TERMA
ALLIES IN INNOVATION

ANNUAL REPORT 2021/22

Terma A/S
Hovmarken 4
8520 Lystrup
Denmark

Central Business Register No. 41 88 18 28
Presented and approved on 25 May 2022

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

Artificial Intelligence

for Defense (AI4DEF) funded by the European Defense is headed by Terma

400+ Business Partners

have gone through due diligence

(for additional info see CSR report 2021/22)

Søborg

A new and modern facility for employees and select partners

350 TDKK

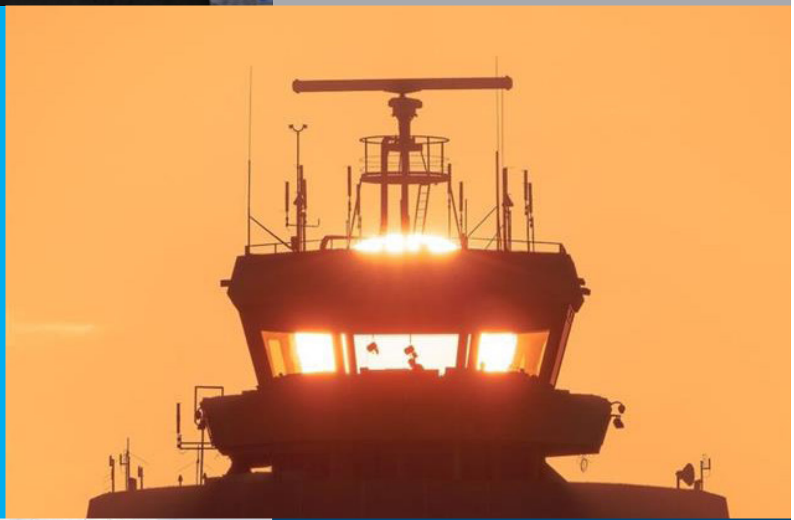
donated to the crisis in Ukraine (hereof 125 TDKK from Terma employees)

99%

supplier quality performance

Surface Movement Radar

Record high order intake of 55 MDKK



1.1 BDKK

Record high F-35 order intake

Breakthrough

with Terma Star Trackers for constellation missions

Gun Pod

No. 100 supplied for the F-35 fighter

Financial Highlights

CONSOLIDATED

DKK million	2021/22	2020/21	2019/20	2018/19	2017/18
KEY FIGURES					
Order intake	2,314	2,019	2,842	1,726	1,728
Order backlog, year-end	**3,290**	**3,171**	**3,222***	**2,297***	**2,374***
Revenue	**2,195**	**2,070**	**1,917**	**1,803**	**1,785**
EBITDA before special items	**357**	**321**	**274**	**277**	**298**
Depreciation, amortization, and write-downs	(170)	(151)	(148)	(165)	(149)
Operating profit before special items	187	170	125	112	149
Financial income and costs	(32)	(33)	(16)	(17)	(25)
Earnings before special items and tax	**155**	**137**	**110**	**95**	**124**
Special items before tax**	-	-	-	(164)	(31)
Profit for the year	127	116	94	(66)	72
Non-current assets	1,242	1,216	1,088	995	935
Current assets	1,269	1,333	1,329	1,192	1,084
Total assets	2,512	2,549	2,417	2,186	2,019
Total equity	744	731	680	579	663
Subordinated loans	255	125	125	125	125
NIBD (excl. subordinated loans)	277	438	398	357	489
Cash flows from operating activities	**354**	**185**	**303**	**361**	**5**
Cash flows for investing activities	(217)	(286)	(214)	(229)	(188)
hereof investments in software, property, plant & equipment	(149)	(138)	(96)	(107)	(92)
FINANCIAL RATIOS:					
EBITDA margin before special items	16.2	15.5	14.3	15.3	16.6
EBT margin before special items	7.1	6.6	5.7	5.2	7.0
Return on investments before special items	7.4	7.4	5.9	5.5	8.0
Liquidity ratio	124	118	127	149	161
Solvency ratio (capital base)	39.8	33.6	33.3	32.2	39.0
Return on equity	17.2	16.4	14.9	(10.7)	11.8
Leverage ratio	0.8	1.4	1.5	1.3	1.6
Average number of full-time employees	**1,648**	**1,653**	**1,521**	**1,495**	**1,398**

** Including framework agreements*

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

Definition of Financial Ratios:

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

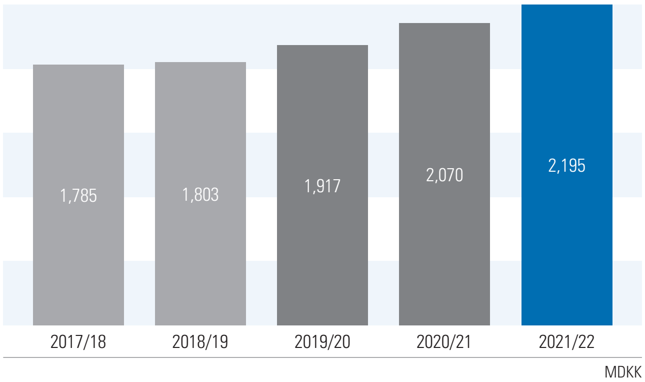
Terma at a Glance

2021/22

MAIN CONCLUSION

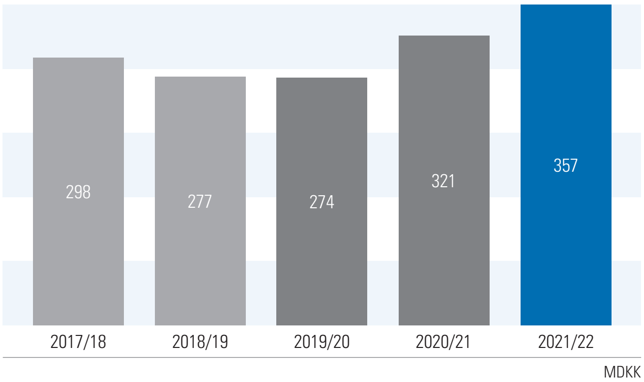
2021/22 was a record year with revenue of 2.2 BDKK, an increasing EBT margin and leverage historically low at 0.8.

REVENUE



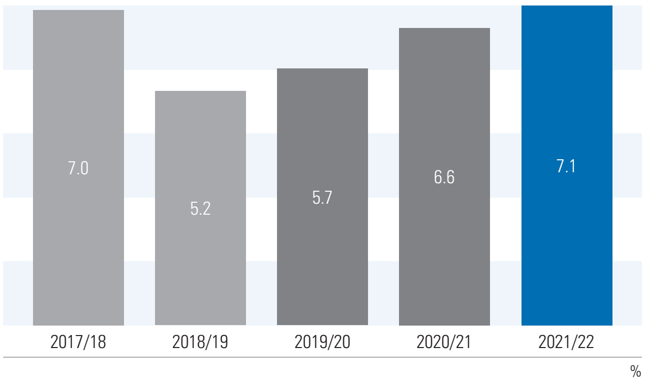
Revenue grew by 6% mainly driven by a recovery of Terma's Service business and an increase in F-35 and Space activities.

EBITDA



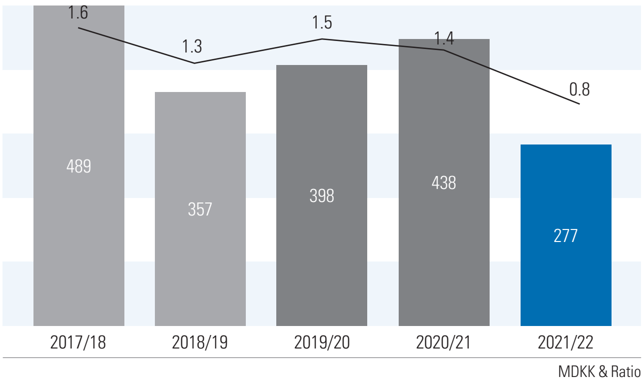
EBITDA increased by 11% due to increased revenue and strong performance in Terma's operational areas.

EBT MARGIN



EBT margin continues to improve mainly due to efficiencies in the operational areas.

NIBD & LEVERAGE



NIBD improved by 161 MDKK mainly due to improved cash flow from operating activities and reduced investing activities including disposal of building. Leverage historically low at 0.8.

Management's Review 2021/22

2021/22 was a record year. Terma achieved historically high revenue and earnings in 2021/22, secured in a year that like 2020/21 was dominated by COVID-19. Revenue reached 2.2 BDKK, a growth of 6%, and an EBT of 155 MDKK, 13% better than 2020/21.

While most markets and business areas saw a recovery from COVID-19, the pandemic was still a challenge especially in Asia Pacific. A diverse business portfolio and a strong performance in the factories minimized the pandemic's impact on this year's result.

Order intake for the year was 2.3 BDKK, resulting in an order backlog of 3.3 BDKK. The backlog provides for a continued robust business base in 2022/23 and following years.

During 2021/22, Terma continued to invest in cybersecurity, artificial intelligence, and other data-oriented technologies. These are critical capabilities for Terma to support its customers in an increasingly digital environment, and to maintain Terma's position as the largest operator within the Danish Defense Industry.

Following the Russian invasion of Ukraine, Terma has decided to suspend all activities with partners and customers in Russia and Belarus with immediate effect. Terma has very little activity in both countries and does not expect the sanctions to have a significant impact on Terma's business. In collaboration with the Red Cross Denmark, Terma collected 350 TDKK in donations, of which our employees contributed with 125 TDKK.

After thorough investigations, the East Jutland Police announced that Terma's export to the UAE has taken place in compliance with current Danish and international regulations. As expected, the police therefore dismissed the report and closed their investigation.

During 2021/22, Terma sold its office buildings in Herlev and in April 2022, all employees in Herlev moved to new premises in Søborg. The new, modern facility reflects the high-tech nature of our business and will strengthen customer relations and offer an attractive work environment for our employees and select partners.

Rising energy prices and supply chain disruptions have resulted in higher and more broad-based inflation in 2021/22 than experienced in many years. Terma has so far been able to largely mitigate the consequences.

Revenue for the fiscal year was 2,195 MDKK compared to 2,070 MDKK in 2020/21. 96% of the revenue was generated outside Denmark. The defense market constitutes 70% of the revenue similar to previous years. EBITDA reached a record high level of 357 MDKK in 2021/22 including the negative impact from the sale of the buildings in Herlev. Compared to 321 MDKK in 2020/21, this is an improvement of 11%.

Operating cash flow for 2021/22 was 354 MDKK. Net interest-bearing debt (NIBD) was 277 MDKK by end 2021/22, resulting in an all-time low leverage of 0.8.

At year end, total staff was 1,617 Full-Time Employees (FTE).

The Board of Directors and Executive Management greatly appreciate the dedication, commitment, and hard work of our employees worldwide in achieveing these great results.

Outlook for 2022/23

The outlook in the base budget for 2022/23 reflects a more moderate organic growth in revenue of approx. 5% with a corresponding increase in earnings. The growth rate reflects an anticipated delayed effect from COVID-19, especially impacting Asia Pacific. In the following years, Terma expects increasing growth dependent on the geopolitical development as well as post-pandemic effects.

Elevated inflation is expected to persist throughout 2022/23 and constitutes a risk to profitability and cash. Mitigating actions have been put in place.

Recent development within defense politics made the Danish Parliament decide on a historical increase of the Danish defense budget from currently 1.5% of GDP to 2.0% of GDP by 2033. The new strategic agreement commits to greater involvement of the Danish defense industry and procurement of Danish defense equipment and technology.

Similar decisions are made in other European countries not least in Germany where Chancellor Scholz radically changed German defense policy to increase budgets with immediate effect.

New political priorities are expected to lead to a greater demand for surveillance, naval and air defense systems as well as airborne self-protection systems. As Denmark's largest defense company, Terma is ready to take on an even greater responsibility and to support the Danish government and its allied partners in their new defense strategies.

The Danish Parliament has decided to acquire a new class of multirole patrol ships for the Danish Navy, also performing marine environmental tasks, built with new innovative sustainable energy solutions. Terma has entered into a consortium with Odense Maritime Technology and PensionDanmark as contenders for the design phase and later build phase of the ships. In addition to the overall turn-key responsibility, Terma will perform militarization of the patrol ships as full systems integrator.

Based on the uncertainties in the geopolitical environment, Terma will continue to operate with different scenarios to supplement the base budget. Flexibility and scalability will be crucial.

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

Transformation initiatives within all Business Areas will continue to be developed and implemented in the coming year.

Artificial Intelligence (AI) continues to be a major focus area for Terma and is expected to be in great demand within the defense industry the coming years as data is getting bigger and more complex. Therefore, Terma has decided to invest in an accelerator program that focuses on business development and technology innovation in close engagement with customers.

Terma is participating in European Defense Funded projects and will continue to support the European capability build-up and increase EU partnerships. Terma heads the Artificial Intelligence for Defense (AI4DEF) project that will demonstrate the benefits of AI for better situational awareness, decision-making and planning. The project is funded by the European Commission and is run by a consortium consisting of 22 partners from 10 European countries. Terma heads the consortium as Project Coordinator.

Cyber security is another strategically important area for Terma, both in terms of product offerings to our customers as well as internal process compliance with industry standards.

The Arctic region remains an important priority for Danish as well as U.S. authorities, and Terma continues to develop capabilities that support these interests.

The 10-year frame agreement in support of the U.S. Airforce signed in 2019/20 has had a slow start due to COVID-19, yet the frame agreement remains a strategic win that positions Terma for long-term growth as it demonstrates Terma's position in the domestic U.S. defense market.

Space continues to be a focus area for Terma the coming year. Terma is a leading niche player within selected space technologies – including electronics, software solutions, and space engineering services. Terma is currently involved in several major space missions with European Space Agency (ESA), European defense programs as well as U.S. programs.

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: Aeronautics, Surveillance & Mission Systems, Space, and Support & Services.

Aeronautics

Aeronautics provides a full range of manufacturing services within complex aerostructures and electronics, and 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. The global Aeronautics team is committed to delivering value through customer partnerships, innovative and affordable solutions, and profitable market-driven growth.

This year, Aeronautics achieved strong orders growth caused by a record high F-35 aerostructures award which is among the largest in Terma's history. Most notable is the award by General Dynamics for an increased production of F-35 gun pods where pod No. 100 was delivered in 2021/22.

With the significant order intake, Aeronautics enters 2022/23 with a robust revenue backlog.

Despite several order delays, Aeronautics strengthened and expanded its market position particularly in the U.S. Along with continued Foreign Military Sales and Direct Commercial Sales with U.S. partners, the business also expanded into market adjacencies including rotary wing platforms. Aeronautics strengthened its pipeline by increasing its depth, breadth, and resiliency.

Looking forward, Aeronautics will focus on three pillars: Growth, Execution & People. The Aeronautics business expects to accelerate sustained growth particularly in self-protection systems and deliver value to customers and other stakeholders while driving profitable growth.

Surveillance & Mission Systems

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

With the decrease in air traffic in lieu of the pandemic, several airports decided to upgrade their critical safety equipment. As world leader of Enhanced Surface Movement Radars (E-SMR), Terma had a record high order intake this year, and thereby improved the flight safety of millions of passengers in airports all over the world.

The increasing demand for sustainable energy from windfarms comes with concerns about maritime and air traffic in the proximity of the wind farms. Terma has the necessary safety and security solutions for both off- and on-shore installations and has experienced a significant increase in demand for radar solutions, supporting new wind farms while maintaining security and safety.

Space

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.

During 2021/22, major space missions continued covering European Space Agency (ESA) missions for Earth observation as well as Plato, Mars Return Orbiter, European defense programs, and select programs in the U.S.

Terma is the prime contractor for the ASIM project – the Atmosphere-Space Interactions Monitor – with the objective of measuring high altitude lightning in the upper atmosphere. The ASIM mission should have ended in 2021, however as the mission continues to provide significant scientific results on e.g., climate change, the mission has been extended.

In 2021/22, Terma delivered a major software program to European Space Agency's (ESA) Earth observation program JASON, monitoring sea-level variability and the rate of sea-level rise, both globally and regionally.

Contracts for the current generation of Star Trackers, as well as a new generation of test and control systems, continued in 2021/22 with customers inside and outside Europe. The development of a new generation of Star Trackers has been finalized and has paved the way into new markets. The Remote Terminal Unit product has shown high value for multiple missions ranging from Earth Observation missions as well as science and telecom missions.

Support & Services

Support & Services provides support to and service of mission critical systems and solutions in all Terma defense and security product areas covering Aeronautics and Surveillance & Missions Systems.

With a global organization of expert service engineers, skilled field technicians, and a service portfolio comprising all key aspects of maintenance scaling from single unit installations to country-/fleetwide solutions, Terma is a proven service partner for customers relying on uninterrupted operation of vital systems and solutions.

In 2021/22, the Support and Services Business Area continued to be impacted by the pandemic due to reduced access to customers as well as delayed orders. Focus remained on customer value creation with further development of the digital service offerings. The Terma Lifecare concept, targeted at Security and Naval, was extended with warranty options and other value-added options enabling individual customer support and service demands, guaranteed response times, delivery, and turnaround times. The Lifecare portfolio provides protection of customers' investment and offers customers and end-users a predictable and lower total cost of ownership.

Terma further developed its digital service offering, Lifecare Connect, a digital service associated with Terma Lifecare. Lifecare Connect comes with three solutions facilitating fast and easy maintenance, support, and monitoring of real-time system data. It provides the infrastructure that enables cybersecure data communication and data collection, and it enables remote access and monitoring of our customers' installations.

The digital service ambition is to drive current and future business needs for cybersecure access and insights based on data streaming from connected products in the field, enabling value added digital customer services, and offering our customers a best-in-class digital customer experience.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International Activities and Regions

Terma has organized its global businesses in four regions: Europe, North and Central America, Middle East and North Africa, and Asia Pacific. All regions support the business areas in several focus countries.

Europe

Next to the Danish locations, Terma's current European footprint comprises establishments in Germany, the Netherlands, France, Brussels, and UK. This is to be close to our customers and continuously grow strategic partnerships with end-users, integrators, and OEM's. Terma continued to invest in its position in the European region. A growing understanding in Europe for stronger defense forces provides significant business opportunities for Terma.

Terma's position in the Space segment remained strong with successful ongoing space missions as well as new business opportunities. In the radar business, Terma continued to work with the main shipbuilder in Europe whilst there is an increased interest in the SCANTER radar products for vessel traffic and windfarm mitigation. Aeronautics has seen broad interest in Terma's aircraft self-protection systems.

North and Central America

The U.S. is the biggest market for Terma constituting 60% of total revenue. The U.S. remains a critical aspect of Terma's growth with the continuation of large programs such as the F-35 Joint Strike Fighter 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.

Terma Inc. has increased its focus and progression within the "home market" strategy by deepening relationships with corporations and customers, particularly the target decision makers. Recognition and demand for U.S. engineering has only continued to increase, and Terma is investing to meet the market and customer expectations. As Terma's footprint in the U.S. continues to grow and capabilities mature, Terma Inc. will become more widely recognized as a "U.S. Home Market" for Terma products.

During 2021/22, Terma Inc. moved its headquarters from Washington, DC to Atlanta, Georgia.

Middle East and North Africa

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 across the Middle East and North African Region, despite the consequences of COVID-19, which delayed many projects. Terma supplies systems for CIP primarily in the Middle East and North African region.

New and exciting opportunities have been identified across the region mainly within naval radars and C-Flex.

During 2021/22, after five years partnership, Terma A/S agreed with Al Maskari Holding to take over the shares and ownership of the joint company in the UAE. Terma Trading - Sole Proprietorship LLC is established and effective from 2022/23.

Asia Pacific

Although Asia Pacific remains the fastest growing region globally, the financial impact of COVID-19 has delayed or shrunk multiple Defense and Security programs. Within the coming year, many of these programs are expected to gradually resume.

The Asia Pacific market is characterized by a suite of Defense and Security opportunities ranging from upgrade and modernization programs to new build initiatives. National Security and military expansion remain top priority in the region. The travel industry which was hardest hit by the COVID-19 pandemic is now witnessing a steady rise with most countries in Asia Pacific opening their borders. This is expected to translate into reviving airport infrastructure modernization programs where Terma's radar solutions are world leading.

Terma's newly established Programs and Support office in Surabaya has demonstrated its merit by steering large Indonesian naval programs locally whilst the Jakarta sales & business development office has supported securing yet another naval contract in Indonesia.

Production facilities

At the facility in Grenaa, Terma manufactures advanced aerostructures in both 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. Thus, Terma has invested and continues to invest in advanced production equipment to continuously improve efficiency and maintain its competitiveness.

Both factories saw higher on-time-delivery rates and improved efficiencies, despite being challenged by high absence rates from COVID-19 in the last quarter.

Paperless Manufacturing is a digital transformation initiative that covers both production facilities. It has overall delivered important process improvements and will be completed during 2022/23.

Supply Chain & Quality Management
Terma broadly utilizes nationally as well as internationally based suppliers and partners, and our global supplier list for production and project execution encompasses well over 1,500 suppliers and partners worldwide.

Even though 2021/22 was an especially challenging year for supply chains worldwide with record high inflation, COVID-19 and material shortage, 94% of all deliveries from suppliers were delivered on time.

Terma has successfully passed the surveillance audit of AS9100, the Aerospace & Defense standard for Quality Management Systems, on all 10 sites in five countries. 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 revenue is depending on Terma maintaining this certification.

Terma is compliant with all applicable quality standards currently required in our markets and from our customers.

Risks
Elevated inflation is expected to persist throughout 2022/23 and constitutes together with supply chain disruptions a risk to profitability and cash flow. Mitigating actions have been put in place.

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 and 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 by entering forward exchange contracts in connection with the acceptance and conclusion of contracts. In general, there is no significant credit risk relative to individual customers.

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).

Terma's 3-year CSR strategy Allies in Responsibility guides our CSR work. The CSR strategy is comprised of six focus areas: anti-corruption, human rights, diversity, employee health and mental well-being, employee safety and responsible supply chain management.

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 2021/22 available here: https://www.terma.com/reports/csr-2021-2022/csr-report-2021-2022.html

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

Representation of Gender in Management
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 here: https://www.terma.com/reports/csr-2021-2022/csr-report-2021-2022.html

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 2022.

Income Statement

1 MARCH - 28 FEBRUARY

DKK 1,000	Note	CONSOLIDATED 2021/22	CONSOLIDATED 2020/21	PARENT COMPANY 2021/22	PARENT COMPANY 2020/21
Revenue	3,4	**2,194,682**	**2,070,020**	**1,199,117**	**1,117,179**
Production costs	5	(1,725,798)	(1,637,880)	(974,513)	(909,646)
Gross Profit		**468,884**	**432,140**	**224,604**	**207,533**
Distribution costs	5	(141,171)	(138,054)	(101,868)	(105,836)
Administrative costs	5,6	(140,230)	(125,106)	(78,858)	(81,417)
Other operating income	7	10,148	1,830	67,650	63,563
Other operating costs	7	(10,750)	(701)	(19,046)	(8,362)
Operating profit		**186,881**	**170,109**	**92,482**	**75,481**
Result in subsidiaries after tax	8	-	-	64,434	67,754
Financial income	9	6,658	6,850	9,397	5,070
Financial costs	9	(38,613)	(39,641)	(26,800)	(27,206)
Earnings before tax (EBT)		**154,926**	**137,318**	**139,513**	**121,099**
Tax on profit	10	(28,211)	(21,721)	(12,172)	(5,807)
Result for the year		**126,715**	**115,597**	**127,341**	**115,292**
THE GROUP RESULT IS SPLIT AS FOLLOWS:					
Stockholder in Terma A/S		127,341	115,292		
Minority interest		(626)	305		
		126,715	115,597		
Proposed profit appropriation	25				

Balance Sheet

28 FEBRUARY

DKK 1,000	Note	CONSOLIDATED 2022	CONSOLIDATED 2021	PARENT COMPANY 2022	PARENT COMPANY 2021
ASSETS					
NON-CURRENT ASSETS					
INTANGIBLES					
Software		55,702	51,324	53,333	47,678
Software in process		20,360	12,740	9,495	4,454
Development projects completed		354,272	299,791	324,022	274,225
Development projects in process		234,608	253,771	137,929	181,603
	11	664,942	617,626	524,779	507,960
PROPERTY, PLANT, AND EQUIPMENT					
Land and buildings		278,378	314,327	278,378	314,327
Plant and machinery		205,237	189,999	36,974	39,780
Fixtures and fittings, tools and equipment		37,083	29,243	26,118	15,297
Property, plant, and equipment under construction		56,824	65,280	15,254	26,385
	12	577,522	598,849	356,724	395,789
INVESTMENTS					
Investments in subisdiaries		-	-	446,845	421,480
Loan to subsidiary		-	-	93,043	85,924
	8	-	-	539,888	507,404
Total non-current assets		**1,242,464**	**1,216,475**	**1,421,391**	**1,411,153**
CURRENT ASSETS					
INVENTORIES					
Raw materials and consumables		319,308	370,249	205,196	222,508
Work in process		158,023	132,091	116,366	104,493
Prepayments to suppliers		10,042	20,711	9,220	9,693
		487,373	**523,051**	**330,782**	**336,694**
RECEIVABLES					
Trade receivables		395,154	368,760	235,117	221,121
Construction contracts	13	157,923	241,330	39,408	100,585
Amounts owed by subsidiaries		-	-	129,721	48,097
Corporate tax receivables	14	2,709	5,208	-	-
Other receivables		30,701	51,443	7,517	11,610
Deferred tax asset	15	12,137	1,734	-	-
Prepayments	16	10,748	7,315	8,205	6,671
		609,372	**675,790**	**419,968**	**388,084**
Cash at bank and in hand		**172,292**	**133,740**	**161,518**	**94,307**
Total current assets		**1,269,037**	**1,332,581**	**912,268**	**819,085**
Total assets		**2,511,501**	**2,549,056**	**2,333,659**	**2,230,238**

DKK 1,000	Note	CONSOLIDATED 2022	CONSOLIDATED 2021	PARENT COMPANY 2022	PARENT COMPANY 2021
EQUITY AND LIABILITIES					
EQUITY					
Capital stock	17	18,000	18,000	18,000	18,000
Net revaluation according to the equity method		-	-	176,257	150,892
Reserve for development costs		-	-	279,110	274,931
Exchange rate adjustment and hedging instruments		(6,774)	6,394	(3,517)	(4,458)
Retained earnings		733,478	606,137	274,854	191,166
Proposed dividends		-	100,000	-	100,000
Terma A/S´stockholder part of equity		**744,704**	**730,531**	**744,704**	**730,531**
Minority interest		**(359)**	**267**	**-**	**-**
Total equity		**744,345**	**730,798**	**744,704**	**730,531**
PROVISIONS					
Warranty provisions	18	27,239	19,347	27,239	19,347
Provisions regarding construction contracts		2,138	5,573	131	3,325
Deferred tax	15	158,536	153,849	134,192	125,305
Total provisions		**187,913**	**178,769**	**161,562**	**147,977**
LIABILITIES OTHER THAN PROVISIONS					
NON-CURRENT LIABILITIES OTHER THAN PROVISIONS					
Subordinated loans	19	255,000	125,000	255,000	125,000
Credit institutions		63,708	109,848	63,708	109,848
Mortgage credit institutions		153,430	193,251	153,430	193,251
Other debt		86,616	84,507	61,481	59,438
	20	**558,754**	**512,606**	**533,619**	**487,537**
CURRENT LIABILITIES OTHER THAN PROVISIONS					
Current portion of non-current liabilities	20	57,316	58,911	57,316	58,911
Construction contracts	13	310,085	321,359	160,240	124,337
Prepayments received from customers		145,465	141,701	108,198	97,544
Trade payables		158,871	194,426	101,982	99,204
Amounts owed to Parent Company		91,883	119,241	91,883	119,241
Amounts owed to subsidiaries		-	-	228,237	168,402
Corporate tax	14	4,643	3,732	-	-
Other payables		252,226	287,513	145,918	196,554
		1,020,489	**1,126,883**	**893,774**	**864,193**
Total liabilities other than provisions		**1,579,243**	**1,639,489**	**1,427,393**	**1,351,730**
Total equity and liabilities		**2,511,501**	**2,549,056**	**2,333,659**	**2,230,238**

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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
Equity at 1 March 2020		**18,000**	**(3,569)**	**665,845**	**-**	**680,276**	**(38)**	**680,238**
Results for the year		-	-	15,292	100,000	115,292	305	115,597
Declared dividend		-	-	(75,000)	-	(75,000)	-	(75,000)
Exchange rate adjustment relating to foreign entity (before tax)		-	(12,866)	-	-	(12,866)	-	(12,866)
Tax on exchange rate adjustment relating to foreign entity		-	1,777	-	-	1,777	-	1,777
Changes in value of hedging instruments, etc. (before tax)		-	26,990	-	-	26,990	-	26,990
Tax on changes in value of hedging instruments		-	(5,938)	-	-	(5,938)	-	(5,938)
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 28 February 2022		**18,000**	**(6,744)**	**733,478**	**-**	**744,704**	**(359)**	**744,345**

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 2020		**18,000**	**77,347**	**207,861**	**(3,452)**	**380,520**	**-**	**680,276**
Dividends received from subsidiaries		-	(5,178)	-	-	5,178	-	-
Results for the year	25	-	67,754	67,070	-	(119,532)	100,000	115,292
Exchange rate adjustment relating to foreign entity (before tax)		-	(4,789)	-	(8,077)	-	-	(12,866)
Declared dividend						(75,000)		(75,000)
Tax on exchange rate adjustment relating to foreign entity		-	-	-	1,777	-	-	1,777
Changes in value of hedging instruments, etc. (before tax)		-	20,203	-	6,787	-	-	26,990
Tax on changes in value of hedging instruments		-	(4,445)	-	(1,493)	-	-	(5,938)
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 28 February 2022		**18,000**	**176,257**	**279,110**	**(3,517)**	**274,854**	**-**	**744,704**

Cash Flow Statement

1 MARCH - 28 FEBRUARY

DKK 1,000	Note	CONSOLIDATED 2021/22	2020/21
Earnings before tax		**154,926**	**137,318**
Adjustments:			
Depreciation, amortization, and write-downs, etc.		178,440	151,805
Provisions		4,456	408
Polish Court case, paid		0	(89,064)
Net financial income and costs		31,955	32,791
		214,851	**95,940**
Changes in working capital	26	**25,870**	**46,277**
Cash flows generated from operations before financial items		**395,647**	**279,535**
Financial income, received		5,817	7,616
Polish Court case, interest paid		0	(44,617)
Financial costs, paid		(40,923)	(39,455)
Cash flows from operations before tax		**360,541**	**203,079**
Corporate tax paid	14	(6,281)	(17,978)
Cash flows from operating activities		**354,260**	**185,101**
Capitalized development costs	11	(107,829)	(147,774)
Acquisitions of software, property, plant, and equipment	26	(148,512)	(137,866)
Disposal of property, plant and equipment		39,755	-
Cash flows from investing activities		**(216,586)**	**(285,640)**
Repayments, non-current liabilities		(85,675)	(53,946)
Proceeds, new subordinated loan		130,000	0
Changes in non-current other debt		2,109	43,585
Loan from Parent Company		(46,398)	74,335
Paid dividend		(100,000)	(75,000)
Cash flows from financing activities		**(99,964)**	**(11,026)**
Net cash flows from operating, investing, and financing activities		**37,711**	**(111,565)**
Current cash at 1 March		133,740	248,993
Exchange rate variations on current cash		840	(3,688)
Current cash at 28 February		**172,292**	**133,740**

Notes

1. ACCOUNTING POLICIES

The Annual Report of Terma A/S for 2021/22 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.

1. ACCOUNTING POLICIES, CONTINUED

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.

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.

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 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.

1. ACCOUNTING POLICIES, CONTINUED

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.

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
Investments in subsidiaries are measured according to the equity method.

Investments in subsidiaries 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 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 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)
Net revaluation of investments in subsidiaries is recognized at cost in the reserve for net revaluation according to the equity method. The reserve cannot be recognized 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 obser-vable 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

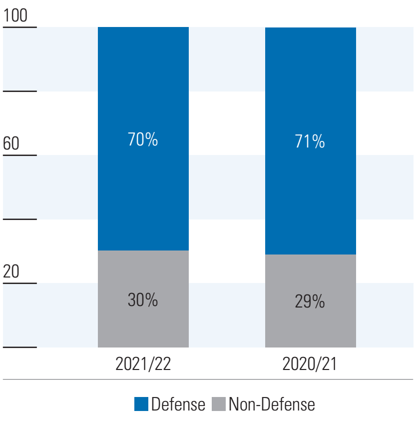
Special items comprise significant income and costs of a special character in relation to the Group's operating activities generating income, i.e. costs in connection with comprehensive restructuring of processes and fundamental structural modifications and related gains and losses on disposals which 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.

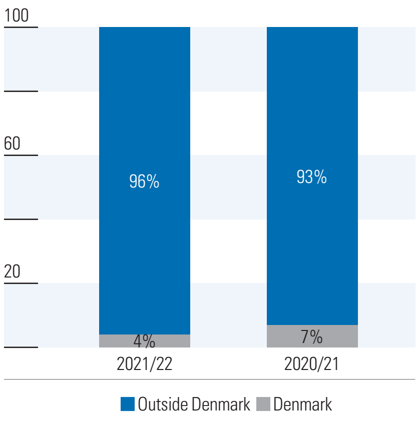
3. SEGMENT INFORMATION, REVENUE

CONSOLIDATED

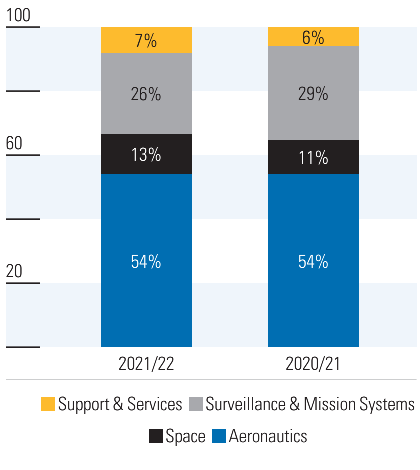
DEFENSE/NON-DEFENSE



DENMARK / OUTSIDE DENMARK



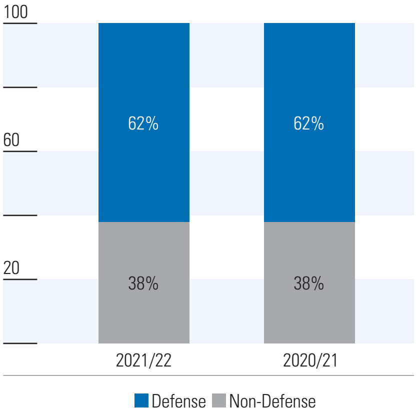
BUSINESS AREAS



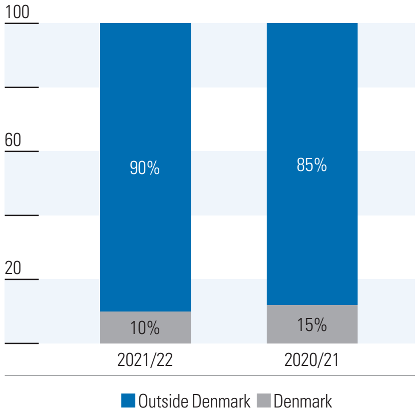
3. SEGMENT INFORMATION, REVENUE, CONTINUED

PARENT COMPANY

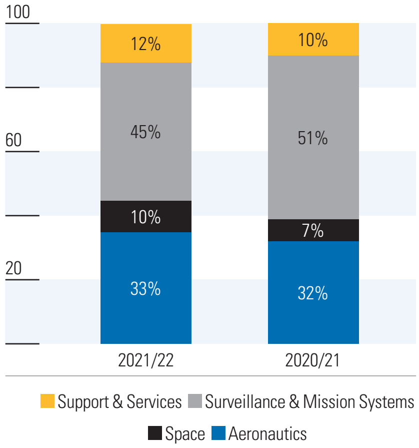
DEFENSE/NON-DEFENSE



DENMARK / OUTSIDE DENMARK



BUSINESS AREAS



4. REVENUE

	CONSOLIDATED		PARENT COMPANY	
DKK 1,000	2021/22	2020/21	2021/22	2020/21
Goods and services	618,690	606,180	545,576	525,572
Construction contracts	1,575,992	1,463,840	653,541	591,607
	2,194,682	**2,070,020**	**1,199,117**	**1,117,179**

5. STAFF COSTS

	CONSOLIDATED		PARENT COMPANY	
DKK 1,000	2021/22	2020/21	2021/22	2020/21
Parent Company Board of Directors emoluments	1,750	1,750	1,750	1,750
Remuneration to Management registered in the Central Business Register	17,195	14,233	17,195	14,233
Wages and salaries	931,297	978,127	488,491	567,510
Pensions	61,466	60,020	38,597	39,716
Other social security costs	57,963	54,225	11,954	12,985
	1,069,671	**1,108,355**	**557,987**	**636,194**
Average number of full-time employees	1,648	1,653	810	875

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 mainly annually.

6. FEES TO AUDITORS

DKK 1,000	CONSOLIDATED 2021/22	2020/21
TOTAL FEES TO EY CAN BE SPECIFIED AS FOLLOWS:		
Statutory audit	1,063	928
Other assurance engagements	192	176
Tax and VAT	235	829
Other non-audit services	632	705
Total	**2,122**	**2,638**

7. OTHER OPERATING INCOME AND COSTS

	CONSOLIDATED		PARENT COMPANY	
DKK 1,000	2021/22	2020/21	2021/22	2020/21
Management fees	1,069	1,045	58,839	55,562
Profit on disposal of minor assets	1,540	297	-	-
Profit on disposal of non-current assets	-	-	203	-
COVID-19 reimbursement	7,539	-	-	-
Rental income	-	488	8,608	8,001
Other operating income	**10,148**	**1,830**	**67,650**	**63,563**
Loss on disposal of non-current assets	10,750	569	10,357	413
Costs related to premises rented out	-	132	8,689	7,949
Other operating costs	**10,750**	**701**	**19,046**	**8,362**

8. INVESTMENTS

	PARENT COMPANY	
DKK 1,000	Investments in subsidiaries	Loan to subsidiary
Cost at 1 March 2021	270,588	95,600
Additions	-	-
Cost at 28 February 2022	**270,588**	**95,600**
Net revaluations at 1 March 2021	150,892	(9,676)
Exchange rate adjustment	3,053	7,119
Dividends paid	(24,960)	-
Changes in value og hedging instruments (after tax)	(17,162)	-
Results for the year	64,434	-
Net revaluations at 28 February 2022	**176,257**	**(2,557)**
Carrying amount at 28 February 2022	**446,845**	**93,043**

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
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	49%	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.

9. FINANCIAL INCOME AND COSTS

	CONSOLIDATED		PARENT COMPANY	
DKK 1,000	2021/22	2020/21	2021/22	2020/21
Intra-group interest, current assets	-	-	4,045	3,223
Other interest	473	590	224	337
Exchange rate variations and hedging income regarding hedging instruments	6,185	6,260	5,128	1,510
Financial income	**6,658**	**6,850**	**9,397**	**5,070**
Intra-group interest, current liabilities	796	361	1,475	1,203
Interest on subordinated loans	10,270	5,625	10,270	5,625
Interest to credit institutions, non-current liabilities	5,393	6,608	5,393	6,608
Interest to credit institutions, current liabilities	1,575	1,288	1,575	1,288
Other interest	1,954	1,943	1,611	1,806
Guarantee expenses and bank charges	5,414	2,882	4,914	2,295
Exchange rate variations and hedging costs regarding hedging instruments	13,211	20,934	1,561	8,381
Financial costs	**38,613**	**39,641**	**26,800**	**27,206**

10. TAX

	CONSOLIDATED		PARENT COMPANY	
DKK 1,000	2021/22	2020/21	2021/22	2020/21
Joint tax contribution/current tax	28,781	4,065	3,551	(5,036)
Deferred tax	(5,144)	21,817	8,887	10,559
Total Tax	**23,637**	**25,882**	**12,438**	**5,523**
SPECIFIED AS FOLLOWS:				
Tax on profit	28,211	21,721	12,172	5,807
Tax on changes in equity	(4,574)	4,161	266	(284)
	23,637	**25,882**	**12,438**	**5,523**

11. INTANGIBLES

DKK 1,000	CONSOLIDATED Software	Software in process	Development projects, completed	Development projects, in process	Total
Cost at 1 March 2021	107,106	12,740	918,668	253,771	1,292,285
Foreign exchange rate adjustment	-	-	349	5,093	5,442
Additions	24,485	11,675	-	107,829	143,989
Disposals	(21,898)	-	(300,511)	-	(322,409)
Transfers	4,055	(4,055)	132,085	(132,085)	-
Cost at 28 February 2022	**113,748**	**20,360**	**750,591**	**234,608**	**1,119,307**
Amortizations and impairments at 1 March 2021	55,782	-	618,877	-	674,659
Foreign exchange rate adjustment	-	-	90	-	90
Amortizations and impairments	24,152	-	77,863	-	102,015
Disposals	(21,888)	-	(300,511)	-	(322,399)
Amortizations and impairments at 28 February 2022	**58,046**	**-**	**396,319**	**-**	**454,365**
Carrying value at 28 February 2022	**55,702**	**20,360**	**354,272**	**234,608**	**664,942**
Amortized over	3-10 years		5-15 years		

DKK 1,000	PARENT COMPANY Software	Software in process	Development projects, completed	Development projects, in process	Total
Cost at 1 March 2021	103,065	4,454	857,646	181,603	1,146,768
Additions	24,459	9,096	-	80,417	113,972
Disposals	(21,809)	-	(300,511)	-	(322,320)
Transfers	4,055	(4,055)	124,091	(124,091)	-
Cost at 28 February 2022	**109,770**	**9,495**	**681,226**	**137,929**	**938,420**
Amortizations and impairments at 1 March 2021	55,387	-	583,421	-	638,808
Amortizations and impairments	22,849	-	74,294	-	97,143
Disposals	(21,799)	-	(300,511)	-	(322,310)
Amortizations and impairments at 28 February 2022	**56,437**	**-**	**357,204**	**-**	**413,641**
Carrying value at 28 February 2022	**53,333**	**9,495**	**324,022**	**137,929**	**524,779**
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 2021	567,831	517,907	119,885	65,280	1,270,903
Foreign exchange rate adjustment	-	596	2,094	-	2,690
Transfers	15,071	17,989	5,364	(38,424)	
Additions	14,960	33,975	15,884	29,968	94,787
Disposals	(74,244)	(19,909)	(15,089)	-	(109,242)
Cost at 28 February 2022	**523,618**	**550,558**	**128,138**	**56,824**	**1,259,138**
Depreciation and impairments at 1 March 2021	253,504	327,908	90,642	-	672,054
Foreign exchange rate adjustment		592	1,521	-	2,113
Depreciations	17,784	36,671	13,255	-	67,711
Disposals	(26,048)	(19,850)	(14,363)	-	(60,261)
Depreciations and impairments at 28 February 2022	**245,240**	**345,321**	**91,055**	**-**	**681,616**
Carrying amount at 28 February 2022	**278,378**	**205,237**	**37,083**	**56,824**	**577,522**
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 2021	489,532	159,529	72,722	26,385	748,168
Transfers	15,071	4,214	5,364	(24,649)	-
Additions	14,960	6,544	12,437	13,518	47,459
Disposals	(74,244)	(4,912)	(11,321)	-	(90,477)
Cost at 28 February 2022	**445,319**	**165,375**	**79,202**	**15,254**	**705,150**
Depreciation and impairments at 1 March 2021	175,205	119,749	57,425	-	352,379
Depreciations	17,784	13,564	6,828	-	38,176
Disposals	(26,048)	(4,912)	(11,169)	-	(42,129)
Depreciations and impairments at 28 February 2022	**166,941**	**128,401**	**53,084**	**-**	**348,426**
Carrying amount at 28 February 2022	**278,378**	**36,974**	**26,118**	**15,254**	**356,724**
Depreciated over	10-50 years	3-10 years	3-7 years		

13. CONSTRUCTION CONTRACTS

	CONSOLIDATED		PARENT COMPANY	
DKK 1,000	2022	2021	2022	2021
Selling price of construction contracts	2,942,924	2,540,735	1,455,132	1,347,060
Invoiced on account	(3,095,086)	(2,620,764)	(1,575,964)	(1,370,812)
Construction contracts at 28 February	**(152,162)**	**(80,029)**	**(120,832)**	**(23,752)**
RECOGNIZED AS FOLLOWS:				
Construction contracts (assets)	157,923	241,330	39,408	100,585
Construction contracts (liabilities)	(310,085)	(321,359)	(160,240)	(124,337)
	(152,162)	**(80,029)**	**(120,832)**	**(23,752)**

14. CORPORATE TAX PAYABLE

	CONSOLIDATED		PARENT COMPANY	
DKK 1,000	2022	2021	2022	2021
Corporate tax payable at 1 March	(1,477)	(1,696)	-	-
Tax for the year/joint tax contribution	28,781	4,065	3,551	(5,036)
Corporate tax paid during the year	(6,281)	(17,978)	(878)	(13,654)
Transferred to intra-group balances	(19,089)	14,132	(2,673)	18,690
Corporate tax payable at 28 February	**1,934**	**(1,477)**	**-**	**-**
RECOGNIZED AS FOLLOWS:				
Corporate tax receivable	(2,709)	(5,209)	-	-
Corporate tax payable	4,643	3,732	-	-
	1,934	**(1,477)**	**-**	**-**

15. DEFERRED TAX

DKK 1,000	CONSOLIDATED 2022	CONSOLIDATED 2021	PARENT COMPANY 2022	PARENT COMPANY 2021
Deferred tax at 1 March	152,115	129,936	125,305	114,748
Foreign currency translation adjustment	(572)	362	-	-
Adjustment for the year	(5,144)	21,817	8,887	10,557
Deferred tax at 28 February	**146,399**	**152,115**	**134,192**	**125,305**
RECOGNIZED AS FOLLOWS:				
Deferred tax (assets)	(12,137)	(1,734)	-	-
Deferrred tax (liabilities)	158,536	153,849	134,192	125,305
	146,399	**152,115**	**134,192**	**125,305**
DEFERRED TAX RELATES TO:				
Intangibles	109,116	98,459	102,296	91,055
Property, plant and equipment	45,361	45,969	27,372	29,280
Current assets	14,286	31,776	26,805	32,531
Provisions	(1,541)	(1,540)	(1,541)	(1,540)
Liabilities other than provisions etc.	(20,823)	(22,549)	(20,740)	(26,021)
	146,399	**152,115**	**134,192**	**125,305**

EXPECTED TIMEFRAME FOR ELIMINATION OF DEFERRED TAX LIABILITIES:	CONSOLIDATED 2022	CONSOLIDATED 2021	PARENT COMPANY 2022	PARENT COMPANY 2021
0-1 year	(10,423)	961	(2,025)	(3,251)
1-5 years	59,325	85,380	50,043	72,512
>5 years	97,497	65,774	86,174	56,044
	146,399	**152,115**	**134,192**	**125,305**

16. PREPAYMENTS

DKK 1,000	CONSOLIDATED 2022	CONSOLIDATED 2021	PARENT COMPANY 2022	PARENT COMPANY 2021
Insurance premiums	123	278	123	702
Rent	365	702	365	278
Tax on real property	140	504	140	433
IT licenses, short term	6,146	4,008	6,146	4,008
Other prepayments	3,974	1,823	1,431	1,250
Prepayments at 28 February	**10,748**	**7,315**	**8,205**	**6,671**

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	2022	2021	2022	2021
Warranty provisions at 1 March	19,347	14,077	19,347	14,077
Used during the year	(10,102)	(2,492)	(10,102)	(2,492)
Unused warranty provisions, reversed	(5,633)	(5,584)	(5,633)	(5,584)
Provisions for the year	23,627	13,346	23,627	13,346
Warranty provisions at 28 February	**27,239**	**19,347**	**27,239**	**19,347**
EXPECTED MATURITY FOR WARRANTY PROVISIONS				
0-1 year	20,492	9,799	20,492	9,799
>1 years	6,747	9,548	6,747	9,548
	27,239	**19,347**	**27,239**	**19,347**

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	-	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**

DKK 1,000	CONSOLIDATED Liabilities	Fair value	Nominal value	Long-term liabilities	Short-term liabilities	Loans outstanding after five years
Subordinated loans	125,000	125,000	125,000	125,000	-	-
Credit institutions	156,087	156,166	156,166	109,848	46,239	-
Mortgage credit institutions	205,923	210,859	208,100	193,251	12,672	141,116
Other debt	84,507	84,507	84,507	84,507	-	84,507
28 February 2021	**571,517**	**576,532**	**573,773**	**512,606**	**58,911**	**225,623**

DKK 1,000	PARENT COMPANY Liabilities	Fair value	Nominal value	Long-term liabilities	Short-term liabilities	Loans outstanding after five years
Subordinated loans	125,000	125,000	125,000	125,000	-	-
Credit institutions	156,087	156,166	156,166	109,848	46,239	-
Mortgage credit institutions	205,923	210,859	208,100	193,251	12,672	141,116
Other debt	59,438	59,438	59,438	59,438	-	59,438
28 February 2021	**546,448**	**551,463**	**548,704**	**487,537**	**58,911**	**200,554**

2021/22

DKK 1,000	CONSOLIDATED 28 Feb. 2021	Cash flow	Non-monetary changes	28 Feb. 2022
Non-current liabilities other than provisions	512,606	45,988	160	558,754
Current liabilities other than provisions	178,152	(28,953)	0	149,199
Liabilities other than provisions from financing activities	**690,758**	**17.035**	**160**	**707,953**

20. NON-CURRENT LIABILITIES OTHER THAN PROVISIONS, CONTINUED

DEBT TO FINANCIAL INSTITUTIONS

	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**

	2021				
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	27.013
Fixed rate loans	2.20	2.42	DKK	11-21 years	166.238
Mortgage loans total	**2.02**	**2.18**			**193.251**
LOANS FROM BANKS:					
Fixed interest rate loans	1.15	1.15	EUR		109.848
Loans from banks total	**1.15**	**1.15**			**109.848**
Credit institutions total at 28 February					**303.099**

21. CONTINGENT LIABILITIES AND SECURITY

CONTINGENT LIABILITIES

DKK 1,000	CONSOLIDATED 2022	CONSOLIDATED 2021	PARENT COMPANY 2022	PARENT COMPANY 2021
Lease liabilities (operating leases) at 28 February falling due within 5 years (annual cost 16,496 tDKK)	47,299	36,007	9,018	7,300
Lease liabilities at 28 February due after more than 5 years	4,699		21	-
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	130,671	175,353	130,671	175,353
Included in the amount are customer advances reflected in the balance sheet	83,622	89,480	83,622	89,480
Through customer projects in various countries, Terma A/S is contractually committed to certain offset obligations	15,828	17,735	15,828	17,735
SECURITY The following assets have been provided as security for mortgage loans:				
Carrying amount of land and buildings	278,378	314,327	278,378	314,327
Other property, plant, and equipment estimated to be comprised by the collateral, cf, the provisions of the Danish Registration of Property Act	299,144	284,522	78,346	81,462
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			23,261	47,640

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	2021/22	2020/21
Sale of services to the Owners	1,041	1,010
Reinvoicing of costs to the Owners	991	-
Sale of services to Group companies	28	35
Interest paid to the Owners	11,066	6,077
Debt to Owners	91,883	119,241
Subordinated loans from the Owners	255,000	125,000

	PARENT COMPANY	
DKK 1,000	2021/22	2020/21
Sale to Group companies	248,028	279,109
Purchase from Group companies	159,421	83,066
Sale of services to the Owners	1,041	1,010
Sale of services to Group companies	59,200	55,743
Rent from Group companies	8,346	7,513
Interest paid to Group companies	679	751
Interest paid from Group companies	4,045	3,222
Interst paid to the Owners	11,066	6,077
Reinvoicing of costs to Group companies	5,240	6,771
Reinvoicing of costs from Group companies	1,121	1,293
Receivable from Group companies	129,721	48,097
Debt to Owners	91,883	119,241
Debt to Group companies	228,237	168,402
Subordinated loans from the Owners	255,000	125,000
Dividend declared to Parent companies	100,000	75,000
Dividend paid from Group companies	24,960	5,178

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 2022.

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 a committed overdraft facility for multi-currency short-term financing needs as well as a committed 1-year loan facility. Similar to 2020/21, 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 traditional mortgage loans, 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 (2020/21: 125 MDKK) .

At year-end February 2022, cash and bank deposits amounted to 172 MDKK (2020/21: 134 MDKK). 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.

Below is a maturity analysis of the financial liabilities at year-end, 28 February 2022 and 28 February 2021.

24. FINANCIAL INSTRUMENTS AND FINANCIAL RISKS, CONTINUED

	2022				2021			
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	125,000	-	125,000	-
Credit institutions	109,913	46,205	63,708	-	156,087	46,239	109,848	-
Mortgage credit institutions	164,541	11,111	45,047	108,383	205,923	12,672	52,135	141,116
Other debt	86,616	-	-	86,616	84,507	-	-	84,507
Current liabilities other than provisions	963,173	963,173	-	-	1,067,972	1,067,972	-	-
DERIVATS:								
Forward contracts	10,472	6,919	3,553	-	(18,315)	(13,154)	(5,161)	-
Interest swaps	0	0	-	-	1,041	1,041	-	-
	1,589,715	**1,027,408**	**112,308**	**449,999**	**1,622,215**	**1,114,770**	**281,822**	**225,623**

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 up- front 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 2021/22, 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 2021/22, there was no impairment of receivables. 9% of the receivables by 28 February 2022 exceeded payment terms with more than 1 month.

Trade receivables are specified as follows:

DKK 1,000	2022	2021
Europe	155,166	154,441
North America	127,357	70,857
Asia Pacific	68,373	107,476
Middle East and North Africa	42,729	35,886
Rest of world	1,529	100
Accounts receivable at 28 February	**395,154**	**368,760**

Overdue Accounts Receivable:

DKK 1,000	2022	2021
Up to 1 month	50,779	48,622
Between 1 and 2 months	15,406	3,241
More than 2 months	18,767	19,736
Overdue accounts receivable at 28 February	**84,952**	**71,599**

INTEREST RATE RISK

RELATED BUSINESS ACTIVITY

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.

IMPLICATION

Effect:
Medium

Threat:
Low

RISK MITIGATION

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.

IMPACT

55% of total interest-bearing debt excluding subordinated loans is fixed rated (2020/21 it was 59%).

The effective interest rate of this part of the debt is 1.9% (2020/21 it was 1.8%).

Please refer to note 20 for information about subordinated loans.

24. FINANCIAL INSTRUMENTS AND FINANCIAL RISKS, CONTINUED

The exposure to floating interest rates at Balance Sheet date 28 February 2022 and 28 February 2021 are as follows:

	2022				2021			
DKK 1,000	Notional principal amount	Value adjustment recognized in equity after tax	Fair value	Expected life	Notional principal amount	Value adjustment recognized in equity after tax	Fair value	Expected life
Interest rate swap	-	-	-	-	33,741	(680)	(1,041)	2 years

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 572 MDKK (2020/21: 583 MDKK).

Sensitivity of interest rate risk

The calculated effect based on a 1%-point interest rate increase would affect profit/(loss) by 0.6 MDKK (2020/21: (0.2) MDKK) and equity by 0.4 MDKK (2020/21: (0.1) MDKK).

A 1%-point interest rate decrease would as a minimum have a corresponding inverse effect (however, not below zero interest rates).

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 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 2021/22, 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
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	-	(63,663)	-	-	(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)
AUD	<1 year	-	-	-	-	-
2021						
USD	<1 year	91,921	-	(100,896)	15,703	6,728
GBP	<1 year	31	-	(7,501)	7,124	(346)
CAD	<1 year	7	-	-	-	7
SEK	<1 year	-	-	(64)	52	(12)
NOK	<1 year	-	-	(16)	-	(16)
EUR	<1 year	298,039	(46,239)	-	-	251,800
EUR	>1 year	-	(109,927)	-	-	(109,927)
INR	<1 year	503	-	(296)	-	207
SGD	<1 year	478	-	(4,228)	-	(3,750)
AED	<1 year	1,521	-	(455)	(898)	168
CHF	<1 year	-	-	-	-	-
AUD	<1 year	-	-	(761)	761	-

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 (11.7) MDKK (2020/21: (0.7) MDKK) and affect equity by 0 MDKK (2020/21: 0 MDKK). The total effect on Equity after tax would be (8.8) MDKK (2020/21: (0.5) MDKK). The effect of a 10% increase in the currency exchange rates against DKK would have a corresponding inverse effect.

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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	2022	2021	2022	2021	2022	2021
AED	0-1 year	0	1,330	-	(15)	-	(1)
AED	1-5 years	-	-	-	-	-	-
AUD	0-1 year	(251)	(1,311)	4	77	-	-
AUD	1-5 years	(535)	-	(2)	-	-	-
GBP	0-1 year	(773)	(15,911)	29	741	-	-
GBP	1-5 years	0	(773)	-	(4)	-	-
USD	0-1 year	268,374	287,717	(7,668)	9,456	(5,397)	10,260
USD	1-5 years	165,456	109,939	(5,501)	1,991	(2,771)	4,027
		432,271	**380,991**	**(13,139)**	**12,246**	**(8,168)**	**14,286**
Tax						(2,304)	4,029
Total before tax						**(10,472)**	**18,315**

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

Categories of financial instruments:

DKK 1,000	2021/22	2020/21
FINANCIAL ASSETS:		
Financial derivatives used for hedging purposes	241,027	93,473
Receivables and cash at bank and in hand	567,446	502,500
FINANCIAL LIABILITIES:		
Financial derivatives used for hedging purposes	88,471	109,613
Financial liabilities measured at amortized costs	616,070	571,517

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 2020/21 and 2021/22.

25. PROPOSED PROFIT APPROPRIATION

	PARENT COMPANY	
DKK 1,000	2021/22	2020/21
Proposed dividends	0	100,000
Reserve for net revaluation according to the equity method	64,434	67,754
Reserve for development costs	4,179	67,070
Retained earnings	58,728	(119,532)
	127,341	**115,292**

26. CHANGES IN WORKING CAPITAL AND INVESTMENTS

	CONSOLIDATED	
DKK 1,000	2021/22	2020/21
Inventories	35,678	(121,072)
Receivables	74,321	1,513
Construction contracts and prepayments from customers	(7,510)	46,390
Trade payables and other payables	(76,619)	119,446
	25,870	**46,277**
ACQUISITION OF SOFTWARE, PROPERTY, PLANT AND EQUIPMENT		
Additions to software, property, plant, and equipment (note 11 and 12)	130,948	139,303
Hereof trade payables to be paid in the following financial year	(17,817)	(35,381)
Trade payables beginning of year	35,381	33,944
Paid concerning addition to property, plant, and equipment	**148,512**	**137,866**

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 2021/22 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 2022 and of the results of the Group's and the Parent Company's operations and the Group's cash flows for 2021/22.

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.

Lystrup, 25 May 2022

EXECUTIVE MANAGEMENT:

Jes Munk Hansen
CEO & President

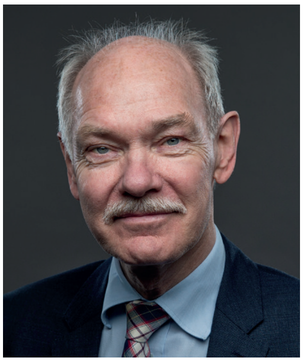
Per Thiesen
Executive Vice President & CFOO

Steen M. Lynenskjold
Executive Vice President & CCO

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

BOARD OF DIRECTORS:

Flemming H. Tomdrup
Chairman



Jørgen Huno Rasmussen
Deputy Chairman

Karen-Marie Katholm

Carsten Dilling

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 2021 – 28 February 2022, 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 2022 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 2021 – 28 February 2022 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, 25 May 2022

EY Godkendt Revisionspartnerselskab
CVR no. 30 70 02 28

Jes Lauritzen
State-Authorized Public Accountant
mne10121

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