments of loans etc		0	(962)
Incurrence of lease obligations		(148)	785
Dividend paid		(30.000)	(2.606)
Long term holiday accrual		7.258	0
Payables from group related enterprises		(180)	0
Cash flows from financing activities		(6.244)	(2.783)
Increase/decrease in cash and cash equivalents		(10.973)	15.730
Cash and cash equivalents beginning of year		26.802	11.072
Cash and cash equivalents end of year		15.829	26.802
Cash and cash equivalents at year-end are composed of:			
Cash		27.945	39.296
Short-term debt to banks		(12.116)	(12.494)
Cash and cash equivalents end of year		15.829	26.802

Notes to consolidated financial statements

	2019/20 DKK'000	2018/19 DKK'000
1. Staff costs		
Wages and salaries	110.671	89.916
Pension costs	1.945	1.197
Other social security costs	1.373	991
Other staff costs	4.166	1.483
	118.155	93.587
Number of employees at balance sheet date	183	152
Average number of employees	161	123
Information on remuneration to management has been omitted with reference to section 98b (3) of the Danish Financial Statement Act.		
	2019/20 DKK'000	2018/19 DKK'000
2. Depreciation, amortisation and impairment losses		
Depreciation of property, plant and equipment	14.970	15.149
Impairment losses on property, plant and equipment	135	0
Profit/loss from sale of intangible assets and property, plant and equipment	141	(5.839)
	15.246	9.310
	2019/20 DKK'000	2018/19 DKK'000
3. Other financial income		
Exchange rate adjustments	1.638	2.693
Other financial income	44	84
	1.682	2.777
	2019/20 DKK'000	2018/19 DKK'000
4. Other financial expenses		
Other interest expenses	2.197	2.841
	2.197	2.841
	2019/20 DKK'000	2018/19 DKK'000
5. Tax on profit/loss for the year		
Current tax	(538)	759
Change in deferred tax	13.449	13.158
Adjustment concerning previous years	538	193
	13.449	14.110

Notes to consolidated financial statements

	2019/20 DKK'000	2018/19 DKK'000
6. Proposed distribution of profit/loss		
Extraordinary dividend distributed in the financial year	15.000	0
Retained earnings	6.748	21.884
Minority interests' share of profit/loss	18.342	18.168
	40.090	40.052
	Completed develop- ment projects DKK'000	Develop- ment projects in progress DKK'000
7. Intangible assets		
Cost beginning of year	3.399	3.409
Additions	0	7.611
Cost end of year	3.399	11.020
Amortisation and impairment losses beginning of year	(3.399)	0
Amortisation and impairment losses end of year	(3.399)	0
Carrying amount end of year	0	11.020

Development projects

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

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

Notes to consolidated financial statements

	Land and buildings DKK'000	Other fixtures and fittings, tools and equipment DKK'000	Prepay- ments for property, plant and equipment DKK'000
8. Property, plant and equipment			
Cost beginning of year	95.165	285.473	0
Exchange rate adjustments	0	(18)	0
Additions	13.298	2.639	682
Disposals	0	(102.924)	0
Cost end of year	108.463	185.170	682
Depreciation and impairment losses beginning of year	(29.380)	(215.577)	0
Exchange rate adjustments	0	(5)	0
Impairment losses for the year	0	(135)	0
Depreciation for the year	(2.524)	(12.446)	0
Reversal regarding disposals	1.043	100.182	0
Depreciation and impairment losses end of year	(30.861)	(127.981)	0
Carrying amount end of year	77.602	57.189	682
		Investments in associates DKK'000	Deposits DKK'000
9. Fixed asset investments			
Cost beginning of year		0	436
Additions		20	0
Disposals		0	(30)
Cost end of year		20	406
Carrying amount end of year		20	406
		2019/20 DKK'000	2018/19 DKK'000
10. Contract work in progress			
Contract work in progress		164.854	93.575
Progress billings regarding contract work in progress		(51.232)	(10.544)
		113.622	83.031
11. Prepayments			
Prepayments comprise incurred costs relating to subsequent financial year.			

Notes to consolidated financial statements

12. Cash and cash equivalents

A share of the Gorup's cash and cash equivalents, related to the Norwegian subsidiary, is not disposable in accordance Norwegian tax legislation. The amount not disposable amounts to DKK 1,178 thousand at 30 April 2020.

	2019/20 DKK'000	2018/19 DKK'000
13. Deferred tax		
Intangible assets	2.424	750
Property, plant and equipment	12.869	14.992
Inventories	2.539	2.192
Receivables	36.267	14.292
Provisions	(1.849)	0
Liabilities other than provisions	(83)	(30)
Tax losses carried forward	(11.611)	(5.102)
	40.556	27.094
Changes during the year		
Beginning of year	27.094	
Recognised in the income statement	13.462	
End of year	40.556	

	Due within 12 months 2019/20 DKK'000	Due within 12 months 2018/19 DKK'000	Due after more than 12 months 2019/20 DKK'000	Outstanding after 5 years DKK'000
14. Liabilities other than provisions				
Mortgage debt	2.023	962	25.446	17.260
Other payables	0	0	7.258	7.258
	2.023	962	32.704	24.518

Long-term other payables consists of an accrued holiday pay provision in accordance with Danish legislation.

15. Prepayments received from customers

Prepayments received from customers comprise amounts received from customers prior to delivery of the goods agreed or completion of the service agreed.

16. Short-term deferred income

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

Notes to consolidated financial statements

	2019/20 DKK'000	2018/19 DKK'000
17. Change in working capital		
Increase/decrease in inventories	(50.918)	(24.380)
Increase/decrease in receivables	(33.422)	(12.832)
Increase/decrease in trade payables etc	43.937	3.436
Other changes	422	0
	(39.981)	(33.776)

	2019/20 DKK'000	2018/19 DKK'000
18. Unrecognised rental and lease commitments		
Liabilities under rental or lease agreements until maturity in total	1.722	2.444

	2019/20 DKK'000	2018/19 DKK'000
19. Contingent liabilities		
Recourse and non-recourse guarantee commitments	2.972	643
Contingent liabilities in total	2.972	643

20. Assets charged and collateral

Land and buildings with a carrying amount of DKK 58,600k have been provided as security for mortgage debt of DKK 27,469k.

21. Transactions with related parties

No transactions with related parties were made in 2019/20 that were not made on an arm's length basis.

	Executive Board	Total DKK'000
22. Receivables from management category repaid during the financial year		
Interest rate	10,05	
Incurring and repaid during the year	1.486	1.486

Notes to consolidated financial statements

	<u>Registered in</u>	<u>Corpo- rate form</u>	<u>Equity inte- rest %</u>
23. Subsidiaries			
Weibel Scientific Holding A/S	Denmark	A/S	55,0
Weibel Scientific A/S	Denmark	A/S	100,0
Weibel Norway AS	Norway	AS	100,0
Weibel Equipment GmbH	Germany	GmbH	100,0
Weibel Incorporated ApS	Denmark	ApS	100,0
Weibel Equipemt Inc	USA	Inc	100,0

Parent income statement for 2019/20

	<u>Notes</u>	<u>2019/20 DKK'000</u>	<u>2018/19 DKK'000</u>
Gross loss		(58)	(13)
Income from investments in group enterprises		19.356	19.142
Other financial income	2	86	0
Other financial expenses	3	(516)	(399)
Profit/loss before tax		18.868	18.730
Tax on profit/loss for the year	4	(183)	91
Profit/loss for the year	5	18.685	18.821

Parent balance sheet at 30.04.2020

	<u>Notes</u>	<u>2019/20</u> <u>DKK'000</u>	<u>2018/19</u> <u>DKK'000</u>
Investments in group enterprises		189.033	184.488
Investments in associates		20	0
Fixed asset investments	6	<u>189.053</u>	<u>184.488</u>
Fixed assets		<u>189.053</u>	<u>184.488</u>
Receivables from group enterprises		5.047	0
Deferred tax		198	91
Other receivables		12	302
Receivables		<u>5.257</u>	<u>393</u>
Current assets		<u>5.257</u>	<u>393</u>
Assets		<u>194.310</u>	<u>184.881</u>

Parent balance sheet at 30.04.2020

	<u>Notes</u>	<u>2019/20</u> <u>DKK'000</u>	<u>2018/19</u> <u>DKK'000</u>
Contributed capital		250	250
Reserve for net revaluation according to the equity method		22.844	18.300
Retained earnings		147.305	147.975
Equity		170.399	166.525
Bank loans		12.116	6.602
Payables to group enterprises		379	321
Payables to shareholders and management		11.374	11.391
Other payables		42	42
Current liabilities other than provisions		23.911	18.356
Liabilities other than provisions		23.911	18.356
Equity and liabilities		194.310	184.881
Staff costs	1		
Contingent liabilities	7		
Related parties with controlling interest	8		
Receivables from management category repaid during the financial year	9		

Parent statement of changes in equity for 2019/20

	Contributed capital DKK'000	Reserve for net revaluation according to the equity method DKK'000	Retained earnings DKK'000
Equity beginning of year	250	18.300	147.975
Extraordinary dividend paid	0	0	0
Exchange rate adjustments	0	189	0
Dividends from group enterprises	0	(15.000)	15.000
Profit/loss for the year	0	19.355	(15.670)
Equity end of year	250	22.844	147.305
		Proposed extraordinary dividend DKK'000	Total DKK'000
Equity beginning of year		0	166.525
Extraordinary dividend paid		(15.000)	(15.000)
Exchange rate adjustments		0	189
Dividends from group enterprises		0	0
Profit/loss for the year		15.000	18.685
Equity end of year		0	170.399

Notes to parent financial statements

	<u>2019/20</u>	<u>2018/19</u>
1. Staff costs		
Average number of employees	<u>0</u>	<u>0</u>
	<u>2019/20</u> <u>DKK'000</u>	<u>2018/19</u> <u>DKK'000</u>
2. Other financial income		
Other interest income	<u>86</u>	<u>0</u>
	86	0
	<u>2019/20</u> <u>DKK'000</u>	<u>2018/19</u> <u>DKK'000</u>
3. Other financial expenses		
Other interest expenses	<u>516</u>	<u>399</u>
	516	399
	<u>2019/20</u> <u>DKK'000</u>	<u>2018/19</u> <u>DKK'000</u>
4. Tax on profit/loss for the year		
Change in deferred tax	<u>(107)</u>	<u>(91)</u>
Adjustment concerning previous years	<u>290</u>	<u>0</u>
	183	(91)
	<u>2019/20</u> <u>DKK'000</u>	<u>2018/19</u> <u>DKK'000</u>
5. Proposed distribution of profit/loss		
Extraordinary dividend distributed in the financial year	<u>15.000</u>	<u>0</u>
Retained earnings	<u>3.685</u>	<u>18.821</u>
	18.685	18.821

Notes to parent financial statements

	Investments in group enterprises DKK'000	Investments in associates DKK'000
6. Fixed asset investments		
Cost beginning of year	166.187	0
Additions	0	20
Cost end of year	166.187	20
Revaluations beginning of year	18.301	0
Exchange rate adjustments	189	0
Amortisation of goodwill	(3.063)	0
Share of profit/loss for the year	22.419	0
Dividend	(15.000)	0
Revaluations end of year	22.846	0
Carrying amount end of year	189.033	20

The carrying amount end of year related to goodwill is DKK 9,190 thousands.

A specification of investments in subsidiaries is evident from the notes to the consolidated financial statements.

7. Contingent liabilities

The Company participates in a Danish joint taxation arrangement in which HEIA ApS serves as the administration company. According to the joint taxation provisions of the Danish Corporation Tax Act, the Company is therefore liable for income taxes etc for the jointly taxed companies and for obligations, if any, relating to the withholding of tax on interest, royalties and dividends for the jointly taxed companies. The jointly taxed companies' total known net liability in the joint taxation arrangement is stated in the financial statements of the administration company.

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8. Related parties with controlling interest

Related parties with control comprise the Company's Executive Board and Board of Directors.

Other related parties with which HEIA ApS has had transactions in 2019/20:

Thomas Øiseth Munkholm, Bolbrovej 61, 2960 Rungsted Kyst

Notes to parent financial statements

	<u>Executive Board</u>	<u>Total DKK'000</u>
9. Receivables from management category repaid during the financial year		
Interest rate	10,05	
Incurred and repaid during the year	1.486	1.486

Accounting policies

Reporting class

This annual report has been presented in accordance with the provisions of the Danish Financial Statements Act governing reporting class C enterprises (medium).

The accounting policies applied to these financial statements are consistent with those applied last year except for minor adjustments made with no effect on profit/loss or equity as they are reclassifications.

Consolidated financial statements

The consolidated financial statements comprise the Parent and the Group enterprises (subsidiaries) that are controlled by the Parent. Control is achieved by the Parent, either directly or indirectly, holding more than 50% of the voting rights or in any other way possibly or actually exercising controlling influence.

Basis of consolidation

The consolidated financial statements are prepared on the basis of the financial statements of the Parent and its subsidiaries. The consolidated financial statements are prepared by combining uniform items. On consolidation, intra-group income and expenses, intra-group accounts and dividends as well as profits and losses on transactions between the consolidated enterprises are eliminated. The financial statements used for consolidation have been prepared applying the Group's accounting policies.

Subsidiaries' financial statement items are recognised in full in the consolidated financial statements.

Business combinations

Newly acquired or newly established enterprises are recognised in the consolidated financial statements from the time of acquiring or establishing such enterprises. Divested or wound-up enterprises are recognised in the consolidated income statement up to the time of their divestment or winding-up.

The purchase method is applied at the acquisition of new enterprises, under which identifiable assets and liabilities of these enterprises are measured at fair value at the acquisition date. Provisions for costs of restructuring of the enterprise acquired are only made in so far as such restructuring was decided by the enterprise acquired prior to acquisition. Allowance is made for the tax effect of restatements.

Positive differences in amount (goodwill) between cost of the acquired share and fair value of the assets and liabilities taken over are recognised under intangible assets, and they are amortised systematically over the income statement based on an individual assessment of their useful life. If the useful life cannot be estimated reliably, it is fixed at 10 years. Useful life is reassessed annually. Negative balances (negative goodwill) are recognised as income in the income statement.

Foreign currency translation

On initial recognition, foreign currency transactions are translated applying the exchange rate at the transaction date. Receivables, payables and other monetary items denominated in foreign currencies that have not been settled at the balance sheet date are translated using the exchange rate at the balance sheet date. Exchange differences that arise between the rate at the transaction date and the rate in effect at the payment date, or the rate at the balance sheet date are recognised in the income statement as financial income or financial expenses.

Accounting policies

Income statement

Gross profit or loss

Gross profit comprises revenue, costs relating to raw materials and consumables as well as other external expenses.

Revenue

Revenue from the sale of manufactured goods and goods for resale is recognised in the income statement when delivery is made and risk has passed to the buyer. Revenue from the sale of services is recognised in the income statement when delivery is made to the buyer. Revenue is recognised net of VAT, duties and sales discounts and is measured at fair value of the consideration fixed.

Contract work in progress is included in revenue based on the stage of completion so that revenue corresponds to the selling price of the work performed in the financial year (the percentage-of-completion method).

Cost of sales

Cost of sales comprises goods consumed in the financial year measured at cost, adjusted for ordinary inventory writedowns.

Costs of raw materials and consumables

Costs of raw materials and consumables comprise the consumption of raw materials and consumables for the financial year after adjustment for changes in inventories of these goods from the beginning to the end of the year. This item includes shrinkage, if any, and ordinary writedowns of the relevant inventories.

Other external expenses

Other external expenses include expenses relating to the Entity's ordinary activities, including expenses for premises, stationery and office supplies, marketing costs, etc. This item also includes writedowns of receivables recognised in current assets.

Staff costs

Staff costs comprise salaries and wages as well as social security contributions, pension contributions, etc for entity staff.

Depreciation, amortisation and impairment losses

Depreciation, amortisation and impairment losses relating to property, plant and equipment and intangible assets comprise depreciation, amortisation and impairment losses for the financial year, as well as gains and losses from the sale of property, plant and equipment.

Income from investments in group enterprises

Income from investments in group enterprises comprises the pro rata share of the individual enterprises' profit/loss after full elimination of internal profits or losses.

Accounting policies

Other financial income

Other financial income comprises interest income, including interest income on receivables from group enterprises, net capital or exchange gains on securities, payables and transactions in foreign currencies, amortisation of financial assets as well as tax relief under the Danish Tax Prepayment Scheme etc.

Other financial expenses

Other financial expenses comprise interest expenses, including interest expenses on payables to group enterprises, net capital or exchange losses on securities, payables and transactions in foreign currencies, amortisation of financial liabilities as well as tax surcharge under the Danish Tax Prepayment Scheme etc.

Tax on profit/loss for the year

Tax for the year, which consists of current tax for the year and changes in deferred tax, is recognised in the income statement by the portion attributable to the profit for the year and recognised directly in equity by the portion attributable to entries directly in equity.

Balance sheet

Intellectual property rights etc

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

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

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

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

Completed development projects	7 years
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Estimated useful lives and residual values are reassessed annually.

Property, plant and equipment

Land and buildings, plant and machinery as well as other fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation and impairment losses. Land is not depreciated.

Cost comprises the acquisition price, costs directly attributable to the acquisition and preparation costs of the asset until the time when it is ready to be put into operation. For assets held under finance leases, cost

Accounting policies

is the lower of the asset's fair value and present value of future lease payments.

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:

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

Estimated useful lives and residual values are reassessed annually.

Items of property, plant and equipment are written down to the lower of recoverable amount and carrying amount.

Investments in group enterprises

In the parent financial statements, investments in group enterprises are recognised and measured according to the equity method. This means that investments are measured at the pro rata share of the enterprises' equity value plus or minus unrealised intra-group profits or losses.

Upon distribution of profit or loss, net revaluation of investments in group enterprises is transferred to Reserve for net revaluation according to the equity method under equity.

Goodwill is calculated as the difference between cost of the investments and fair value of the pro rata share of assets and liabilities acquired. Goodwill is amortised straight-line over its estimated useful life, which is fixed based on the experience gained by Management for each business area. Useful life is determined based on an assessment of whether the enterprises are strategically acquired enterprises with a strong market position and a long-term earnings profile and whether the amount of goodwill includes intangible resources of a temporary nature that cannot be separated and recognised as separate assets. If the useful life cannot be estimated reliably, it is fixed at 10 years. Useful lives are reassessed annually. The amortisation periods used are 5 years.

Investments in group enterprises are written down to the lower of recoverable amount and carrying amount.

Investments in associates

Investments in associates are measured at cost. Investments are written down to the lower of recoverable amount and carrying amount.

Inventories

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

Cost consists of purchase price plus delivery costs. Cost of manufactured goods and work in progress consists of costs of raw materials, consumables, direct labour costs and indirect production costs.

Accounting policies

Indirect production costs comprise indirect materials and labour costs, costs of maintenance of, depreciation on of and impairment losses relating to machinery, factory buildings and equipment used in the manufacturing process as well as costs of factory administration and management. Finance costs are not included in cost.

The net realisable value of inventories is calculated as the estimated selling price less completion costs and costs incurred to execute sale.

Receivables

Receivables are measured at amortised cost, usually equalling nominal value less writedowns for bad and doubtful debts.

Contract work in progress

Contract work in progress is measured at the selling price of the work carried out at the balance sheet date.

The selling price is measured based on the stage of completion and the total estimated income from the individual contracts in progress. Usually, the stage of completion is determined as the ratio of actual to total budgeted consumption of resources.

If the selling price of a project in progress cannot be made up reliably, it is measured at the lower of costs incurred and net realisable value.

Each contract in progress is recognised in the balance sheet under receivables or liabilities other than provisions, depending on whether the net value, calculated as the selling price less prepayments received, is positive or negative. Costs of sales work and of securing contracts as well as finance costs are recognised in the income statement as incurred.

Income tax payable or receivable

Current tax payable or receivable is recognised in the balance sheet, stated as tax calculated on this year's taxable income, adjusted for prepaid tax.

Prepayments

Prepayments comprise incurred costs relating to subsequent financial years. Prepayments are measured at cost.

Cash

Cash comprises cash in hand and bank deposits.

Deferred tax

Deferred tax is recognised on all temporary differences between the carrying amount and the tax-based value of assets and liabilities, for which the tax-based value is calculated based on the planned use of each asset or the planned settlement of each liability.

Deferred tax assets, including the tax base of tax loss carryforwards, are recognised in the balance sheet at

Accounting policies

their estimated realisable value, either as a set-off against deferred tax liabilities or as net tax assets.

Mortgage debt

At the time of borrowing, mortgage debt to mortgage credit institutions is measured at cost which corresponds to the proceeds received less transaction costs incurred. Mortgage debt is subsequently measured at amortised cost. This means that the difference between the proceeds at the time of borrowing and the nominal repayable amount of the loan is recognised in the income statement as a financial expense over the term of the loan applying the effective interest method.

Finance lease liabilities

Lease commitments relating to assets held under finance leases are recognised in the balance sheet as liabilities other than provisions, and, at the time of inception of the lease, measured at the present value of future lease payments. Subsequent to initial recognition, lease commitments are measured at amortised cost. The difference between present value and nominal amount of the lease payments is recognised in the income statement as a financial expense over the term of the leases.

Operating leases

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

Other financial liabilities

Other financial liabilities are measured at amortised cost, which usually corresponds to nominal value.

Prepayments received from customers

Prepayments received from customers comprise amounts received from customers prior to delivery of the goods agreed or completion of the service agreed.

Deferred income

Deferred income comprises income received for recognition in subsequent financial years. Deferred income is measured at cost.

Cash flow statement

The cash flow statement shows cash flows from operating, investing and financing activities as well as cash and cash equivalents at the beginning and the end of the financial year.

Cash flows from operating activities are presented using the indirect method and calculated as the operating profit/loss adjusted for non-cash operating items, working capital changes and income taxes paid.

Cash flows from investing activities comprise payments in connection with acquisition and divestment of fixed asset investments as well as purchase, development, improvement and sale, etc of intangible assets and property, plant and equipment, including acquisition of assets held under finance leases.

Cash flows from financing activities comprise changes in the size or composition of the contributed capital and related costs as well as inception of finance leases and payment of dividend.

Cash and cash equivalents comprise cash.