Danish Aerospace Company A/S

Hvidkærvej 31A, st., 5250 Odense SV

Company reg. no. 12 42 42 48

Annual report

1 January - 31 December 2023

The annual report was submitted and approved by the general meeting on the 18 April 2024.

Chantal Pernille Patel Simonsen
Chairman of the meeting

Contents

Notes:
- To ensure the greatest possible applicability of this document, IAS/IFRS English terminology has been used.
- Please note that decimal points have not been used in the usual English way. This means that for instance DKK 146.940 means the amount of DKK 146,940, and that 23,5 % means 23.5 %.

Management's statement

Today, the Board of Directors and the Managing Director have approved the annual report of Danish Aerospace Company A/S for the financial year 1 January - 31 December 2023.

The annual report has been prepared in accordance with the Danish Financial Statements Act.

We consider the chosen accounting policy to be appropriate, and in our opinion, the financial statements give a true and fair view of the financial position of the Company at 31 December 2023 and of the results of the Company's operationsand cash flows for the financial year 1 January – 31 December 2023.

Further, in our opinion, the Management's review gives a true and fair review of the matters discussed in the Management's review.

We recommend that the annual report be approved at the Annual General Meeting.

Odense SV, 25 March 2024

Managing Director

Thomas Axel Esbern Andersen

Board of directors

Niels Thomas Heering

Søren Bjørn Hansen

Tina Moe

James Vernon Zimmerman

Independent auditor's report

To the shareholders of Danish Aerospace Company A/S

Opinion

In our opinion, the Financial Statements give a true and fair view of the financial position of the Company at 31 December 2023, and of the results of the Company's operations and cash flows for the financial year 1 January - 31 December 2023 in accordance with the Danish Financial Statements Act.

We have audited the Financial Statements of Danish Aerospace Company A/S for the financial year 1 January - 31 December 2023, which comprise income statement, balance sheet, statement of cash flows, statement of changes in equity and notes, including a summary of significant accounting policies ("financial statements").

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the 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.

Material Uncertainty Related to Going Concern

We draw attention to note 1 in the financial statements, where Management's assumptions for presenting the financial statements on the basis of going concern are set forth. The conditions described in note 1 indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Statement on Management's Review

Management is responsible for Management's Review.

Our opinion on the financial statements does not cover Management's Review, and we do not express any form of assurance conclusion thereon.

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

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

Based on the work we have performed, in our view, 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 in Management's Review.

Management's Responsibilities for the Financial Statements

Management is responsible for the preparation of 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 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 Company or to cease operations, or has no realistic alternative but to do so.

Auditor’s Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company’s 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 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 Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and contents of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

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.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence and, where applicable, actions taken to eliminate threats or safeguards applied.

Odense M, 25 March 2024

PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
CVR No 33 77 12 31

Henrik Kyhnauv State Authorised Public Accountant mne40028	Kristian Rath State Authorised Public Accountant mne42817

Company information

The company	Danish Aerospace Company A/S Hvidkærvej 31A, st. 5250 Odense SV	
	Company reg. no.	12 42 42 48
	Financial year:	1 January - 31 December
Board of directors	Niels Thomas Heering Søren Bjørn Hansen Tina Moe James Vernon Zimmerman	
Managing Director	Thomas Axel Esbern Andersen	
Auditors	PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab Munkebjergvænget 1 5230 Odense M	

Financial highlights

DKK in thousands.	2023	2022
Income statement:		
Revenue	29.715	24.470
Gross profit	20.649	15.177
Other operating income	2.166	828
EBITDA	4.803	517
Profit/loss from operating activities	4.042	-251
Net financials	-730	656
Net profit or loss for the year	2.020	-351
Statement of financial position:		
Balance sheet total	34.242	22.237
Investments in property, plant and equipment	36	256
Equity	12.052	9.858
Key figures in %:		
Gross margin (%)	69,49	62,02
EBITDA margin (%)	16,16	2,11
Equity ratio (%)	35,20	44,33
Share performance		
Earnings per share (DKK)	0,19	-0,03
P/E ratio	18,15	-127,97
P/B ratio	3,04	4,56
Total number of shares	10.908.330	10.908.330
Closing share price (DKK)	3,36	4,12

Calculations of key figures and ratios do, in all material respects, follow the recommendations of the Danish Association of Finance Analysts, only in a few respects deviating from the recommendations.

The key figures and ratios shown in the statement of financial highlights have been calculated as follows:

Gross margin ratio $$\frac{\text{Gross profit x 100}}{\text{Revenue}}$$

EBITDA margin $$\frac{\text{EBITDA x 100}}{\text{Revenue}}$$

Equity ratio $$\frac{\text{Equity x 100}}{\text{Total assets}}$$

Financial highlights

Earnings per share (DKK)	$\frac{\text{Net income}}{\text{Number of outstanding shares}}$
P/E ratio	$\frac{\text{Closing share price}}{\text{Earnings per share}}$
P/B ratio	$\frac{\text{Market Price per Share}}{\text{Book Value per Share}}$

Primary activities

Danish Aerospace Company A/S (DAC) develops innovative technological solutions for human exploration in space and other extreme environments. The activities include design, development and manufacturing of medical monitoring and exercise equipment, as well as support activities in connection with preparations for and implementation of human space flight.

Key points from the 2023 Annual Report

- Revenue amounted to DKK 29,7 million. (DKK 24,5 million in 2022)
- Operating profit (EBITDA) amounted to DKK 4,80 million. (DKK 0,52 million in 2022)
- DAC successfully completed three technology demonstrations on the International Space Station (ISS) during Andreas Mogensen's six-month Huginn Mission.
- DAC's modified Virtual Reality (VR) experiment "VR for Exercise" was used over 30 times by five different ISS astronauts. The VR headset – used together with DAC's FERGO exercise ergometer to simulate a terrestrial cycling experience – demonstrated the potential to enhance significantly the exercise experience of astronauts on orbit.
- DAC's FERGO ergometer, which NASA purchased, launched, installed on the ISS, has been approved for operational use by Space Station crew members. FERGO replaces the CEVIS ergometer that DAC has been providing to NASA since 1992.
- ESA extended its contract with DAC for support of astronaut health monitoring on ISS for 2024.
- Development, production, and assembly of DAC's E4D multifunction exercise device has continued on schedule. Several E4D ergometer modules were assembled and tested.

Management review

Danish Aerospace Company A/S realized earnings from operations before depreciation and amortization (EBITDA), of DKK 4,80 million. The DAC earnings before tax were DKK 2,71 million in 2023. The Company's equity amounts to DKK 12,05 million as of December 31st, 2023.

DAC's old CEVIS ergometer on the International Space Station, was replaced in the fall with the new FERGO ergometer which NASA purchased from DAC. Two FERGO units were launched during the fall, one was stored in reserve, while the other was installed and began use as a replacement for CEVIS. FERGO is now fully operational and being used on a daily basis by ISS astronauts in meeting their exercise requirements. The two now-retired CEVIS ergometers were returned to Earth at the end of 2023.

In connection with the Danish ESA astronaut Andreas Mogensen's six month Huginn Mission to ISS, three of DAC's technological experiments were chosen by the Danish Ministry of Higher Education and Science for testing onboard the ISS.

These demonstrations have supported the development of new technologies for use by space agencies, commercial human spaceflight companies on orbit and in extreme environments on Earth.

The first demonstration involved the on orbit testing of DAC's wearable sensor technology called SpaceWear. Andreas Mogensen used the SpaceWear sensor package on several occasions during his Huggin ISS mission providing DAC with many hours of useful data. The second demonstration involved testing of the Aquamembrane-3 water recovery technology system developed by the Aquaporin Space Alliance, a joint venture of DAC and Aquaporin A/S. The Aquamembrane-3 system was successfully tested on orbit by Andreas Mogensen in the fall of 2023 and returned to earth in December. The results look promising and will help the Acquaporin Space Alliance to design a full wastewater cleansing system for use in space.

The third "VR for Exercise" demonstration involved using DAC's Virtual Reality system to demonstrate enhanced astronaut exercise experiences. Used together with the FERGO ergometer, Andreas Mogensen quickly demonstrated the potential of the VR system which, though it was planned as a demonstration. The DAC VR system has now also been used by four other ISS astronauts during their FERGO exercise sessions. Because of these experiences ESA contracted with DAC to use the VR system in connection with an in orbit training program that ESA is pursuing.

Development and manufacturing of the multifunctional E4D multifunctional exercise device for ESA and a similar exercise device for Axiom Space Inc. is continuing as planned. Several ergometer modules for these exercise devices have been assembled and tested. Meanwhile, large amounts of mechanical parts have been manufactured, and many printed circuit boards were soldered. The assembly of the first complete E4D engineering model commenced at the end of the year in anticipation of its completion and preliminary testing by ESA and NASA in February 2024.

DAC's contract with ESA involving the health monitoring of astronauts on the International Space Station was extended for 2024. Under this contract, which DAC has held since 2006, DAC supports health monitoring and exercise testing with DAC hardware on the ISS from DAC's control center in Odense, Denmark.

DAC passed this year's annual supervisory audit for the 7th year in a row, which is a check of the company's (AS/EN9100 standard rev. D) quality control authorization by Bureau Veritas. DAC therefore continues to be one of few space companies in Denmark to maintain this certification.

"DAC had a satisfying 2023 with earnings before tax of DKK 2,7 million although positively impacted by the adjustment of the accounting errors in previous years. The expectations for 2024 are positive and DAC will move towards the completion of two major contracts in early 2025.", says Thomas A. E. Andersen, CEO.

Material errors in previous years

During the preparation of the annual accounts for 2023, it has been established that the annual accounts for 2022 contained a material error, due to error in the model for assessing the stage-of-completion of work-in-progress. The error has been corrected in the annual accounts for 2023, and the correction has been made via the opening equity and comparative figures have been restated. The corrected error reduces the equity per 1 January 2023 by DKK 11,448 thousand, reduces contract work in progress by DKK 9,691 thousand, reduces raw materials and consumables by DKK 4,076 thousand, increases prepayments by DKK 910 thousand, reduces EBITDA by DKK 2,841 thousand and reduces deferred tax by DKK 3,229 thousand. We refer to the annual report for more information. The contract amounts are unchanged and the contracts are as profitable as DAC expected when they were signed.

Expectations for the 2024 fiscal year

Danish Aerospace Company pursues new development projects for promising applications of its expertise and technology in space and in extreme terrestrial environments. In addition, the Company expects to complete two major contracts in early 2025.

In the fiscal year 2024 Danish Aerospace Company's expectations are:
- Total revenue (incl. other income) of DKK 22-24 million; and
- Operating profit (EBITDA) of approx. DKK 2-3 million.

Events occurring after the end of the financial year

No events materially affecting the assessment of the Annual Report have occurred after the balance sheet date.

Income statement 1 January - 31 December

All amounts in DKK.

Note		2023	2022
	Revenue	29.715.122	24.469.528
	Own work capitalised, development projects	1.519.137	556.692
	Other operating income	2.165.678	827.556
	Costs of raw materials and consumables	-8.290.926	-6.276.236
	Other external expenses	-4.460.231	-4.400.460
	Gross profit	**20.648.780**	**15.177.080**
2	Staff costs	-15.845.493	-14.660.182
3	Depreciation, amortisation, and impairment	-761.169	-767.855
	Operating profit or loss	**4.042.118**	**-250.957**
4	Income from investments in group enterprises	-588.437	-683.517
	Income from investments in participating interest	-9.233	-22.657
	Other financial income from group enterprises	245.655	231.506
	Other financial income	0	471.083
	Other financial expenses	-976.014	-46.428
	Pre-tax net profit or loss	**2.714.089**	**-300.970**
6	Tax on net profit or loss for the year	-694.348	-50.221
	Net profit or loss for the year	**2.019.741**	**-351.191**
	Proposed distribution of net profit:		
	Transferred to retained earnings	2.019.741	0
	Allocated from retained earnings	0	-351.191
	Total allocations and transfers	**2.019.741**	**-351.191**

Balance sheet at 31 December

All amounts in DKK.

Note	Assets	2023	2022
	Non-current assets		
7	Completed development projects, including patents and similar rights arising from development projects	1.771.142	539.092
8	Acquired concessions, patents, licenses, trademarks, and similar rights	1.022.221	790.786
9	Development projects in progress	833.581	810.725
	Total intangible assets	3.626.944	2.140.603
10	Other fixtures, fittings, tools and equipment	843.503	1.145.584
11	Leasehold improvements	359.497	469.938
	Total property, plant, and equipment	1.203.000	1.615.522
12	Investments in group enterprises	0	0
13	Investments in participating interests	15.058	24.291
	Total investments	15.058	24.291
	Total non-current assets	**4.845.002**	**3.780.416**
	Current assets		
	Raw materials and consumables	0	462.349
	Total inventories	0	462.349
	Trade receivables	6.522.858	5.308.009
14	Contract work in progress	16.906.938	6.949.994
	Receivables from group enterprises	4.250.129	4.207.307
15	Income tax receivables	334.209	122.472
	Other receivables	1.051.710	860.886
	Prepayments	247.900	439.466
	Total receivables	29.313.744	17.888.134
	Cash and cash equivalents	83.506	106.433
	Total current assets	**29.397.250**	**18.456.916**
	Total assets	**34.242.252**	**22.237.332**

Balance sheet at 31 December

All amounts in DKK.

Note	Equity and liabilities	2023	2022
	Equity		
	Contributed capital	1.090.833	1.090.833
	Reserve for development costs	2.031.683	1.060.394
	Retained earnings	8.929.259	7.706.840
	Total equity	**12.051.775**	**9.858.067**
	Provisions		
	Provisions for deferred tax	2.341.114	1.312.556
	Provisions for investments in group enterprises	0	18.086
	Total provisions	**2.341.114**	**1.330.642**
	Liabilities other than provisions		
16	Other payables	1.165.750	1.126.329
	Total long term liabilities other than provisions	1.165.750	1.126.329
	Bank loans	15.661.950	4.906.187
14	Prepayments received from customers for contract work in progress	0	909.537
	Trade payables	1.715.187	1.736.986
	Other payables	1.306.476	1.578.147
	Deferred income	0	791.437
	Total short term liabilities other than provisions	18.683.613	9.922.294
	Total liabilities other than provisions	**19.849.363**	**11.048.623**
	Total equity and liabilities	**34.242.252**	**22.237.332**

1 Going concern

5 Fees for auditor

17 Charges and security

18 Contingent liabilities

Statement of changes in equity

All amounts in DKK.

	Contributed capital	Reserve for development costs	Retained earnings	Total
Equity 1 January 2023	1.090.833	1.052.856	19.162.537	21.306.226
Correction of significant errors relating to previous years	0	0	-11.448.161	-11.448.161
Adjusted equity 1 January 2023	1.090.833	1.052.856	7.714.376	9.858.065
Retained earnings for the year	0	0	2.019.741	2.019.741
Transferred from retained earnings	0	978.827	-978.827	0
Foreign currency translation adjustments	0	0	173.969	173.969
	1.090.833	**2.031.683**	**8.929.259**	**12.051.775**

Statement of cash flows 1 January - 31 December

All amounts in DKK.

Note		2023	2022
	Net profit or loss for the year	2.019.741	-351.191
19	Adjustments	2.783.546	868.090
20	Change in working capital	-13.139.104	-7.575.407
	Cash flows from operating activities before net financials	-8.335.817	-7.058.508
	Interest received, etc.	245.657	702.588
	Interest paid, etc.	-976.014	-46.428
	Cash flows from ordinary activities	-9.066.174	-6.402.348
	Income tax paid	122.472	31.807
	Cash flows from operating activities	**-8.943.702**	**-6.370.541**
	Purchase of intangible assets	-1.799.254	-856.520
	Purchase of property, plant, and equipment	-35.734	-255.566
	Cash flows from investment activities	**-1.834.988**	**-1.112.086**
	Changes in short-term bank loans	10.755.763	4.906.187
	Cash flows from financing activities	**10.755.763**	**4.906.187**
	Change in cash and cash equivalents	**-22.927**	**-2.576.440**
	Cash and cash equivalents at 1 January 2023	106.433	2.682.873
	Cash and cash equivalents at 31 December 2023	**83.506**	**106.433**
	Cash and cash equivalents		
	Cash and cash equivalents	83.506	106.433
	Cash and cash equivalents at 31 December 2023	**83.506**	**106.433**

Notes

All amounts in DKK.

		2023	2022
1.	**Going concern**		

The Company has obtained approval from the bank for the liquidity needed according to the budget for the coming year. The approval is subject to the Company meeting certain covenants and fulfilment of the budget for 2024.

The liquidity budget is subject to uncertainty, as it includes expected cash flow from additional customer contracts not yet signed. This indicates that material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. It is Management's view that the budget will be met, including signing additional customer contracts, and the Financial Statements has therefore been prepared on a going concern basis.

		2023	2022
2.	**Staff costs**		
	Salaries and wages	14.721.976	13.613.352
	Pension costs	919.378	853.985
	Other costs for social security	204.139	192.845
		15.845.493	**14.660.182**
	Average number of employees	28	26
3.	**Depreciation, amortisation, and impairment**		
	Amortisation of development projects	264.228	264.228
	Amortisation of concessions, patents, and licences	48.685	32.906
	Depreciation of leasehold improvements	110.441	112.291
	Depreciation of other fixtures and fittings, tools and equipment	337.815	358.430
		761.169	**767.855**
4.	**Income from investments in group enterprises**		
	Income from group enterprise	-568.351	-565.870
	Adjustment of intra-group profits	-20.086	-117.647
		-588.437	**-683.517**

All amounts in DKK.

		2023	2022
5.	**Fees for auditor**		
	Total remuneration for PricewaterhouseCoopers, Statsautoriseret Revisionspartnerselskab	319.500	93.500
	Fees for auditors performing statutory audit	319.500	93.500
		319.500	**93.500**
6.	**Tax on net profit or loss for the year**		
	Tax on net profit or loss for the year	-334.209	-122.472
	Adjustment of deferred tax for the year	1.028.557	172.693
		694.348	**50.221**
7.	**Completed development projects, including patents and similar rights arising from development projects**		
	Cost 1 January 2023	4.717.765	4.717.765
	Additions during the year	855.424	0
	Transfers	640.854	0
	Cost 31 December 2023	**6.214.043**	**4.717.765**
	Amortisation and write-down 1 January 2023	-4.178.673	-3.914.445
	Amortisation and depreciation for the year	-264.228	-264.228
	Amortisation and write-down 31 December 2023	**-4.442.901**	**-4.178.673**
	Carrying amount, 31 December 2023	**1.771.142**	**539.092**

The Company's portfolio of internal development projects comprises a new generation of exercise and medical monitoring equipment for astronauts. The expectation is that the improved and new products may be sold to commercial private aerospace companies such as ESA and NASA. The depreciation periods have been adjusted to the expected sales periods. Projects in progress are progressing as planned and the Company has sufficient resources to complete the projects within 1-2 years from balance date.

Notes

All amounts in DKK.

		31/12 2023	31/12 2022
8.	**Acquired concessions, patents, licenses, trademarks, and similar rights**		
	Cost 1 January 2023	4.374.870	4.075.042
	Additions during the year	280.120	299.828
	Cost 31 December 2023	**4.654.990**	**4.374.870**
	Amortisation and write-down 1 January 2023	-3.584.084	-3.551.177
	Amortisation and depreciation for the year	-48.685	-32.907
	Amortisation and write-down 31 December 2023	**-3.632.769**	**-3.584.084**
	Carrying amount, 31 December 2023	**1.022.221**	**790.786**
9.	**Development projects in progress**		
	Cost 1 January 2023	810.725	254.033
	Additions during the year	663.710	556.692
	Transfers	-640.854	0
	Cost 31 December 2023	**833.581**	**810.725**
	Carrying amount, 31 December 2023	**833.581**	**810.725**
10.	**Other fixtures, fittings, tools and equipment**		
	Cost 1 January 2023	4.183.293	3.930.829
	Additions during the year	35.734	252.464
	Cost 31 December 2023	**4.219.027**	**4.183.293**
	Amortisation and write-down 1 January 2023	-3.037.709	-2.679.279
	Amortisation and depreciation for the year	-337.815	-358.430
	Amortisation and write-down 31 December 2023	**-3.375.524**	**-3.037.709**
	Carrying amount, 31 December 2023	**843.503**	**1.145.584**

All amounts in DKK.

		31/12 2023	31/12 2022
11.	**Leasehold improvements**		
	Cost 1 January 2023	1.491.598	1.488.497
	Additions during the year	0	3.101
	Cost 31 December 2023	**1.491.598**	**1.491.598**
	Depreciation and write-down 1 January 2023	-1.021.660	-909.369
	Amortisation and depreciation for the year	-110.441	-112.291
	Depreciation and write-down 31 December 2023	**-1.132.101**	**-1.021.660**
	Carrying amount, 31 December 2023	**359.497**	**469.938**
12.	**Investments in group enterprises**		
	Cost 1 January 2023	5.592.667	5.592.667
	Disposals during the year	-56.427	0
	Cost 31 December 2023	**5.536.240**	**5.592.667**
	Writedown, opening balance 1 January 2023	-5.592.667	-5.592.667
	Translation at the exchange rate at the balance sheet date	173.969	-284.947
	Net profit or loss for the year before amortisation of goodwill	-568.351	-565.870
	Reversal of prior writedown	56.427	0
	Adjustment of intra-group profits	-20.086	-117.647
	Investments with negative equity value depreciated over receivables	414.468	950.378
	Investments with negative equity value transferred to provisions	0	18.086
	Writedown 31 December 2023	**-5.536.240**	**-5.592.667**

Group enterprises:

	Domicile	Equity interest
Danish Aerospace Company - North America Inc.	USA	100 %
Danish Aerospace Medical Company A/S	Odense	100 %

Notes

All amounts in DKK.

		31/12 2023	31/12 2022
13.	**Investments in participating interests**		
	Cost 1 January 2023	40.000	40.000
	Cost 31 December 2023	**40.000**	**40.000**
	Writedown, opening balance 1 January 2023	-15.709	6.948
	Net profit or loss for the year before amortisation of goodwill	-9.233	-22.657
	Writedown 31 December 2023	**-24.942**	**-15.709**
	Carrying amount, 31 December 2023	**15.058**	**24.291**

Participating interests:

	Domicile	Equity interest
Aquaporin Space Alliance ApS	Odense	50 %

		31/12 2023	31/12 2022
14.	**Contract work in progress**		
	Selling price of the production for the period	63.875.427	41.883.480
	Progress billings	-46.968.489	-35.843.023
	Contract work in progress, net	**16.906.938**	**6.040.457**
	The following is recognised:		
	Contract work in progress (current assets)	16.906.938	6.949.994
	Contract work in progress (prepayments received on account)	0	-909.537
		16.906.938	**6.040.457**

15. Income tax receivables

According to LL §8X, receivable tax is regarding tax credit for incurred development costs which is expected to be paid in November 2024.

		31/12 2023	31/12 2022
16.	**Other payables**		
	Total other payables	**1.165.750**	**1.126.329**
	Share of liabilities due after 5 years	1.165.750	1.126.329

All amounts in DKK.

17. Charges and security

Credit facilities are secured by a mortgage on following assets:

Corporate mortgage in the company's receivables, inventory, fixed assets, equipment and intangible fixed assets for a total of DKK 12.000k. The carrying amount of pledged assets for credit facilities amounts to DKK 33.896k.

18. Contingent liabilities

The Company has a rent obligation of DKK 311k in the period of interminabiliy.

The Company has an accumulated lease obligation of DKK 303k.

The Entity serves as the administration company in a Danish joint taxation arrangement. According to the joint taxation provisions of the Danish Corporation Tax Act, the Entity is therefore liable for income taxes etc for the jointly taxed entities, and for obligations, if any, relating to the withholding of tax on interest, royalties and dividend for these entities.

A statement of support has been submitted from the company's management to the subsidiary. This must ensure that the company is able to continue operations and meet its obligations as they fall due.

Joint taxation

The company acts as administration company for the group of companies subject to the Danish scheme of joint taxation and is unlimitedly, jointly, and severally liable, along with the other jointly taxed companies, to pay the total corporation tax.

The total tax payable under the joint taxation scheme totals DKK 0k. Receivables regarding the tax credit scheme totals DKK 334k.

Any subsequent adjustments of corporate taxes or withholding taxes, etc., may result in changes in the company's liabilities.

Notes

All amounts in DKK.

		2023	2022
19.	**Adjustments**		
	Depreciation, amortisation, and impairment	761.169	767.856
	Income from investments in group enterprises	588.437	683.517
	Income from investments in participating interest	9.233	22.657
	Other financial income	-245.655	-702.589
	Other financial expenses	976.014	46.428
	Tax on net profit or loss for the year	694.348	50.221
		2.783.546	**868.090**
20.	**Change in working capital**		
	Change in inventories	462.349	-4.345.372
	Change in receivables	-11.646.427	3.087.123
	Change in trade payables and other payables	-1.955.026	1.442.803
	Other changes in working capital	0	-7.759.961
		-13.139.104	**-7.575.407**

Accounting policies

The annual report for Danish Aerospace Company A/S has been presented in accordance with the Danish Financial Statements Act regulations concerning reporting class B enterprises. Furthermore, the company has decided to comply with certain rules applying to reporting class C enterprises.

The accounting policies are unchanged from last year, and the annual report is presented in DKK.

As discussed in the management report, the condition for going concern has not been met. Assets and liabilities are therefore, in accordance with current accounting policies, measured at expected realizable values.

All value adjustments of assets and liabilities as well as derived operating items are consequently recognized in the income statement, including expected losses, various disposal costs, fees etc.

Material errors in previous years

During the preparation of the annual accounts for 2023, it has been established that the annual accounts for 2022 contained a material error, due to an error in the model for assessing the stage-of-completion of work-in-progress. The error has been corrected in the annual accounts for 2023, and the correction has been made via the opening equity and comparative figures have been restated. The corrected error reduces the equity per 1 January 2023 by DKK 11,448 thousand, reduces contract work in progress by DKK 9,691 thousand, reduces raw materials and consumables by DKK 4,076 thousand, increases prepayments by DKK 910 thousand, reduces EBITDA by DKK 2,841 thousand and reduces deferred tax by DKK 3,229 thousand.

Recognition and measurement in general

Assets are recognised in the statement of financial position when it seems probable that future economic benefits will flow to the company and the value of the asset can be reliably measured.

Liabilities are recognised in the statement of financial position when it is seems probable that future economic benefits will flow out of the company and the value of the liability can be reliably measured.

Assets and liabilities are measured at cost at the initial recognition. Hereafter, assets and liabilities are measured as described below for each individual accounting item.

Certain financial assets and liabilities are measured at amortised cost, allowing a constant effective interest rate to be recognised during the useful life of the asset or liability. Amortised cost is recognised as the original cost less any payments, plus/less accrued amortisations of the difference between cost and nominal amount. In this way, capital losses and gains are allocated over the useful life of the liability.

Upon recognition and measurement, allowances are made for such predictable losses and risks which may arise prior to the presentation of the annual report and concern matters that exist on the reporting date.

Foreign currency translation

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

Property, plant and equipment, intangible assets, inventories and other non-monetary assets that have been purchased in foreign currencies are translated using historical rates.

When recognising foreign subsidiaries and associates that are independent entities, the income statements are translated at average exchange rates for the months that do not significantly deviate from the rates at the transaction date. Balance sheet items are translated using the exchange rates at the balance sheet date. Goodwill is considered belonging to the independent foreign entity and is translated using the exchange rate at the balance sheet date. Exchange differences arising out of the translation of foreign subsidiaries' equity at the beginning of the year at the balance sheet date exchange rates and out of the translation of income statements from average rates to the exchange rates at the balance sheet date are recognised directly in translation reserve in equity.

Exchange adjustments of outstanding accounts with independent foreign subsidiaries, which are considered part of the total investment in the subsidiary in question, are recognised directly in translation reserve in equity.

When recognising foreign group enterprises which are integral units, the monetary items are translated using the closing rate. Non-monetary items are translated using the exchange rate prevailing at the time of acquisition or at the time of the subsequent revaluation or write-down for impairment of the asset. Income statement items are translated using the exchange rate prevailing at the date of the transaction. However, items in the income statement derived from non-monetary items are translated using historical prices.

Income statement

Revenue

Revenue is recognised in the income statement if delivery and passing of risk to the buyer have taken place before the end of the year and if the income can be determined reliably and inflow is anticipated. Revenue is measured at the fair value of the consideration promised exclusive of VAT and taxes and less any discounts relating directly to sales.

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

Cost of sales

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

Own work capitalised

Own work capitalised comprises staff costs and other costs incurred in the financial year and recognised in cost for proprietary intangible assets and property, plant and equipment.

Other operating income

Other operating income comprises subsidies from the European Union and salary reimbursements received.

Staff costs

Staff costs include salaries and wages, including holiday allowances, pensions, and other social security costs, etc., for staff members.

Depreciation, amortisation, and write-down for impairment

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

Financial income and expenses

Financial income and expenses are recognised in the income statement with the amounts concerning the financial year. Financial income and expenses comprise interest income and expenses, financial expenses from financial leasing, realised and unrealised capital gains and losses relating to securities, debt and transactions in foreign currency, amortisation of financial assets and liabilities as well as surcharges and reimbursements under the advance tax scheme, etc.

Results from investments in group enterprises and participating interest

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

Tax on net profit or loss for the year

Tax for the year comprises the current income tax for the year and changes in deferred tax and is recognised in the income statement with the share attributable to the net profit or loss for the year and directly in equity with the share attributable to entries directly in equity.

The company is subject to Danish rules on compulsory joint taxation of Danish group enterprises. The company acts as an administration company in relation to the joint taxation. This means that the total Danish tax payable by the Danish consolidated companies is paid to the tax authorities by the company.

The current Danish income tax is allocated among the jointly taxed companies proportional to their respective taxable income (full allocation with reimbursement of tax losses).

Statement of financial position

Intangible assets

Development projects, patents, and licences
comprise development projects completed and in progress with related intellectual property rights, acquired intellectual property rights and prepayments for intangible assets.

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

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

Completed development projects are amortised on a straight-line basis using their estimated useful lives which are determined based on a specific assessment of each development project. If the useful life cannot be estimated reliably, it is fixed at 10 years. For development projects protected by intellectual property rights, the maximum period of amortisation is the remaining duration of the relevant rights. The amortisation periods used are 5-10 years.

Intellectual property rights acquired are measured at cost less accumulated amortisation. Patents are amortised on a straight-line basis over their remaining duration, and licences are amortised over the term of the agreement.

Intellectual property rights etc. are written down to the lower of recoverable amount and carrying amount.

Property, plant, and equipment
Property, plant, and equipment are measured at cost less accrued depreciation and write-down for impairment. Land is not subject to depreciation.

Cost comprises the acquisition price, costs directly attributable to the acquisition and preparation costs of the asset until the time when it is ready to be put into operation.

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

	Useful life
Leasehold improvements	8 years
Other fixtures and fittings, tools and equipment	5-8 years

Minor assets with an expected useful life of less than 1 year are recognised as costs in the income statement in the year of acquisition.

For leasehold improvements and assets subject to finance leases, the depreciation period cannot exceed the contract period.

Estimated useful lives and residual values are reassessed annually.

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

Leases

The enterprise will be applying IAS 17 as its base of interpretation for recognition of classification and recognition of leases.

At their initial recognition in the statement of financial position, leases concerning property, plant, and equipment where the company holds all essential risks and advantages associated with the proprietary right (finance lease) are measured either at fair value of the asset being leased or at the present value of the future lease payments, whichever value is lower. When calculating the present value, the discount rate used is the internal rate of return of the lease or, alternatively, the borrowing rate of the enterprise. Hereafter, assets held under a finance lease are treated in the same way as other similar property, plant, and equipment.

The capitalised residual lease commitment is recognised in the statement of financial position as a liability other than provisions, and the interest part of the lease is recognised in the income statement for the term of the contract.

All other leases are regarded as operating leases. Payments in connection with operating leases and other lease agreements are recognised in the income statement for the term of the contract. The company's total liabilities concerning operating leases and lease agreements are recognised under contingencies, etc.

Leasehold improvements

Leasehold improvements are measured at cost less accrued depreciations. Depreciation is done on a straightline basis over the estimated useful life of the asset, which is set at 5 years.

Investments

Investments in group enterprises and participating interest

Investments in group enterprises and participating interest are recognised and measured by applying the equity method. The equity method is used as a method of consolidation.

Investments in group enterprises and participating interest are recognised in the statement of financial position at the proportionate share of the enterprise's equity value. This value is calculated in accordance with the parent's accounting policies with deductions or additions of unrealised intercompany gains and losses as well as with additions or deductions of the remaining value of positive or negative goodwill calculated in accordance with the acquisition method. Negative goodwill is recognised in the income statement at the time of acquisition of the equity investment. If the negative goodwill relates to contingent liabilities acquired, negative goodwill is not recognised until the contingent liabilities have been settled or lapsed.

Goodwill is the positive difference between cost of investments and fair value of assets and liabilities arising from acquisitions. Goodwill is amortised straight-line over its estimated useful life, which is fixed based on the experience gained by Management for each business area.

Investments in group enterprises and participating interest with a negative equity value are measured at DKK 0, and any accounts receivable from these enterprises are written down to the extent that the account receivable is uncollectible. To the extent that the parent has a legal or constructive obligation to cover an negative balance that exceeds the account receivable, the remaining amount is recognised under provisions.

Impairment loss relating to non-current assets

The carrying amount of both intangible and tangible fixed assets as well as equity investments in group enterprises og participating interest are subject to annual impairment tests in order to disclose any indications of impairment beyond those expressed by amortisation and depreciation respectively.

If indications of impairment are disclosed, impairment tests are carried out for each individual asset or group of assets, respectively. write-down for impairment is done to the recoverable amount if this value is lower than the carrying amount.

The recoverable amount is the higher value of value in use and selling price less expected selling cost. The value in use is calculated as the present value of the expected net cash flows from the use of the asset or the asset group and expected net cash flows from the sale of the asset or the asset group after the end of their useful life.

Previously recognised impairment losses are reversed when conditions for impairment no longer exist. Impairment relating to goodwill is not reversed.

Inventories

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

The net realisable value for inventories is recognised as the estimated selling price less costs of completion and selling costs. The net realisable value is determined with due consideration of negotiability, obsolescence, and the development of expected market prices.

The cost of raw materials and consumables equals landed cost.

Receivables

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

In order to meet expected losses, impairment takes place at the net realisable value. The company has chosen to use IAS 39 as a basis for interpretation when recognising impairment of financial assets, which means that impairments must be made to offset losses where an objective indication is deemed to have occurred that an account receivable or a portfolio of accounts receivable is impaired. If an objective indication shows that an individual account receivable has been impaired, an impairment takes place at individual level.

Contract work in progress

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

The selling price is measured based on the stage of completion and the total estimated income from the individual contracts in progress. The stage of completion is determined as the ratio of actual to total budgeted consumption of resources within the deliverables of the contracts, i.e. design/programming, hardware, assembly etc.

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

Each contract in progress is recognised in the balance sheet in receivables or liabilities other than provisions, depending on whether the net value, calculated as the selling price less prepayments received, is positive or negative.

Costs of sales work and of securing contracts, and finance costs are recognised in the income statement as incurred.

Prepayments

Prepayments recognised under assets comprise incurred costs concerning the following financial year. Prepayments are measured at cost.

Cash and cash equivalents

Cash and cash equivalents comprises cash in hand and bank deposits.

Equity

Reserve for development costs

The reserve for development costs comprises recognised development costs less related deferred tax liabilities.

The reserve cannot be used as dividends or for covering losses.

The reserve is reduced or dissolved if the recognised development costs are amortised or abandoned. This is done by direct transfer to the distributable reserves of the equity.

Income tax and deferred tax

As administration company, Danish Aerospace Company A/S is liable to the tax authorities for the subsidiaries' corporate income taxes.

Current tax liabilities and current tax receivable are recognised in the statement of financial position as calculated tax on the taxable income for the year, adjusted for tax of previous years' taxable income and for tax paid on account.

The company is jointly taxed with consolidated Danish companies. The current corporate income tax is distributed between the jointly taxed companies in proportion to their taxable income and with full distribution with reimbursement as to tax losses. The jointly taxed companies are comprised by the Danish tax prepayment scheme.

Deferred tax is measured on the basis of temporary differences in assets and liabilities with a focus on the statement of financial position. Deferred tax is measured at net realisable value.

Deferred tax is measured based on the tax rules and tax rates applying under the legislation prevailing in the respective countries on the reporting date when the deferred tax is expected to be released as current tax. Changes in deferred tax due to changed tax rates are recognised in the income statement, except for items included directly in the equity.

Liabilities other than provisions

Financial liabilities other than provisions related to borrowings are recognised at the received proceeds less transaction costs incurred. In subsequent periods, the financial liabilities are recognised at amortised cost, corresponding to the capitalised value when using the effective interest rate. The difference between the proceeds and the nominal value is recognised in the income statement during the term of the loan.

Other liabilities concerning payables to suppliers, group enterprises, and other payables are measured at amortised cost which usually corresponds to the nominal value.

Prepayments received from customers

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

Deferred income

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

Statement of cash flows

The cash flow statement shows the cash flows for the year, divided in cash flows deriving from operating activities, investment activities and financing activities, respectively, the changes in the liabilities, and cash and cash equivalents at the beginning and the end of the year, respectively.

The effect on cash flows derived from the acquisition and sale of enterprises appears separately under cash flows from investment activities. In the statement of cash flows, cash flows derived from acquirees are recognised as of the date of acquisition, and cash flows derived from sold enterprises are recognised until the date of sale.

Cash flows from operating activities

Cash flows from operating activities are calculated as the company's share of the profit adjusted for non-cash operating items, changes in the working capital, and corporate income tax paid. Dividend income from equity investments are recognised under "Interest income and dividend received".

Cash flows from investment activities

Cash flows from investment activities comprise payments in connection with the acquisition and sale of enterprises and activities as well as the acquisition and sale of intangible assets, property, plant, and equipment, and investments, respectively.

Cash flows from financing activities

Cash flows from financing activities include changes in the size or the composition of the company's share capital and costs attached to it, as well as raising loans, repayments of interest-bearing payables and payment of dividend to shareholders.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits and short-term financial instruments with a term of less than 3 months, which can easily be converted into cash and cash equivalents and are associated with an insignificant risk of value change.