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CVR no. 20 22 26 70

HSS ENGINEERING A/S
LÆGÅRDSVEJ 12, 8520 LYSTRUP
ANNUAL REPORT
1 JANUARY - 31 DECEMBER 2021

**The Annual Report has been presented and
adopted at the Company's Annual General
Meeting on 23 June 2022**

Hans Secher

The English part of this document is an unofficial translation of the original Danish text, and in case of any discrepancy between the Danish text and the English translation, the Danish text shall prevail.

CVR NO. 21 82 26 71

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COMPANY DETAILS

Company	HSS Engineering A/S Lægårdsvej 12 8520 Lystrup CVR No.: 21 82 26 71 Established: 1 July 1999 Municipality: Aarhus Financial Year: 1 January - 31 December
Board of Directors	Anne-Marie Møller Schmidt, chairman Christian Secher Schmidt Hans Secher
Executive Board	Hans Secher
Auditor	BDO Statsautoriseret revisionsaktieselskab Nørrebro 15 9800 Hjørring
Bank	Sydbank Store Torv 12 8000 Aarhus C Danske Bank Erhverv Åboulevarden 69 8000 Aarhus C

MANAGEMENT'S STATEMENT

Today the Board of Directors and Executive Board have discussed and approved the Annual Report of HSS Engineering A/S for the financial year 1 January - 31 December 2021.

The Annual Report is presented in accordance with the Danish Financial Statements Act.

In our opinion the Financial Statements give a true and fair view of the Company's assets, liabilities and financial position at 31 December 2021 and of the results of the Company's operations for the financial year 1 January - 31 December 2021.

The Management Commentary includes in our opinion a fair presentation of the matters dealt with in the Commentary.

We recommend the Annual Report be approved at the Annual General Meeting.

Lystrup, 23 June 2022

Executive Board

Hans Secher

Board of Directors

Anne-Marie Møller Schmidt
Chairman

Christian Secher Schmidt

Hans Secher

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of HSS Engineering A/S

Opinion

We have audited the Financial Statements of HSS Engineering A/S for the financial year 1 January - 31 December 2021, which comprise income statement, Balance Sheet, statement of changes in equity, notes and a summary of significant accounting policies. The Financial Statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the Financial Statements give a true and fair view of the assets, liabilities and financial position of the Company at 31 December 2021 and of the results of the Company's operations for the financial year 1 January - 31 December 2021 in accordance with the Danish Financial Statements Act.

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 (including International Independence Standards) (IESBA Code), together with the ethical requirements that are relevant to our audit of the financial statements in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

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 judgment and maintain professional skepticism 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.

INDEPENDENT AUDITOR'S REPORT

- 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.

Statement on Management Commentary

Management is responsible for Management Commentary.

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

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

Hjørring, 23 June 2022

BDO Statsautoriseret revisionsaktieselskab
CVR no. 20 22 26 70

Morten Ovesen
State Authorised Public Accountant
MNE no. mne19734

MANAGEMENT COMMENTARY

Principal activities

HSS Engineering A/S' principal activities comprise Public Warning Systems (PWS), Environmental and Emergency Management Systems (EMS), and Industrial Warning Systems. Based on our long-standing experience with warning systems for industrial and civilian preparedness, we design advanced siren and warning systems. These warning systems are used in connection with warning and evacuation in the case of war, terror attack, fire, and other disasters.

HSS Engineering A/S has great experience in independent consultancy, planning and installation of siren and warning systems, commissioning, and acoustic inspections and assessments.

In addition to hardware for siren systems (which are developed in cooperation with several suppliers, including Whelen and Giant Voice), we provide the following services:

- Consultancy
- Acoustic planning
- System design and integration
- Project management
- Siren and communication infrastructure
- Installation
- Commissioning
- Training of the client's staff
- Warranty
- Service and maintenance

Development in activities and financial and economic position

HSS Engineering A/S has significant activities in Arab countries, where the contract culture and the decision-making processes are different from what we are used to in Denmark. Thus, many projects will progress slowly over a long course of time.

The Company provides a profit in the budget, and the Company's volume of orders is good.

The net profit for the year is satisfactory.

Significant events after the end of the financial year

The Company is still affected by the Covid-19 situation. At this moment in time, the final effect of these circumstances for the Company and its financial situation is yet to be seen. The accompanying financial statements for the year ending on 31 December 2021 do not indicate the effect of the subsequent events.

Beyond that, no events have occurred after the end of the financial year of material importance for the company's financial position.

INCOME STATEMENT 1 JANUARY - 31 DECEMBER

	Note	2021 DKK	2020 DKK
GROSS PROFIT	1	24.043.509	26.450.849
Staff costs.....	2	-17.288.687	-20.702.042
Depreciation, amortisation and impairment losses.....		-997.000	-984.946
Other operating expenses.....		-103.837	0
OPERATING PROFIT		5.653.985	4.763.861
Other financial income.....		1.231.723	58.670
Impairment of asset investments.....		-90.053	11.678
Other financial expenses.....	3	-1.276.839	-1.511.361
PROFIT BEFORE TAX		5.518.816	3.322.848
Tax on profit/loss for the year.....	4	-1.229.748	-730.218
PROFIT FOR THE YEAR		4.289.068	2.592.630
PROPOSED DISTRIBUTION OF PROFIT			
Retained earnings.....		4.289.068	2.592.630
TOTAL		4.289.068	2.592.630

BALANCE SHEET AT 31 DECEMBER

ASSETS	Note	2021 DKK	2020 DKK
Land and buildings.....		18.613.817	18.993.628
Other plant, machinery tools and equipment.....		1.274.834	1.231.821
Property, plant and equipment.....	5	19.888.651	20.225.449
NON-CURRENT ASSETS.....		19.888.651	20.225.449
Finished goods and goods for resale.....		12.947.282	7.841.201
Inventories.....		12.947.282	7.841.201
Trade receivables.....		10.584.701	7.260.222
Contract work in progress.....	6	45.700.414	43.702.011
Other receivables.....		1.795.735	1.179.093
Prepayments.....		576.240	481.110
Receivables.....		58.657.090	52.622.436
Cash and cash equivalents.....		4.165.608	409.290
CURRENT ASSETS.....		75.769.980	60.872.927
ASSETS.....		95.658.631	81.098.376

BALANCE SHEET AT 31 DECEMBER

EQUITY AND LIABILITIES	Note	2021 DKK	2020 DKK
Share capital.....		5.000.000	5.000.000
Retained earnings.....		24.244.685	19.955.617
EQUITY.....		29.244.685	24.955.617
Provision for deferred tax.....		9.448.280	8.164.780
Other provisions.....	7	0	379.955
PROVISIONS.....		9.448.280	8.544.735
Debt to mortgage credit institution.....		8.531.693	8.928.674
Bank loan.....		5.625.000	6.525.000
Other non-current liabilities.....		516.547	0
Frozen holiday pay.....		1.755.118	1.720.704
Non-current liabilities.....	8	16.428.358	17.174.378
Mortgage debt.....		500.687	591.000
Bank debt.....		31.956.760	25.112.349
Contract work in progress.....	6	1.635.362	20.729
Trade payables.....		3.027.712	950.620
Debt to Group companies.....		732.586	741.829
Payables to owners and management.....		55.820	45.219
Other liabilities.....		2.628.381	2.961.900
Current liabilities.....		40.537.308	30.423.646
LIABILITIES.....		56.965.666	47.598.024
EQUITY AND LIABILITIES.....		95.658.631	81.098.376
Contingencies etc.	9		
Charges and securities	10		

EQUITY

	Share capital	Retained earnings	Total
Equity at 1 January 2021.....	5.000.000	19.955.617	24.955.617
Proposed profit allocation.....		4.289.068	4.289.068
Equity at 31 December 2021	5.000.000	24.244.685	29.244.685

NOTES

			Note
Special items			1
The Company has in 2020 received compensation regarding Covid-19 of DKK 1,487 thousand. The income is recognised as other operating income in the income statement.			
	2021 DKK	2020 DKK	
Staff costs			2
Average number of employees	32	35	
Wages and salaries.....	15.194.489	18.701.116	
Pensions.....	1.770.779	1.701.839	
Social security costs.....	323.419	299.087	
	17.288.687	20.702.042	
Other financial expenses			3
Group enterprises.....	44.510	49.310	
Other interest expenses.....	1.232.329	1.462.051	
	1.276.839	1.511.361	
Tax on profit/loss for the year			4
Adjustment of deferred tax.....	1.229.748	730.218	
	1.229.748	730.218	
Property, plant and equipment			5
	Land and buildings	Other plant, machinery tools and equipment	
Cost at 1 January 2021.....	19.877.620	3.045.227	
Additions.....	0	768.038	
Disposals.....	0	-757.905	
Cost at 31 December 2021.....	19.877.620	3.055.360	
Depreciation and impairment losses at 1 January 2021.....	883.992	1.813.406	
Reversal of depreciation of assets disposed of.....	0	-650.069	
Depreciation for the year.....	379.811	617.189	
Depreciation and impairment losses at 31 December 2021....	1.263.803	1.780.526	
Carrying amount at 31 December 2021.....	18.613.817	1.274.834	

NOTES

	2021 DKK	2020 DKK	Note	
Contract work in progress			6	
Sales value of completed work.....	134.845.004	130.421.694		
Progress invoicing/advances received.....	-90.779.952	-86.740.412		
Contract work in progress, net.....	44.065.052	43.681.282		
Recognised as follows:				
Contract work in progress (asset).....	45.700.414	43.702.011		
Contract work in progress (liability).....	-1.635.362	-20.729		
	44.065.052	43.681.282		
 Other provisions			 7	
0-1 years.....	0	379.955		
 Long-term liabilities			 8	
	31/12 2021 total liabilities	Repayment next year	Debt outstanding after 5 years	31/12 2020 total liabilities
Debt to mortgage credit institution.....	9.032.380	500.687	6.079.000	9.519.674
Bank loan.....	6.525.000	900.000	2.025.000	7.425.000
Other non-current liabilities.....	516.547	0	0	0
Frozen holiday pay.....	1.755.118	0	0	1.720.704
	17.829.045	1.400.687	8.104.000	18.665.378

Contingencies etc.

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Contingent liabilities

A work guarantee has been provided for a total of DKK 16,426 thousand.

Joint liabilities

The company is jointly and severally liable together with the parent company and the other group companies in the joint taxable group for tax on the group's joint taxable income and for certain possible withholding taxes, such as dividend tax, etc.

Tax payable on the Group's joint taxable income is stated in the annual report of WSS Holding ApS, which serves as management company for the joint taxation.

NOTES

Note

Charges and securities

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For collateral of mortgage debt to mortgage credit institutions, DKK 9,032 thousand, a mortgage has been granted on land and buildings, of which the carrying amount is DKK 18,614 thousand at 31 December 2021.

The Company has issued mortgages registered to the owners of DKK 4,000 thousand in total, which give security in the above land and buildings. The mortgages registered to the owners are deposited as security for bank borrowings.

For collateral of bank borrowings of DKK 31,957 thousand the Company has provided company charge of DKK 9,000, nominally. The company charge comprises the following assets, of which the carrying amount at the balance sheet day constitutes:

Operating equipment, ect.....	DKK 1,275 thousand
Trade receivables.....	DKK 10,585 thousand
Inventories.....	DKK 12,947 thousand

The book value of mortgaged assets is solely disclosed based on the applied allocation in the annual report. In addition, any book value of operating equipment, etc., which will be comprised by the security in accordance with section 37 the Danish Registration of Property Act, must be added.

ACCOUNTING POLICIES

The Annual Report of HSS Engineering A/S for 2021 has been presented in accordance with the provisions of the Danish Financial Statements Act for enterprises in reporting class B and certain provisions applying to reporting class C.

The Annual Report is prepared consistently with the accounting principles applied last year, except for the following changes.

INCOME STATEMENT

Net revenue

Where products with a high degree of individual adjustment are delivered, recognition in net revenue is made as and when the production progresses, the net revenue being equal to the sales value of the work performed for the year (the production method). This method is applied when the total income and expenses regarding the contract and the degree of completion at the Balance Sheet date can be reliably assessed, and it is likely that the financial benefits will flow to the Company.

When the result of contract work cannot be assessed reliably, revenue is only recognised corresponding to the related costs and only to the extent that it is likely that they will be recovered.

Net revenue is recognised exclusive of VAT and less duties and discounts related to the sale.

Other operating income

Other operating income includes items of a secondary nature in relation to the Group's and the Company's activities, including profit from sale of intangible and tangible fixed assets. In addition, profit from sale of intangible and tangible fixed assets as well as business interruption and conflict compensations are included. Compensations are recognised when the income is deemed to be realisable.

Other operating expenses

Other operating expenses include items of a secondary nature in relation to the Group's and the Company's activities. Losses from sale of intangible and tangible fixed assets are also included.

Cost of sales

Cost of sales comprise costs incurred to achieve the net revenue for the year, including direct and indirect costs of raw materials and consumables.

Other external expenses

Other external expenses include other production, sales, delivery and administrative costs, including costs of energy, marketing, premises, loss on bad debts, lease expenses, etc

Payments related to operating lease expenses and other lease agreements are recognised in the Income Statement over the contract period. The Company's total liability concerning operating and other lease agreements are stated under contingencies, etc.

Staff costs

Staff costs comprise wages and salaries, including holiday pay and pensions, and other costs of social security etc., for the Company's employees. Repayments from public authorities are deducted from staff costs.

Financial income and expenses

Financial income and expenses include interest income and expenses, financial expenses of finance leases, realised and unrealised gains and losses arising from securities, debt and transactions in foreign currencies, as well as charges and allowances under the tax-on-account scheme, etc. Financial income and expenses are recognised by the amounts that relate to the financial year. Interest income and expenses are calculated on amortised cost prices.

ACCOUNTING POLICIES

Tax

The tax for the year, which consists of the current tax for the year and changes in deferred tax, is recognised in the Income Statement by the share that may be attributed to the profit for the year, and is recognised directly in equity by the share that may be attributed to entries directly to equity.

BALANCE SHEET

Tangible fixed assets

Land and buildings, production plant and machinery, other plant, fixtures and equipment are measured at cost less accumulated depreciation and impairment losses.

The depreciation base is cost less estimated residual value after end of useful life.

The cost includes the acquisition price and costs incurred directly in connection with the acquisition until the time when the asset is ready to be used.

Straight-line depreciation is provided on the basis of an assessment of the expected useful lives of the assets and their residual value:

	Useful life	Residual value
Buildings.....	30 years	30 %
Other plant, fixtures and equipment.....	1-5 years	0-40 %

Profit or loss on sale of tangible fixed assets is stated as the difference between the sales price less selling costs and the carrying amount at the date of sale. Profit or loss is recognised in the Income Statement as other operating income or other operating expenses.

Impairment of fixed assets

The carrying amount of tangible assets, are assessed annually for indications of impairment other than that reflected by amortisation and depreciation.

In the event of impairment indications, an impairment test is made for each asset or group of assets, respectively. If the recoverable amount is lower than the carrying amount, the asset is written down to the recoverable amount.

The recoverable amount is the higher of the capital value and the selling price less the expected costs of a sale. The capital value is stated at the present value of the expected net cash flows from a continued use of the asset or group of assets and the expected proceeds from sale of the asset or group of assets after the end of its useful life.

Inventories

Inventories are measured at cost using the FIFO-principle. If the net realisable amount is lower than cost, the inventories are written down to the lower amount.

The cost of merchandise as well as raw materials and consumables is calculated at acquisition price with addition of transportation and similar costs.

The cost of finished goods and work in progress includes the cost of raw materials, consumables, direct payroll cost and other direct production cost.

The net realisable value of inventories is stated at the expected sales price less direct completion costs and costs incurred to execute the sale and is determined with due regard to marketability, obsolescence and development in expected sales price of the inventories.

ACCOUNTING POLICIES

Receivables

Receivables are measured at amortised cost which usually corresponds to nominal value. The value is written down to meet expected losses.

Contract work in progress

Work in progress on contract is measured at the sales value of the work performed. The sales value is measured on the basis of the degree of completion on the balance sheet date and the total anticipated revenue related to the specific piece of work in progress.

The specific piece of work in progress is recognised in the Balance Sheet as receivables or payables, depending on the net value of the selling price less progress invoicing and progress payments.

Accruals, assets

Accruals recognised as assets include costs incurred relating to the subsequent financial year.

Other provisions for liabilities

Other provisions for liabilities include the expected cost of warranty commitments, loss on work in progress, restructurings etc. and deferred tax.

Warranty commitments include liabilities for improvement of work within the warranty period of 1 to 5 years. The provision for liabilities is measured and recognised on the basis of experience with warranty work.

When it is likely that the total costs will exceed the total income on the contract work in progress, a provision is made for the total loss that is anticipated on the contract.

Tax payable and deferred tax

Current tax liabilities and receivable current tax are recognised in the Balance Sheet as the calculated tax on the taxable income for the year, adjusted for tax on the taxable income for previous years and taxes paid on account.

The Company is subject to joint taxation with Danish Group companies. The current corporation tax is distributed among the joint taxable companies in proportion to their taxable income and with full allocation and refund related to tax losses. The joint taxable companies are included in the tax-on-account scheme. Joint taxation contributions receivable and payable are recognised in the Balance Sheet under current assets and liabilities, respectively.

Deferred tax is measured on the temporary differences between the carrying amount and the tax value of assets and liabilities.

Deferred tax assets, including the tax value of tax loss carryforwards, are measured at the amount at which the asset is expected to be used within a reasonable number of years, either by setoff against tax on future earnings or by setoff against deferred tax liabilities within the same legal tax entity.

Deferred tax is measured on the basis of the tax rules and tax rates that under the legislation in force on the Balance Sheet date will be applicable when the deferred tax is expected to crystallise as current tax. Any changes in the deferred tax resulting from changes in tax rates, are recognised in the income statement, except from items recognised directly in equity.

Liabilities

Financial liabilities are recognised at the time of borrowing by the amount of proceeds received less transaction costs. In subsequent periods, the financial liabilities are measured at amortised cost equal to the capitalised value when using the effective interest, the difference between the proceeds and the nominal value being recognised in the Income Statement over the loan period.

The amortised cost of current liabilities corresponds usually to the nominal value.

ACCOUNTING POLICIES

Foreign currency translation

Transactions in foreign currencies are translated at the rate of exchange on the transaction date. Exchange differences arising between the rate on the transaction date and the rate on the payment date are recognised in the Income Statement as a financial income or expense.

Receivables, payables and other monetary items in foreign currencies that are not settled on the Balance Sheet date are translated at the exchange rate on the Balance Sheet date. The difference between the exchange rate on the Balance Sheet date and the exchange rate at the date when the receivables or payables come into existence recognised in the Income Statement as financial income or expenses.

Fixed assets acquired in foreign currencies are translated at the rate of exchange on the transaction date.