Qubiqa
- realizing opportunity

2021/22
ANNUAL REPORT

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GROUP INFORMATION

Qubiqa Holding
Morsøgade 10, 6700 Esbjerg DK
Tel.: 75 12 01 99
Registered office: Esbjerg
CVR no.: 38 26 83 17
Financial year: 01.06 - 31.05

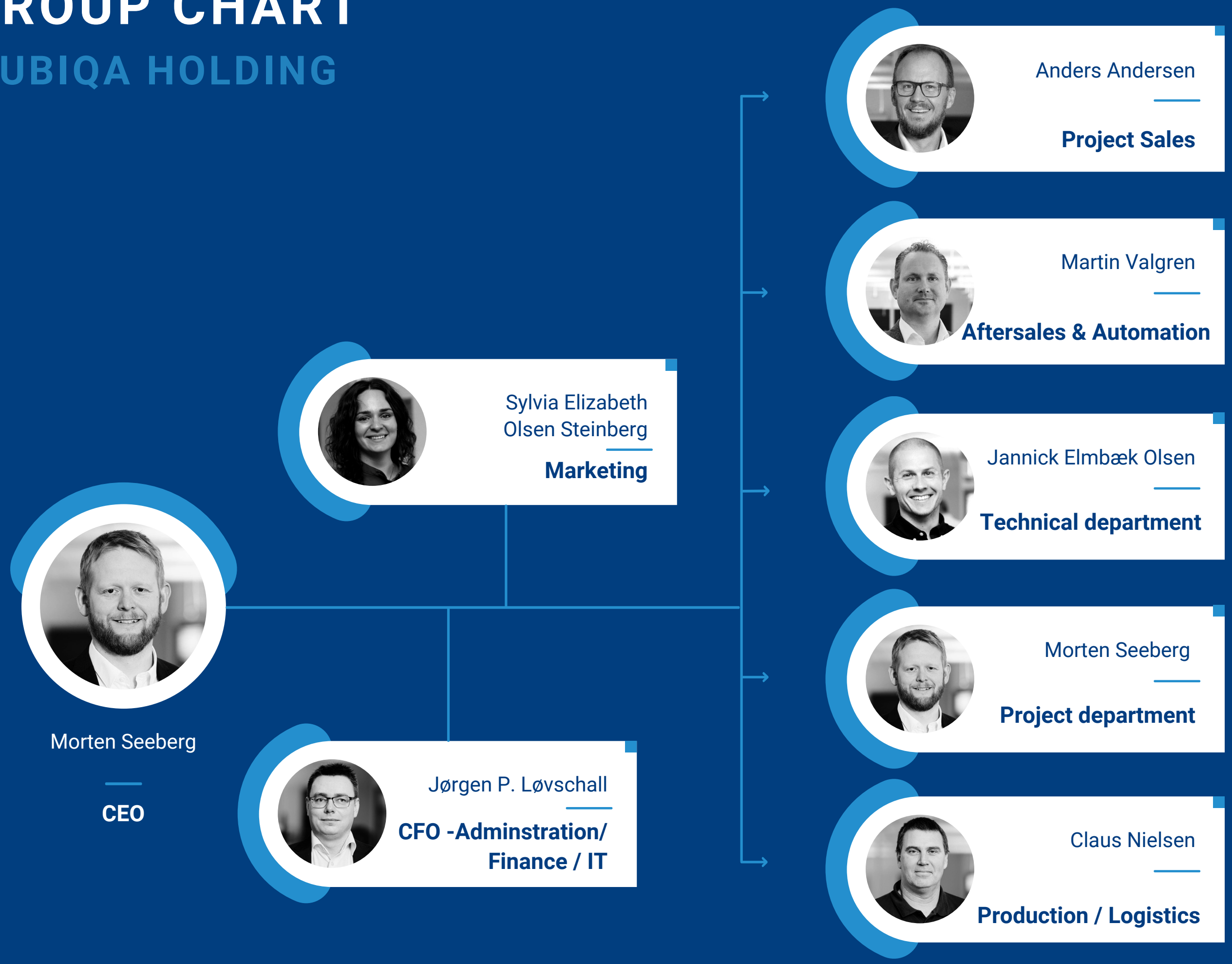
Executive Board
Morten Lagoni Seeberg

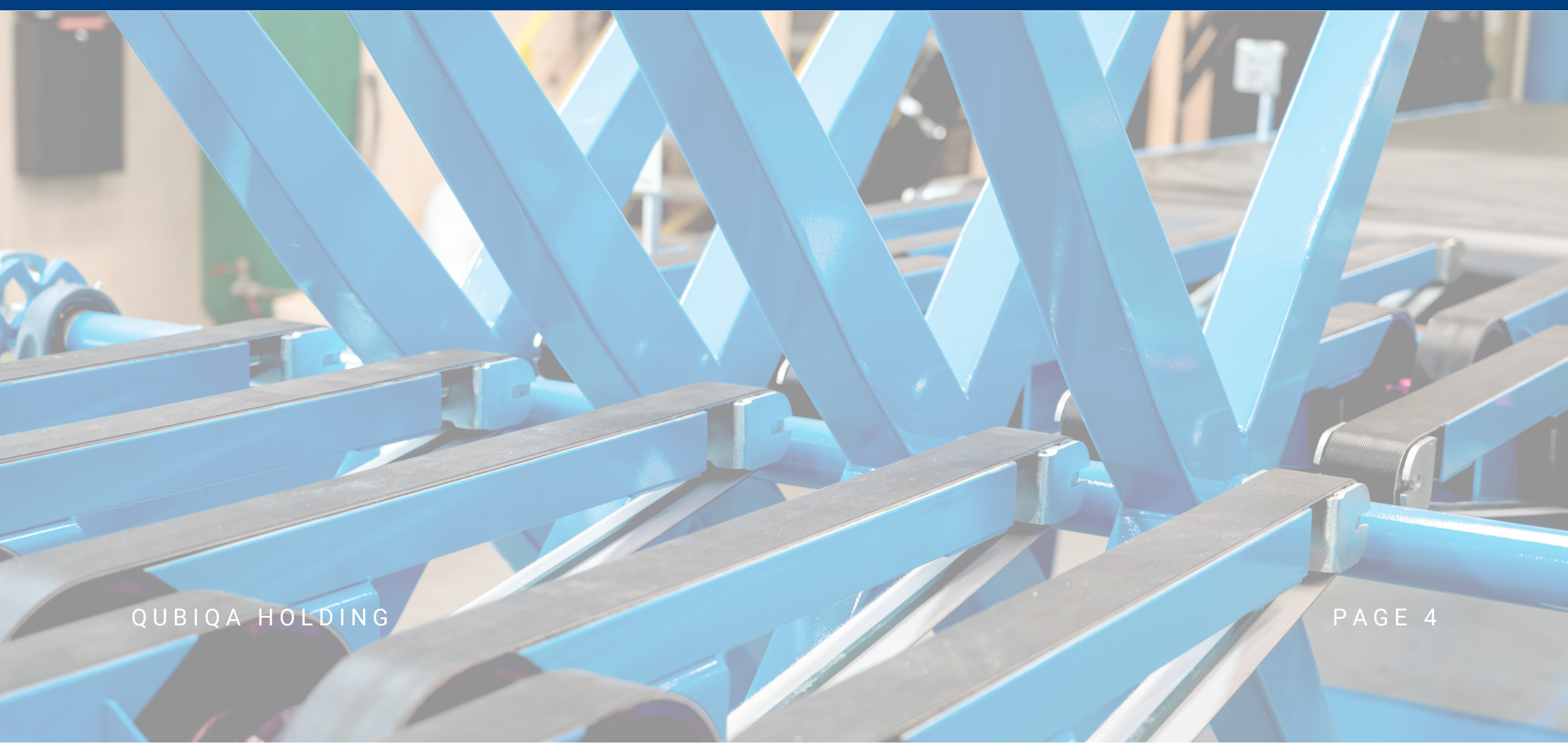
Board
Axel Manøe Jepsen
Esben Bay Jørgensen
Claus Peter Skov
Jesper Hilarius Kalko

Auditors
Beierholm
Statsautoriseret Revisionspartnerselskab

STATEMENTS

GROUP CHART
QUBIQA HOLDING





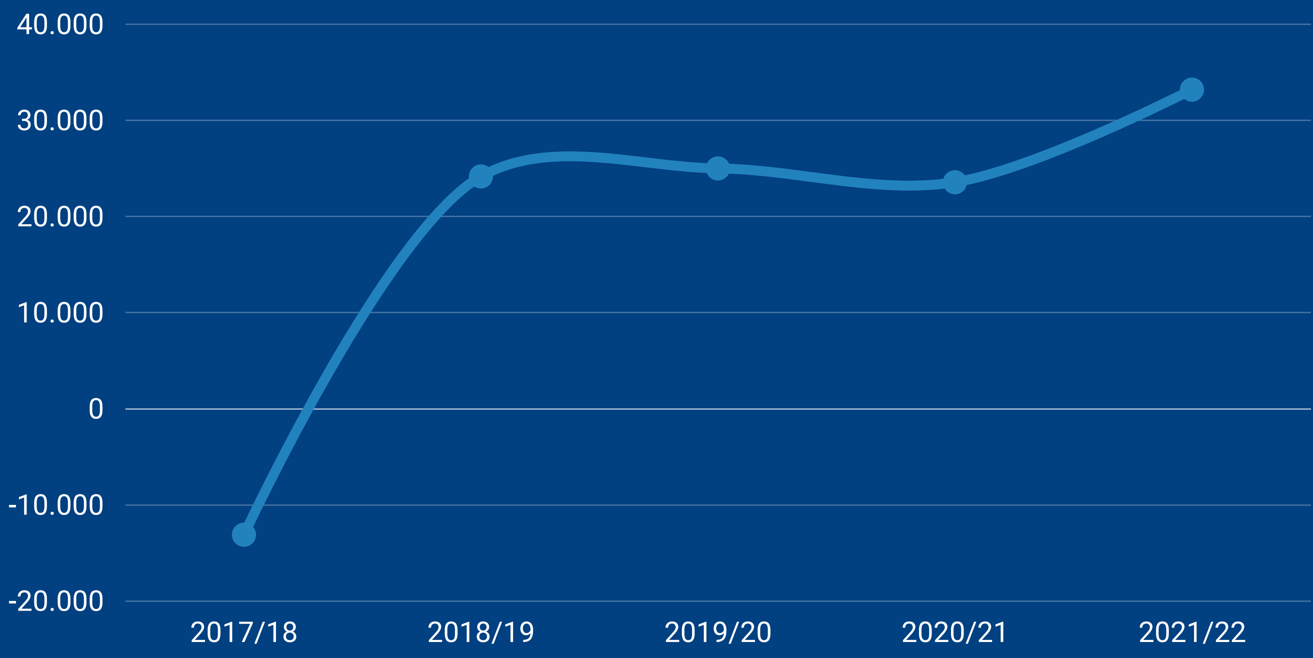
CEO'S STATEMENT

CHALLENGING 2021/22 YIELDED STRONG RESULTS

The aftermath of the pandemic disrupted the international market with a shortage of raw material and components; delivery times doubled, and freight rates soared. The political turmoil and unrest from the war in Ukraine caused further disturbance, not least for Qubiqa having a significant project pipeline in Russia.

While navigating these market conditions certainly kept us on our toes and forced us to sometimes replan the route and adjust the speed, I am pleased to say that we did not need to change our course. Staying true to how we do business is the reason for our strong results in 2021/22, realizing a profit of 33 m DKK, 45 % above budget.

Morten Lagoni Seeberg, CEO



**EBITDA (in 1.000 DKK)*

MARKET SITUATION

Growing as a company under these conditions was made possible through three key focal points: We prioritized our customers' needs and met their demands; we focused on our competences in aiding the green transition; and we kept our employees and attracted new talent.

When we planned for 2021/22, our Russian market was a significant part of how we would reach our goals. Channeling our cancelled Russian projects to new markets was a strong testament to the agility of our employees, and we look forward to further building on these new markets in 2022/23.

GREEN TRANSITION

With the green movement gaining further momentum and energy prices at a historic high, the Qubiqa value proposition has never been more relevant.

We expect the green transition to be a further driver for Qubiqa in 2022/23. Currently, 30 percent of CO2-emissions are related to households. Being able to help reduce those emissions will not only drive our growth ambition; it is also fulfilling on a personal level. I am certain that the ability to have an impact on the climate crisis will help us attract and keep new colleagues in a very competitive market.

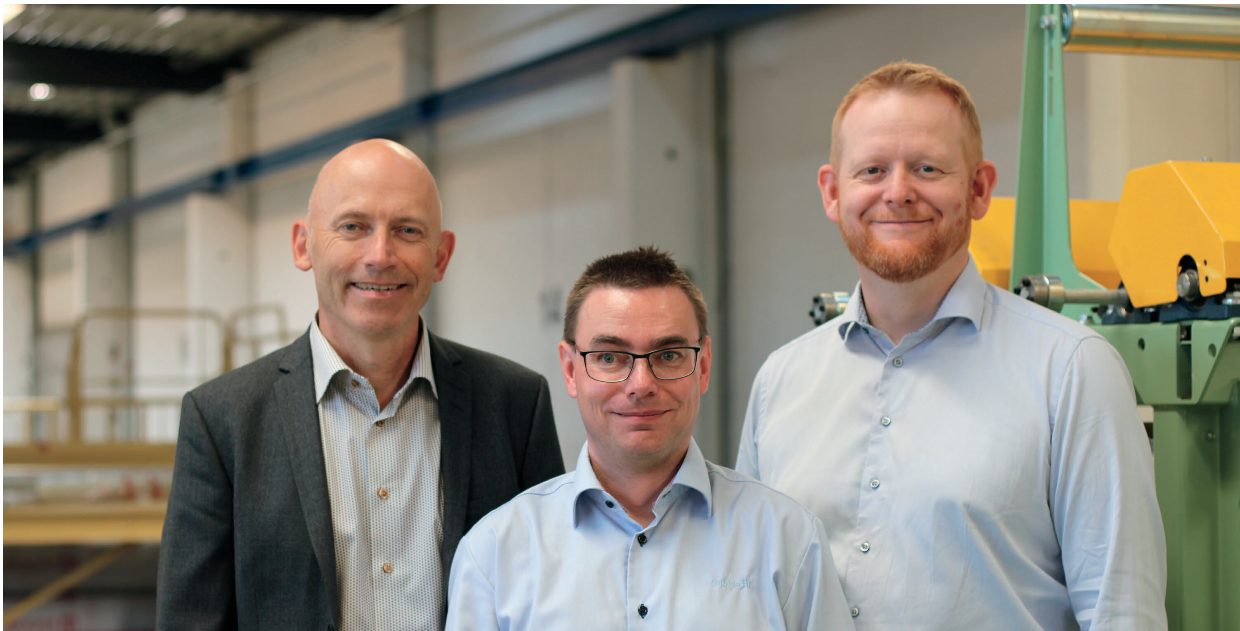
...With strong books, solid equity, talented staff, and an in-demand product, we feel ready and prepared.

CHALLENGING SUPPLY CHAIN

While we have every reason to have a positive outlook to 2022/23, we do not expect 2022 to be plain sailing.

The challenges to the supply chain remains – delivery times of up to 20 months is not uncommon. The pandemic is still out there, somewhere. The inflation rates could challenge our clients, and the soaring freight rates and political turmoil adds uncertainty.

We are not in a bad position to tackle those challenges. With strong books, solid equity, talented staff, and an in-demand product, we feel ready and prepared.



Axel Manøe Jepsen - Formand, Jørgen Prange Løvschall - CFO, Morten Lagoni Seeberg - CEO

Key figures

Figures in DKK '000	2021/22	2020/21	2019/20	2018/19	2017/18
Profit/loss					
Gross result	109,661	85,907	95,405	111,372	63,774
Profit/loss before depreciation, amortisation, write-downs and impairment losses	33,192	23,556	24,993	24,159	-13,123
Total net financials	-4,016	-3,933	-4,775	-6,112	-15,188
Profit for the year	15,826	1,146	3,991	-2,048	-41,968
Balance					
Total assets	234,792	157,687	164,317	185,096	256,177
Investments in property, plant and equipment	3,211	1,025	3,614	2,821	11,750
Equity	70,375	45,736	32,155	34,940	72,497

Ratios

	2021/22	2020/21	2019/20	2018/19	2017/18
Profitability					
Return on equity	27.26%	2.51%	10.72%	-6.10%	-78.13%
Equity ratio					
Solvency ratio	29.97%	29.01%	25.76%	17.37%	13.64%

Ratios definitions

Return on equity: $\frac{\text{Profit/loss for the year x 100}}{\text{Average equity}}$

Solvency ratio: $\frac{\text{Equity, end of year x 100}}{\text{Total assets}}$

STATEMENT BY THE BOARD

QUBIQA CONTINUES GROWTH AS AN ENABLER OF THE GREEN TRANSITION

2021/22 was quite eventful at Qubiqa.
In April, the company was acquired from the private equity firm BWB Partners by members of the Board and the Management, ending 12 years ownership.

The new Board brought growth plans on existing and new markets. However, supply chain disruptions and geo-political turmoil soon brought on a different agenda all together, challenging and changing the plans. The shortened distance between management and new ownership helped us in keeping Qubiqa agile and decisive.

Delivering a record turnover and profit under those circumstances was a fantastic achievement. Doing so, with the sustained increases in prices, shows an ability to protect our value creation for our customers, which is encouraging and reinforces our optimism for the years to come.

... The green transition and soaring energy prices put Qubiqa in a sweet spot..

ENERGY SAVED IS AS GREEN AS IT GETS

Thus, our role as an enabler of the green transition and a more sustainable energy consumption will continue to drive our development in the years to come, and we expect to further build on the growing green agenda.

Axel Manøe Jepsen, Chairman

FULL CREDIT TO EVERYONE AT QUBIQA FOR MAKING IT POSSIBLE.

Entering 2021, Qubiqa had a significant market position in Russia, both serving our global customers on the Russian market and building new markets with Russian clients.

We followed the international community's imposed economic sanctions in response to Russia's invasion of Ukraine by choosing to honor our commitments with existing, non-Russian clients and declining to follow new opportunities.

New markets found in the process will be further pursued in 2022/23.

The instability and turmoil will continue to affect us in the years to come. The energy crisis following the geo-political unrest has stressed the importance of finding a green alternative to the dependance on fossil energy sources, not least from regimes with questionable legitimacy.

Adding to a further growing policy support for a sustainable energy transition and reduced CO2-emissions, this gives Qubiqa every cause for optimism.

STATEMENT BY THE EXECUTIVE BOARD

On this day we have presented the annual report for the financial year 01.06.21 - 31.05.22 for Qubiqa Holding A/S.

The annual report is presented in accordance with the Danish Financial Statements Act (Årsregnskabs-loven).

In our opinion, the consolidated financial statements and financial statements give a true and fair view of the group's and the parent's assets, liabilities and financial position as at 31.05.22 and of the results of the group's and parent's activities and of the group's cash flows for the financial year 01.06.21 - 31.05.22.

We believe that the management's review includes a fair review of the matters dealt with in the management's review.

The annual report is submitted for adoption by the general meeting.

Esbjerg, 03/10-22

Hans Peter, Jørgen, Morten, Flemming, Claus, Jesper, Esben, Axel

EXECUTIVE BOARD

Morten Lagoni Seeberg

BOARD OF DIRECTORS

Axel Manøe Jepsen
Chairman

Claus Peter Skov

Esben Bay Jørgensen

Jesper Hilarius Kalko

INDEPENDENT AUDITOR'S REPORT

OPINION

We have audited the consolidated financial statements and parent company financial statements of Qubiqa Holding A/S for the financial year 01.06.21 - 31.05.22, which comprise the income statement, balance sheet, statement of changes in equity and notes to the financial statements, including a summary of significant accounting policies for the group as well as for the parent company as well as the consolidated cash flow statement.

The consolidated financial statements and parent company financial statements are prepared in accordance with the Danish Financial Statements Act (Årsregnskabsloven).

In our opinion the consolidated financial statements and parent company financial statements give a true and fair view of the group's and the parent company's assets, liabilities and financial position at 31.05.22 and of the results of the group's and the parent company's operations and the consolidated cash flows for the financial year 01.06.21 - 31.05.22 in accordance with the the Danish Financial Statements Act (Årsregnskabsloven).

BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the “Auditor’s responsibilities for the audit of the consolidated financial statements and parent company financial statements” section of our report.

We are independent of the group and the company in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (IESBA Code) and the additional ethical requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion

MANAGEMENT'S RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS AND PARENT COMPANY FINANCIAL STATEMENTS

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

In preparing the consolidated financial statements and parent company 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 consolidated financial statements and parent company financial statements unless management either intends to liquidate the group and the company or to cease operations, or has no realistic alternative but to do so.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS AND PARENT COMPANY FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements and parent company 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 International Standards on Auditing and the additional requirements applicable in Denmark will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements and parent company financial statements.

As part of an audit conducted in accordance with International Standards on Auditing and the additional requirements applicable in Denmark, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements and parent company 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 consolidated financial statements and parent company 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 consolidated financial statements and parent company financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the group and the company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and contents of the consolidated financial statements and parent company financial statements, including the disclosures, and whether the consolidated financial statements and parent company 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 REGARDING THE MANAGEMENT'S REVIEW

Management is responsible for management's review.

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

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

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

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

Viborg,
Beierholm
Statsautoriseret Revisionspartnerselskab
CVR no. 32 89 54 68

Flemming Laigaard
State Authorized Public Accountant
MNE-no. mne29497

MANAGEMENT’S REVIEW

SOLID EBITDA GROWTH LEAVES QUBIQA READY FOR 2022/23

DEVELOPMENT IN ACTIVITIES AND FINANCIALS

2022 saw Qubiqa bolstered due to increased activity and profitability.

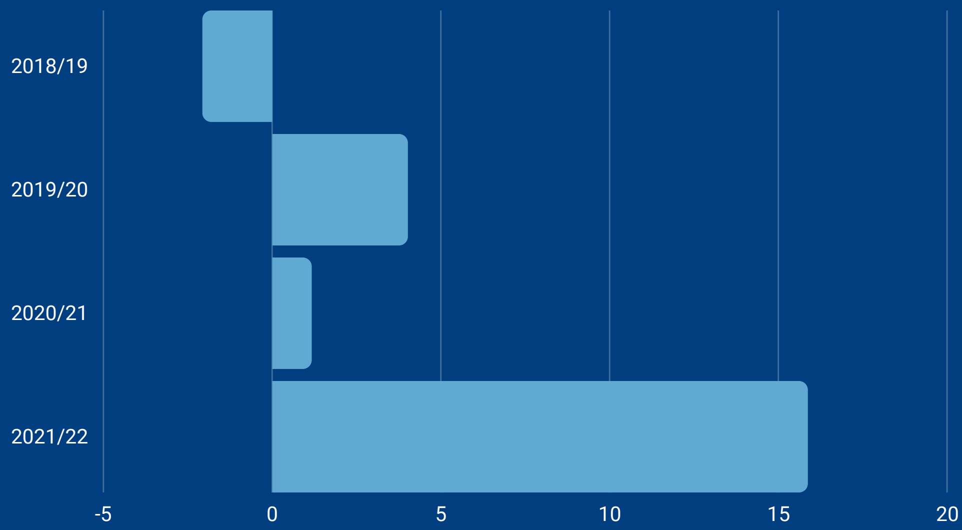
We made a profit of 15.8 MDKK for the period against 1.1 MDKK the year before, with this years' earnings exceeding our expectations for the financial year. The balance sheet shows equity of 70.4 MDKK against 45.7 MDKK the year before.

Outside mega trends and the changing geopolitical landscape kept us busy throughout the year, but the risk management measures implemented in recent years, have meant that we were well prepared for the challenges.

One of the major challenges was Russia's invasion of Ukraine but we were able shut down the active project without negative financial impact.

Jørgen Prange Løvschall, CFO

With raw materials and key components in high demand and low supply, we experienced both price increases and longer delivery times. So far we have been able to manage this risk without any substantial impact on our numbers.



Profit of the year (1000 MDKK)

15.8

MDKK PROFIT 2020/21

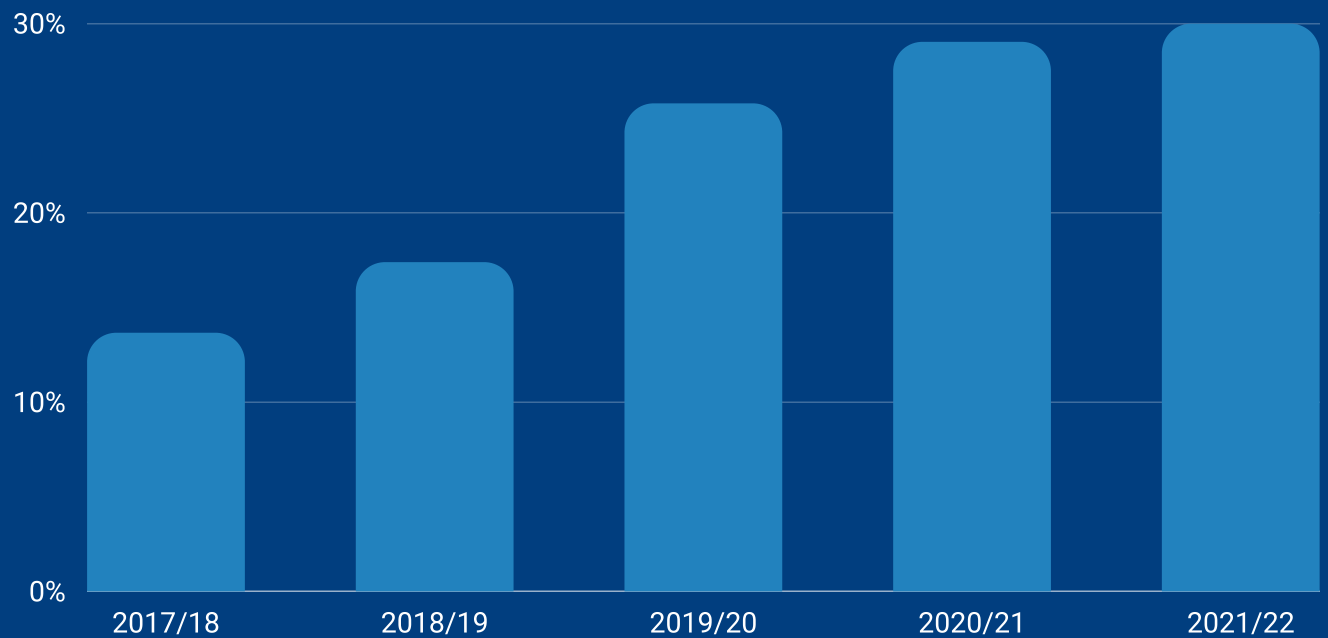
QUBIQA HAS A POSITIVE OUTLOOK TOWARDS 2022/23

We have bolstered our equity through this year's profit, and we can look forward to the challenges of 2022/23 with confidence. Our intake of new orders is at an all-time high and our profit margins are solid.

We do not foresee any risks unique to Qubiqa for the new financial year. The component shortage-situation and longer delivery times throughout the supply chain are challenges that are a basic condition for everyone at the moment.

Although these are not unique risks to Qubiqa, they are still factors that can affect the result for 2022/23, but with the current risk management initiatives implemented, increased available cash and strong backlog we see these risks as manageable.

Thus 2022/23, we are expecting for an increase in our EBITDA to a level between 35-40MDKK.



Solvency ratio (%)

SERVICE AND SUSTAINABILITY DRIVE THE AFTERSALES MARKET

Waste management, reducing energy consumption and digitalization are very much on the cards, and we expect this agenda to gain further momentum in the years ahead.

Being able to help our customers with a sustainable solution to reduce their carbon footprint is a significant driver for Qubiqa Aftersales.

DOUBLE IN SERVICE SALES

Successfully solving these questions helped us double our service sales in 2021/22.

At Qubiqa, we build solid machinery made to last. Thus, repairing and optimizing equipment remains a positive business case, not just from a sustainability mindset: It is simply good business.

Customers chose to outsource a larger part of their service to us, the business case being a combination of optimizing the individual machinery and the production in general. Our US hotline service contracts doubled last year.

...sustainable solutions to reduce customer carbon footprint are a significant driver for Qubiqa Aftersales...

Martin Valgren, Director of Aftersales & Automation

NEW INDUSTRIES

Looking ahead, we expect to be optimizing production through automation and robotics as a continued trend. For the past year, we have seen our competences in internal logistics through automation and smarter solutions improve the working environment, reduce errors, and increase traceability.

Utilizing these competences in new industries is very much on the agenda for the years to come.

RECORD SALES BRING OPTIMISM FOR 2022/23

At Qubiqa, key selling points are in abundance: Innovative technology and creative solutions topped with a customized service ensuring life-long quality just to name a few.

In 2021/22, however, some of those qualities were outshone by a new list of priorities from customers:

Can you deliver on time? Is the initial offer still available?

With galloping steel prices and vital components being in short supply, we all had to adjust. With prices being changed every three months, we reduced the time our offers were open to be able to give a correct quote up front.

Anders Andersen, Sales Manager

HONESTYAND RESPONSIBILITY

Our clients looked to us for assurance, honesty, and responsibility. Being close to our customers and delivering on our promise became our most important selling points in 2021/22.

We are delighted to see, how that brought us a record year in terms of sales as well as enhancing strong partnerships with our customers.

...our project backlog is three times what it was one year ago, and all our major clients are optimistic about the future.

WORKING TOWARDS A SUSTAINABLE CONSUMPTION

The green transition was a key driver in sales. Looking ahead, we expect that agenda to continue.

There is no alternative to reducing CO_2 emissions and living more sustainably, and although a possible recession looms, being able to save on energy whilst working towards a sustainable consumption still ticks all the right boxes for us.

With record sales in 2021/22, we have a lot of optimism for the new fiscal year. Right now, our project backlog is three times what it was one year ago, and all our major clients are optimistic about the future. So are we.

Goals for a better world

CORPORATE SOCIAL RESPONSIBILITY

EXTRACTS FROM OUR CSR REPORT 2021/22

MANAGEMENT INTRODUCTION

At Qubiqa, we have always been committed to doing business in a way that respects and supports society, people, and the environment.

In the management of Qubiqa, we consider it one of our most important responsibilities to provide a framework that inspires and motivates everyone in the organization to achieve our goals within CSR and sustainability.

During the year Qubiqa A/S joined the UN Global Compact, and we have started measuring our total carbon footprint on group level.
Both initiatives are important steps for us on our journey towards sustaining and developing responsible business conduct.

Our CSR-related work is based on the ten principles of the Global Compact concerning human rights, labour rights, anti-corruption as well as respect for climate and environment, tying in closely with the UN Sustainable Development Goals (SDGs) and the Greenhouse Gas Protocol.

During the year we have initiated a systematic process for updating our CSR program and CSR objectives which aim at further developing and implementing good and responsible business practices in our daily work. Aprocess that in the future will be supported by an even clearer CSR strategy and transparent objectives.

On this basis, we are excited to share our annual CSR report, unfolding our actions and efforts to establish concrete progress in direct line with both the Global Compact and the SDGs.

Handling the CSR area is a complex matter that requires a careful, humble approach, and we believe that addressing these topics in a structured way is an important step towards maintaining and improving our contributions.

On the following pages you will find an update on developments within our CSR focal points for the financial year 2021/22.

OUR CSR VISION

”We want to be the preferred, responsible partner and supplier of high-quality products, services and knowledge to our customers to help them realize their opportunities"

Morten Lagoni Seeberg, CEO

BASED ON OUR CSR VISION WE ALWAYS STRIVE TO ACCOMPLISH THAT …

…our CUSTOMERS see

- that Qubiqa works professionally and ambitiously with product innovation, services, product knowledge, responsibility, and sustainability
- that they get products and solutions of high quality that are produced under sustainable conditions.

…our EMPLOYEES see

- that they can grow and develop together with Qubiqa, because we offer good opportunities for personal and professional development
- that Qubiqa is an attractive, responsible, and safe workplace, where employees are happy to work
- that social aspects are always considered

…the WORLD AROUND US sees

- that Qubiqa works strategically with sustainability and societal responsibility
- that we differentiate ourselves by embracing a holistic view of sustainability and responsibility
- that we do not compromise on our values, quality, sustainability, and responsibility

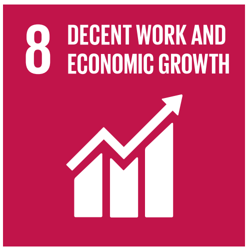
SELECTED CSR KEY FIGURES

Below you will find selected CSR key figures derived from our efforts and actions. You can find more detailed information about our progress in the CSR report.

Focus area	Goals	Goals in umbers	2021/22	2020/21	2019/20	2018/19 (base line)
Environ-ment & energy	Implement initiatives to reduce our energy consumption	3 initia-tives/year	2	2	2	2
	Use carbon-neutral electricity	100 % in DK and PL	100 %	100 %	100 %	100 %
Employees	Hire apprentices/ trainees etc.	3 apprentices/ trainees etc.	9	9	12	14
	Conduct annual em-ployee development interviews	95 %	96 %	84 %	100 %	N/A
	Reduce the No of lost time injuries (LTIs) (frequency)	Max. 10	18	13	8	14
Customers & products	Incorporate sustaina-bility into our prod-uct development	2 initia-tives/year	3	2	2	2
The sur-rounding society	Conduct anti-corrup-tion training	100 % of "high-risk positions"	100 %	100 %	100 %	100 %
	Ensure high level of data security	2 initia-tives/year	3	4	2	2

UN SUSTAINABLE DEVELOPMENT GOALS

We support the UN Global Goals, and we have arranged our CSR objectives and activities in order to contribute to this agenda in the best possible way. Where possible and feasible, we incorporate the goals into our business activities. In supplement to impacting Qubiqa's own performance, our efforts, and established results within these four SDGs in particular, are also important contributions to our downstream value chain – especially to our customers' work with and support of the SDGs. Our CSR strategy includes direct support of these four SDGs:

	... AIMS AT...	… AND QUBIQA'S CSR STRATEGY SUPPORTS THE SDG AS…
	… ensuring that everyone has access to reliable, sustainable and modern energy at an affordable price, which is achieved, among other things, through increasing the consumption of renewable energy as well as through increased efficiency in the consumption of energy…	… we regularly calculate and report on our GHG emissions and work purposefully to reduce emissions. We focus on optimizing and reducing our energy consumption, and on working towards converting consumption to renewable and emission-reduced forms of energy. One of our focus points is the transportation and materials consumption associated with our business. *Especially SDG targets 7.2 and 7.3 are addressed.*
	…promoting sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all, which is achieved, among other things, by promoting productive activities that create decent jobs, creativity and development, and by creating a safe and stable working environment for all workers…	... we offer opportunities for employees to work on their specialties and develop professionally and by carrying out systematic assessments of the working environment and the work place as well as ensuring well-functioning work processes for following up on these assessments. We have drawn up employee policies, we offer a range of staff benefits, and the physical working environment at Qubiqa rarely causes work-related injuries. *Especially SDG targets 8.2 and 8.3 are addressed.*
	… up-to-date manufacturing equipment with increased resource-use efficiency and adoption of clean and environmentally sound technologies and industrial processes…	… we aim at finding methods for designing and manufacturing our products in a resource efficient way, which can include designing products that can be disassembled in each material fraction at end-of-life, designing high-quality products that last for many years, designing products that consume less energy during use and designing products based on transportation optimizations. *Especially SDG target 9.4 is addressed.*
	… ensuring sustainable consumption and forms of production, which is achieved, among other things, by reducing waste generation through prevention, reduction, reuse and recycling, performing efficient use of natural resources, communicating relevant information and awareness of sustainable development, as well as by integrating information on sustainability into the reporting cycle of the Qubiqa group…	… we continuously register our manufacturing materials and manufacturing waste, and optimization actions are continuously implemented. Waste fractions are sorted at the source and disposals are done according to regulations and relevant practices. We publish an annual CSR report, and we have established a model for incorporating sustainability into product design and product development. *Especially SDG targets 12.2, 12.5, and 12.6 are addressed*

OUR CSR GOVERNANCE

Exercising business driven CSR is important to us, as this approach ensures the best and most relevant value creation for both our company, main stakeholders and surroundings.
Several policies within the CSR area form the basis of our day-to-day conduct and contain concrete development indicators that we use to ensure that we comply with the policies.

ORGANIZATIONAL CSR SETUP

Our executive management and board of directors are responsible for the overall decisions and the allocation of resources relating to CSR. CSR is an important area of responsibility to our management, and it is an agenda point at relevant board and management meetings.

Our CSR steering committee convenes regularly during the year to follow up on the progress of our CSR action plans. At the progress meetings, action plans are reviewed, and the committee discusses and agrees on appropriate actions.

The committee consists of representatives from management and selected specialists who ensure that our CSR efforts address the entire organization; including capturing and incorporating development ideas from employees.

MATERIALITY ANALYSIS

We want to focus on implementing initiatives that create the highest overall benefits for Qubiqa and its primary stakeholders.

On this basis we systematically identify and prioritize which CSR topics are the most relevant to us, to society and to our primary stakeholders, to ensure that our CSR efforts always have the best possible relevance and impact.

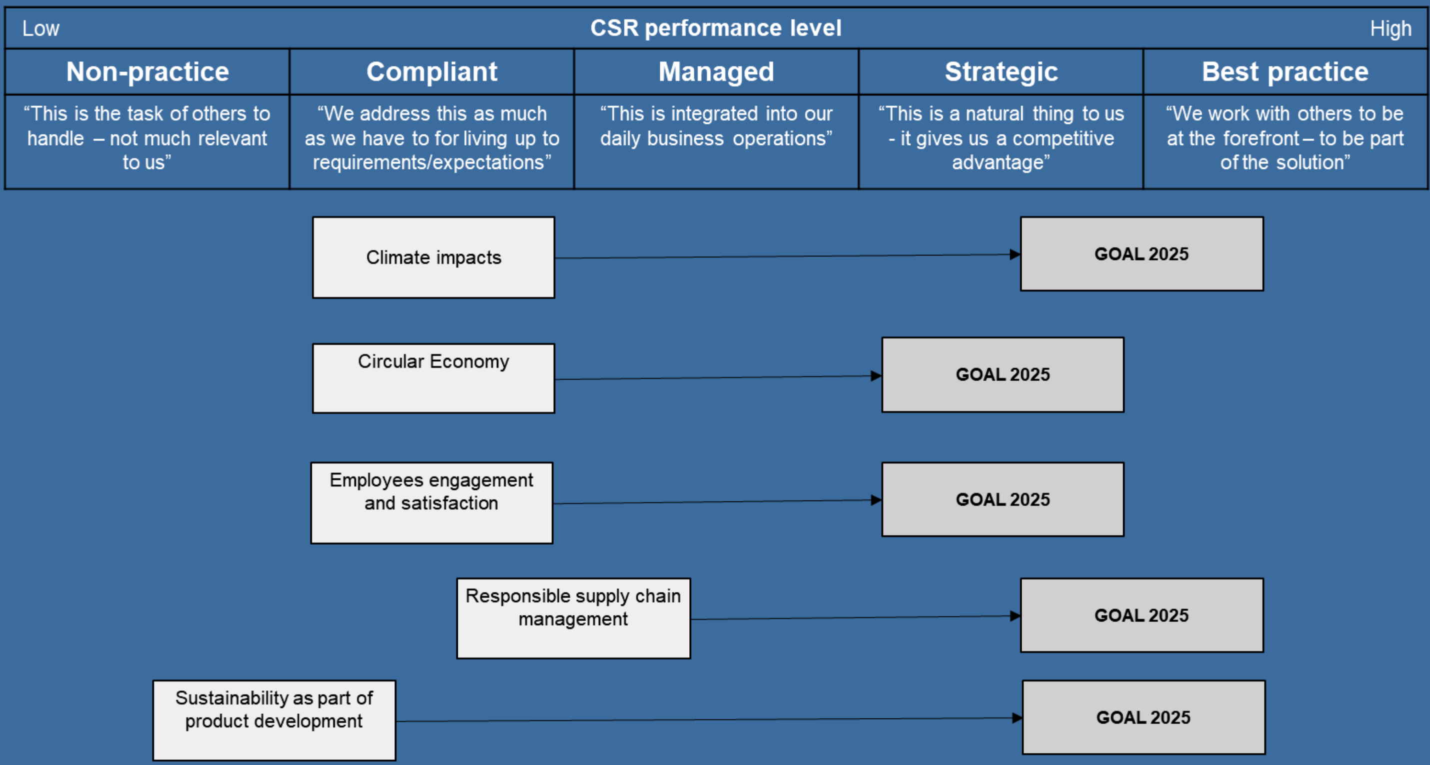
During the period April 2022 till August 2022, we have updated our materiality analysis, which has led to slightly different prioritizations of some of the CSR topics and to some of the topics being reformulated or merged. In general, our updated materiality picture (see B below) remains in line with our previous materiality picture (see A below).

As of 2022/23 our updated materiality picture (B) will form the basis of updates of our CSR policies, our CSR objectives and our CSR action plans. CSR report 2021/22 is based on the current materiality analysis (A).

The CSR report 2022/23 will be based on the updated governance documents.

The principles for conducting our materiality analysis comply with international standards and guidelines for good CSR practice.

The materiality topic list's highest priorities include	
Previous materiality analysis (A)	Materiality analysis updated 2022 (B)
Environmental and climate policy, energy consumption, waste, employee satisfaction, work environment policy, responsible supply chain management, sustainable innovation, responsible communication, anti-corruption, data security, equality	Climate impacts, circular economy, employee engagement and satisfaction, responsible supply chain management, and sustainability as part of our product development



WE HAVE HIGH AMBITIONS

As an integrated part of our 2022-update of the materiality analysis (B), we have decided on ambition levels for our developments towards the reporting year 2024/25 for the five, highest prioritized CSR topics. The figure above illustrates our maturity levels as of 2021/22 and our ambition levels as of 2024/25. Ambition levels will be supported by accurate, quantitative objectives and required resources will be allocated.

JOINING THE UN GLOBAL COMPACT

During 2021/22 Qubiqa A/S has signed up for the world's largest corporate sustainability initiative; United Nations Global Compact (UNGC).

We are sure that working systematically with the ten principles of the UNGC will help us accelerate and focus our sustainability development.

CSR POLICIES

Our CSR policies broadly address material issues within the CSR area at Qubiqa. The policies constitute the framework of concrete action plans that are subsequently implemented by management and employees with the relevant and required qualifications.

Policies in force during 2021/22 are unchanged compared to last year.

However, during the summer 2022 (i.e., the months following the end of the reporting period 2021/22) we have reformulated and updated the majority of our CSR policies to ensure that the policies are fully in line with our updated materiality analysis and CSR focus points (see above).

The updated policies will be included in next year's CSR report.

SELECTED CSR ACTIVITIES AND RESULTS DURING 2021/22

CSR AREA 1 – ENVIRONMENT & ENERGY

Measuring our climate change footprint:

During the summer and fall 2022 (i.e., the months following the end of the reporting period 2021/22) we have performed a total measuring and calculation of our GHG scope 1 and 2 emissions for the four years 2018/19 till 2021/22, and have estimated our scope 3 emissions for 2021/22.

Based on results we will set emission reduction targets and define concrete reduction actions.

Climate-friendly electricity:

As in previous years we still have contracts for the supply of fully carbon-neutral electricity in Denmark and Poland.

CSR AREA 2 – EMPLOYEES

Employee satisfaction:

We perform regular employee development interviews based on a simple and generic method, which ensures that the manager and employee address all relevant topics in a logical and efficient way. This gives us a clear and transparent insight into the needs of and possibilities for each employee.

Relevant benefits such as competence development and training, a healthy canteen scheme, health insurance, subsidised sports activities etc. are offered to all employees.

Work-related accidents:

We continuously measure incidents and set concrete objectives to ensure that Qubiqa remains a safe place to work.

A thorough analysis and a safety inspection round are performed when an accident occurs. Facts about the accident and how it may have been prevented are communicated to all employees.
For 2021/22 we have had a total of 6 injuries, which is 2 more than last year. Qubiqa's Lost Time Injury frequency (LTI-f) for 2021/22 is 18, which is above our goal of a maximum frequency of 10.

CSR AREA 3 – CUSTOMERS, PRODUCTS, AND SOCIETY

Responsible and sustainable suppliers:

Strict requirements for suppliers to respect human rights, labour rights, environmental, climate, anti-corruption issues etc. are established. The suppliers' confirmation and adaptation of our Supplier Code of Conduct is still included in our contracts.

All included suppliers (which are all new suppliers and existing suppliers with a spend over 100 KDKK per year) of Qubiqa DK and PL have signed the Supplier Code of Conduct, and we have performed the defined control processes of all included suppliers (which are suppliers in risk categories "medium/high/extremely high").

Anti-corruption training:

We have had no cases of corruption or cartel formation in 2021/22.

One anti-corruption training course has been performed during the year, with the participation of all new-hired employees from our Danish and Polish sites within the defined job positions. In total eight employees have participated this year.

FINANCIAL STATEMENTS

INCOME STATEMENT

Note		Group		Parent	
		2021/22 DKK '000	2020/21 DKK '000	2021/22 DKK '000	2020/21 DKK '000
	Gross result	**109,661**	**85,907**	**-70**	**-67**
1	Staff costs	-76,469	-62,351	0	0
	Profit/loss before depreciation, amortisation, write-downs and impairment losses	**33,192**	**23,556**	**-70**	**-67**
2	Depreciation, amortisation and impairments losses of intangible assets and property, plant and equipment	-8,923	-9,002	0	0
	Other operating expenses	-506	-8,494	0	0
	Operating profit/loss	**23,763**	**6,060**	**-70**	**-67**
3	Income from equity investments in group enterprises	0	0	15,317	2,993
4	Financial income	23	21	0	0
5	Financial expenses	-4,039	-3,954	-895	-1,947
	Profit before tax	**19,747**	**2,127**	**14,352**	**979**
6	Tax on profit for the year	-3,921	-981	1,474	167
	Profit for the year	**15,826**	**1,146**	**15,826**	**1,146**

7 Proposed appropriation account

BALANCE SHEET

ASSETS

Note		Group 31.05.22 DKK '000	Group 31.05.21 DKK '000	Parent 31.05.22 DKK '000	Parent 31.05.21 DKK '000
	Completed development projects	2,920	4,856	0	0
	Goodwill	35,362	37,934	0	0
8	**Total intangible assets**	**38,282**	**42,790**	**0**	**0**
	Land and buildings	53,417	49,643	0	0
	Plant and machinery	483	427	0	0
	Other fixtures and fittings, tools and equipment	5,945	5,637	0	0
9	**Total property, plant and equipment**	**59,845**	**55,707**	**0**	**0**
10	Equity investments in group enterprises	0	0	88,172	68,792
10	Other investments	97	73	0	0
11	Other receivables	289	304	0	0
	Total investments	**386**	**377**	**88,172**	**68,792**
	Total non-current assets	**98,513**	**98,874**	**88,172**	**68,792**
	Raw materials and consumables	6,482	3,129	0	0
	Work in progress	14,495	6,677	0	0
	Manufactured goods and goods for resale	0	13	0	0
	Prepayments for goods	196	18	0	0
	Total inventories	**21,173**	**9,837**	**0**	**0**
12	Work in progress for third parties	19,505	12,582	0	0
	Trade receivables	11,427	9,988	0	0
	Deferred tax asset	2,830	997	956	0
	Income tax receivable	174	502	685	167
	Other receivables	10,053	4,974	0	0
	Prepayments	924	1,065	0	0
	Total receivables	**44,913**	**30,108**	**1,641**	**167**
	Cash	**70,193**	**18,868**	**1**	**0**
	Total current assets	**136,279**	**58,813**	**1,642**	**167**
	Total assets	**234,792**	**157,687**	**89,814**	**68,959**

BALANCE SHEET

EQUITY AND LIABILITIES

Note		Group 31.05.22 DKK '000	Group 31.05.21 DKK '000	Parent 31.05.22 DKK '000	Parent 31.05.21 DKK '000
13	Share capital	1,000	1,000	1,000	1,000
	Foreign currency translation reserve	-505	-838	0	0
	Cash flow hedging reserve	0	582	0	0
	Retained earnings	49,880	44,992	49,375	44,735
	Proposed dividend for the financial year	20,000	0	20,000	0
	Total equity	**70,375**	**45,736**	**70,375**	**45,735**
14	Provisions for deferred tax	11,238	7,649	0	0
15	Other provisions	7,713	11,061	0	0
	Total provisions	**18,951**	**18,710**	**0**	**0**
16	Subordinate loan capital	0	20,267	0	0
16	Mortgage debt	22,862	3,800	0	0
16	Lease commitments	2,406	1,957	0	0
16	Other payables	1,833	4,210	0	0
	Total long-term payables	**27,101**	**30,234**	**0**	**0**
16	Short-term part of long-term payables	2,341	2,064	0	0
	Payables to other credit institutions	5,815	5,122	0	0
12	Prepayments received from work in progress for third parties	45,086	14,363	0	0
	Trade payables	32,937	20,326	50	50
	Payables to group enterprises	6,123	0	19,389	23,174
	Income taxes	2,231	167	0	0
	Other payables	22,516	19,761	0	0
	Deferred income	1,316	1,204	0	0
	Total short-term payables	**118,365**	**63,007**	**19,439**	**23,224**
	Total payables	**145,466**	**93,241**	**19,439**	**23,224**
	Total equity and liabilities	**234,792**	**157,687**	**89,814**	**68,959**

17 Fair value information
18 Derivative financial instruments
19 Contingent liabilities
20 Charges and security
21 Related parties

STATEMENT OF CHANGES IN EQUITY

Figures in DKK '000	Share capital	Foreign currency translation reserve	Cash flow hedging reserve	Retained earnings	Proposed dividend for the financial year	Total equity
Group:						
Statement of changes in equity for 01.06.21 - 31.05.22						
Balance as at 01.06.21	1,000	-838	582	44,992	0	45,736
Group contribution	0	0	0	20,751	0	20,751
Extraordinary dividend paid	0	0	0	-16,000	0	-16,000
Other changes in equity	0	0	0	4,062	0	4,062
Transfers to/from other reserves	0	333	-582	249	0	0
Net profit/loss for the year	0	0	0	-4,174	20,000	15,826
Balance as at 31.05.22	1,000	-505	0	49,880	20,000	70,375
Parent:						
Statement of changes in equity for 01.06.21 - 31.05.22						
Balance as at 01.06.21	1,000	0	0	44,735	0	45,735
Group contribution	0	0	0	20,751	0	20,751
Extraordinary dividend paid	0	0	0	-16,000	0	-16,000
Other changes in equity	0	0	0	4,063	0	4,063
Net profit/loss for the year	0	0	0	-4,174	20,000	15,826
Balance as at 31.05.22	1,000	0	0	49,375	20,000	70,375

CONSOLIDATED CASH FLOW STATEMENT

Note		Group 2021/22 DKK '000	2020/21 DKK '000
	Profit for the year	**15,826**	**1,146**
22	Adjustments	20,859	13,915
	Change in working capital:		
	Inventories	-11,335	1,230
	Receivables	-13,239	-5,217
	Trade payables	10,521	-7,810
	Other payables relating to operating activities	34,876	0
	Other provisions	-3,098	6,272
	Cash flows from operating activities before net financials	**54,410**	**9,536**
	Interest income and similar income received	-123	21
	Interest expenses and similar expenses paid	-3,537	297
	Income tax paid	1,062	181
	Cash flows from operating activities	**51,812**	**10,035**
	Purchase of property, plant and equipment	-3,212	-1,101
	Sale of property, plant and equipment	102	10,313
	Cash flows from investing activities	**-3,110**	**9,212**
	Raising of additional capital	20,671	0
	Dividend paid	-16,000	0
	Arrangement of payables to credit institutions	693	396
	Repayment of other long-term payables	-2,856	-10,209
	Cash flows from financing activities	**2,508**	**-9,813**
	Total cash flows for the year	**51,210**	**9,434**
	Cash, beginning of year	18,868	9,841
	Securities with no significant price risk, beginning of year	115	-407
	Cash, end of year	**70,193**	**18,868**
	Cash, end of year, comprises:		
	Cash	70,193	18,868
	Total	**70,193**	**18,868**

NOTES

	Group		Parent	
	2021/22 DKK '000	2020/21 DKK '000	2021/22 DKK '000	2020/21 DKK '000
1. Staff costs				
Wages and salaries	68,609	57,744	0	0
Pensions	3,928	3,244	0	0
Other social security costs	452	1,264	0	0
Other staff costs	3,480	99	0	0
Total	76,469	62,351	0	0
Average number of employees during the year	191	185	0	0
Remuneration for the management:				
Remuneration for the Executive Board and Board of Directors	2,596	2,362	0	0

2. Depreciation, amortisation and impairments losses of intangible assets and property, plant and equipment

Amortisation of intangible assets	4,507	7,713	0	0
Depreciation of property, plant and equipment	4,416	1,289	0	0
Total	8,923	9,002	0	0

3. Income from equity investments in group enterprises

Share of profit or loss of group enterprises	0	0	15,317	2,993
Total	0	0	15,317	2,993

NOTES

	Group		Parent	
	2021/22 DKK '000	2020/21 DKK '000	2021/22 DKK '000	2020/21 DKK '000
4. Financial income				
Fair value adjustment of derivative financial instruments	23	21	0	0
5. Financial expenses				
Interest, group enterprises	122	0	410	1,947
Foreign exchange losses	502	25	0	0
Other financial expenses	3,415	3,929	485	0
Other financial expenses	3,917	3,954	485	0
Total	4,039	3,954	895	1,947
6. Tax on profit for the year				
Tax on profit or loss for the year	1,713	826	-1,474	-167
Adjustment of deferred tax for the year	1,756	561	0	0
Adjustment of tax in respect of previous years	452	-406	0	0
Total	3,921	981	-1,474	-167
7. Proposed appropriation account				
Extraordinary dividend for the financial year	16,000	0	16,000	0
Proposed dividend for the financial year	20,000	0	20,000	0
Retained earnings	-20,174	1,146	-20,174	1,146
Total	15,826	1,146	15,826	1,146

NOTES

8. Intangible assets

Figures in DKK '000	Completed develc	Goodwill	Total
Group:			
Cost as at 01.06.21	39,296	62,365	101,661
Cost as at 31.05.22	39,296	62,365	101,661
Amortisation and impairment losses as at 01.06.21	-34,441	-24,431	-58,872
Amortisation during the year	-1,935	-2,572	-4,507
Amortisation and impairment losses as at 31.05.22	-36,376	-27,003	-63,379
Carrying amount as at 31.05.22	2,920	35,362	38,282

Completed development projects include the development of machines for automation within packaging and stacking of insulation material

Costs consist of costs in the form of materials, personnel costs (own and hired employees) and indirect production costs

Incurred development costs mainly relate to the development of new machine types aimed for the American market.

The newly developed machines are expected to bring competitive advantages, and there is a significant potential in the sale of these machines in the American market.

It is assessed here whether the recovery value in the form of the useful value exceeds the book value.

The recovery value is calculated on the basis of expected realized contribution margin on the basis of expected sales in the years 2022/23 - 2025/26.

NOTES

9. Property, plant and equipment

Figures in DKK '000	Land and buildings	Plant and machinery	Other fixtures and fittings, tools and equipment
Group:			
Cost as at 01.06.21	63,298	7,148	31,289
Foreign currency translation adjustment of foreign enterprises	-265	0	-186
Additions during the year	493	249	2,470
Disposals during the year	0	-76	-803
Cost as at 31.05.22	63,526	7,321	32,770
Revaluations as at 01.06.21	31,083	0	0
Revaluations during the year	5,700	0	0
Revaluations as at 31.05.22	36,783	0	0
Depreciation and impairment losses as at 01.06.21	-44,738	-6,720	-25,653
Foreign currency translation adjustment of foreign enterprises	78	0	123
Depreciation during the year	-2,232	-194	-2,009
Reversal of depreciation of and impairment losses on disposed assets	0	76	714
Depreciation and impairment losses as at 31.05.22	-46,892	-6,838	-26,825
Carrying amount as at 31.05.22	53,417	483	5,945
Carrying amount in the balance sheet if revaluation to fair value had not been carried out as at 31.05.22	20,234	0	0
Carrying amount of assets held under finance leases as at 31.05.22	0	0	1,947

NOTES

10. Investments

Figures in DKK '000	Equity investments in group enterprises	Other investments
Group:		
Cost as at 01.06.21	0	54
Cost as at 31.05.22	0	54
Depreciation and impairment losses as at 01.06.21	0	20
Impairment losses during the year	0	23
Depreciation and impairment losses as at 31.05.22	0	43
Carrying amount as at 31.05.22	0	97
Parent:		
Cost as at 01.06.21	93,547	0
Cost as at 31.05.22	93,547	0
Depreciation and impairment losses as at 01.06.21	-24,755	0
Foreign currency translation adjustment of foreign enterprises	333	0
Amortisation of goodwill	-2,234	0
Net profit/loss from equity investments	17,551	0
Other equity adjustments relating to equity investments	3,730	0
Depreciation and impairment losses as at 31.05.22	-5,375	0
Carrying amount as at 31.05.22	88,172	0

Name and registered office:	Ownership interest
Subsidiaries:	
Qubiqa A/S, Danmark	100%

NOTES

11. Other non-current financial assets

Figures in DKK '000	Other receivables
Group:	
Cost as at 01.06.21	289
Cost as at 31.05.22	289
Carrying amount as at 31.05.22	289

12. Work in progress for third parties

Work in progress for third parties	210,131	301,614	0	0
On-account invoicing	-235,712	-303,395	0	0
Total work in progress for third parties	-25,581	-1,781	0	0
Work in progress for third parties	19,505	12,582	0	0
Prepayments received from work in progress for third parties, short-term payables	-45,086	-14,363	0	0
Total	-25,581	-1,781	0	0

13. Share capital

The share capital consists of:

	Quantity	Total nominal value
Share class A	788,105	788,000
Share class B	24,374	24,000
Share class C	187,521	188,000
Total		1,000,000

NOTES

	Group		Parent	
	31.05.22 DKK '000	31.05.21 DKK '000	31.05.22 DKK '000	31.05.21 DKK '000
14. Deferred tax				
Deferred tax as at 01.06.21	6,652	5,194	0	0
Deferred tax recognised in the income statement	1,756	561	-956	0
Deferred tax recognised in equity	0	897	0	0
Deferred tax as at 31.05.22	8,408	6,652	-956	0
Deferred tax is recognized in the balance sheet as:				
Deferred tax asset	-2,830	-997	0	0
Provisions for deferred tax	11,238	7,649	0	0
Total	8,408	6,652	0	0

As at 31.05.22, the company has recognised a deferred tax asset of DKK '000 2.830 The deferred tax asset is recognised on the basis of expectations of positive operating results for the coming years.

15. Other provisions

Figures in DKK '000	Warranty commitments
Group:	
Provisions as at 01.06.21	11,061
Applied during the year	-3,348
Provisions as at 31.05.22	7,713

	31.05.22 DKK '000	31.05.21 DKK '000	31.05.22 DKK '000	31.05.21 DKK '000
Other provisions are expected to be distributed as follows:				
Current liabilities	7,713	10,786	0	0

NOTES

16. Long-term payables

Figures in DKK '000	Repayment fir	Outstanding d	Total payables	Total payables
Group:				
Subordinate loan capital	0	0	0	20,267
Mortgage debt	1,296	22,862	24,158	5,154
Lease commitments	1,045	1,418	3,451	2,667
Other payables	0	1,717	1,833	4,210
Total	2,341	25,997	29,442	32,298

17. Fair value information

Figures in DKK '000	Derivative financ	Total
Group:		
Fair value as at 31.05.22	-256	-256

Calculated market value at years end made by the bank.

18. DERIVATIVE FINANCIAL INSTRUMENTS

Group:

The board determines the framework for entering into contracts on derivattive financial instruments. The company only enters into contracts with the aim of hedging the exchange rate risk on future sales of goods in foreign currency.

19.CONTINGENT LIABILITIES

Group:

Lease commitments
The group has concluded lease agreements with terms to maturity of 55 months a total of DKK 4.448k.

Parent:

Other contingent liabilities
The company is taxed jointly with the other Danish companies in the group and has joint, several and unlimited liability for income taxes and any obligations to withhold tax at source on interest, royalties and dividends for the jointly taxed companies. The total known tax liability for the jointly taxed companies is stated in the management company. The liability also includes any subsequent corrections to the calculated tax liability as a consequence of changes made to the jointly taxable income etc.

The company has no contingent liabilities as at 31.05.22.

20. CHARGES AND SECURITY

Group: Land and buildings with a book value of DKK 41.409k have been provided as security for mortgage debt of DKK 24.158k.

To ensure the Group's involvement with Jyske Bank, owner mortgages of nom. 56,250 t.kr have been deposited. with mortgages on properties and related production plants and machinery.

The carrying amount of pledged properties amounts to DKK 41.409k., and on the carrying amount of pledged production facilities amounts to DKK 3.580k.

To ensure the Group's involvement with Jyske Bank, indemnification letter nom. DKK 10,000k has been deposited. receivables arising from the sale of goods and services, as well as inventory.

The carrying amount of pledged receivables and inventory amounts to DKK 9.473k.

Parent:
As security for the group's bank debt, a pledge has been given in capital shares in affiliated companies. The accounting value of the capital shares amounts to DKK 88.172 thousand. per 31.05.2022.

21. RELATED PARTIES

Controlling influence = Q Invest 2021 Aps
Basis of influence, own 100%

Related party transactions are not disclosed, as all transactions are entered into in the ordinary course of business at arms' length.

Remuneration for the management is specified in note 1. Staff costs.

22. ADJUSTMENTS FOR THE CASH FLOW STATEMENT

	Group	
	2021/22 DKK '000	2020/21 DKK '000
Other operating income	-12	0
Depreciation, amortisation and impairments losses of intangible assets and property, plant and equipment	8,924	9,002
Financial income	-23	-21
Financial expenses	4,039	3,952
Tax on profit or loss for the year	3,920	982
Other adjustments	4,011	0
Total	20,859	13,915

23. ACCOUNTING POLICIES

GENERAL

The annual report is presented in accordance with the provisions of the Danish Financial Statements Act for medium-sizedgroups and enterprises in reporting class C.

The accounting policies have been applied consistently with previous years.

Basis of recognition and measurement
Income is recognised in the income statement as earned, including value adjustments of financial assets and liabilities. All expenses, including depreciation, amortisation, impairment losses and write-downs, are also recognised in the income statement.

Assets are recognised in the balance sheet when it is probable that future economic benefits will flow to the company, and the value of such assets can be measured reliably. Liabilities are recognised in the balance sheet when it is probable that future economic benefits will flow from the company, and the value of such liabilities can be measured reliably. On initial recognition, assets and liabilities are measured at cost. Subsequently, assets and liabilities are measured as described for each item below.

On recognition and measurement, account is taken of foreseeable losses and risks arising before the date at which the annual report is presented and proving or disproving matters arising on or before the balance sheet date.

CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements comprise the parent and its subsidiaries in which the parent directly or indirectly holds more than 50% of the voting rights or by way of agreements exercises control.

All financial statements used for consolidation are prepared in accordance with the accounting policies of the group.

The consolidated financial statements consolidate the financial statements of the parent and its subsidiaries by adding together items of a uniform nature, eliminating intercompany income and expenditure, equity investments, intercompany balances and dividends as well as gains and losses resulting from transactions between the consolidated enterprises to the extent that the underlying assets and liabilities are not realised.

DERIVATIVE FINANCIAL INSTRUMENTS

On initial recognition, derivative financial instruments are measured at cost. Subsequently, they are measured at fair value and recognised under other receivables and other payables, respectively.

Fair value adjustment of derivative financial instruments classified as and meeting the criteria for hedging future cash flows (cash flow hedging) are recognised in equity under the cash flow hedging reserve. In the event that the hedged transaction results in the recognition of an asset or a liability, the accumulated fair value adjustment of the hedging instrument, which was previously recognised in equity, will be included in the cost of the asset or the liability. In the event that the hedged transaction results in the recognition of an income or an expense, the accumulated fair value adjustment of the hedging instrument, which was previously recognised in equity, will be recognised together with the hedged income or expense.

If the hedged transaction is no longer expected to occur, the cash flow hedging treatment is discontinued, and the accumulated fair value adjustment of the hedging instrument is transferred to other net financials in the income statement. If the hedged transaction is still expected to occur, but the criteria for cash flow hedging are no longer met, the hedging treatment is discontinued, and the accumulated fair value adjustment of the hedging instrument remains in equity until the transaction occurs.

Fair value adjustments of derivative financial instruments that do not meet the criteria for hedge accounting treatment are recognised under other net financials in the income statement on an ongoing basis.

LEASES

Leases relating to assets where the company has substantially all the risks and benefits incidental to the ownership of the asset (finance leases) are recognised in the balance sheet. On initial recognition, assets held under finance leases and related lease commitments are measured at the lower of the fair value of the leased asset and the present value of future lease payments. Subsequently, assets held under finance leases are treated like other similar assets.

Lease commitments relating to assets held under finance leases are recognised in the balance sheet as payables. Subsequent to initial recognition, lease commitments are measured at amortised cost according to which the interest element of the lease payment is recognised in the income statement over the lease term.

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

INCOME STATEMENT

Gross result

Gross result comprises revenue, other operating income, raw materials and consumables and cost of sales and other external expenses.

Revenue

Income from the sale of goods is recognised in the income statement if delivery has taken place and the risk has passed to the buyer before the end of the financial year and where the selling price can be determined reliably and is expected to be paid. Revenue is measured at fair value and is determined exclusive of VAT and other taxes collected on behalf of third parties and less discounts.

Income from the sale of services is recognised in the income statement as delivery takes place (delivery method). Revenue is measured at the selling value of the agreed consideration exclusive of VAT and other taxes collected on behalf of third parties and less discounts.

Income from the sale of services is recognised in the income statement in line with completion of services, which means that revenue corresponds to the selling price of the work performed for the year stated on the basis of the stage of completion at the balance sheet date (percentage of completion method).

Income from construction contracts involving the delivery of highly customised assets are recognised in the income statement as revenue according to the stage of completion. Accordingly, revenue corresponds to the selling price of work performed during the year (percentage of completion method).

Other operating income

Other operating income comprises income of a secondary nature in relation to the enterprise’s activities, including rental income, negative goodwill and gains on the sale of intangible assets and property, plant and equipment.

Costs of raw materials and consumables
Costs of raw materials and consumables comprise raw materials and consumables used for the year as well as any changes in inventories, including any inventory wastage.

Write-downs of inventories of raw materials and consumables are also recognised under raw materials and consumables to the extent that these do not exceed normal write-downs.

Cost of sales
Cost of sales comprises cost of sales for the year measured at cost plus any changes in inventories, including write-downs to the extent that these do not exceed normal write-downs.

Other external expenses
Other external expenses comprise costs relating to distribution, sales and advertising and administration, premises and bad debts to the extent that these do not exceed normal write-downs.

Staff costs
Staff costs comprise wages and salaries as well as other staff-related costs.

Depreciation, amortisation and impairment losses
The depreciation and amortisation of intangible assets and property, plant and equipment aim at systematic depreciation and amortisation over the expected useful lives of the assets. Assets are depreciated and amortised according to the straight-line method based on the following expected useful lives and residual values:

	Useful lives, years	Residual value DKK '000
Completed development projects	3-10	0
Goodwill	20	0
Buildings	10-40	10,000
Plant and machinery	3-7	0
Other plant, fixtures and fittings, tools and equipment	3-7	0

Goodwill is amortised over 20 years. The useful life has been determined in consideration of the expected future net earnings of the enterprise or activity to which the goodwill relates.

Land is not depreciated.

The basis of depreciation and amortisation is the cost of the asset less the expected residual value at the end of the useful life. Moreover, the basis of depreciation and amortisation is reduced by any impairment losses. The useful life and residual value are determined when the asset is ready for use and reassessed annually.

Intangible assets and property, plant and equipment are impaired in accordance with the accounting policies referred to in the 'Impairment losses on fixed assets' section.

Other operating expenses
Other operating expenses comprise costs of a secondary nature in relation to the enterprise's activities, including costs relating to rental activities and losses on the sale of intangible assets and property, plant and equipment.

Income from equity investments in group entreprises
For equity investments in subsidiaries thatin the parent are measured using the equity method, the share of the enterprises' profit or loss is recognised in the income statement after elimination of unrealised intercompany profits and losses and less any goodwill amortisation and impairment losses.

Income from equity investments in equity investments in subsidiaries also comprises gains and losses on the sale of equity investments.

Other net financials
Interest income and interest expenses, the interest element of finance lease payments etc. are recognised in other net financials.

Amortisation of capital losses and borrowing costs relating to financial liabilities is recognised on an ongoing basis as financial expenses.

Tax on profit/loss for the year
The current and deferred tax for the year is recognised in the income statement as tax on the profit/loss for the year with the portion attributable to the profit/loss for the year, and directly in equity with the portion attributable to amounts recognised directly in equity.

The company is jointly taxed with Danish consolidated enterprises. The parent is the administration company for the joint taxation and thus settles all income tax payments with the tax authorities.

In connection with the settlement of joint taxation contributions, the current Danish income tax is allocated between the jointly taxed enterprises in proportion to their taxable incomes. This means that enterprises with a tax loss receive joint taxation contributions from enterprises which have been able to use this loss to reduce their own taxable profit.

BALANCE SHEET

Intangible assets
Completed development projects
Development projects are recognised in the balance sheet where the project aims at developing a specific product or a specific process, intended to be produced or used, respectively, by the company in its production process. On initial recognition, development projects are measured at cost. Cost comprises the purchase price plus expenses resulting directly from the purchase, including wages and salaries directly attributable to the development projects until the asset is ready for use. Interest on loans arranged to finance development projects in the development period is not included in the cost.

Other development projects and development costs are recognised in the income statement in the year in which they are incurred.

Development projects are subsequently measured in the balance sheet at cost less accumulated amortisation and impairment losses.

Completed development projects are amortised using the straight-line method based on useful lives, which are stated in the 'Depreciation, amortisation and impairment losses' section.

Goodwill
Goodwill is measured in the balance sheet at cost less accumulated amortisation and impairment losses.

Goodwill is amortised using the straight-line method based on useful lives, which are stated in the 'Depreciation, amortisation and impairment losses' section.

Gains or losses on the disposal of intangible assets
Gains or losses on the disposal of intangible assets are determined as the difference between the selling price, if any, less selling costs and the carrying amount at the date of disposal.

Property, plant and equipment
Property, plant and equipment comprise land and buildings, plant and machinery as well as other fixtures and fittings, tools and equipment.

Property, plant and equipment are measured in the balance sheet at cost less accumulated depreciation and impairment losses.

Cost comprises the purchase price and expenses resulting directly from the purchase until the asset is ready for use. Interest on loans arranged to finance production is not included in the cost.

The total cost of an asset is decomposed into separate components that are depreciated separately if the useful lives of the individual components vary.

Property, plant and equipment are depreciated using the straight-line method based on useful lives and residual values, which are stated in the 'Depreciation, amortisation and impairment losses' section.

Gains and losses on the disposal of property, plant and equipment are determined as the difference between the selling price, if any, less selling costs and the carrying amount at the date of disposal less any costs of disposal.

Equity investments in group entreprises
Equity investments in subsidiaries are recognised and measured according to the equity method in the balance sheet of the parent. For equity investments in subsidiaries, the equity method is considered a measurement method.

On initial recognition, equity investments measured according to the equity method are measured at cost. Transaction costs directly attributable to the acquisition are recognised in the cost of equity investments. However, transaction costs on the acquisition of subsidiaries are recognised in the income statement in the consolidated financial statements at the date incurred.

On subsequent recognition and measurement of equity investments according to the equity method, equity investments are measured at the proportionate share of the enterprises' equity value, determined according to the accounting policies of the parent, adjusted for the remaining value of goodwill and gains and losses on transactions with the enterprises in question. Equity investments, where information for recognition according to the equity method is not known, are measured at cost.

Gains or losses on disposal of equity investments are determined as the difference between the disposal consideration and the carrying amount of net assets at the time of sale, including non-amortised goodwill, as well as the expected costs of divestment or discontinuation. Gains and losses are recognised in the income statement under income from equity investments.

Impairment losses on fixed assets
The carrying amount of fixed assets which are not measured at fair value is assessed annually for indications of impairment over and above what is reflected in depreciation and amortisation.

If the company's realised return on an asset or a group of assets is lower than expected, this is considered an indication of impairment.

If there are indications of impairment, an impairment test is conducted of individual assets or groups of assets.

The assets or groups of assets are impaired to the lower of recoverable amount and carrying amount.

The higher of net selling price and value in use is used as the recoverable amount. The value in use is determined as the present value of expected net cash flows from the use of the asset or group of assets as well as expected net cash flows from the sale of the asset or group of assets after the expiry of their useful lives.

Impairment losses are reversed when the reasons for the impairment no longer exist. Impairment losses on goodwill are not reversed, unless goodwill is included in the carrying amount of equity investments.

Inventories
Inventories are measured at cost calculated according to the FIFO-method. Inventories are written down to the lower of cost and net realisable value.

The cost of raw materials and consumables as well as goods for resale is determined as purchase prices plus expenses resulting directly from the purchase.

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

Receivables
Receivables are measured at amortised cost, which usually corresponds to the nominal value, less write-downs for bad debts.

Write-downs for bad debts are determined based on an individual assessment of each receivable if there is no objective evidence of individual impairment of a receivable.

Work in progress for third parties
Work in progress for third parties is measured at the selling price of the work performed less on-account invoicing made for each piece of work in progress.

The selling price is measured according to the stage of completion at the balance sheet date and total expected income from each piece of work in progress. The degree of completion for each piece of work in progress is normally calculated as the ratio between the resources spent and the total budgeted resource consumption. For some work in progress where the resource consumption cannot be used as a basis, the ratio between completed subactivities and the combined subactivities for the individual piece of work in progress is used instead.

When the selling price of a piece of work in progress cannot be determined reliably, the selling price is measured at the lower of costs incurred and net realisable value.

The individual piece of work in progress is recognised under receivables or payables in the balance sheet depending on whether the net value of the selling price less prepayments received is positive or negative.

When it is likely that the total costs of the individual piece of work in progress will exceed total sales income, the total expected loss is recognised as a provision.

Prepayments
Prepayments recognised under assets comprise costs incurred in respect of subsequent financial years.

Other investments
Other equity investments are measured at fair value in the balance sheet. For equity investments that are traded in an active market, fair value is equivalent to the market value at the balance sheet date. Other equity investments for which fair value cannot be determined reliably are measured at cost.

Cash
Cash includes deposits in bank accounts as well as operating cash.

Equity
The proposed dividend for the financial year is recognised as a separate item in equity.

Revaluation reserve comprises in the financial statements of the parent revaluation of at fair value. The revaluation reserve is measured less deferred tax and reduced by depreciation and amortisation of the revalued assets. On the disposal of the assets, the remaining amount is transferred from the revaluation reserve to retained earnings.

The net revaluation of equity investments measured according to the equity method is recognized in the financial statements of the parent in the net revaluation reserve in equity according to the equity method to the extent that the carrying amount exceeds the cost.

Unrealised foreign currency gains and losses from the translation of the net investment in independent foreign entities are recognised in equity under the foreign currency translation reserve. The reserve is dissolved when the independent foreign entities are disposed of.

Unrealised gains and losses on financial instruments classified as and meeting the criteria for hedging of future cash flows (cash flow hedging) are recognised in equity under the cash flow hedging reserve. The reserve is measured less deferred tax. The reserve is dissolved when the hedged transaction occurs, or it is no longer expected to occur.

Grants received from the parent are recognised directly in equity under retained earnings, as the grants are treated as capital contributions.

Provisions
Other provisions comprise expected expenses incidental to warranty commitments, loss on work in progress, restructuring etc. and are recognised when the company has a legal or constructive obligation at the balance sheet date and it is probable that such obligation will draw on the financial resources of the company. Provisions are measured at net realisable value or fair value if the provision is expected to be settled over the longer term.

Warranty commitments comprise the obligation to repair defective work within the warranty period of 1-5 years. Warranty commitments are measured at net realisable value and recognised based on previous years' experience with warranty work.

Current and deferred tax
Current tax payable and receivable is recognised in the balance sheet as tax computed on the basis of the taxable income for the year, adjusted for tax paid on account. Joint taxation contributions payable and receivable are recognised as income tax under receivables or payables in the balance sheet.

Deferred tax liabilities and tax assets are recognised on the basis of all temporary differences between the carrying amounts and tax bases of assets and liabilities. However, deferred tax is not recognised on temporary differences relating to goodwill which is non-amortisable for tax purposes and other items where temporary differences, except for acquisitions, have arisen at the date of acquisition without affecting the net profit or loss for the year or the taxable income. In cases where the tax value can be determined according to different taxation rules, deferred tax is measured on the basis of management's intended use of the asset or settlement of the liability.

Deferred tax assets are recognised, following an assessment, at the expected realisable value through offsetting against deferred tax liabilities or elimination in tax on future earnings.

Deferred tax is measured on the basis of the tax rules and at the tax rates which, according to the legislation in force at the balance sheet date, will be applicable when the deferred tax is expected to crystallise as current tax.

Payables
With subordinate loan capital, the creditor has subordinated its claim to those of all other creditors of the company.

Long-term payables are measured at cost at the time of contracting such liabilities (raising of the loan). The payables are subsequently measured at amortised cost where capital losses and loan expenses are recognised in the income statement as a financial expense over the term of the payable on the basis of the calculated effective interest rate in force at the time of contracting the liability. Short-term payables are measured at amortised cost, normally corresponding to the nominal value of such payables.

Deferred income
Deferred income under liabilities comprises payments received in respect of income in subsequent financial years.

CASH FLOW STATEMENT
The cash flow statement is prepared using the indirect method, showing cash flows from operating, investing and financing activities as well as cash and cash equivalents at the beginning and end of the year.

Cash flows from operating activities comprise the net profit or loss for the year, adjusted for non-cash operating items, income tax paid and changes in working capital. Cash flows from investing activities comprise payments in connection with the acquisition and divestment of companies and financial assets as well as the purchase, development, improvement and sale of intangible assets and property, plant and equipment.

Cash flows from financing activities comprise changes in the parent's share capital and associated costs and financing from and dividends paid to shareholders as well as the arrangement and repayment of long-term payables. Cash flows from financing activities also comprise finance lease payments. Cash and cash equivalents at the beginning and end of the year comprise cash and short-term payables to credit institutions.

Referring to section 86(4) of the Danish Financial Statements Act a cash flow statement has not been prepared for the parent as the parent is included in the consolidated cash flow statement.

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