HEIA ApS

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

Annual Report for 1 May 2022 - 30 April 2023

CVR No 39 62 40 79

The Annual Report was presented and adopted at the Annual General Meeting of the Company on 10/ 7 2023

Thomas Øiseth Munkholm
Chairman of the General Meeting

pwc

Contents

Management’s Statement

The Executive Board has today considered and adopted the Annual Report of HEIA ApS for the financial year 1 May 2022 - 30 April 2023.

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 2023 of the Company and the Group and of the results of the Company and Group operations and of consolidated cash flows for 2022/23.

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, 10 July 2023

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 2023 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 2022 - 30 April 2023 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 2022 - 30 April 2023, 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 Financials 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, 10 July 2023
PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
CVR No 33 77 12 31

Thomas Baunkjær Andersen
State Authorised Public Accountant
mne35483

Mads Lundemann
State Authorised Public Accountant
mne44181

Company Information

The Company	HEIA ApS c/o Weibel Scientific A/S, Solvang 30 DK-3450 Allerød CVR No: 39 62 40 79 Financial period: 1 May - 30 April Incorporated: 12 April 2018 Financial year: 6th 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				
	2022/23	2021/22	2020/21	2019/20	2018/19
	TDKK	TDKK	TDKK	TDKK	TDKK
Key figures					
Profit/loss					
Revenue	521,734	419,441	367,251	324,194	269,062
Revenue growth	24.0%	14.2%	13.0%	20.0%	25.0%
Gross profit	299,829	270,042	238,282	193,633	157,148
EBITDA	38,551	74,263	85,932	68,835	44,916
EBITDA less impact from sale of assets	38,551	74,043	78,003	69,300	44,916
EBIT	26,165	62,483	73,793	54,621	54,226
Net financials	-11,559	-100	-6,319	-515	-64
Net profit/loss for the year	13,403	52,973	57,736	40,090	40,052
Balance sheet					
Balance sheet total	858,545	792,036	585,782	502,730	413,768
Investments in PPE	24,167	59,156	17,373	16,619	5,987
Equity	403,490	398,912	357,064	311,286	300,853
Net Working Capital	507,721	471,520	351,355	220,957	183,096
Net interest bearing debt/(cash)	238,007	178,679	45,002	12,277	-15,374
- operating activities	-9,846	-43,740	-47,548	13,436	12,770
- investing activities	-43,373	-75,982	11,476	-22,663	5,743
- financing activities	-13,903	13,021	824	-6,244	-2,783
Change in cash and cash equivalents for the year	-62,478	-35,247	-35,248	-15,471	15,730
Employees in Denmark	314	247	199	152	144
Employees in Norway	13	11	9	8	6
Employees in US	5	5	5	3	2
Total employees end of year	**332**	**263**	**213**	**163**	**152**
Female employees end of year	50.0	35.0	25.0	N/A	N/A
Ratio of female employees	15.0%	13.0%	12.0%	N/A	N/A
EBITDA margin	8.0%	17.7%	23.4%	21.2%	16.7%
EBITDA margin less impact from sale of assets	8.1%	17.7%	21.2%	21.4%	16.7%
EBIT margin	5.7%	14.9%	20.1%	16.8%	20.2%
Return on equity	3.3%	14.0%	17.3%	13.1%	13.8%
Solvency ratio	47.0%	50.4%	61.0%	61.9%	72.7%

Financial Highlights

	Group				
	2022/23	2021/22	2020/21	2019/20	2018/19
	TDKK	TDKK	TDKK	TDKK	TDKK
Liquidity ratio	169.4%	227.7%	355.2%	301.1%	360.6%
Debt to EBITDA ratio	567.5%	240.6%	52.0%	18.0%	N/A

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 522 million and profit of DKK 13.4 million in 2022/23.

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 work 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.

Costumers 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 +330-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 220 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 4.000 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 2022/23 we have e.g. worked on projects related to development of new software appliances , new and larger platform for Tracking radars and not least the development of an entirely next generation product line related to drone surveillance. Weibel has during 2022/23 spent more than DKK 120 million on R&D related activities compared to DKK 70 million in 2021/22.

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.

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

We want to share an appreciation of science and technology with the general public and future generations.

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

Weibel developed the strategy "Weibel Always Ahead" in 2020. The strategic goals included that Weibel would double the size of the Company during the 5 years 2020 to 2025, while at the same time heavily invest in development of new products to further secure continued growth.

Weibel is ahead of the strategic plan and Management updated the strategy during 2022/23. Weibel has for the past 3 years consistently doubled our revenue every 4 years and the aim of the updated strategy, “Weibel Always Ahead 2.0”, is that Weibel revenue will grow beyond DKK 1 billion over the next 5 years and again double the revenue and while we return to EBITDA margins above 25%.

The choice of strategy is based on continue growing while we further professionalize the Company in order to ensure the foundation for continued growth.

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

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

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

We will continue building on our culture and focus 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

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

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 implemented a risk management policy in 2022. The main items included in the risk management policy include an overview of the risks that Management assess on an ongoing basis and sets out guidelines for reporting and discussion between Management and Board of Directors. The risk management policy also sets out guidelines for mitigating actions of risks.

Market risks

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 and we have established a formalized export control program.

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

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

The potential impact from supply risk events may be delays in deliveries to our customers impacting the timeliness of cash flows and revenue and potentially also costs related to penalties for delayed deliveries or in worst case even risk of contracts being terminated by customers.

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 value of our technology and the nature of our products and customers Weibel is especially exposed to risk of targeted cyber-attacks and cyber based espionage from foreign nation state actors. Therefore 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 in order to improve people, processes and technology within the IT domain.

Financial risks

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

Weibel has the required credit lines available and the support of our financial partners to implement and finance 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.

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

The Company has implemented a new financial policy in 2022/23 regarding foreign exchange fluctuations and potential hedging or other mitigating measures. The Company has not applied any currency hedging during the year and no financial instruments are in place at 30 April 2023.

In general the order book is based on USD and EUR. The cost base is in general denominated in DKK and EUR and to a minor extent to NOK. 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 was impacted at a lower rate than many other global industries from the recent Covid-19 pandemic.

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

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

Geopolitical risk

The geopolitical situation has in general changed over the past year with regards to the impact from the war in Ukraine and the rising tensions among global powers.

The geopolitical development impose a risk to society as we used to know it and has led to high and suddenly increasing inflation and risk of energy and other supply shortages.

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

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

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 formalized human rights policy has been adopted as the risk related to human rights is considered limited.

Whistle blower function

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

Ongoing litigation

There are no ongoing litigations in the Group.

Development in activities and financial position 2022/23

Weibel revenue amounted to DKK 522 million, representing an organic growth of 24% from DKK 419 million in 2021/22.

EBITDA less impact from sale of assets amounted to DKK 42 million compared to DKK 75 million in 2021/22 a 44% decrease from operational activities.

Shareholders equity amounted to DKK 404 million (30 April 2022: DKK 399 million) and consolidated total assets of DKK 859 million (30 April 2022: DKK 792 million).

Revenue growth is in line with the revenue outlook expressed in the annual report 2021/22 of a revenue growth of 20% to 30%. The EBITDA outlook was in the range 12% to 14%. Actual EBITDA result is 8%, which is below the outlook.

Profitability was adversely impacted from the combination of revenue in the middle range of the revenue outlook and still executing very high investments in 69 new hires and new products over the past year. The profitability has all in all been impacted from a high level of development costs and lower gross margin than budgeted. Profitability has been adversely impacted from inflation on various cost types such as cost of goods sold and energy related to the operation of the Company. Although profitability was lower than last years' outlook it was expected to realize a decline in profitability due to the level of planned new hires and a number of investments. The underlying profitability for 2022/23 was in the range of 15% including these investments and significantly higher without these.

Numbers of employees

At 30 April 2023, the Weibel Scientific A/S had 314 employees compared to 247 employees at 30 April 2022, an increase of 27% from the previous year (last year growth was 24%). The Group had 332 employees at 30 April 2023 compared to 263 at 30 April 2022, an increase of 26% from the previous year (was 23% last year).

Parent company

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

Outlook for 2023/24

Management expects revenue to grow between 15% and 25% in 2023/24.

During 2022/23 we have been able to increase the Company's order backlog and we enter 2023/24 with an order book that underlines the same level of revenue as realized during 2022/23. Weibel is dependent on securing and executing further orders to be able to achieve the growth range.

Weibel operates in markets where sales processes are lengthy and to a high degree dependent on public spending on defense related purchases.

Geopolitical turmoil has impacted the growth of the market for defense spending positively during the past year. The market for Weibel products was already growing for several years before 2022 and our plans and outlook for the 2023/24 are based on the results of the long hard work we have been conducting over the past years.

The EBITDA margin for 2023/24 is targeted in a range of 10% -15%. The level of profitability is expected to be temporary low due to a number of investments and is related to a number of specific investments, including investment in +60 new hires. The profitability of the underlying business is expected to be above 20% EBITDA margin.

The expectations for 2023/24 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 30April 2023 the currency ratio was 6.79 DKK/USD.

Financial resources

At 30 April 2023, cash and non-utilized credit facilities amounted to approximately DKK 55 million. 30 April 2022 was DKK 82 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. If the owners of the Company should wish to change the capital structure or increase credit facilities Management assess the Company is well positioned to do so.

Matters affecting the financial statements

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 2022/23

Weibel was in general not impacted directly from Covid-19 during 2022/23.

Weibel has however on the supply side Weibel 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 during 2022/23 as well. Some of these imbalances have driven higher inflation during 2022/23, which has had adverse impact to Weibel profitability.

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 received postponed employer tax payments in accordance with the generally offered schemes during covid-19. We have repaid all installments as they have fallen due during 2021/22 and 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 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”.

Participating in a regulated industry

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

Our 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 within export control and sanctions.

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 which are 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 2023/24 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.

To support the green transportation transition among our employees we have installed a number of power charging stations for their cars during 2022.

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 2023/24 continue our work to lower our energy consumption.

Weibel is a large company and will as of 2025/26 be impacted by changed regulation with regards to ESG reporting. In order to prepare Weibel for this journey; working on the ESG agenda is one of the actions Weibel has planned for 2023/24. We will during 2023/24 analyze the gap between our current level of ESG readiness. Based on this gap analyzes we will prepare a plan on how to fill the gaps and begin working on the ESG agenda based on a more formalized approach. 2023/24 includes a number of detailed investments within the ESG area.

Social and employee relations including diversity

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

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

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, age, race or religion. As group policy, Weibel aims to select the most qualified candidates for the teams with a view to creating diversity in Weibel through a qualified recruitment process, covering all levels of the organization. During 2022/23 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. We perform several employee surveys each year within this area and entertain follow up meetings including employees to identify and classify improvements to be made to the workspace.

HSE incidents

Management is closely monitoring the development in HSE incidents.

The number of incidents leading to absence during 2022/23 has been 0 with a total of 0 absent days. During 2021/22 the number of incidents was 3, with 15 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.

During 2022/23 we did not have any relevant incidents, but we have a process in place to analyze potential incidents with regards to root cause to the incident and will apply relevant mitigating actions to avoid similar incidents in the future. We have not found any processes that generate systemic incidents during 2022/23, we have however based on employee input identified a few areas, where we will improve our surroundings to avoid future incidents.

It is our ambition that the development in HSE incidents will at least remain low during the coming year, but due to the very low number of incidents during 2022/23, there is a risk that the number of HSE incidents may increase. To the extent we may experience HSE incidents; it is our ambition that we will be able to ensure that we continue to not have systemic HSE incidents.

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

Weibel has put in place a number of actions that help our employees maintain a good health. This includes voluntarily annual flu vaccination programs, opportunity of participating in exercise and focus on healthy food in the Company canteen.

The overall illness absence was 2.6% during 2022/23. The trend on illness has been slightly increasing over the past few months due to a low amount of employees who are currently in long-term illness situations. It is our ambition to maintain a work place with a low level of illness absence during 2023/24 and Management will continue to monitor the development and will impose mitigating actions if we find this needed.

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 on employee level in all functions to ensure that roles and responsibilities are understood and in place
•2-4 annual employee satisfaction surveys and regular follow up meetings at team level to identify and implement improvements
•We develop our leaders and our HR department support individual managers with coaching and sparring to improve quality of daily leadership
•A series of cultural and teambuilding activities such as Weibel Family day, Christmas party for families, annual parties and other after-work activities
•An annual salary adjustment process to ensure that all people have adequate salaries that reflect the development and value they create for Weibel

To support this work we have during 2022/23 implemented an online training portal, Weibel Academy, that supports more efficient and streamlined training to be introduced to new employees and to support the roll-out of new guidelines, processes etc.

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

Organizational Review session.

Weibel is a high growth company and the number of employees has doubled since April 2020, when the number of employees was at 163. For each of the past 3 years we have added 25% to 30% employees compared to the previous year. The growth in employees follows the strategy of combining growth and professionalization at the same time. Weibel has during this period added new functions as well as more staff to existing functions. New functions e.g. includes Business Development, Planning, Project Management, IT Security, Legal and a new production line for our new Xenta product. In order to support the growth in revenue we have added employees to all parts of the Company during the period.

During 2022/23 the number of employees grew from 263 end of April 2022 to 332 end of April 2023. The net growth of 69 FTE's is close to budget of 74 net hires and is higher than the 50 hires in 2021/22, but in balance with the development of the company during 2022/23.

We measure turnover of employees and have during 2022/23 had a turnover of 14% (2021/22 was +10%), which we believe is at a fair level, taking leavers' performance of leavers into perspective. Among the leavers we measure "Bad leavers". "Bad leavers" are defined as employees where Weibel would have wished them keep employed. The number of "Bad leavers" during 2022/23 was 4% a level, which we believe is adequate.

We appraise equality with regards to age and are happy to have a balanced work place, where 13% of our employees are above 60 years of age (2021/22 was 10%). 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 2023/24 our ambitions in the People area include:

•Keeping employee turnover at a satisfactory level
•Further improving and developing our People processes
•Being able to recruit about 110 new employees to ensure people net growth of 65 employees to support Weibel's continued development
•Improving retention for key individuals
•Improving on-boarding process to gain high performance from new people faster
•Improving leadership for middle managers
•Maintain sickness rates at a satisfactory level
•Increase the quantity and quality of internal training in Weibel Academy
•Continue adapting the growing organization to the changes that more employees require

Anti-bribery and corruption

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

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

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 2022/23 and Management is not aware of any violations of the strict anti-bribery and corruption polities of the Company.

For 2023/24 it is our ambition with unchanged control still not to experience any incidents of corruption or violations of our anti-bribery and corruption policies.

To support our work on improving Weibel security we have during 2022/23 adopted a security clearance policy to support the confidentiality related to working at Weibel. The policy includes criminal record screenings and obtaining security clearance for select staff. The policies are also implemented to include external consultants and other business partners.

Veteran support

Our radar systems are commonly used in critical defense situations with a real impact on the individuals involved. Supporting Danish veterans will always be special to our understanding of social responsibility.

We have a profound respect for those willing to sacrifice their lives to keep others safe, and our veteran policy encompasses both direct involvement and economic support in a wide range of initiatives. The main content of our Veteran policy is related to following main topics:

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

We have employed veterans for many years. Their experience and insights contribute positively to our cooperation with defense organizations and end-users throughout the world. Currently, Weibel has 25 veterans employed.

We are a continuous sponsor and partner of the Society of Danish Wounded Warriors (Veteranskytterne). We also support various veteran sports events, veteran music festival Engage and the organization “Velkommen Hjem”.

In 2022/23 we also chose to be sponsor of “Veteranprojekt Greenland”, which is a project that supports the 100 veterans that live in Greenland. They have served in the Danish Armed Forces and been on several international missions alongside our allies. With our support it was possible to bring together Greenlandic and Danish veterans in Greenland - an important trip for the individuals involved and it raised substantial awareness around an often neglected part of the veteran community.

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

We plan to uphold our support to veterans during 2023/24.

Creating the world’s best children’s hospital – Weibel as one of four founding fathers of Børneriget Fonden
In 2020, Weibel became one of four founding fathers of the children’s hospital foundation BørneRiget Fonden. This is the first ever hospital foundation supporting a public hospital in Denmark; Mary Elizabeth’s Hospital is planned to open in 2025. The goal: Building the world’s #1 hospital for children and pregnant women.

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

Supporting education

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

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

We also support Denmark’s national center for science education, ASTRA, and its initiatives within Engineering the Future. We always like to welcome visits from schools to show what a STEM education can lead to.

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:

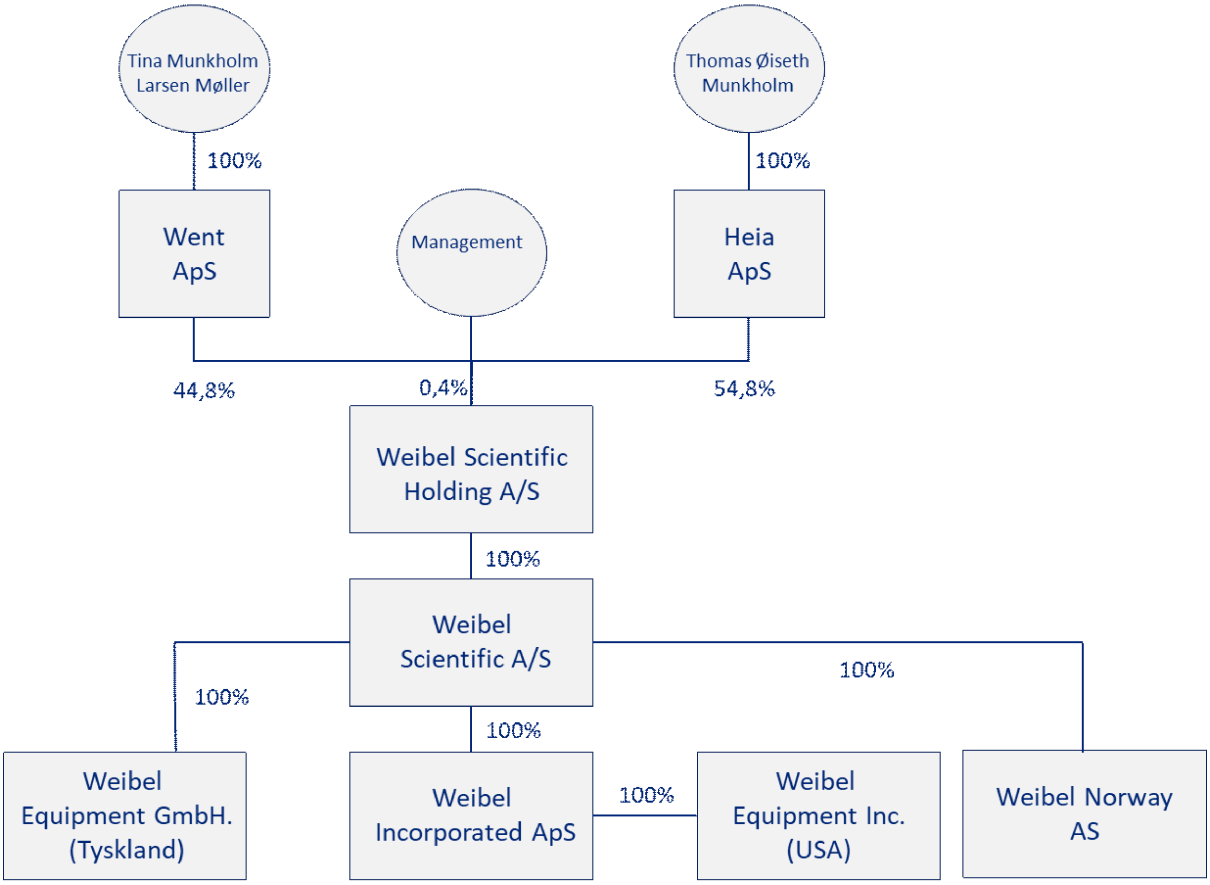
•Heia ApS CVR no. 39 62 40 79 having 54.8% ownership and 54.3% votes.
•Went ApS CVR no. 39 62 40 87 having 44.8% ownership and 45.6% votes.

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

Loan capital consists of long term mortgage debt and short term credit facilities provided by Danske Bank a major Danish SIFI-rated bank.

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

Weibel Scientific Group includes the companies Weibel Scientific A/S, Weibel Equipment GmbH., Weibel Incorporated ApS, Weibel Equipment Inc. and Weibel Norway AS. No changes have been implemented to the group structure in 2022/23.



Board of Directors, Executive Board and Company Management

At 30 April 2023 the Board of Directors (BOD) is comprised of the following members:

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

During the year Margt Gunilla Fransson left the BOD for retirement and Finn Möhring left the BOD to take a position as VP Tech (R&D) in Weibel Scientific A/S.

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 on regular basis. The topics of these reports include market development and the Group's development, financing and profitability. The Board of Directors and the Executive Management have overall responsibility for risk management and internal controls related to financial reporting.

The Board of Directors of the Company meet at least 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 (CEO and CFO) on a monthly basis and when needed.

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

At the beginning of 2022/23 the Board of Directors consisted of 2 women and 5 men with a gender split of 28%/72%, which was considered equal according to guidance from the Danish Business Authorities. At the end of 2022/23 the Board of Directors consisted of 1 woman and 4 men due to 2 BOD member resignations during the year with a gender split of 20% female and 80% 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. The goal of the Company is that the Company will during ongoing BOD recruitment during the next 12 months work to include more female to the BOD in order to ensure that the gender split yet again will become "Equal". The Board of Directors are 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 eight persons, of which two are women.

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.

The overall gender composition of the Company at the beginning of 2022/23 was 13% women and 87% men. During 2022/23 the overall gender composition of the Company has developed to 16% women and 84% men.

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 2023 where the representation of women in leadership positions and with personnel management responsibility was 9%. This is an increase from 6% at 30 April 2022. The development is related to the hires and promotion of 3 female managers and the creation of more managerial positions.

It is our ambition for 2023/24 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.

Jørgen Falkebo Jensen

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

Thomas Øiseth Munkholm

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

Tine Munkholm Larsen Møller

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

Tim Sloth Jørgensen

•Fonden Peder Skram, chairman

Carsten Kenneth Jensen

•MCJ Holding ApS, Executive Board
•CKJ Steel A/S, Board member and Executive Board
•Industrivej 3-5 Køge ApS, Executive Board
•MCJ Ejendomsselskab ApS, Executive Board
•OY BTM ApS, Board member and Executive Board
•Airseven A/S, Board member
•CC Modul ApS, Chairman

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 2022/23.

Income Statement 1 May - 30 April

	Note	Group 2022/23 TDKK	Group 2021/22 TDKK	Parent 2022/23 TDKK	Parent 2021/22 TDKK
Revenue	1	**521,734**	**419,441**	**0**	**0**
Capitalized costs for development projects		15,529	10,872	0	0
Other operating income/ expenses		0	220	0	0
Expenses for raw materials and consumables		-135,405	-68,981	0	0
Other external expenses		-102,015	-91,510	-69	-58
Gross profit/loss		**299,843**	**270,042**	**-69**	**-58**
Staff expenses	2	-261,292	-195,779	0	0
EBITDA		**38,551**	**74,263**	**-69**	**-58**
Depreciation, amortisation and impairment of intangible assets and property, plant and equipment	3	-12,227	-11,780	0	0
Other operating expenses		-159	0	0	0
Profit/loss before financial income and expenses		**26,165**	**62,483**	**-69**	**-58**
Income from investments in subsidiaries		0	0	4,086	26,230
Financial income	4	10,747	4,925	774	262
Financial expenses	5	-22,306	-5,025	-250	-207
Profit/loss before tax		**14,606**	**62,383**	**4,541**	**26,227**
Tax on profit/loss for the year	6	-1,203	-9,410	-100	-93
Net profit/loss for the year		**13,403**	**52,973**	**4,441**	**26,134**

Balance Sheet 30 April

Assets

	Note	Group 2022/23 TDKK	Group 2021/22 TDKK	Parent 2022/23 TDKK	Parent 2021/22 TDKK
Software		4,175	0	0	0
Development projects in progress		46,002	30,472	0	0
Intangible assets	7	**50,177**	**30,472**	**0**	**0**
Land and Buildings		121,420	119,749	0	0
Other fixtures and fittings, tools and equipment		47,146	37,839	0	0
Property, plant and equipment	8	**168,566**	**157,588**	**0**	**0**
Investments in subsidiaries	9	0	0	210,896	217,048
Other investments	10	5,985	5,746	5,985	5,746
Deposits	10	565	486	0	0
Other receivables	10	769	825	769	825
Fixed asset investments		**7,319**	**7,057**	**217,650**	**223,619**
Fixed assets		**226,062**	**195,117**	**217,650**	**223,619**
Inventories	11	**143,673**	**129,032**	**0**	**0**
Trade receivables		102,303	69,875	0	0
Contract work in progress	12	336,357	362,307	0	0
Receivables from group enterprises		0	760	15,954	16,776
Other receivables		24,448	7,138	7	0
Deferred tax asset	15	0	0	116	216
Corporation tax		11,584	11,000	0	0
Prepayments	13	5,131	4,206	0	0
Receivables		**479,823**	**455,286**	**16,077**	**16,992**
Cash at bank and in hand		**8,987**	**12,601**	**0**	**0**
Currents assets		**632,483**	**596,919**	**16,077**	**16,992**
Assets		**858,545**	**792,036**	**233,727**	**240,611**

Balance Sheet 30 April

Liabilities and equity

	Note	Group 2022/23 TDKK	Group 2021/22 TDKK	Parent 2022/23 TDKK	Parent 2021/22 TDKK
Share capital		250	250	250	250
Reserve for net revaluation under the equity method		-1,689	0	45,362	51,513
Reserve for exchange adjustments		170	546	0	0
Reserve for currency adjustments		499	0	0	0
Retained earnings		227,200	221,505	180,818	173,602
Proposed dividend for the year		3,000	0	3,000	0
Equity attributable to shareholders of the Parent Company		**229,430**	**222,301**	**229,430**	**225,365**
Minority interests		174,060	176,611	0	0
Equity		**403,490**	**398,912**	**229,430**	**225,365**
Provision for deferred tax	15	74,250	68,063	0	0
Other provisions	16	3,600	200	0	0
Provisions		**77,850**	**68,263**	**0**	**0**
Mortgage loans		45,880	49,074	0	0
Other payables		10,859	11,061	0	0
Long-term debt	17	**56,739**	**60,135**	**0**	**0**

Balance Sheet 30 April

Liabilities and equity

		Group		Parent	
	Note	2022/23	2021/22	2022/23	2021/22
		TDKK	TDKK	TDKK	TDKK
Mortgage loans	17	3,531	3,317	0	0
Credit institutions		197,583	138,719	4,034	8,451
Lease obligations		0	169	0	0
Trade payables		34,016	35,051	56	38
Payables to owners and Management		14,704	21,277	194	6,757
Corporation tax		448	204	0	0
Other payables	17	67,720	65,088	13	0
Prepayments from customers	18	2,464	901	0	0
Short-term debt		**320,466**	**264,726**	**4,297**	**15,246**
Debt		**377,205**	**324,861**	**4,297**	**15,246**
Liabilities and equity		**858,545**	**792,036**	**233,727**	**240,611**

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	Reserve for currency adjustments	Retained earnings	Proposed dividend for the year	Equity excl. minority interests	Minority interests	Total
	TDKK	TDKK	TDKK	TDKK	TDKK	TDKK	TDKK	TDKK	TDKK
Equity at 1 May	250	0	546	0	221,505	0	222,301	176,611	398,912
Exchange adjustments	0	0	-376	499	0	0	123	-310	-187
Dividends from group enterprises	0	0	0	0	0	0	0	-8,139	-8,139
Exchange adjustments relating to foreign entities	0	0	0	0	-499	0	-499	0	-499
Net profit/loss for the year	0	-1,689	0	0	6,194	3,000	7,505	5,898	13,403
Equity at 30 April	**250**	**-1,689**	**170**	**499**	**227,200**	**3,000**	**229,430**	**174,060**	**403,490**

Parent

	Share capital	Reserve for net revaluation under the equity method	Reserve for exchange adjustments	Reserve for currency adjustments	Retained earnings	Proposed dividend for the year	Equity excl. minority interests	Minority interests	Total
Equity at 1 May	250	51,513	0	0	173,602	0	225,365	0	225,365
Exchange adjustments	0	-376	0	0	0	0	-376	0	-376
Dividend from group enterprises	0	-9,861	0	0	9,861	0	0	0	0
Net profit/loss for the year	0	4,086	0	0	-2,645	3,000	4,441	0	4,441
Equity at 30 April	**250**	**45,362**	**0**	**0**	**180,818**	**3,000**	**229,430**	**0**	**229,430**

pwc

Cash Flow Statement 1 May - 30 April

	Note	Group 2022/23 TDKK	Group 2021/22 TDKK
EBITDA		38,551	74,263
Adjustments	19	-544	1,498
Change in working capital	20	-36,294	-119,967
Cash flows from operating activities before financial income and expenses		**1,713**	**-44,206**
Financial income		10,747	4,925
Financial expenses		-22,306	-5,025
Cash flows from ordinary activities		**-9,846**	**-44,306**
Corporation tax paid		4,644	566
Purchase of intangible assets		-19,705	-10,845
Purchase of property, plant and equipment		-24,173	-59,156
Changes in fixed asset investments		-318	-7,550
Sale of tangible assets		0	331
Sale of fixed asset investments		823	1,238
Cash flows from investing activities		**-43,373**	**-75,982**
Repayment and raising of mortgage loans		-2,980	27,001
Reduction of lease obligations		-169	-24
Raising of loans from shareholders		-5,069	218
Long term accruals		3,198	36
Loan provided to group enterprises		-744	0
Dividend paid		-8,139	-14,210
Cash flows from financing activities		**-13,903**	**13,021**
Change in cash and cash equivalents		**-62,478**	**-106,700**
Cash and cash equivalents at 1 May		-126,118	-19,418
Cash and cash equivalents at 30 April		**-188,596**	**-126,118**
Cash and cash equivalents are specified as follows:			
Cash at bank and in hand		8,987	12,601
Credit institutions		-197,583	-138,719
Cash and cash equivalents at 30 April		**-188,596**	**-126,118**

Notes to the Financial Statements

		Group		Parent	
		2022/23	2021/22	2022/23	2021/22
		TDKK	TDKK	TDKK	TDKK

1 Revenue

Geographical segments

	Group 2022/23	Group 2021/22	Parent 2022/23	Parent 2021/22
Revenue, Denmark	3,390	4,087	0	0
Revenue, exports	518,344	415,354	0	0
	521,734	**419,441**	**0**	**0**

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

2 Staff expenses

	Group 2022/23	Group 2021/22	Parent 2022/23	Parent 2021/22
Wages and salaries	238,802	179,541	0	0
Pensions	4,611	3,525	0	0
Other social security expenses	4,300	3,364	0	0
Other staff expenses	13,579	9,349	0	0
	261,292	**195,779**	**0**	**0**
Average number of employees	**307**	**229**	**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

	Group 2022/23	Group 2021/22	Parent 2022/23	Parent 2021/22
Depreciation of property, plant and equipment	12,227	11,780	0	0
	12,227	**11,780**	**0**	**0**

Notes to the Financial Statements

	Group		Parent	
	2022/23	2021/22	2022/23	2021/22
	TDKK	TDKK	TDKK	TDKK

4 Financial income

Interest received from group enterprises	0	31	526	262
Other financial income	2,738	231	248	0
Exchange adjustments	8,009	4,663	0	0
	10,747	**4,925**	**774**	**262**

5 Financial expenses

Interest paid to group enterprises	0	0	0	4
Other financial expenses	10,373	3,275	250	203
Exchange adjustments	11,933	1,750	0	0
	22,306	**5,025**	**250**	**207**

6 Tax on profit/loss for the year

Current tax for the year	-4,983	782	0	0
Deferred tax for the year	6,186	8,635	100	105
Adjustment of tax concerning previous years	0	-7	0	-12
	1,203	**9,410**	**100**	**93**

Notes to the Financial Statements

7 Intangible assets

Group

	Software	Development projects in progress
	TDKK	TDKK
Cost at 1 May	0	30,472
Additions for the year	4,175	15,530
Cost at 30 April	4,175	46,002
Carrying amount at 30 April	**4,175**	**46,002**

Development projects consist of new type of product. The decelopment 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. Futhermore, the group possesses the resources and skills to complete the development.

8 Property, plant and equipment

Group

	Land and Buildings	Other fixtures and fittings, tools and equipment
	TDKK	TDKK
Cost at 1 May	156,352	138,897
Additions for the year	5,352	18,815
Disposals for the year	0	-1,611
Cost at 30 April	161,704	156,101
Impairment losses and depreciation at 1 May	36,603	101,729
Depreciation for the year	3,681	8,534
Reversal of impairment and depreciation of sold assets	0	-1,308
Impairment losses and depreciation at 30 April	40,284	108,955
Carrying amount at 30 April	**121,420**	**47,146**

	Parent	
	2022/23	2021/22
	TDKK	TDKK

9 Investments in subsidiaries

	2022/23 TDKK	2021/22 TDKK
Cost at 1 May	165,534	166,187
Disposals for the year	0	-652
Cost at 30 April	165,534	165,535
Value adjustments at 1 May	51,513	41,060
Other adjustments	0	-683
Disposals for the year	0	-97
Exchange adjustment	-376	1,279
Net profit/loss for the year	7,149	28,807
Dividend	-9,861	-15,790
Amortisation of goodwill	-3,063	-3,063
Change in intercompany profit on development projects	0	0
Value adjustments at 30 April	45,362	51,513
Carrying amount at 30 April	**210,896**	**217,048**
Remaining positive difference included in the above carrying amount at 30 April	0	3,063

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	
	Other investments	Deposits	Other receiv-ables	Other investments	Other receiv-ables
	TDKK	TDKK	TDKK	TDKK	TDKK
Cost at 1 May	5,746	486	825	5,746	825
Additions for the year	239	79	0	239	0
Disposals for the year	0	0	-56	0	-56
Cost at 30 April	5,985	565	769	5,985	769

Carrying amount at 30 April	**5,985**	**565**	**769**	**5,985**	**769**

	Group		Parent	
	2022/23	2021/22	2022/23	2021/22
	TDKK	TDKK	TDKK	TDKK

11 Inventories

Raw materials and consumables	104,431	85,118	0	0
Work in progress	27,466	37,331	0	0
Finished goods and goods for resale	2,048	2,061	0	0
Prepayments for goods	9,728	4,522	0	0
	143,673	**129,032**	**0**	**0**

12 Contract work in progress

Selling price of work in progress	1,158,409	714,126	0	0
Payments received on account	-822,052	-351,819	0	0
	336,357	**362,307**	**0**	**0**

13 Prepayments

Prepayments comprise incurred costs relating to subsequent financial year.

14 Distribution of profit

	Parent	
	2022/23	2021/22
	TDKK	TDKK
Proposed dividend for the year	3,000	0
Reserve for net revaluation under the equity method	4,086	25,647
Transfer for the year to other reserves	0	0
Minority interests' share of net profit/loss of subsidiaries	0	0
Retained earnings	-2,645	487
	4,441	**26,134**

Notes to the Financial Statements

	Group		Parent	
	2022/23	2021/22	2022/23	2021/22
	TDKK	TDKK	TDKK	TDKK
15 Provision for deferred tax				
Intangible assets	11,017	7,344	0	0
Property, plant and equipment	-816	3,227	0	0
Inventories	4,511	4,576	0	0
Contract work in progress	208,158	130,951	0	0
Provisions	-4,714	-2,926	0	0
Other provisions	-154	-168	0	0
Tax loss carry-forward	-143,752	-74,941	-116	-216
Transferred to deferred tax asset	0	0	116	216
	74,250	**68,063**	**0**	**0**
Deferred tax asset				
Calculated tax asset	0	0	116	216
Carrying amount	**0**	**0**	**116**	**216**

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 3.600 at 30 April 2023.

Other provisions	3,600	200	0	0
	3,600	**200**	**0**	**0**
The provisions are expected to mature as follows:				
Between 1 and 5 years	3,600	200	0	0
	3,600	**200**	**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	
	2022/23	2021/22	2022/23	2021/22
	TDKK	TDKK	TDKK	TDKK
Mortgage loans				
After 5 years	33,037	37,426	0	0
Between 1 and 5 years	12,843	11,648	0	0
Long-term part	45,880	49,074	0	0
Within 1 year	3,531	3,317	0	0
	49,411	**52,391**	**0**	**0**
Other payables				
Between 1 and 5 years	10,859	11,061	0	0
Long-term part	10,859	11,061	0	0
Other short-term payables	67,706	65,088	12	0
	78,565	**76,149**	**12**	**0**

Other payables long-term debt relates to holiday balance.

18 Prepayments from customers

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

19 Cash flow statement - adjustments

	Group	
	2022/23	2021/22
	TDKK	TDKK
Other operating income	159	-220
Exchange rate	-703	1,718
	-544	**1,498**

Notes to the Financial Statements

20 Cash flow statement - change in working capital

	Group 2022/23 TDKK	Group 2021/22 TDKK
Change in inventories	-14,644	-25,227
Change in receivables and work in progress, etc.	-24,754	-117,721
Change in trade payables, etc	3,104	22,981
	-36,294	**-119,967**

21 Contingent assets, liabilities and other financial obligations

	Group		Parent	
	2022/23	2021/22	2022/23	2021/22
	TDKK	TDKK	TDKK	TDKK

Charges and security

The following assets have been placed as security with mortgage credit institutes:

	Group 2022/23 TDKK	Group 2021/22 TDKK	Parent 2022/23 TDKK	Parent 2021/22 TDKK
Buildings amounts to	121,420	119,749	0	0

Rental and lease obligations

	Group 2022/23 TDKK	Group 2021/22 TDKK	Parent 2022/23 TDKK	Parent 2021/22 TDKK
Lease obligations under operating leases. Total future lease payments:				
Within 1 year	1,611	1,956	0	0
Between 1 and 5 years	1,867	3,848	0	0
	3,478	**5,804**	**0**	**0**

Guarantee obligations

Recourse and non-recourse guarantee commitments amounts to TDKK 58.193 (30 April 2022: TDKK 19,899).

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 2022/23.

23 Fee to auditors appointed at the general meeting

	Group		Parent	
	2022/23	2021/22	2022/23	2021/22
	TDKK	TDKK	TDKK	TDKK
PricewaterhouseCoopers				
Audit fee	508	489	50	50
Other assurance engagements	65	109	6	8
Tax advisory services	67	87	0	0
Other services	655	142	0	0
	1,295	**827**	**56**	**58**
Other				
Tax advisory services	225	363	0	0
	225	**363**	**0**	**0**
	1,520	**1,190**	**56**	**58**

Notes to the Financial Statements

24 Accounting Policies

The Annual Report of HEIA ApS for 2022/23 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to large enterprises of reporting class C.

Due to a true and fair view certain amounts have been reclassified in the comparative figures for 2021/22 to ensure the same presentation. The changes have no effect on the Profit/Loss Statement or the equity.

The accounting policies applied remain unchanged from last year.

The Consolidated and Parent Company Financial Statements for 2022/23 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.

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
Software	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 usefull life, which is assessed at 5 years.

Other fixed asset investments

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

Inventories

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

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

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