TERMA
ALLIES IN INNOVATION

ANNUAL REPORT 2022/23

Terma A/S
Hovmarken 4
8520 Lystrup
Denmark

Central Business Register No. 41 88 18 28
The annual report was presented and approved at the annual general meeting of the company on 22 May 2023

Meeting Chairman: Niels Bundsgaard

Our Purpose:

Securing People Through Advanced Technology

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Founded 1 December 1949
Situated in Aarhus Municipality

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Highlights of the Year

Board of Directors

Carsten Dilling is new Chairman of Terma's Board of Directors.

50 Years in Space

In 1972, Terma sent a piece of equipment into space for the very first time. For 50 years, we have participated in numerous international space missions.

We Are Back at Exhibitions
With 43 exhibitions across Terma in 2022, we can finally say that we are back to the pre-COVID activity level. In 2022, we attended exhibitions in 13 countries, with 10 exhibitions in October 2022 alone.

Terma Acquired Space Business from Atos
Terma and the French company Atos concluded an agreement for Terma to acquire the space satellite testing business, covering Electrical Ground Support Equipment (EGSE) for satellites, including highly skilled space experts from Atos located in Austria, Romania, and in the Czech Republic.

30-Year Framework Agreement on Air Defense

In January, Terma and representatives from the Danish Defence celebrated the signing of a historic 30-year framework agreement for the supply of integrated air and missile defense. Terma will be responsible for system integration of the complete air defense system and will be advisor on all future air and missile defense procurements across the Danish Defence.

10%

Solar Panels

5,000 m² of solar panels were installed in Terma Grenaa equal to 10% of the facility's energy consumption.

Transatlantic Company of the Year 2022
The American Chamber of Commerce in Denmark recognized Terma for significant investments, impressive growth, and a strong focus on partnerships in the USA. The jury was especially impressed by the company's collaboration on the F-35 fighter jet program.

Cyber Resilience in Products

A Security by Design approach is embedded in our solutions. Our products are developed while keeping cybersecurity in mind so they can withstand, recover from, and adapt to adverse conditions, stress, cyber threats and attacks, or compromises on systems.

Danske Patruljeskibe K/S
In 2022/23, Terma together with Odense Maritime Technology and PensionDanmark established a consortium, Danske Patruljeskibe K/S (DPS), to design, build, and maintain new, modern patrol ships for the Royal Danish Navy. DPS will have the overall turn-key responsibility with Terma as the key systems integrator to perform the militarization of the patrol ships.

New Member of Executive Management
Thomas Rosenkilde Anderson joined Terma's Executive Management as Executive Vice President for Global Sales and Portfolio Management.

Increased political awareness
Danish Prime Minister Mette Frederiksen visited Terma's production facility in Grenaa to see our advanced composite production and to talk to many our employees.

Financial Highlights

CONSOLIDATED

DKK million	2022/23	2021/22	2020/21	2019/20	2018/19
KEY FIGURES					
Order intake	2,398	2,314	2,019	2,842	1,726
Order backlog, year-end	**3,430**	**3,290**	**3,171**	**3,222***	**2,297***
Revenue	**2,258**	**2,195**	**2,070**	**1,917**	**1,803**
EBITDA before special items	**375**	**357**	**321**	**274**	**277**
Depreciation, amortization, and write-downs	(183)	(170)	(151)	(148)	(165)
Operating profit before special items	192	187	170	125	112
Financial income and costs	(21)	(32)	(33)	(16)	(17)
Earnings before special items and tax	**171**	**155**	**137**	**110**	**95**
Special items before tax**	-	-	-	-	(164)
Profit for the year	139	127	116	94	(66)
Non-current assets	1,262	1,242	1,216	1,088	995
Current assets	1,406	1,269	1,333	1,329	1,192
Total assets	2,668	2,512	2,549	2,417	2,186
Total equity	898	744	731	680	579
Subordinated loans	255	255	125	125	125
NIBD (excl. subordinated loans)	139	277	438	398	357
Cash flows from operating activities	**364**	**354**	**185**	**303**	**361**
Cash flows for investing activities	(189)	(217)	(286)	(214)	(229)
hereof investments in software, property, plant & equipment	(90)	(149)	(138)	(96)	(107)
FINANCIAL RATIOS:					
EBITDA margin before special items	16.6	16.2	15.5	14.3	15.3
EBT margin before special items	7.6	7.1	6.6	5.7	5.2
Return on investments before special items	7.4	7.4	7.4	5.9	5.5
Liquidity ratio	129	124	118	127	149
Cash convertion ratio	1.0	1.0	0.6	1.1	1.3
Solvency ratio (capital base)	43.2	39.8	33.6	33.3	32.2
Return on equity	16.9	17.2	16.4	14.9	(10.7)
Leverage ratio	0.4	0.8	1.4	1.5	1.3
Average number of full-time employees	**1,599**	**1,648**	**1,653**	**1,521**	**1,495**

** Including framework agreements*

***Special items in 2018/19 primarily relate to the Polish court case.*

Definition of Financial Ratios:

EBITDA margin before special items:	EBITDA before special items x 100 / Revenue	EBT margin before special items:	Earnings before special items and tax x 100 / Revenue
Return on investments before special items:	Operating profit before special items x 100 / Average operating assets	Operating assets:	Total assets less cash at bank and in hand, and other interest-bearing assets
Liquidity ratio:	Current assets x 100 / Current liabilities other than provisions	Cash convertion ratio:	Cash flows from operating activities / EBITDA before special items
Solvency ratio:	Capital base x 100 / Total assets at year-end	Capital base:	Equity and subordinated loans
		Leverage ratio:	NIBD (excl. subordinated loans) / EBITDA before special items
Return on equity:	Profit for the year x 100 / Average equity		

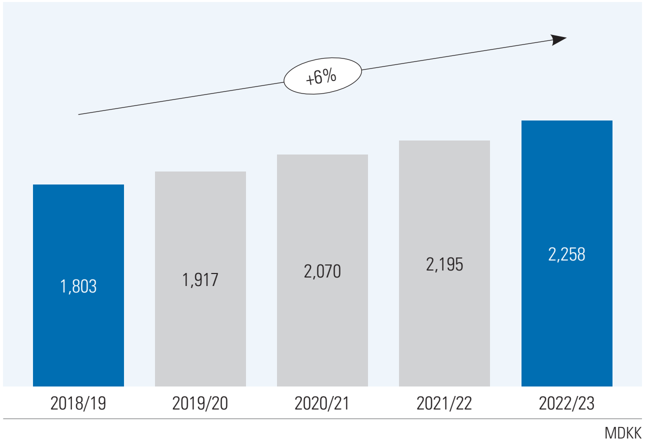
Terma at a Glance

2022/23

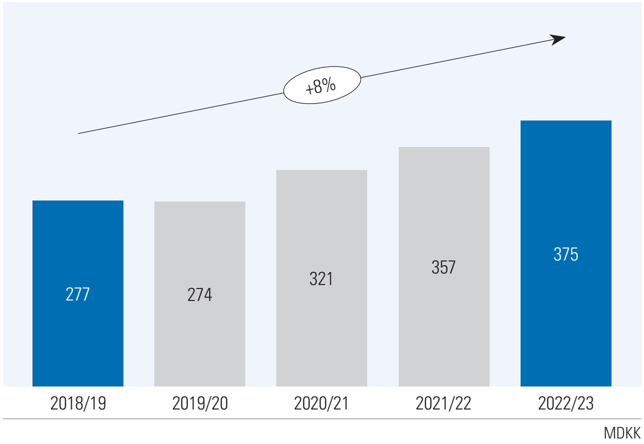
MAIN CONCLUSION

Project execution and production efficiencies remain core elements of steadily increasing profitability, while revenue in 2022/23 showed moderate growth of 3%. A strong cash flow reduced NIBD to 139 MDKK, bringing leverage down to 0.4.

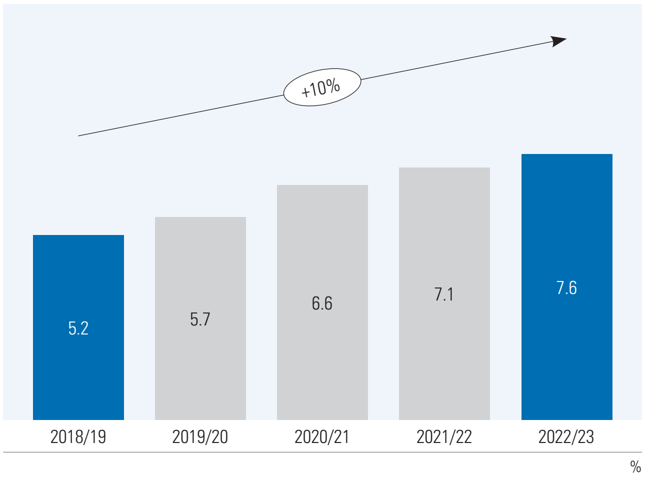
REVENUE



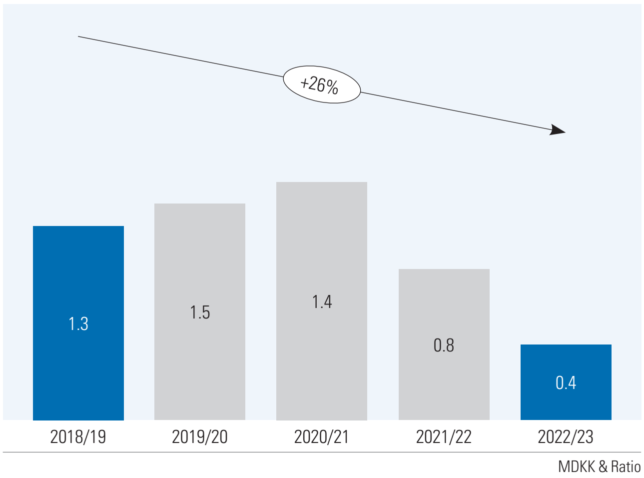
EBITDA



EBT MARGIN



LEVERAGE



Management's Review 2022/23

The financial results for 2022/23 were robust, achieved in a year marked by geopolitical uncertainty and high inflation.

Terma achieved revenue of 2.3 BDKK in 2022/23, 3% above 2021/22, as expected a more moderate growth. EBT for 2022/23 reached 171 MDKK, 10% better than in 2021/22. The EBT growth exceeded the outlook of 5% primarily through strong project execution and production efficiencies.

Order intake for the year was 2.4 BDKK, resulting in an order book of 3.4 BDKK providing a continued robust business base in 2023/24 and the coming years.

Following Russia's unprovoked and illegal invasion of Ukraine, we are once again experiencing conventional warfare in Europe. The development in Ukraine has accelerated Europe's need and willingness to engage in rearmament involving all sectors of sovereignty: energy, high-tech industry, and defense.

The engagement within the EU as well as NATO became even more relevant, and several countries officially declared their interest in joining the alliance. Most recently, Finland joined the NATO alliance in April 2023, and Sweden is soon expected to join as well. Terma is ready to take on even greater responsibility in support of the Danish government and its allied partners in their new defense strategies.

Whereas the European countries are targeting significant increases in defense spendings over the next years, there is an inherently prolonged lead time from political decisions are made to funds being channeled to concrete defense programs. During 2022/23, Terma has therefore not seen any major impact from the increased defense budget.

The war in Ukraine placed energy markets in turmoil. The energy crisis and soaring electricity prices negatively impacted Terma, particularly at our production facility in Grenaa, which has a high consumption of electricity. We have consequently expedited plans to invest in renewables, installing 5,000 m^2 of solar panels in the Grenaa factory. Several other initiatives were implemented to curtail energy consumption.

The inflation and price increases on goods, raw materials, and supplier services such as transport also had an impact on the result. Through robust project execution, improved production efficiencies and well-managed supply chains, we were able to mitigate major impacts on our earnings.

Revenue for the fiscal year was 2.3 BDKK compared to 2.2 BDKK in 2021/22. 92% of the revenue was generated outside Denmark – and the U.S. continues to be our biggest market constituting more than 50% of our business.

The defense market represented 72% of the revenue, in line with previous years. EBITDA reached 375 MDKK in 2022/23. Compared to 357 MDKK in 2021/22, this is an improvement of 5%.

Revenue in the Parent Company of 1.2 BDKK on par with last year. EBT showed a moderate growth of 3% from increased profits in subsidiaries.

Operating cash flow was 364 MDKK. Net interest-bearing debt (NIBD) was 139 MDKK by the end of 2022/23, resulting in a leverage of 0.4.

At year end, total staff was 1,599 Full-Time Employees (FTE).

The Board of Directors and Executive Management acknowledge and appreciate the dedication, commitment, and efforts from our employees worldwide in achieving the results.

At the same time, we would like to especially welcome our new colleagues from the Atos acquisition in Austria, Czech Republic and Romania.

Outlook for 2023/24

The outlook for the base budget in 2023/24 reflects an organic growth in revenue of approx. 10% with earnings on par with 2022/23. The cost base and earnings will be negatively impacted by continued elevated inflation, coupled with investments in organizational capabilities to fulfill our new role towards the Danish Defence.

The outlook does not include the impact from the Atos EGSE business acquisition.

Terma's growth rate for 2023/24 and the following years depends on the ability of Denmark and other countries to accelerate defense acquisitions. In recent years, the F-35 program has been an important growth driver for Terma. We do not expect growth beyond the current activity level over the next couple of years.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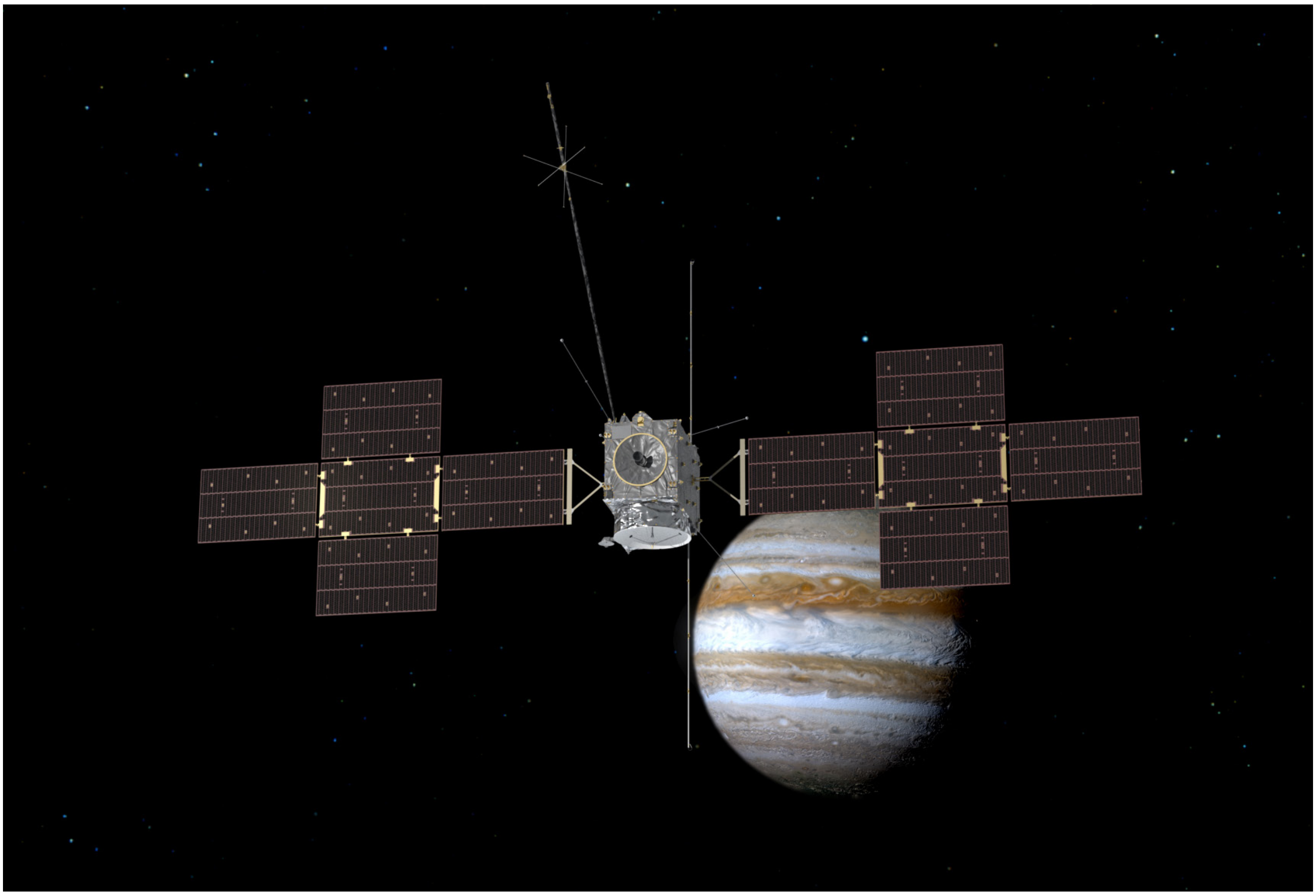
Terma as a Prime Contractor

In 2021, the Danish Parliament decided on a historical increase of the Danish Defence budget from 1.5% of GDP to 2.0% of GDP by 2033, committing to greater involvement of the Danish Defence industry and procurement of Danish defense equipment and technologies. As Denmark's largest defense company, Terma has a special obligation to contribute and invest in solutions for the Danish Defence. In the past year, we have therefore worked strategically to further develop our competencies to be able to take on a role as a turn-key supplier on several projects for the Danish Defence.

As a result, Terma signed a 30-year framework agreement with the Danish Defence on system integration and maintenance of an integrated air and missile defense system in February. Terma will be responsible for system integration of the complete air defense system, and advisor on all future air and missile defense procurements across the Danish Defence for the next 30 years.

In 2022/23, Terma established a consortium with Odense Maritime Technology and PensionDanmark to design, build, and maintain new, modern patrol ships for the Royal Danish Navy, which the Danish Parliament decided to acquire last year. DPS will have the overall turn-key responsibility with Termaas the key systems integrator to perform the militarization of the patrol ships.



Strengthening of Executive Management

We expect that the political priorities and increased defense budgets we saw in 2022/23 will continue in the coming years leading to further demands for surveillance, naval, and air defense systems as well as airborne self-protection systems. And we expect to take on even more responsibility in our support and partnership with the Danish Defence.

We decided to expand the Executive Management to ensure that Terma has the leadership and organizational model to take on the significantly larger role and new responsibilities for the Danish Defence, including being prime contractor on larger projects spanning over several years.

Terma on new Space Adventures

In September 2022, Terma concluded an agreement with the large French IT-company Atos to acquire the space satellite testing business, covering Electrical Ground Support Equipment (EGSE) for satellites, including highly skilled space experts from Atos located in Austria, Romania, and in the Czech Republic.

Terma already had a leading niche within select space technologies – including electronics, software solutions, and space engineering services – but with this acquisition, we have added new, important competencies and offerings to foster the EGSE business and to expand Terma's position as a leading European space business.

During 2022/23, Terma established new legal entities in the three countries, thereby expanding our European footprint. The acquisition became effective on 1 March 2023.

Next Mission Strategy

Terma's strategy is built around four strategic focus areas:

1. Customer Value Creation
2. Innovation & Product Portfolio
3. Business Excellence
4. People & Culture

Artificial Intelligence (AI) and Cyber Security continue to be major focus areas for Terma, expected to be in high demand in the defense industry over the coming years. Data is only getting bigger and becoming more complex, and with the current geopolitical development and uncertainties it has become even more important to collect and manage data within own national borders. AI will therefore play a vital role in all future defense technologies – and Terma is at the forefront of this.

We will continue investing in this area over the coming years. The same goes for cyber security solutions. We expect both areas to be an integral part of most solutions and products going forward.

Business Activities
Terma provides mission-critical solutions for the aerospace, defense, and security industry. Terma is guided by one overall purpose: to deliver security for people using advanced technology. Security is a means of maintaining and developing prosperity and protecting human lives and sovereignty.

Terma has four Business Areas covering Aeronautics, Surveillance & Mission Solutions, Space and Support & Services. The four business areas operate across and with support from the four regions in which Terma has organized its global business: Europe, North & Central America, Asia Pacific, and Middle East & North Africa.

Aeronautics provides a full range of manufacturing services within complex aerostructures and electronics, as well as solutions for aircraft self-protection and audio management. The Aeronautics portfolio is balanced featuring long-term program positions with stable revenue base as well as higher-growth business to expand market presence. In aerostructures, Terma is a key supplier to the F-35 program with over 80 part numbers. F-35 revenue has grown over the past years to a plateau, which will not grow further during the next few years. To accelerate growth and mitigate near-term growth challenges, Aeronautics seeks to expand beyond core markets to diversify the portfolio and increase exposure to higher-growth market areas. This includes missile components, land radar, unmanned platforms, special mission aircraft, and rotary wing aircraft.

Surveillance & Mission Systems provides radars for coastal surveillance and traffic control in ports and airports, radars for naval vessels, as well as radars for wind turbine interference mitigation and aircraft detection lighting control. The activities also cover command, control, and communications solutions for naval vessels and air defense systems, self-protection systems for naval vessels, and systems for security surveillance of critical infrastructures.

The focus of Terma's SCANTER radar products continues to be on reliable long-range detection of small targets in difficult weather conditions at sea, on land, and in the air. SCANTER is the leading radar in the coastal surveillance and vessel traffic services segments.

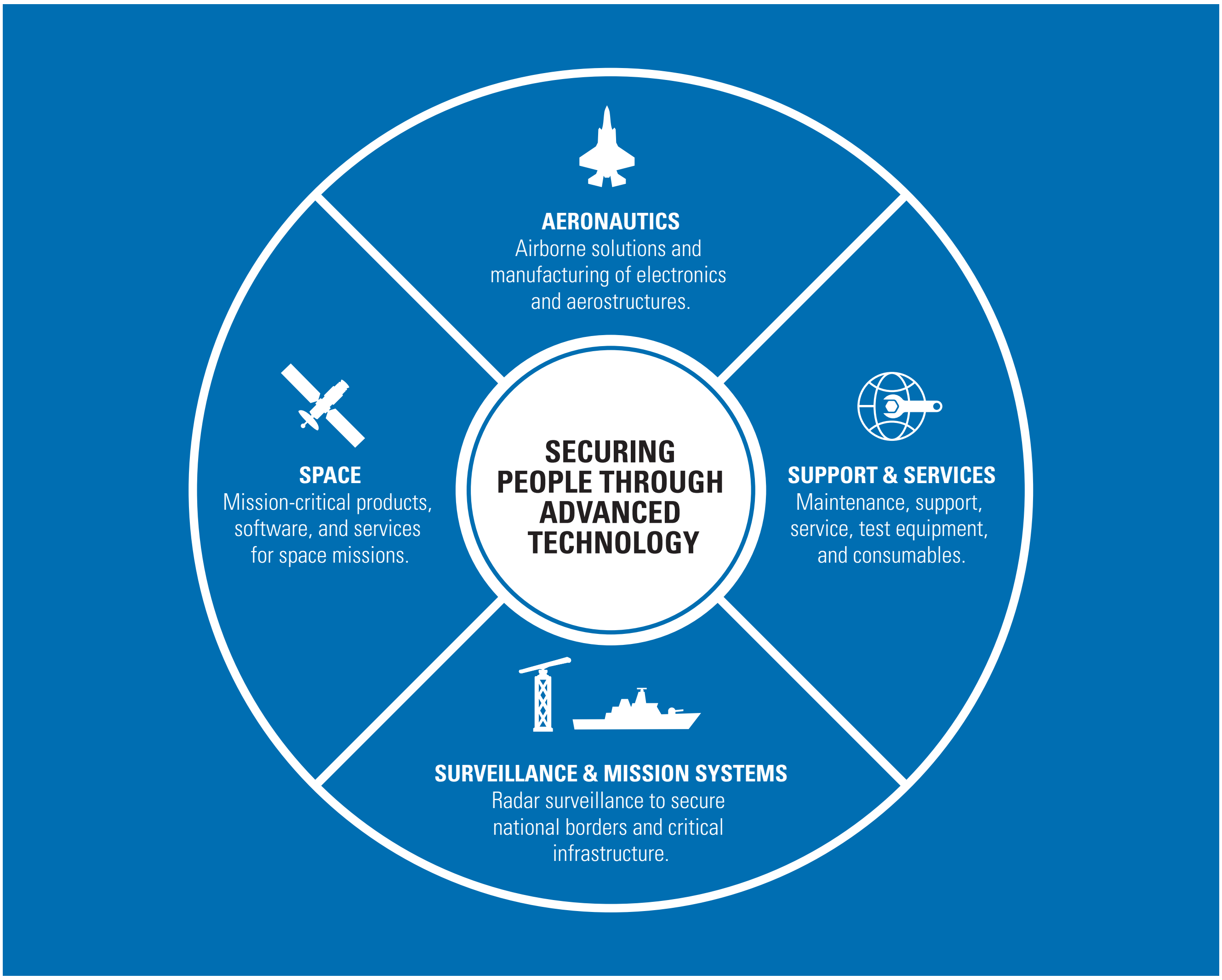
Terma saw a significant growth in the naval market, affirming Terma's leading surface surveillance radar position. The growth was also supported by the introduction of a new drone detection and identification capability, in conjunction with AI delivering world-class defense against drones. Demand was also strong for security and radar solutions, supporting oil platforms, wind farms, and energy centers, because of the increasing demand for sustainable energy from windfarms and recently the impact of national safety.

Space develops and supplies electronics, software, and services for satellites, space control centers, and for test and validation related to development of new satellites. The worldwide space market is developing positively, and our product development has placed Terma in a comfortable position for several new opportunities in Europe and in the U.S. Terma's acquisition of Atos' EGSE business adds new, important competencies and offerings to foster Terma's existing EGSE business. It allows us to expand our portfolio even further and play a bigger role in e.g. European Space Agency missions.

The **Support & Services** area saw a recovery in activity as the access to customers was restored after the COVID-19 pandemic and travel restrictions were lifted. The Terma Lifecare concept was further developed and matured with Lifecare Service Level solutions for customers using Terma's Wind Farm Aircraft Detection Lighting System solutions in the U.S. and Critical Infrastructure Protection solutions in the Middle East. Support & Services also enhanced its digital service offering Connect Lite, a desktop monitoring and dashboard tool, which allows Terma customers to oversee their radar systems. The solution works only inside the customer network, making Connect Lite a highly secure solution.

In the **Europe** region, Terma further established the role as the Danish prime defence and security company, taking on more responsibility towards the Danish society and Danish Defence – including the role as turn-key supplier on several capabilities and projects. Terma's European footprint was increased with the expansion of the company to Austria, Czech Republic, and Romania following the acquisition of Atos' EGSE space business. In the domain of aircraft self-protection systems, Terma continued to support existing installed bases such as the F-16 and C-130 and increased the focus on offering podded solutions for helicopters such as the NH-90.

North & Central America remains a crucial aspect of Terma's growth constituting more than 50% of total revenue, and with the continuation of large programs such as the F-35 and emergence of next generation self protection systems requirements. The presence of many key customers, including Lockheed Martin Aeronautics, Northrop Grumman Corporation, Marvin Engineering, and Raytheon Technologies is instrumental in building relationships that nurture future business with these industry giants. Furthermore, the U.S. Airforce and Foreign Military Sales have continued to be an integral sales channel for aircraft and coastal surveillance.



After being disrupted by the COVID-19 pandemic for more than two years **Asia Pacific** saw a rebound year in 2022/23 for the entire region. Most paused programs were restarted, which resulted in a growing activity for the region. Particularly the naval business experienced growth in the Asia Pacific region, and Terma's leading technologies within drone detection and classification are expected to be a further catalyst for this growth. Terma's strong presence in Indonesia, with offices in both Surabaya and Jakarta, proved to be imperative and critical in order to deliver as per plan and promise for the in-country programs.

In the **Middle East & North Africa region**, sales of radars for coastal surveillance, vessel traffic services, ground surveillance, airport surveillance, as well as sales and installation of Critical Infrastructure Protection (CIP) continued over the past year. Terma's CIP solutions are primarily supplied in the Middle East and North African region.

Operations

At the facility in Grenaa, Terma manufactures advanced aerostructures in metal and composite materials. From the production facilities in Lystrup Terma delivers advanced electronics components and systems. Operating within the defense industry implies high standards regarding quality and precision. Terma has invested and continues to invest in advanced production equipment to continuously improve efficiency and maintain its competitiveness.

Both factories saw high on-time-delivery rates and improved efficiencies, despite challenges from temporary material shortages and supplier quality issues. The performance and our firm commitment to quality is recognized by our customers, and Terma recently won a prestigious Northrop Grumman award.

Terma successfully passed the AS9100 recertification audit in September 2022.

The audit covered all Terma's major sites. As supplier of mission-critical solutions to the aerospace, defense, and security industries, the AS9100 certification is essential to Terma, and more than 50% of our revenue is dependent on this certification.

Technology & Innovation launched a new strategy under the name HORIZON, reflecting the changing environment around Terma. Going forward, value creation for our customers will also mean solving complex challenges through innovation and delivering end-to-end multi-domain operations solutions, advanced analytics, unparalleled cyber resilience, and a modern secure and interoperable digital backbone.

The HORIZON strategy is focused on technology proximity to our customers, public authorities, universities, and the private sector to ensure that we create and maintain strong partnerships in technology and innovation.

Risks

In 2023/24, we expect continued high inflation. It constitutes together with supply chain disruptions a risk to profitability and cash flow. Mitigating actions have been established.

Execution of large programs remains a key risk for Terma. Risk mitigation measures include increased focus on contract management and financial control.

Terma operates in highly regulated markets with export regulations for dual-use and military equipment. Terma invests a great deal of efforts into ensuring compliance with the complex regulations from UN, EU, Danish, U.S. and other national authorities. Terma's business generally depends on a close, stable, and aligned political environment between Denmark and close allied nations. Special national policies may challenge Terma's future business.

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

Terma primarily sells and buys in DKK, EUR, and USD currencies. Risks relative to other currencies than EUR and DKK are hedged through forward exchange contracts in connection with the acceptance and conclusion of contracts. In general, there is no significant credit risk relative to individual customers.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Corporate Social Responsibility & Equal Representation of Genders

We believe it is important to be responsible and accountable for the impacts of our business operations, and therefore we actively work with Corporate Social Responsibility (CSR). This was the last year of the current CSR strategy *Allies in Responsibility*, which comprised six focus areas: anti-corruption, human rights, diversity, employee health and mental well-being, employee safety and responsible supply chain management. In our CSR report 2022/23 you can read about the next phase of our CSR strategy *Allies in Responsibility* that will be running for the coming three years.

A detailed description of the activities and targets of the strategy, as well as our performance, can be found in our separate statutory Corporate Social Responsibility Report 2022/23, available at https://www.terma.com/reports/csr-2022-2023/csr-report-2022-2023.html

The CSR report meets the requirements for CSR reporting as stated in the Danish Financial Statements Act, section 99a, and accompanies Terma's Communication on Progress to the UN Global Compact.

Terma's description of equal representation of gender pursuant to the Danish Financial Statements Act, section 99b, can also be found in our CSR report, available at https://www.terma.com/reports/csr-2022-2023/csr-report-2022-2023.html

EU Taxonomy Regulation

The industry and economic activities associated with Terma are outside the scope of the EU Taxonomy in its current state. Therefore, we do not have any eligible activities upon which to report.

Nonetheless, at Terma, we actively work with our environmental footprint and are committed to supporting the purpose of the EU Taxonomy Regulations.

Data Ethics Policy

Terma's policy on data ethics is integrated into the IT policy and GDPR set-up. The focus and handling of data ethics is handled through the following:

The IT Policy, which contains requirements for the handling of IT systems and data in Terma.

Terma's GDPR set-up supports the legislation's requirements for GDPR, including data collection and processing, data subjects' rights, and requirements for subcontractors' use of data processing agreements.

Terma continuously educates employees on how to handle data and information entrusted to us by customers, suppliers, and employees by continuously updating and informing employees about the above.

Events after the Balance Sheet Date

Following the end of the fiscal year, no significant events have occurred which affect the assessment of the Group's and Parent Company's financial position as reported on 28 February 2023.

Income Statement

1 MARCH - 28 FEBRUARY

DKK 1,000	Note	CONSOLIDATED 2022/23	CONSOLIDATED 2021/22	PARENT COMPANY 2022/23	PARENT COMPANY 2021/22
Revenue	3,4	**2,258,464**	**2,194,682**	**1,195,375**	**1,199,117**
Production costs	5	(1,745,075)	(1,725,798)	(980,889)	(974,513)
Gross Profit		**513,389**	**468,884**	**214,486**	**224,604**
Distribution costs	5	(157,663)	(141,171)	(121,894)	(101,868)
Administrative costs	5,6	(165,849)	(140,230)	(94,727)	(78,858)
Other operating income	7	2,722	10,148	76,131	67,650
Other operating costs	7	(659)	(10,750)	(9,691)	(19,046)
Operating profit		**191,940**	**186,881**	**64,305**	**92,482**
Result in subsidiaries after tax	8	-	-	92,588	64,434
Results from equity interests	8	(23)	-	(23)	-
Financial income	9	14,445	6,658	14,024	9,397
Financial costs	9	(35,540)	(38,613)	(27,339)	(26,800)
Earnings before tax (EBT)		**170,822**	**154,926**	**143,555**	**139,513**
Tax on profit	10	(32,258)	(28,211)	(4,991)	(12,172)
Result for the year		**138,564**	**126,715**	**138,564**	**127,341**
THE GROUP RESULT IS SPLIT AS FOLLOWS:					
Stockholder in Terma A/S		138,564	127,341		
Minority interest		-	(626)		
		138,564	126,715		
Proposed profit appropriation	25				

Balance Sheet

28 FEBRUARY

DKK 1,000	Note	CONSOLIDATED 2023	CONSOLIDATED 2022	PARENT COMPANY 2023	PARENT COMPANY 2022
ASSETS					
NON-CURRENT ASSETS					
INTANGIBLES					
Software		54,798	55,702	53,075	53,333
Software in process		35,434	31,741	23,495	20,876
Development projects completed		339,893	354,272	310,823	324,022
Development projects in process		270,055	234,608	159,594	137,929
	11	700,180	676,323	546,987	536,160
PROPERTY, PLANT, AND EQUIPMENT					
Land and buildings		265,542	278,378	265,542	278,378
Plant and machinery		221,351	205,237	38,201	36,974
Fixtures and fittings, tools and equipment		31,377	25,702	17,585	14,737
Property, plant, and equipment under construction		38,540	56,824	26,524	15,254
	12	556,810	566,141	347,852	345,343
INVESTMENTS					
Investments in subsidiaries		-	-	538,155	446,845
Investments in equity interests		5,117	-	5,117	-
Loan to subsidiary		-	-	98,157	93,043
	8	5,117	-	641,429	539,888
Total non-current assets		**1,262,107**	**1,242,464**	**1,536,268**	**1,421,391**
CURRENT ASSETS					
INVENTORIES					
Raw materials and consumables		357,573	319,308	223,129	205,196
Work in process		188,002	158,023	139,584	116,366
Prepayments to suppliers		7,149	10,042	7,149	9,220
		552,724	487,373	369,862	330,782
RECEIVABLES					
Trade receivables		404,102	395,154	241,073	235,117
Construction contracts	13	155,847	157,923	37,345	39,408
Amounts owed by subsidiaries		-	-	108,509	129,721
Corporate tax receivables	14	1,331	2,709	-	-
Other receivables		17,637	30,701	8,206	7,517
Deferred tax asset	15	10,423	12,137	-	-
Prepayments	16	14,354	10,748	9,961	8,205
		603,694	609,372	405,094	419,968
Cash at bank and in hand		249,938	172,292	237,364	161,518
Total current assets		**1,406,356**	**1,269,037**	**1,012,320**	**912,268**
Total assets		**2,668,463**	**2,511,501**	**2,548,588**	**2,333,659**

DKK 1,000	Note	CONSOLIDATED 2023	CONSOLIDATED 2022	PARENT COMPANY 2023	PARENT COMPANY 2022
EQUITY AND LIABILITIES					
EQUITY					
Capital stock	17	18,000	18,000	18,000	18,000
Net revaluation according to the equity method		-	-	267,659	176,257
Reserve for development costs		-	-	320,022	279,110
Exchange rate adjustment and hedging instruments		8,776	(6,774)	3,534	(3,517)
Retained earnings		871,383	733,478	288,944	274,854
Terma A/S´stockholder part of equity		**898,159**	**744,704**	**898,159**	**744,704**
Minority interest		**-**	**(359)**	**-**	**-**
Total equity		**898,159**	**744,345**	**898,159**	**744,704**
PROVISIONS					
Warranty provisions	18	21,293	27,239	21,293	27,239
Provisions regarding construction contracts		907	2,138	19	131
Deferred tax	15	154,280	158,536	131,032	134,192
Total provisions		**176,480**	**187,913**	**152,344**	**161,562**
LIABILITIES OTHER THAN PROVISIONS					
NON-CURRENT LIABILITIES OTHER THAN PROVISIONS					
Subordinated loans	19	255,000	255,000	255,000	255,000
Credit institutions		17,371	63,708	17,371	63,708
Mortgage credit institutions		142,658	153,430	142,658	153,430
Other debt		91,377	86,616	65,096	61,481
	20	506,406	558,754	480,125	533,619
CURRENT LIABILITIES OTHER THAN PROVISIONS					
Current portion of non-current liabilities	20	57,143	57,316	57,143	57,316
Construction contracts	13	356,436	310,085	106,275	160,240
Prepayments received from customers		192,573	145,465	134,090	108,198
Trade payables		134,738	158,871	91,421	101,982
Amounts owed to Parent Company		86,793	91,883	86,793	91,883
Amounts owed to subsidiaries		-	-	386,818	228,237
Corporate tax	14	4,655	4,643	-	-
Other payables		255,080	252,226	155,420	145,918
		1,087,418	1,020,489	1,017,960	893,774
Total liabilities other than provisions		**1,593,824**	**1,579,243**	**1,498,085**	**1,427,393**
Total equity and liabilities		**2,668,463**	**2,511,501**	**2,548,588**	**2,333,659**

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Statement of Changes in Equity

1 MARCH - 28 FEBRUARY

CONSOLIDATED

DKK 1,000	Note	Capital stock	Reserve for exchange rate adjustment and hedging instruments	Retained earnings	Proposed dividends	Total	Minority interest	Total
Equity at 1 March 2021		**18,000**	**6,394**	**606,137**	**100,000**	**730,531**	**267**	**730,798**
Results for the year		-	-	127,341	-	127,341	(626)	126,715
Paid dividend		-	-		(100,000)	(100,000)	-	(100,000)
Exchange rate adjustment relating to foreign entity (before tax)		-	10,172	-	-	10,172	-	10,172
Tax on exchange rate adjustment relating to foreign entity		-	(1,566)	-	-	(1,566)	-	(1,566)
Changes in value of hedging instruments, etc. (before tax)		-	(27,914)	-	-	(27,914)	-	(27,914)
Tax on changes in value of hedging instruments		-	6,140	-	-	6,140	-	6,140
Equity at 1 March 2022		**18,000**	**(6,774)**	**733,478**	**-**	**744,704**	**(359)**	**744,345**
Results for the year		-	-	138,564	-	138,564	-	138,564
Take over of ownership in minority interest		-	-	(659)	-	(659)	359	(300)
Exchange rate adjustment relating to foreign entity (before tax)		-	7,180	-	-	7,180	-	7,180
Tax on exchange rate adjustment relating to foreign entity		-	(1,125)	-	-	(1,125)	-	(1,125)
Changes in value of hedging instruments, etc. (before tax)		-	12,172	-	-	12,172	-	12,172
Tax on changes in value of hedging instruments		-	(2,677)	-	-	(2,677)	-	(2,677)
Equity at 28 February 2023		**18,000**	**8,776**	**871,383**	**-**	**898,159**	**-**	**898,159**

PARENT COMPANY

DKK 1,000	Note	Capital stock	Reserve for net revaluation according to the equity method	Reserve for development costs	Reserve for exchange rate adjustment and hedging instruments	Retained earnings	Proposed dividends	Total
Equity at 1 March 2021		**18,000**	**150,892**	**274,931**	**(4,458)**	**191,166**	**100,000**	**730,531**
Dividends received from subsidiaries		-	(24,960)	-	-	24,960	-	-
Results for the year	25	-	64,434	4,179	-	58,728	-	127,341
Exchange rate adjustment relating to foreign entity (before tax)		-	3,053	-	7,119	-	-	10,172
Paid dividend		-	-	-	-	-	(100,000)	(100,000)
Tax on exchange rate adjustment relating to foreign entity		-	-	-	(1,566)	-	-	(1,566)
Changes in value of hedging instruments, etc. (before tax)		-	(22,002)	-	(5,912)	-	-	(27,914)
Tax on changes in value of hedging instruments		-	4,840	-	1,300	-	-	6,140
Equity at 1 March 2022		**18,000**	**176,257**	**279,110**	**(3,517)**	**274,854**	**-**	**744,704**
Dividends received from subsidiaries		-	(9,685)	-	-	9,685	-	-
Results for the year	25	-	92,588	40,912	-	5,064	-	138,564
Take over of ownership in minority interest		-	-	-	-	(659)	-	(659)
Exchange adjustment relating to foreign entity (before tax)		-	2,066	-	5,114	-	-	7,180
Tax on exchange rate adjustment relating to foreign entity		-	-	-	(1,125)	-	-	(1,125)
Changes in value of hedging instruments, etc. (before tax)		-	8,247	-	3,925	-	-	12,172
Tax on changes in value of hedging instruments		-	(1,814)	-	(863)	-	-	(2,677)
Equity at 28 February 2023		**18,000**	**267,659**	**320,022**	**3,534**	**288,944**	**-**	**898,159**

Cash Flow Statement

1 MARCH - 28 FEBRUARY

DKK 1,000	Note	CONSOLIDATED 2022/23	2021/22
Earnings before tax		170,822	154,926
Adjustments: Depreciation, amortization, and write-downs, etc.		182,639	178,440
Provisions		(7,177)	4,456
Net financial income and costs		21,095	31,955
		196,557	214,851
Changes in working capital	26	13,340	19,370
Cash flows generated from operations before financial items		**380,720**	**389,147**
Financial income, received		14,531	5,817
Financial costs, paid		(25,512)	(34,423)
Cash flows from operations before tax		**369,739**	**360,541**
Corporate tax paid	14	(5,624)	(6,281)
Cash flows from operating activities		**364,115**	**354,260**
Capitalized development costs	11	(102,072)	(107,829)
Acquisitions of software, property, plant, and equipment	26	(87,919)	(148,512)
Disposal of property, plant, and equipment		507	39,755
Cash flows from investing activities		**(189,484)**	**(216,586)**
Repayments, non-current liabilities		(59,163)	(85,675)
Proceeds, new subordinated loan		-	130,000
Investments in subsidiaries		(567)	-
Investments in associates and joint ventures		(5,140)	-
Changes in non-current other debt		4,761	2,109
Loan from Parent Company		(36,791)	(46,398)
Paid dividend		-	(100,000)
Cash flows from financing activities		**(96,900)**	**(99,964)**
Net cash flows from operating, investing, and financing activities		**77,732**	**37,711**
Current cash at 1 March		172,292	133,740
Exchange rate variations on current cash		(86)	840
Current cash at 28 February		**249,938**	**172,292**

Notes

1. ACCOUNTING POLICIES

The Annual Report of Terma A/S for 2022/23 has been prepared in accordance with the provisions in the Danish Financial Statements Act applying to large reporting class C entities.

The Consolidated Financial Statements of Terma A/S are included in the Consolidated Financial Statements of the Parent Company, Thrige Holding A/S, Lystrup.

Recognition and measurement of derivative financial instruments are made in accordance with International Financial Reporting Standards (IFRS), cf. the Danish Financial Statements Act, § 37 section 5.

The accounting policies are consistent with those of last year.

Consolidated Financial Statements
The Consolidated Financial Statements comprise the Parent Company Terma A/S and subsidiaries over which Terma A/S has control, i.e. the power to govern the financial and operating policies so as to obtain benefits from its activities. Control is obtained when the Company directly or indirectly holds more than 50% of the voting rights in the subsidiary or, in some other way, controls the subsidiary.

The Consolidated Financial Statements have been prepared as a consolidation of the Financial Statements of the Parent Company and subsidiaries, prepared according to the Group's accounting policies. On consolidation, intra-group income and costs, stockholdings, intra-group balances and dividends, and realized and unrealized gains and losses on intra-group transactions are eliminated.

Entities acquired or formed during the year are recognized in the Consolidated Financial Statements from the date of acquisition or formation. Entities which are disposed of or wound up are recognized in the Consolidated Income Statement until the date of disposal or winding-up. The comparative figures are not restated for entities acquired, disposed of, or wound up.

Foreign exchange rate adjustment
Transactions denominated in foreign currencies are translated at the exchange rates at the transaction date. Foreign exchange differences arising between the exchange rates at the transaction date and at the date of payment are recognized in the Income Statement as financial income or financial costs.

Receivables, payables, and other monetary items denominated in foreign currencies, which are not settled on the Balance Sheet date, are translated at the exchange rates at the Balance Sheet date. The difference between the exchange rates at the Balance Sheet date and at the date at which the receivable or payable arose or was recognized in the latest Financial Statements is recognized in the Income Statement as financial income or financial costs.

Upon recognition of subsidiaries that are foreign entities, the Income Statements are translated at an average rate of exchange for the month, and the Balance Sheet items are translated at the exchange rates at the Balance Sheet date. Currency differences arising upon translation of foreign subsidiaries' equity at the beginning of the year to the exchange rates at the Balance Sheet date and upon translation of Income Statements from the average rates of exchange to the exchange rates at the Balance Sheet date are recognized directly in the equity.

Foreign exchange adjustment of balances with foreign entities which are considered part of the investment in the entity is recognized in the equity.

Upon recognition of foreign subsidiaries that are integrated entities, monetary items are translated at the exchange rate at the Balance Sheet date. Non-monetary items are translated at the exchange rate at the date of acquisition or the time of the subsequent revaluation or impairment of the asset. The items in the Income Statement are translated at the exchange rate at the date of transaction. However, items derived from non-monetary items are translated at the historical conversion rate of the non-monetary item.

Derivative financial instruments
Derivative financial instruments are initially recognized in the Balance Sheet at cost and are subsequently measured at fair value. Positive and negative fair values of derivative financial instruments are included in other receivables and other payables, respectively.

Changes in the fair value of derivative financial instruments designated as and qualifying for recognition as a hedge of the fair value of a recognized asset or liability are recognized in the Income Statement together with changes in the fair value of the hedged asset or liability.

Changes in the fair value of derivative financial instruments designated as and qualifying for recognition as a hedge of future assets or liabilities are recognized directly in other receivables or other payables and in the equity. If the hedged forecast transaction results in the recognition of assets or liabilities, amounts which were previously recognized in the equity are transferred to the cost of the asset or liability, respectively. If the hedged forecast transaction results in income or costs, amounts previously recognized in the equity are transferred to the Income Statement in the period in which the hedge item affects the profit or loss.

Changes in the effective portion of the fair value of derivative financial instruments that are designated and qualify as hedge accounting are recognized in the hedging reserve within equity. When the hedged transaction materializes, amounts previously recognized in the hedging reserve are transferred to the same item as the hedged item.

For derivative financial instruments that do not qualify for hedge accounting, changes in fair value are recognized in the Income Statement on a regular basis.

INCOME STATEMENT

Revenue
Revenue comprises the deliveries for the year and the value of construction contracts in process with significant customization.

Revenue from contract work in process with an insignificant degree of customization is recognized in the Income Statement when the transfer of risk to the customer has taken place. Any discounts allowed are deducted from the revenue.

1. ACCOUNTING POLICIES, CONTINUED

Construction contracts with significant customization are recognized as revenue by reference to the percentage of completion method, which means that revenue corresponds to the selling price of work performed during the year.

Production costs
Production costs comprise costs, including depreciation, amortization, and salaries, incurred in generating the revenue for the year. Such costs include direct and indirect costs for raw materials and consumables, wages and salaries, depreciation of production plants, and other production costs.

Production costs also comprise research and development costs that do not qualify for capitalization and amortization of capitalized development costs.

Production costs also comprise provisions for losses on construction contracts.

Distribution costs
Costs incurred in distributing goods sold during the year and in conducting sales campaigns, etc. during the year are recognized as distribution costs. Also, costs relating to sales staff, advertising, exhibitions, and depreciation are recognized as distribution costs.

Administrative costs
Administrative costs comprise costs incurred during the year for the Management and administration, including costs related to administrative staff, office premises and office expenses, and depreciation.

Leases
Payments relating to operating leases are recognized in the Income Statement over the term of the lease. The Company's total liabilities relating to operating leases are disclosed in the notes.

Other operating income and costs
Other operating income and costs comprise items secondary to the principal activities, including gains and losses on disposal of intangibles and property, plant, and equipment. In the Parent Company, other operating income also comprises management fees from subsidiaries.

Profit in subsidiaries after tax
The individual subsidiaries' profit after tax is recognized in the Income Statement for the Parent Company following elimination of intra-group gains/losses.

Profit in equity interests after tax
The individual equity interests' profit after tax is recognized in the Income Statement for the Parent Company following elimination of intra-group gains/losses.

Financial income and costs
Financial income and costs comprise interest income and costs, gains and losses on receivables, payables, and other transactions denominated in foreign currencies, amortization of financial assets and liabilities as well as surcharges and refunds under the on-account tax scheme, etc.

Tax on profit for the year
The Parent Company is subject to the compulsory Danish joint taxation method for the Thrige Holding Group's Danish subsidiaries. Subsidiaries are part of the joint taxation from the time of the consolidation in the Group's Financial Statements and until the time when they are left out of the consolidation.

Thrige Holding A/S is the administrative company for the joint taxation, and as a consequence, it settles all tax payments with the authorities.

The current Danish corporate income tax is allocated by payment of the joint taxation contribution between the jointly taxed companies relative to the taxable income. In this respect, companies with tax loss receive joint taxation contributions from companies which have used this loss to reduce their own tax profit.

Tax for the year comprises current tax for the year, the joint taxation contribution, and changes in deferred tax. The tax expense relating to the profit for the year is recognized in the Income Statement, and the tax expense relating to amounts directly recognized in equity is recognized directly in the equity.

BALANCE SHEET

Intangibles
Development projects, patents and software licenses
Development projects comprise costs, salaries, and amortization directly attributable to the development activities.

Development projects that are clearly defined and identifiable, where the technical feasibility, sufficient resources, and a potential future market or development opportunities can be evidenced, and where it is intended to produce, market, or use the project, are recognized as intangibles, provided that the cost can be measured reliably, and that there is sufficient assurance that future earnings can cover production costs, selling costs, administrative costs, and development projects. Other development projects in process are recognized in the Income Statement when incurred.

Capitalized development projects are recognized at cost less accumulated amortization and impairment losses. Following the completion of development projects, capitalized development costs are amortized concurrently with the sale of the developed products, alternatively on a straight-line basis over the estimated useful life. The amortization period is usually 5-15 years. The amortization profile is reevaluated on an annual basis.

Patents and software licenses are measured at cost less accumulated depreciation and impairment loss. Patents are depreciated on a straight-line basis over the remaining patent period, and software licenses are depreciated over the contract period, however, not longer than 10 years.

Gains and losses on the disposal of development projects, patents, and software licenses are determined as the difference between the selling price less selling costs and the carrying amount at the date of disposal. Gains and losses are recognized in the Income Statement under other operating income and other operating costs, respectively.

1. ACCOUNTING POLICIES, CONTINUED

Tangibles

Property, plant, and equipment

Land and buildings, plant and machinery, and fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation and impairment losses. Cost comprises the purchase price and any costs directly attributable to the acquisition until the date when the asset is available for use. The cost of self-constructed assets comprises direct and indirect costs of materials, components, subcontractors, and wages and salaries. No interest is included.

The cost of a total asset is divided into separate elements which are depreciated separately if the useful life of the individual elements varies.

Depreciation is provided on a straight-line basis over the expected useful lives of the assets. The expected useful lives are as follows:

Buildings	10-50 years
Plant and machinery	3-20 years
Fixtures and fittings, tools and equipment	3-7 years

The basis of depreciation is based on cost reduced by the residual value of the asset at the end of its useful life and impairment losses, if any. The depreciation period and the residual value are determined at the time of acquisition and are reassessed every year. Where the residual value exceeds the carrying amount of the asset, no further depreciation charges are recognized.

In case of changes in the depreciation period or the residual value, the effect on the amortization charges is recognized prospectively as a change in accounting estimates.

Depreciation is recognized in the Income Statement as production costs, distribution costs, and administrative costs, respectively.

Gains and losses on the disposal of property, plant, and equipment are determined as the difference between the selling price less selling costs and the carrying amount at the date of disposal. The gains or losses are recognized in the Income Statement as other operating income or other operating costs, respectively.

Investments in subsidiaries and equity interests incl. participating interests

Investments in subsidiaries and equity interests are measured according to the equity method.

Investments in subsidiaries and equity interests are measured in the Balance Sheet at the subsidiaries' net asset values calculated in accordance with the Group's accounting policies minus or plus unrealized intra-group profits and losses.

Net revaluation of investments in subsidiaries and equity interests is shown as a reserve for net revaluation according to the equity method under equity to the extent that the carrying value exceeds the cost.

Subsidiary and equity interests dividends are transferred from the net revaluation to the distributable reserves at the time of distribution.

Impairment of non-current assets

The carrying amount of intangibles and property, plant, and equipment as well as equity interests in subsidiaries is subject to an annual test for indications of impairment other than the decrease in value reflected by depreciation or amortization.

Impairment tests are conducted of individual assets or groups of assets when there is an indication that they may be impaired. Write-down is made to the recoverable amount if this is lower than the carrying amount.

The recoverable amount is the higher of an asset's net selling price and its value in use. The value in use is determined as the present value of the expected net income from the use of the asset or the group of assets and expected net cash flows from the disposal of the asset or the group of assets after the end of the useful life.

Previously recognized impairment will only be reversed if the reason for impairment no longer exists.

Inventories

Inventories are measured at cost in accordance with the FIFO method. Where the net realizable value is lower than the cost, inventories are written down to this lower value.

Raw materials and consumables are measured at cost, comprising purchase price plus delivery costs.

Finished goods and work in process are measured at cost, comprising the cost of raw materials, consumables, direct wages and salaries, and indirect production overheads. Indirect production overheads comprise indirect materials and wages and salaries as well as maintenance and depreciation of production machinery, buildings, and equipment as well as factory administration and management. Borrowing costs are not included in the cost.

The net realizable value of inventories is calculated as the sales amount less costs of completion and costs necessary to make the sale, and is determined taking into account marketability, obsolescence, and development in expected selling price.

Receivables

Receivables are recognized initially at fair value and subsequently measured at amortized cost less impairment losses. The impairment assessment is based on the Expected Credit Loss model (ECL).

The ECL model involves a three-stage approach under which financial assets move through the stages as their credit quality changes.

The stages determine how impairment losses are measured and the effective interest is applied. For trade receivables, the Group applies the simplified approach, which permits the use of lifetime ECL.

Provision rates are determined based on grouping of trade receivables sharing the same credit risk characteristics and days past due.

1. ACCOUNTING POLICIES, CONTINUED

Regarding Group intercompany loans, impairment losses will be recognized based on 12-month or lifetime ECL depending on whether a significant increase in credit risk has arisen since initial recognition.

Construction contracts
Construction contracts are measured at the selling price of the work performed. The impairment assessment is based on the ECL model, cf. above.

The selling price is measured on the basis of the stage of completion at the Balance Sheet date and total expected income from the individual contract work. When the selling price of a contract cannot be measured reliably, the selling price is measured at the costs incurred or at net realizable value, if this is lower.

The individual construction contract is recognized in the Balance Sheet under either receivables or liabilities, depending on the net amount of the selling price less payables. Net assets are constituted by the sum of the construction contracts where the selling price of the work performed exceeds the amount which has been invoiced on account. Net liabilities are constituted by the sum of the construction contracts where the amount which has been invoiced on account exceeds the selling price.

Selling costs and costs incurred in securing contracts are recognized in the Income Statement when incurred.

Prepayments
Prepayments recognized under current assets comprise costs incurred concerning subsequent fiscal years.

Equity
Reserve for net revaluation according to the equity method (Parent Company)
The net revaluation reserve according to the equity method comprises net revaluations of equity investments in group entities and associates and participating interests compared to cost comprising i.a. recognised shares of profit/loss and foreign exchange adjustments less dividends. The reserve can be eliminated in case of losses, realisation of equity investments or changes in accounting estimates. The reserve cannot be recognised at a negative amount.

Reserve for exchange rate adjustment and hedging instruments
The reserve comprises exchange differences arising on the translation of the financial statements of foreign enterprises from their functional currencies into DKK including exchange differences on loans considered to be a part of the net investment or as hedging of the net investment and contains also the accumulated net change in the fair value of hedging transactions that meet the criteria for hedging future cash flows and for which the hedged transaction has yet to be realised. The tax effect on these transactions has also been included.

Reserve for development costs (Parent Company)
The reserve for development costs comprises recognized development costs reduced by amortizations and taxes. The reserve cannot be used to distribute dividend or cover losses. The reserve will be reduced or dissolved if the recognized development costs are no longer part of the Company's operations by a transfer directly to the distributable reserves under equity.

Proposed dividend
Dividend proposed is recognized as a liability at the date when they are adopted at the general meeting (declaration date). Dividend during the year (extraordinary) or dividend expected to be distributed for the year are disclosed separately under equity.

Current tax and deferred tax
Current tax payable and receivable is recognized in the Balance Sheet as tax computed on the taxable income for the year, adjusted for tax on the taxable income of prior years and for tax paid on account.

Payable and receivable joint tax contributions are recognized in the Balance Sheet under balances for the Parent Company.

Deferred tax is measured using the Balance Sheet liability method on all temporary differences between the carrying amount and the tax value of assets and liabilities. Where different tax rules can be applied to determine the tax base, deferred tax is measured on the basis of the planned use of the asset or settlement of the liability, respectively. Adjustment is made to deferred tax resulting from elimination of unrealized intra-group profits and losses.

Deferred tax assets, including the tax value of tax loss carryforwards, are recognized at the expected value of their utilization, either as a set-off against tax on future income or as set-off against deferred tax liabilities in the same legal tax entity and jurisdiction.

Deferred tax is measured according to the tax rules and at the tax rates applicable in the respective countries at the Balance Sheet date.

Provisions
Provisions comprise anticipated costs related to warranties and losses related to construction contracts in process. Provisions are recognized when, as a result of past events, the Group has a legal or a constructive obligation, and it is probable that settlement of the obligation will result in an outflow of financial resources.

Warranties comprise obligations to make good any defects within the warranty period. Provisions for warranties are measured at net realizable value and recognized based on past experience.

If it is probable that the total costs related to a construction contract will exceed the total income, the expected total loss of the construction contract is recognized as a provision.

Liabilities other than provisions
Financial liabilities are recognized at the date of borrowing at the net proceeds received less transaction costs paid. In subsequent periods, the financial liabilities are measured at amortized cost, corresponding to the capitalized value using the effective interest rate. Accordingly, the difference between the proceeds and the nominal value is recognized in the Income Statement over the term of the loan.

Other liabilities are measured at amortized cost, which in general match net realizable value.

1. ACCOUNTING POLICIES, CONTINUED

Fair value
Fair value measurements are based on the principal market. If no principal market exists, the measurement is based on the most advantageous market, i.e. the market that maximizes the price of the asset or liability less transaction and/or transport costs.

All assets and liabilities which are measured at fair value, or whose fair value is disclosed, are classified based on the fair value hierachy, see below:

LEVEL 1: Value in an active market for similar assets/liabilities

LEVEL 2: Value based on recognized valuation methods on the basis of observable market information

LEVEL 3: Value based on recognized valuation methods and reasonable estimates (non-observable market information).

Cash Flow Statement
The Cash Flow Statement shows the Group's cash flows from operating, investing, and financing activities for the year, the year's changes in cash as well as the Group's cash at the beginning and end of the year.

Cash flows from operating activities
Cash flows from operating activities are calculated as the Group's profit adjusted for non-cash operating items, changes in working capital, corporate tax paid, and receivable/joint taxation contribution.

Cash flows for investing activities
Cash flows for investing activities comprise payments in connection with capitalized development costs (cash effect) and acquisitions and disposals of other intangibles, property, plant, and equipment, and investments.

Cash flows from financing activities
Cash flows from financing activities comprise payments to and from the Group's stockholders and related costs as well as raising of loans and repayment of interest-bearing debt.

Current cash
Current cash includes cash in hand and bank deposits.

Segment information
Revenue has been allocated according to business segments and geographical markets.

2. SPECIAL ITEMS

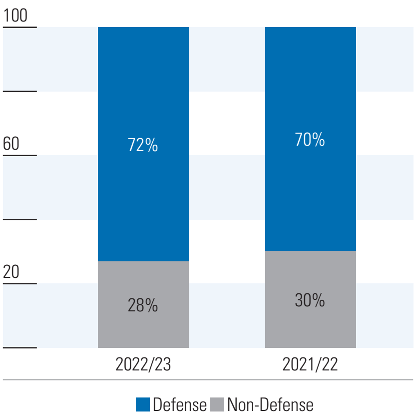
Special items comprise significant income and costs of a special character in relation to the Group's operating activities generating income, i.e. costs in connection with comprehensive restructuring of processes and fundamental structural modifications and related gains and losses on disposals which will be of significance over a period of time. Special items also comprise other significant one-off expenses, which according to Management are not a part of the normal operating activities of the Group.

The profit for this year and last year has not been impacted by circumstances which according to the Management deviate from being a part of the operational activities.

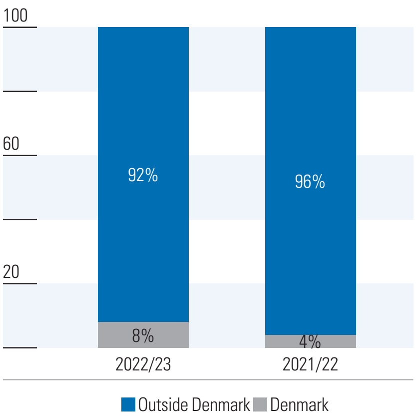
3. SEGMENT INFORMATION, REVENUE

CONSOLIDATED

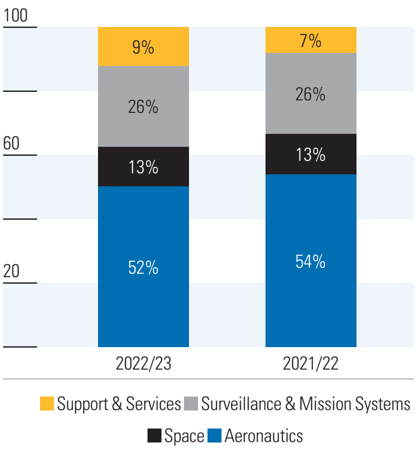
DEFENSE/NON-DEFENSE



DENMARK / OUTSIDE DENMARK



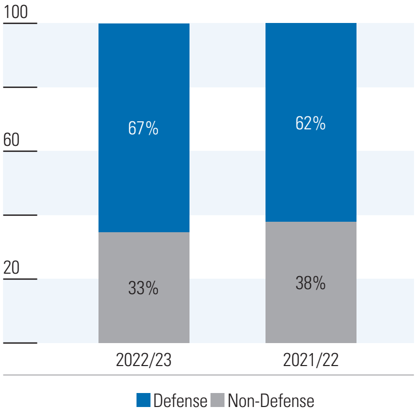
BUSINESS AREAS



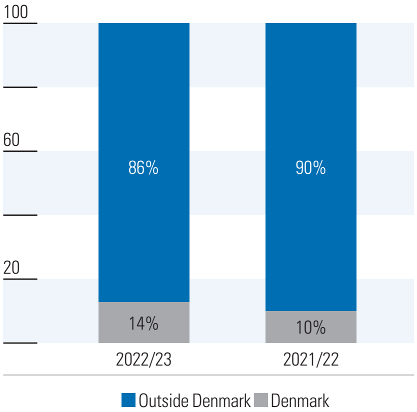
3. SEGMENT INFORMATION, REVENUE, CONTINUED

PARENT COMPANY

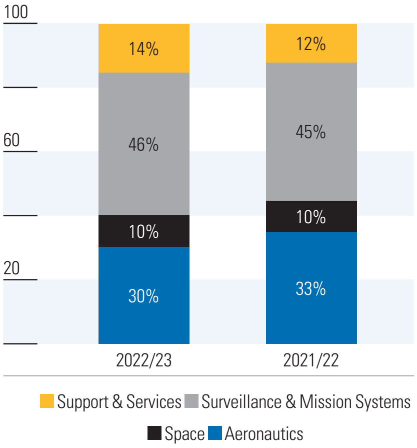
DEFENSE/NON-DEFENSE



DENMARK / OUTSIDE DENMARK



BUSINESS AREAS



4. REVENUE

	CONSOLIDATED		PARENT COMPANY	
DKK 1,000	2022/23	2021/22	2022/23	2021/22
Goods and services	735,414	618,690	629,558	545,576
Construction contracts	1,523,050	1,575,992	565,817	653,541
	2,258,464	**2,194,682**	**1,195,375**	**1,199,117**

5. STAFF COSTS

	CONSOLIDATED		PARENT COMPANY	
DKK 1,000	2022/23	2021/22	2022/23	2021/22
Parent Company Board of Directors emoluments	1,750	1,750	1,750	1,750
Remuneration to Management registered in the Central Business Register	24,319	17,195	24,319	17,195
Wages and salaries	934,199	931,297	497,832	488,491
Pensions	60,218	61,466	37,383	38,597
Other social security costs	55,972	57,963	11,139	11,954
	1,076,458	**1,069,671**	**572,423**	**557,987**
Average number of full-time employees	1,599	1,648	781	810

Incentive programs have been established for the Management and employees in managerial positions. The programs comprise the possibility of settlement in cash depending on achievement of specific targets. The programs run annually.

6. FEES TO AUDITORS

DKK 1,000	CONSOLIDATED 2022/23	2021/22
TOTAL FEES TO EY CAN BE SPECIFIED AS FOLLOWS:		
Statutory audit	1,187	1,063
Other assurance engagements	102	192
Tax and VAT	214	235
Other non-audit services	640	632
Total	**2,143**	**2,122**

7. OTHER OPERATING INCOME AND COSTS

	CONSOLIDATED		PARENT COMPANY	
DKK 1,000	2022/23	2021/22	2022/23	2021/22
Management fees	1,591	1,069	67,275	58,839
Profit on disposal of minor assets	38	1,540	38	-
Other operating income	374	-	18	-
Profit on disposal of non-current assets	614	-	12	203
COVID-19 reimbursement	-	7,539	-	-
Rental income	105	-	8,788	8,608
Other operating income	**2,722**	**10,148**	**76,131**	**67,650**
Loss on disposal of non-current assets	659	10,750	550	10,357
Costs related to premises rented out	-	-	9,141	8,689
Other operating costs	**659**	**10,750**	**9,691**	**19,046**

8. INVESTMENTS

	PARENT COMPANY	
DKK 1,000	Investments in subsidiaries	Loan to subsidiary
Cost at 1 March 2022	270,588	95,600
Additions	567	-
Cost at 28 February 2023	**271,155**	**95,600**
Net revaluations at 1 March 2022	176,257	(2,557)
Exchange rate adjustment	2,066	5,114
Other changes	(659)	-
Dividends paid	(9,685)	-
Changes in value og hedging instruments (after tax)	6,433	-
Results for the year	92,588	-
Net revaluations at 28 February 2023	**267,000**	**2,557**
Carrying amount at 28 February 2023	**538,155**	**98,157**

8. INVESTMENTS, CONTINUED

NAME	REGISTERED OFFICE	OWNERSHIP	CAPITAL STOCK
Terma Aerostructures A/S	Grenaa, Denmark	100%	5,000 tDKK
Terma GmbH	Darmstadt, Germany	100%	51 tEUR
Terma B.V.	Leiden, The Netherlands	100%	750 tEUR
Terma Inc.	Delaware, USA	100%	150 tUSD
Terma Singapore Pte. Ltd.	Singapore, Singapore	100%	100 tSGD
Terma Technologies GmbH	Wien, Austria	100%	35 tEUR
Terma Space Romania S.R.L	Brasov, Romania	100%	0 tEUR
Terma Technologies Czech Repulic S.R.O	Praha, Czech Republic	100%	1 tEUR
PT Terma Technologies Indonesia	Jakarta/Indonesia	99.6%	10,000 tIDR
Terma (UK) Ltd.	London, United Kingdom	100%	10 tEUR
Terma (India) Pvt. Ltd.	Delhi, India	99.9%	1,000 tINR
Terma France SAS	Paris, France	100%	10 tEUR
Terma Trading - Sole Proprietorship LLC	Abu Dhabi, UAE	100%	300 tAED

All information regarding investment in subsidiaries including but not limited to percentage ownership, country of incorporation, and countries of operation, is current and updated on at least an annual basis, and is complete at the time of the publication of the Annual Report.

	CONSOLIDATED		PARENT COMPANY	
DKK 1,000	2022/23	2021/22	2022/23	2021/22
	Investments in equity interests	Investments in equity interests	Investments in equity interests	Investments in equity interests
Cost at 1 March 2022	-	-	-	-
Additions	5,140	-	5,140	-
Cost at 28 February 2023	**5,140**	**-**	**5,140**	**-**
Net revaluations at 1 March 2022	-	-	-	-
Results for the year	(23)	-	(23)	-
Net revaluations at 28 February 2023	**(23)**	**-**	**(23)**	**-**
Carrying amount at 28 February 2023	**5,117**	-	**5,117**	-

Name	Registered office	Ownership	Capital stock
Danske Patruljeskibe Komplementarselskab A/S	Lystrup, Denmark	33.33%	420 tDKK
Danske Patruljeskibe K/S	Lystrup, Denmark	33.33%	15,000 tDKK

9. FINANCIAL INCOME AND COSTS

	CONSOLIDATED		PARENT COMPANY	
DKK 1,000	2022/23	2021/22	2022/23	2021/22
Intra-group interest, current assets	-	-	4,678	4,045
Other interest	907	473	462	224
Exchange rate variations and hedging income regarding hedging instruments	13,538	6,185	8,884	5,128
Financial income	**14,445**	**6,658**	**14,024**	**9,397**
Intra-group interest, current liabilities	955	796	4,731	1,475
Interest on subordinated loans	11,475	10,270	11,475	10,270
Interest to credit institutions, non-current liabilities	3,488	5,393	3,488	5,393
Interest to credit institutions, current liabilities	438	1,575	438	1,575
Other interest	2,542	1,954	2,289	1,611
Guarantee expenses and bank charges	4,032	5,414	2,969	4,914
Exchange rate variations and hedging costs regarding hedging instruments	12,610	13,211	1,949	1,561
Financial costs	**35,540**	**38,613**	**27,339**	**26,800**

10. TAX

DKK 1,000	CONSOLIDATED 2022/23	CONSOLIDATED 2021/22	PARENT COMPANY 2022/23	PARENT COMPANY 2021/22
Joint tax contribution/current tax	38,714	28,781	10,140	3,551
Deferred tax	(2,654)	(5,144)	(3,160)	8,887
Total Tax	**36,060**	**23,637**	**6,980**	**12,438**
SPECIFIED AS FOLLOWS:				
Tax on profit	32,258	28,211	4,991	12,172
Tax on changes in equity	3,802	(4,574)	1,989	266
	36,060	**23,637**	**6,980**	**12,438**

11. INTANGIBLES

	CONSOLIDATED				
DKK 1,000	Software	Software in process	Development projects, completed	Development projects, in process	Total
Cost at 1 March 2022	113,747	31,741	750,591	234,608	1,130,687
Foreign exchange rate	-	-	251	5,136	5,387
Additions	10,294	17,224	-	102,072	129,590
Disposals	(767)	-	-	-	(767)
Transfers	13,531	(13,531)	71,761	(71,761)	-
Cost at 28 February 2023	**136,805**	**35,434**	**822,603**	**270,055**	**1,264,897**
Amortizations and impairments at 1 March 2022	58,046	-	396,319	-	454,365
Foreign exchange rate adjustments	-	-	88	-	88
Amortizations and impairments	24,728	-	86,303	-	111,031
Disposals	(767)	-	-	-	(767)
Amortizations and impairments at 28 February 2023	**82,007**	**-**	**482,710**	**-**	**564,717**
Carrying value at 28 February 2023	**54,798**	**35,434**	**339,893**	**270,055**	**700,180**
Amortized over	3-10 years		5-15 years		

11. INTANGIBLES CONTINUED

	PARENT COMPANY				
DKK 1,000	Software	Software in process	Development projects, completed	Development projects, in process	Total
Cost at 1 March 2022	109,770	20,876	681,226	137,929	949,801
Additions	9,932	15,844	-	86,710	112,486
Disposals	(767)	-	-	-	(767)
Transfers	13,225	(13,225)	65,045	(65,045)	-
Cost at 28 February 2023	**132,160**	**23,495**	**746,271**	**159,594**	**1,061,520**
Amortizations and impairments at 1 March 2022	56,437	-	357,204	-	413,641
Amortizations and impairments	23,415	-	78,244	-	101,659
Disposals	(767)	-	-	-	(767)
Amortizations and impairments at 28 February 2023	**79,085**	**-**	**435,448**	**-**	**514,533**
Carrying value at 28 February 2023	**53,075**	**23,495**	**310,823**	**159,594**	**546,987**
Amortized over	3-10 years		5-15 years		

Development projects

Development projects comprise large and small projects in all Terma's Business Areas. Investments are made in the development of:

- Physical products or product platforms based on a set of technologies
- Software platforms, generic or actual applications
- Production processes with future profitability, supporting provision of one or more of the other assets.

A development project is initiated based on an assessment of the business potential described in a business case. Terma uses a gateway model ensuring ongoing follow-up of the development projects.

All development projects are evaluated to ensure that future earnings justify the carrying amount. An annual impairment test of the individual development project will ensure this, in which the discounted expected cash flow is compared with the carrying amount. Ongoing projects are discounted with a WACC of 13-15% after tax, and finished projects are discounted with a WACC of 9-13% after tax.

Sensitivity analysis

An increase in the WACC percentage of 1% will decrease the discounted value of the projects, but they will all remain within the carrying amount.

12. PROPERTY, PLANT, AND EQUIPMENT

	CONSOLIDATED				
DKK 1,000	Land and buildings	Plant and machinery	Fixtures and fittings, tools and equipment	Property, plant and equipment under construction	Total
Cost at 1 March 2022	523,618	550,558	116,757	56,824	1,247,757
Foreign exchange rate adjustment	-	443	1,573	-	2,016
Transfers	2,196	46,694	687	(49,577)	-
Additions	3,103	8,757	19,309	31,293	62,462
Disposals	(800)	(6,267)	(12,136)	-	(19,203)
Cost at 28 February 2023	**528,117**	**600,185**	**126,190**	**38,540**	**1,293,032**
Depreciation and impairments at 1 March 2022	245,240	345,321	91,055	-	681,616
Foreign exchange rate adjustment	-	437	1,270	-	1,707
Depreciations	18,106	39,238	14,610	-	71,954
Disposals	(771)	(6,162)	(12,123)	-	(19,056)
Depreciations and impairments at 28 February 2023	**262,575**	**378,834**	**94,812**	**-**	**736,221**
Carrying amount at 28 February 2023	**265,542**	**221,351**	**31,377**	**38,540**	**556,810**
Depreciated over	10-50 years	3-20 years	3-7 years		

	PARENT COMPANY				
DKK 1,000	Land and buildings	Plant and machinery	Fixtures and fittings, tools and equipment	Property, plant and equipment under construction	Total
Cost at 1 March 2022	445,319	165,375	67,821	15,254	693,769
Transfers	2,196	7,958	177	(10,331)	-
Additions	3,103	6,015	10,128	21,601	40,847
Disposals	(800)	(5,793)	(2,221)		(8,814)
Cost at 28 February 2023	**449,818**	**173,555**	**75,905**	**26,524**	**725,802**
Depreciation and impairments at 1 March 2022	166,941	128,401	53,084	-	348,426
Depreciations	18,106	12,746	7,457	-	38,309
Disposals	(771)	(5,793)	(2,221)	-	(8,785)
Depreciations and impairments at 28 February 2023	**184,276**	**135,354**	**58,320**	**-**	**377,950**
Carrying amount at 28 February 2023	**265,542**	**38,201**	**17,585**	**26,524**	**347,852**
Depreciated over	10-50 years	3-10 years	3-7 years		

13. CONSTRUCTION CONTRACTS

DKK 1,000	CONSOLIDATED 2023	CONSOLIDATED 2022	PARENT COMPANY 2023	PARENT COMPANY 2022
Selling price of construction contracts	2,683,073	2,942,924	1,034,805	1,455,132
Invoiced on account	(2,883,662)	(3,095,086)	(1,103,735)	(1,575,964)
Construction contracts at 28 February	**(200,589)**	**(152,162)**	**(68,930)**	**(120,832)**
RECOGNIZED AS FOLLOWS:				
Construction contracts (assets)	155,847	157,923	37,345	39,408
Construction contracts (liabilities)	(356,436)	(310,085)	(106,275)	(160,240)
	(200,589)	**(152,162)**	**(68,930)**	**(120,832)**

14. CORPORATE TAX PAYABLE

DKK 1,000	CONSOLIDATED 2023	CONSOLIDATED 2022	PARENT COMPANY 2023	PARENT COMPANY 2022
Corporate tax payable at 1 March	1,934	(1,477)	-	-
Tax for the year/joint tax contribution	38,714	28,781	10,140	3,551
Corporate tax paid during the year	(5,624)	(6,281)	(1,532)	(878)
Transferred to intra-group balances	(31,700)	(19,089)	(8,608)	(2,673)
Corporate tax payable at 28 February	**3,324**	**1,934**	**-**	**-**
RECOGNIZED AS FOLLOWS:				
Corporate tax receivable	(1,331)	(2,709)	-	-
Corporate tax payable	4,655	4,643	-	-
	3,324	**1,934**	**-**	**-**

15. DEFERRED TAX

DKK 1,000	CONSOLIDATED 2023	CONSOLIDATED 2022	PARENT COMPANY 2023	PARENT COMPANY 2022
Deferred tax at 1 March	146,399	152,115	134,192	125,305
Foreign currency adjustment	112	(572)	-	-
Adjustment for the year	(2,654)	(5,144)	(3,160)	8,887
Deferred tax at 28 February	**143,857**	**146,399**	**131,032**	**134,192**
RECOGNIZED AS FOLLOWS:				
Deferred tax (assets)	(10,423)	(12,137)	-	-
Deferrred tax (liabilities)	154,280	158,536	131,032	134,192
	143,857	**146,399**	**131,032**	**134,192**
DEFERRED TAX RELATES TO:				
Intangibles	109,750	109,116	103,854	102,296
Property, plant, and equipment	45,784	45,361	26,807	27,372
Current assets	13,304	14,286	23,728	26,805
Provisions	(1,541)	(1,541)	(1,541)	(1,541)
Liabilities other than provisions	(23,440)	(20,823)	(21,816)	(20,740)
	143,857	**146,399**	**131,032**	**134,192**

EXPECTED TIMEFRAME FOR ELIMINATION OF DEFERRED TAX LIABILITIES:	CONSOLIDATED 2023	CONSOLIDATED 2022	PARENT COMPANY 2023	PARENT COMPANY 2022
0-1 year	(8,076)	(10,423)	158	(2,025)
1-5 years	64,561	59,325	59,188	50,043
>5 years	87,372	97,497	71,686	86,174
	143,857	**146,399**	**131,032**	**134,192**

16. PREPAYMENTS

DKK 1,000	CONSOLIDATED 2023	CONSOLIDATED 2022	PARENT COMPANY 2023	PARENT COMPANY 2022
Insurance premiums	259	123	259	123
Rent	-	365	-	365
Tax on real property	305	140	305	140
IT licenses, short term	6,166	6,146	6,166	6,146
Other prepayments	7,624	3,974	3,231	1,431
Prepayments at 28 February	**14,354**	**10,748**	**9,961**	**8,205**

17. EQUITY

CAPITAL STOCK CONSISTS OF:

1 stock at MDKK 18.

The capital stock has remained unchanged during the preceding 5 years.

The Company does not hold any own shares at the Balance Sheet date. Buying or selling own shares have not taken place during the financial year, either.

18. WARRANTY PROVISIONS

	CONSOLIDATED		PARENT COMPANY	
DKK 1,000	2023	2022	2023	2022
Warranty provisions at 1 March	27,240	19,347	27,240	19,347
Used during the year	(4,999)	(10,102)	(4,999)	(10,102)
Unused warranty provisions, reversed	(2,595)	(5,633)	(2,595)	(5,633)
Provisions for the year	1,647	23,627	1,647	23,627
Warranty provisions at 28 February	**21,293**	**27,239**	**21,293**	**27,239**
EXPECTED MATURITY FOR WARRANTY PROVISIONS				
0-1 year	10,647	20,492	10,647	20,492
>1 years	10,646	6,747	10,646	6,747
	21,293	**27,239**	**21,293**	**27,239**

19. SUBORDINATED LOANS

Terma A/S has obtained a subordinated convertible loan from the ultimate Parent Company, the Thomas B. Thrige Foundation, with a total nominal value of 125 MDKK. The interest rate is fixed at 4.5%. The loan expires 1 June 2027 without further notice. Once a year in February, the loan can be fully or partly converted into shares in Terma A/S based on current value. However, not less than a share price of 100 per share amounting to 100.

Terma A/S has obtained a subordinated convertible loan from the Parent Company, Thrige Holding A/S, with a total nominal value of 130 MDKK. The interest rate is fixed at 4.5%. The loan expires 1 July 2031 without further notice. Once a year in February, the loan can be fully or partly converted into shares in Terma A/S based on current value. However, not less than a share price of 100 per share amounting to 100.

20. NON-CURRENT LIABILITIES OTHER THAN PROVISIONS

DKK 1,000	CONSOLIDATED Liabilities	Fair value	Nominal value	Long-term liabilities	Short-term liabilities	Loans outstanding after five years
Subordinated loans	255,000	255,000	255,000	255,000	-	130,000
Credit institutions	63,674	63,694	63,694	17,371	46,303	-
Mortgage credit institutions	153,498	134,392	154,116	142,658	10,840	97,278
Other debt	91,377	91,377	91,377	91,377	-	91,377
28 February 2023	**563,549**	**544,463**	**564,187**	**506,406**	**57,143**	**318,655**

DKK 1,000	PARENT COMPANY Liabilities	Fair value	Nominal value	Long-term liabilities	Short-term liabilities	Loans outstanding after five years
Subordinated loans	255,000	255,000	255,000	255,000	-	130,000
Credit institutions	63,674	63,694	63,694	17,371	46,303	-
Mortgage credit institutions	153,498	134,392	154,116	142,658	10,840	97,278
Other debt	65,096	65,096	65,096	65,096	-	65,096
28 February 2023	**537,268**	**518,182**	**537,906**	**480,125**	**57,143**	**292,374**

DKK 1,000	CONSOLIDATED Liabilities	Fair value	Nominal value	Long-term liabilities	Short-term liabilities	Loans outstanding after five years
Subordinated loans	255,000	255,000	255,000	255,000	-	255,000
Credit institutions	109,913	109,963	109,963	63,708	46,205	-
Mortgage credit institutions	164,541	161,022	165,214	153,430	11,111	108,383
Other debt	86,616	86,616	86,616	86,616	-	86,616
28 February 2022	**616,070**	**612,601**	**616,793**	**558,754**	**57,316**	**449,999**

DKK 1,000	PARENT COMPANY Liabilities	Fair value	Nominal value	Long-term liabilities	Short-term liabilities	Loans outstanding after five years
Subordinated loans	255,000	255,000	255,000	255,000	-	255,000
Credit institutions	109,913	109,963	109,963	63,708	46,205	-
Mortgage credit institutions	164,541	161,022	165,214	153,430	11,111	108,383
Other debt	61,481	61,481	61,481	61,481	-	61,481
28 February 2022	**590,935**	**587,466**	**591,658**	**533,619**	**57,316**	**424,864**

2022/23

DKK 1,000	CONSOLIDATED 28 Feb. 2022	Cash flow	Non-monetary changes	28 Feb. 2023
Non-current liabilities other than provisions	558,754	(52,435)	87	506,406
Current liabilities other than provisions	149,199	(5,889)	-	143,310
Liabilities other than provisions from financing activities	**707,953**	**(58,324)**	**87**	**649,716**

20. NON-CURRENT LIABILITIES OTHER THAN PROVISIONS, CONTINUED

DEBT TO FINANCIAL INSTITUTIONS

	2023				
DKK 1,000	Average nominal interest rate	Average effective interest rate	Currency	Fixed interest rate	Carrying amount
MORTGAGE LOANS:					
Variable rate loans	1.55	1.52	DKK	6 months	24,104
Fixed rate loans	2.28	2.27	DKK	8-16 years	118,554
Mortgage loans total	**2.17**	**2.15**			**142,658**
LOANS FROM BANKS					
Fixed interest rate loans	1.15	1.15	EUR		17,371
Loans from banks total	**1.15**	**1.15**			**17,371**
Credit institutions total at 28 February					**160,029**

	2022				
DKK 1.000	Average nominal interest rate	Average effective interest rate	Currency	Fixed interest rate	Carrying amount
MORTGAGE LOANS:					
Variable rate loans	0.95	0.80	DKK	6 months	24,051
Fixed rate loans	2.20	2.42	DKK	11-21 years	129,379
Mortgage loans total	**2.02**	**2.18**			**153,430**
LOANS FROM BANKS					
Fixed interest rate loans	1.15	1.15	EUR		63,708
Loans from banks total	**1.15**	**1.15**			**63,708**
Credit institutions total at 28 February					**217,138**

21. CONTINGENT LIABILITIES AND SECURITY

CONTINGENT LIABILITIES

DKK 1,000	CONSOLIDATED 2023	CONSOLIDATED 2022	PARENT COMPANY 2023	PARENT COMPANY 2022
Lease liabilities (operating leases) at 28 February falling due within 5 years (annual cost 18,920 tDKK).	57,799	47,299	12,442	9,018
Lease liabilities at 28 February due after more than 5 years	1,688	4,699	11	21
The Company has entered into a rent agreement with the Parent Company Thomas B. Thrige Foundations valid until 1 April 2024. The annual rent amounts to 10,000 tDKK (2021/22: 0 tDKK), and as of 28 February 2023, the termination period is 6 months, and the total commitment amounts to 5,000 tDKK (2021/22: 0 tDKK).				
Terma A/S including Danish subsidiaries is jointly taxed with Thrige Holding A/S. Within the taxation group, the Company is jointly and severally liable in line with the other Group members for payment of corporate income tax and withholding tax in Denmark. As of 2013/14, the net obligations of the jointly taxed companies towards the Danish Central Tax Administration (SKAT) appear from the Thrige Holding A/S (CVR No. 26 31 16 83) annual accounts. Any corrections to the joint taxation income and withholding tax appearing at a later time may result in the Company being liable for a larger amount.				
Terma A/S is jointly and severally liable for joint registration concerning VAT with the Parent Company Thrige Holding A/S, the ultimate Parent Company the Thomas B. Thrige Foundation, and the Group Company Thrige-Titan A/S.				
On behalf of the Terma Group, third parties have issued performance and advance payment bonds at at total of	135,140	130,671	135,140	130,671
Included in the amount are customer advances reflected in the balance sheet	43,422	83,622	43,422	83,622
Through customer projects in various countries, Terma A/S is contractually committed to certain offset obligations	6,143	15,828	6,143	15,828
SECURITY The following assets have been provided as security for mortgage loans:				
Carrying amount of land and buildings	265,542	278,378	265,542	278,378
Other property, plant, and equipment estimated to be comprised by the collateral, cf, the provisions of the Danish Registration of Property Act	291,268	314,327	82,310	78,346
Terma A/S has issued a letter of intent to third parties in connection with the establishment of credit facilities for its subsidiaries at a total amount of	-	-	24,542	23,261

22. RELATED PARTIES

Terma A/S is a wholly owned subsidiary of Thrige Holding A/S (CVR No. 26 31 16 83), which is wholly owned by the Thomas B. Thrige Foundation (CVR No. 10 15 62 11), jointly referred to as the Owners.

Terma A/S' related parties exercising significant influence comprise the Board of Directors, Executive Management, managerial staff, and their family members. Further, related parties comprise companies in which the above-mentioned persons have substantial interests.

TRANSACTIONS WITH RELATED PARTIES:

	CONSOLIDATED	
DKK 1,000	2022/23	2021/22
Sale of services to the Owners	1,038	1,041
Reinvoicing of costs to the Owners	1,212	991
Sale of services to limited partnership	449	-
Rent from limited partnership	105	-
Sale of services to Group companies	43	28
Interest paid to the Owners	12,429	11,066
Reinvoicing of costs to limited partnership	1,778	-
Recievable from limited partnership	866	-
Debt to Owners	86,793	91,883
Subordinated loan from the Owners	255,000	255,000

	PARENT COMPANY	
DKK 1,000	2022/23	2021/22
Sale to Group companies	224,401	248,028
Purchase from Group companies	183,879	159,421
Sale of services to the Owners	1,038	1,041
Sale of services to limited partnership	449	-
Rent from limited partnership	105	-
Sale of services to Group companies	69,344	59,200
Rent from Group companies	8,683	8,346
Rent paid to the owners	9,167	-
Interest paid to Group companies	3,776	679
Interest paid from Group companies	4,678	4,045
Interst paid to the Owners	12,429	11,066
Reinvoicing of costs to Group companies	4,758	5,240
Reinvoicing of costs from Group companies	3,163	1,121
Reinvoicing of costs to limited partnership	1,778	-
Recievable from limited partnership	866	-
Receivable from Group companies	108,509	129,721
Debt to Owners	86,793	91,883
Debt to Group companies	386,818	228,237
Subordinated loans from the Owners	255,000	255,000
Dividend paid to Parent companies	-	100,000
Dividend paid from Group companies	9,685	24,960

23. EVENTS AFTER THE BALANCE SHEET DATE

Following the end of the fiscal year, no significant events have occurred which affect the assessment of the Group's and Parent Company's financial position as reported on 28 February 2023.

24. FINANCIAL INSTRUMENTS AND FINANCIAL RISKS

Through its operations, the Terma Group is exposed to a certain financial risk; this financial risk relates to and is defined as follows:

LIQUIDITY RISK	The risk that theTerma Group is not able to meet its future cash flow needs
CREDIT RISK	The risk of incurring a financial loss if a customer or counterparty fails to fulfill its contractual obligations
MARKET RISK	The risk of losses in financial positions arising from movements in interest, currency rates, and raw material prices to which the group is exposed

Policies and objectives for handling financial risks are regularly assessed and approved by the Board of Directors.

Sensitivity analyses and stress tests are performed. Sensitivity information reported is calculated at Balance Sheet date and comprises only sensitivity relating to financial instruments, so the amounts disclosed do not necessarily give a complete picture of the Group's risk relating to changes in currency rates and interest rates.

There are no changes to the Group's exposure to and management of financial risk since last year.

LIQUIDITY RISK

RELATED BUSINESS ACTIVITY	IMPLICATION	RISK MITIGATION	IMPACT
The Group is exposed to liquidity risk due to ongoing normal business activities, significant investments, and to a lesser extent to repayment of mortgage loans. Cash management is vital in relation to fulfill requirements from financial institutions.	Effect: Medium Threat: Low	Liquidity is managed at Group level. Liquidity forecasts are produced and updated regularly based on forecasts on operational cash flows, CAPEX, and investment commitments. Flexibility in the Group's loan portfolio is secured by having different institutions, terms, and expiry. The Group's loan agreements include covenants (leverage ratio). The agreements do not include clauses where cash security has to be pledged.	The Group's liquidity reserve consists of an unsecured overdraft facility for multi-currency short-term financing needs as well as a commited 1-year loan facility. Similar to 2021/22, there has been no breach of covenants during the year. It is the Management's opinion that the Group has sufficient financial resources to settle obligations as they become due.

Investments are classified as financial assets at fair value through profit or loss (financial derivatives) or as loans and receivables. The classification depends on the purpose for which the investments were acquired.

Financial assets classified at fair value through profit or loss are investments that are measured and reported at fair value in the internal management reporting. Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables are included in trade receivables and other receivables in the statement of financial position.

The Group's loan portfolio consists of a traditional mortgage loan, a European Investment Bank loan, and a loan from the Parent Company (intra-group balance).

In addition, the Company has subordinated loans of 255 MDKK (2021/22: 255 MDKK).

At year-end February 2023, cash and bank deposits amounted to 250 MDKK (2021/22: 172 MDK). In addition to cash and bank deposits, a 1-year commited overdraft facility for multi-currency short-term financing needs as well as a commited 1-year loan facility is in place.

On the following page is a maturity analysis of the financial liabilities at year-end, 28 February 2023 and 28 February 2022.

24. FINANCIAL INSTRUMENTS AND FINANCIAL RISKS, CONTINUED

	2023				2022			
DKK 1,000	Carrying amount/ contractual cashflow	0-1 year	1-5 years	>5 years	Carrying amount/ contractual cashflow	0-1 year	1-5 years	>5 years
NON-DERIVATS:								
Subordinated loans	255,000	-	-	255,000	255,000	-	-	255,000
Credit institutions	63,674	46,303	17,371	-	109,913	46,205	63,708	-
Mortgage credit institutions	153,498	10,840	45,380	97,278	164,541	11,111	45,047	108,383
Other debt	91,377	-	-	91,377	86,616	-	-	86,616
Current liabilities other than provisions	1,030,275	1,030,275	-	-	963,173	963,173	-	-
DERIVATS:								
Forward contracts	(1,700)	(199)	(1,501)	-	10,472	6,919	3,553	-
	1,592,124	**1,087,219**	**61,250**	**443,655**	**1,589,715**	**1,027,408**	**112,308**	**449,999**

CREDIT RISK

RELATED BUSINESS ACTIVITY

The Group is exposed to credit risk from receivables and from balances with banks.

Risk related to receivables occurs when customers do not pay as agreed.

Credit risk with balances in banks occurs when it is uncertain if the bank is capable of settling its obligations as they become due.

IMPLICATION

Effect:
Medium

Threat:
Low

RISK MITIGATION

The Group conducts credit assessments of new customers and partners.

Customers outside Europe and North America are individually assessed and due to the assessment, the trade is handled on letter of credit or with upfront payments.

Credit insurance from EKF is used if deemed necessary.

The Group minimizes risk from banks by using banks with proper ratings.

IMPACT

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

In 2022/23, the Group has not incurred any financial loss on debtors.

The Group does not expect any loss on trade receivables, construction contracts, or amounts owed by subsidiaries. Therefore, there has not been recognized any ECL loss.

24. FINANCIAL INSTRUMENTS AND FINANCIAL RISKS, CONTINUED

In 2022/23, there was no impairment of receivables. 3% of the receivables exceeded payment terms with more than 1 month.

Trade receivables are specified as follows:

DKK 1,000	2023	2022
Europe	184,837	155,166
North America	107,450	127,357
Asia Pacific	58,456	68,373
Middle East and North Africa	52,207	42,729
Rest of world	1,152	1,529
Trade receivable at 28 February	**404,102**	**395,154**

Overdue Trade Receivable:

DKK 1,000	2023	2022
Up to 1 month	24,115	50,779
Between 1 and 2 months	1,736	15,406
More than 2 months	12,072	18,767
Overdue trade receivable at 28 February	**37,923**	**84,952**

INTEREST RATE RISK

RELATED BUSINESS ACTIVITY	IMPLICATION	RISK MITIGATION	IMPACT
Due to financing of investments and normal business operations, the Group is exposed to risk concerning fluctuations in the interest rate. The primary risk is related to fluctuations in CIBOR.	Effect: Medium Threat: Low	It is the Group's policy to have long-term borrowings to a large extent at fixed rates. Net interest rate risks may be hedged via interest rate swaps and related instruments, if assessed as advantageous. The Group uses cash pool arrangements to net funds on deposit with debt to minimize interest payments.	50% of total interest-bearing debt excluding subordinated loans is fixed rated (2021/22 it was 55%). The effective interest rate of this part of the debt is 1.9% (2021/22 it was 1.9%). Please refer to note 20 for information about subordinated loans.

24. FINANCIAL INSTRUMENTS AND FINANCIAL RISKS, CONTINUED

Changes in market values on derivatives could cause calls of further pledge or cash distribution, but the risk is considered insignificant, and we have sufficient credit lines with our financial counterparties. The Group has unutilized facilities including cash totalling 650 MDKK (2021/22: 572 MDKK).

Sensitivity of interest rate risk
A 1%-point interest rate increase would effect profit/(loss) by 1.4 MDKK (2021/22: 0.6 MDKK) and equity by 1.1 MDKK (2021/22: 0.4 MDKK).

A 1%-point interest rate decrease would have a corresponding inverse effect.

CURRENCY RISK

RELATED BUSINESS ACTIVITY	IMPLICATION	RISK MITIGATION	IMPACT
The Group is exposed to currency risk due to selling in USD and EUR, buying in EUR, USD, and GBP, loan taken in EUR, and net investments in subsidiaries with functional currency in USD, EUR, INR, and AED.	Effect: Medium Threat: Low	It is the Group's policy to use derivative instruments to hedge currency risks, and forward exchange contracts are entered into in connection with the acceptance and conclusion of contracts. EUR cash flow is used for repaying loan in EUR but otherwise not hedged due to Danish fixed exchange rate policy against EUR. Net investments in foreign subsidiaries are not hedged.	The effect from currency risk originates mainly from USD cash flows. The company has hedged the currency risk in accordance with the Group's policy. As in 2022/23, the Group has only used derivative financial instruments to hedge exchange rate risks.

The operating and reporting currency is DKK and thus, all amounts are recorded and reported in DKK.

24. FINANCIAL INSTRUMENTS AND FINANCIAL RISKS, CONTINUED

At year-end, the Group held the following derivatives:

DKK 1,000 Currency	Payable/ maturity date	Receivables	Credit institutions	Liabilities other than provisions	Hedged by forward exchange contracts and currency swaps	Net position
2023						
USD	<1 year	187,381	-	(97,098)	14,114	104,397
GBP	<1 year	4,457	-	(24,597)	-	(20,140)
CAD	<1 year	5,519	-	(389)	-	5,130
EUR	<1 year	344,915	(46,303)	(290,220)	-	8,392
EUR	>1 year	-	(17,371)	-	-	(17,371)
INR	<1 year	792	-	(2,399)	-	(1,607)
SGD	<1 year	5,086	-	-	-	5,086
AED	<1 year	4,087	-	(3,290)	-	797
CHF	<1 year	-	-	(658)	-	(658)
2022						
USD	<1 year	231,661	-	(80,315)	(4,030)	147,316
GBP	<1 year	5,774	-	(6,024)	250	-
CAD	<1 year	5,714	-	-	-	5,714
SEK	<1 year	-	-	(98)		(98)
NOK	<1 year	972	-	-	-	-
EUR	<1 year	291,489	(46,300)	(281,223)	-	(36,034)
EUR	>1 year	-	(17,371)	-	-	(63,663)
INR	<1 year	326	-	(60)	-	266
SGD	<1 year	4,323	-	(6,592)	-	(2,269)
AED	<1 year	3,592	-	(2,132)	(1,460)	-
CHF	<1 year	-	-	(296)	-	(296)

Sensitivity of currency risk

To measure currency risk in accordance with IFRS 7, sensitivity is calculated as the change in fair value of future cash flows from financial instruments as a result of fluctuations in exchange rates on the Balance Sheet date. Other things being equal and after tax, sensitivity to fluctuations in USD at Balance Sheet date based on a 10% decrease in currency exchange rates against DKK would result in a net profit/(loss) of (12.2) MDKK (2021/22: (11.7) MDKK) and affect equity by 0 MDKK (2021/22: 0 MDKK). The total effect on Equity after tax would be (9.5) MDKK (2021/22: (8.8) MDKK). The effect of a 10% increase in the currency exchange rates against DKK would have a corresponding inverse effect.

24. FINANCIAL INSTRUMENTS AND FINANCIAL RISKS, CONTINUED

Exchange rate contracts at year-end:

		Contractual value		Fair value		Gains and losses recognized in the equity	
DKK 1,000	Period	2023	2022	2023	2022	2023	2022
AUD	0-1 year	-	(251)	-	4	-	-
AUD	1-5 years	(535)	(535)	5	(2)	-	-
GBP	0-1 year	-	(773)	-	29	-	-
GBP	1-5 years	-	-	-	-	-	-
USD	0-1 year	329,640	268,374	(9,110)	(7,668)	155	(5,397)
USD	1-5 years	213,568	165,456	(1,912)	(5,501)	1,171	(2,771)
		542,673	**432,271**	**(11,017)**	**(13,138)**	**1,326**	**(8,168)**
Tax						374	(2,304)
Total before tax						**1,700**	**(10,472)**

Fair value of financial instruments is related to observable input (level 2).

Categories of financial instruments:

DKK 1,000	2022/23	2021/22
FINANCIAL ASSETS:		
Financial derivatives used for hedging purposes	187,381	241,027
Receivables and cash at bank and in hand	654,040	567,446
FINANCIAL LIABILITIES:		
Financial derivatives used for hedging purposes	97,098	88,471
Financial liabilities measured at amortized costs	563,549	616,070

RAW MATERIALS PRICE RISK

RELATED BUSINESS ACTIVITY

The Group is exposed to risk concerning raw material prices due to raw material as aluminum and composite materials forming part of the products sold.

IMPLICATION

Effect:
Medium

Threat:
Medium

RISK MITIGATION

Raw material price risk has until now not been hedged. The impact on the financial result is immaterial as major parts of raw materials are bought in accordance with customers' requirements and their "Right to buy" agreements. These agreements are firm fixed prices in USD in 3-5 years.

The development in raw material prices is followed continuously.

IMPACT

The developments in raw material prices have had an immaterial impact on the Group's financial results in 2021/22 and 2022/23.

25. PROPOSED PROFIT APPROPRIATION

DKK 1,000	PARENT COMPANY 2022/23	PARENT COMPANY 2021/22
Reserve for net revaluation according to the equity method	92,588	64,434
Reserve for development costs	40,912	4,179
Retained earnings	5,064	58,728
	138,564	**127,341**

26. CHANGES IN WORKING CAPITAL AND INVESTMENTS

DKK 1,000	CONSOLIDATED 2022/23	CONSOLIDATED 2021/22
Inventories	(65,351)	35,678
Receivables	2,586	74,321
Construction contracts and prepayments from customers	93,459	(7,510)
Trade payables and other payables	(17,354)	(83,119)
	13,340	**19,370**
ACQUISITION OF SOFTWARE, PROPERTY, PLANT AND EQUIPMENT		
Additions to software, property, plant, and equipment (note 11 and 12)	89,980	130,948
Hereof trade payables to be paid in the following financial year	(19,878)	(17,817)
Trade payables beginning of year	17,817	35,381
Paid concerning addition to software, property, plant, and equipment	**87,919**	**148,512**

Statement by the Board of Directors and Executive Management

The Board of Directors and Executive Management have today discussed and approved the Annual Report of Terma A/S for the 2022/23 fiscal year.

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

In our opinion, the Consolidated and Parent Company Financial Statements give a true and fair view of the Group's and Parent Company's financial position at 28 February 2023 and of the results of the Group's and the Parent Company's operations and the Group's cash flows for 2022/23.

Further, we consider the Management's Review to present a fair disclosure of the development in the Group's and Parent Company's operations and financial conditions, the results for the year, cash flows, and financial position as well as a description of the most significant risks and uncertainty factors that the Group and the Parent Company face.

We recommend that the Annual Report be approved at the annual general meeting.

Søborg, 22 May 2023

EXECUTIVE MANAGEMENT:

Jes Munk Hansen
CEO & President

Per Thiesen
Executive Vice President & CFOO

Steen M. Lynenskjold
Executive Vice President, Government & Partnerships

Executive Management from left: Steen M. Lynenskjold, Jes Munk Hansen, Per Thiesen

BOARD OF DIRECTORS:

From left: Klaus Holse, Lars Gert Lose, Helle Cecilie Fabricius Nielsen, Carsten Dilling, Jørgen Huno Rasmussen, Gitte Holm, Jens Thorsen Poulsen

Carsten Dilling
Chairman

Jørgen Huno Rasmussen
Deputy Chairman

Klaus Holse

Lars Gert Lose

Gitte Holm

Helle Cecilie Fabricius Nielsen

Jens Thorsen Poulsen

Independent Auditor's Report

TO THE STOCKHOLDER OF TERMA A/S

Opinion
We have audited the Consolidated Financial Statements and the Parent Company Financial Statements of Terma A/S for the fiscal year 1 March 2022 – 28 February 2023, which comprise Income Statement, Balance Sheet, Statement of Changes in Equity, and Notes, including Accounting Policies, for the Group and the Parent Company, and a Consolidated Cash Flow Statement. The Consolidated Financial Statements and the Parent Company Financial Statements are prepared in accordance with the Danish Financial Statements Act.

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 28 February 2023 and of the results of the Group's and the Parent Company's operations as well as the Consolidated Cash Flows for the fiscal year 1 March 2022 – 28 February 2023 in accordance with the Danish Financial Statements Act.

Basis for Opinion
We conducted our audit in accordance with International Standards on Auditing (ISAs) and additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the Consolidated Financial Statements and the Parent Company Financial Statements" (hereinafter collectively referred to as "the Financial Statements") section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence
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.

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

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

Auditor's Responsibilities for the Audit of the Financial Statements
Our objectives are to obtain reasonable assurance as to 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 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 the Financial Statements.

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

We also:
- Identify and assess the risks of material misstatement of the Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Parent Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the Financial Statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Parent Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and the Parent Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure, and contents of the Financial Statements, including the note 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.

Statement on the Management's Review
Management is responsible for the Management's Review.

Our opinion on the Financial Statements does not cover the 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 the Management's Review and, in doing so, consider whether the 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 the Management's Review provides the information required under the Danish Financial Statements Act.

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

Aarhus, 22 May 2023
EY Godkendt Revisionspartnerselskab,
CVR no. 30 70 02 28

Jes Lauritzen
State-Authorized Public Accountant
mne10121

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