Eiva Holding A/S

Niels Bohrs Vej 17, Stilling, 8660 Skanderborg

Annual report

2021

Company reg. no. 31 27 11 93

The annual report was submitted and approved by the general meeting on the 21 April 2022.

Anders Jeppe Skovgaard Nielsen
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 presented the annual report of Eiva Holding A/S for the financial year 2021.

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

We consider the accounting policies appropriate and, in our opinion, the financial statements provide a fair presentation of the company's assets, equity and liabilities, and financial position at 31 December 2021 and of the company's results of activities and cash flows in the financial year 1 January – 31 December 2021.

We are of the opinion that the management commentary presents a fair account of the issues dealt with.

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

Skanderborg, 21 April 2022

Managing Director

Anders Jeppe Skovgaard Nielsen

Board of directors

Stephen James Fasham　　Martin Davey　　Simon Charles Partridge

Independent auditor's report

To the Shareholders of Eiva Holding A/S

Opinion

We have audited the financial statements of Eiva Holding A/S for the financial year 1 January - 31 December 2021, which comprise income statement, balance sheet, statement of changes in equity, statement of cash flows, notes and a summary of significant accounting policies, for the Company. The financial statements are prepared under the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the financial position of the Company at 31 December 2021, and of the results of the Company's operations and cash flows 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 (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 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.

Independent auditor's report

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.

- 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'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.

Independent auditor's report

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, we conclude that Management's Review is in accordance with the financial statements and has been prepared in accordance with the requirements of the Danish Financial Statement Act. We did not identify any material misstatement of Management's Review.

Risskov, 21 April 2022

Martinsen
State Authorised Public Accountants
Company reg. no. 32 28 52 01

Søren Anthon Thorup Pedersen
State Authorised Public Accountant
mne10154

Company information

The company	Eiva Holding A/S Niels Bohrs Vej 17, Stilling 8660 Skanderborg
	Company reg. no. 31 27 11 93 Financial year: 1 January - 31 December
Board of directors	Stephen James Fasham Martin Davey Simon Charles Partridge
Managing Director	Anders Jeppe Skovgaard Nielsen
Auditors	Martinsen Statsautoriseret Revisionspartnerselskab Voldbjergvej 16, 2. sal 8240 Risskov
Subsidiary	Eiva A/S, Stilling

Financial highlights

DKK in thousands.	2021	2020	2019	2018	2017
Income statement:					
Gross profit	-6	-28	-55	-340	-83
Profit from operating activities	-6	-28	-55	-340	-83
Net financials	3.149	2.773	3.683	9.742	3.738
Net profit or loss for the year	3.055	2.680	3.622	9.499	3.790
Statement of financial position:					
Balance sheet total	43.576	40.516	37.768	42.067	37.486
Equity	43.466	40.411	37.731	34.109	24.610
Key figures in %:					
Solvency ratio	99,7	99,7	99,9	81,1	65,7
Return on equity	7,3	6,9	10,1	32,4	16,8

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:

Solvency ratio

$$\frac{\text{Equity, closing balance x 100}}{\text{Total assets, closing balance}}$$

Return on equity

$$\frac{\text{Net profit or loss for the year x 100}}{\text{Average equity}}$$

Management´s review

The principal activities of the company

Like previous years, the principal activities are investing in equity in group enterprises.

Development in activities and financial matters

The gross loss for the year totals T.DKK -6 against T.DKK -28 last year. Income or loss from ordinary activities after tax totals T.DKK 3.055 against T.DKK 2.680 last year. Management considers the net profit or loss for the year as expected.

Special risks

Operating risks

The primary operational risk for the Company is associated with the investment in Eiva A/S.

Financial risks

The primary financial risk for the Company is associated with the investment in Eiva A/S.

Environmental issues

It is EIVA Holding A/S´s policy always to be compliant with environmental regulations in the countries in which there subsidiary, Eiva A/S act.

Income statement 1 January - 31 December

DKK thousand.

Note		2021	2020
	Gross loss	**-6**	**-28**
	Income from equity investments in subsidiaries	2.745	2.450
	Other financial income from group enterprises	406	325
1	Other financial costs	-2	-2
	Pre-tax net profit or loss	**3.143**	**2.745**
2	Tax on net profit or loss for the year	-88	-65
3	**Net profit or loss for the year**	**3.055**	**2.680**

Balance sheet at 31 December

DKK thousand.

Note	Assets	2021	2020
	Non-current assets		
4	Equity investments in group enterprises	32.623	29.878
	Total investments	32.623	29.878
	Total non-current assets	**32.623**	**29.878**
	Current assets		
	Receivables from group enterprises	10.556	10.305
5	Deferred tax assets	7	7
	Income tax receivables	374	304
6	Prepayments and accrued income	16	22
	Total receivables	10.953	10.638
	Total current assets	**10.953**	**10.638**
	Total assets	**43.576**	**40.516**

Balance sheet at 31 December

DKK thousand.

Note	Equity and liabilities	2021	2020
	Equity		
	Contributed capital	1.200	1.200
	Retained earnings	42.266	39.211
	Total equity	**43.466**	**40.411**
	Liabilities other than provisions		
	Income tax payable to group enterprises	88	65
	Other payables	22	40
	Total short term liabilities other than provisions	110	105
	Total liabilities other than provisions	**110**	**105**
	Total equity and liabilities	**43.576**	**40.516**
7	**Contingencies**		
8	**Related parties**		

Statement of changes in equity

DKK thousand.

	Contributed capital	Retained earnings	Total
Equity 1 January 2020	1.200	36.531	37.731
Profit or loss for the year brought forward	0	2.680	2.680
Equity 1 January 2021	1.200	39.211	40.411
Profit or loss for the year brought forward	0	3.055	3.055
	1.200	**42.266**	**43.466**

Statement of cash flows 1 January - 31 December

DKK thousand.

Note		2021	2020
	Net profit or loss for the year	3.055	2.680
9	Adjustments	-3.061	-2.708
10	Change in working capital	-12	442
	Cash flows from operating activities before net financials	-18	414
	Interest received, etc.	406	325
	Interest paid, etc.	-2	-2
	Cash flows from ordinary activities	386	737
	Corporate tax	-135	8
	Cash flows from operating activities	**251**	**745**
	Dividends received	0	5.390
	Cash flows from investment activities	**0**	**5.390**
	Other cash flows from financing activities	-251	-6.135
	Cash flows from investment activities	**-251**	**-6.135**
	Change in cash and cash equivalents	**0**	**0**
	Cash and cash equivalents at 31 December 2021	**0**	**0**

Cash and cash equivalents

Notes

DKK thousand.

		2021	2020
1.	**Other financial costs**		
	Other financial costs	2	2
		2	**2**
2.	**Tax on net profit or loss for the year**		
	Tax of the results for the year, parent company	88	65
		88	**65**
3.	**Proposed appropriation of net profit**		
	Transferred to retained earnings	3.055	2.680
	Total allocations and transfers	**3.055**	**2.680**

Notes

DKK thousand.

		31/12 2021	31/12 2020
4.	**Equity investments in group enterprises**		
	Acquisition sum, opening balance 1 January 2021	48.752	48.752
	Cost 31 December 2021	**48.752**	**48.752**
	Revaluations, opening balance 1 January 2021	3.927	5.079
	Results for the year before goodwill amortisation	4.533	4.238
	Dividend	0	-5.390
	Revaluation 31 December 2021	**8.460**	**3.927**
	Amortisation of goodwill, opening balance 1 January 2021	-22.801	-21.013
	Amortisation of goodwill for the year	-1.788	-1.788
	Depreciation on goodwill 31 December 2021	**-24.589**	**-22.801**
	Carrying amount, 31 December 2021	**32.623**	**29.878**

Group enterprises:

	Domicile	Equity interest
Eiva A/S	Stilling	100 %

		31/12 2021	31/12 2020
5.	**Deferred tax assets**		
	Deferred tax assets 1 January 2021	7	7
		7	**7**
6.	**Prepayments and accrued income**		
	Prepaid insurance	16	22
		16	**22**

7. Contingencies

Contingent liabilities

Recourse guarantee commitments:

The company has guaranteed the bank loans of the group enterprises. On 31 December 2021, the total bank loans of the group enterprises totalled T.DKK 4.244.

Notes

DKK thousand.

7. Contingencies (continued)

Joint taxation

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

The company is unlimitedly, jointly, and severally liable, along with the other jointly taxed companies, for any obligations to withhold tax on interest, royalties, and dividends.

The liability relating to obligations in connection with withholding tax on dividends, interest, and royalties represents an estimated maximum of T.DKK 0.

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

8. Related parties

Controlling interest

Sonardyne Holdings Ltd, Ocean House, Blackbushe Business Park, SoxonyWay, Yateley, Hampshire, GU46 6GD, United Kingdom	Majority shareholder
Covelya Group Limited, Ocean House, Blackbushe Business Park, SoxonyWay, Yateley, Hampshire, GU46 6GD, United Kingdom	Parent company

Transactions

The Company has had related parties’ transactions during the year. All transactions have been on market terms.

Consolidated financial statements

The company is included in the consolidated financial statements of Covelya Group Ltd, Ocean House, Blackbushe Business Park, Saxony Way, Yateley, Hampshire, GU46 6GD, United Kingdom

The consolidated financial statement for Covelya Group Ltd. can be requested on the following address:
Covelya Group Ltd.
Ocean House, Blackbushe Business Park,
Saxony Way, Yateley, Hampshire, GU46 6GD,
United Kingdom

Notes

DKK thousand.

9. Adjustments

Income from equity investments in subsidiaries	-2.745	-2.450
Other financial income	-406	-325
Other financial costs	2	2
Tax on net profit or loss for the year	88	65
	-3.061	**-2.708**

10. Change in working capital

Change in receivables	6	439
Change in trade payables and other payables	-18	3
	-12	**442**

Accounting policies

The annual report for Eiva Holding A/S has been presented in accordance with the Danish Financial Statements Act regulations concerning reporting class C enterprises (medium sized enterprises).

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

No consolidated financial statements have been prepared pursuant to section 112 (1) of the Danish Financial Statements Act. The financial statements of Eiva Holding A/S and its group enterprises are included in the consolidated financial statements for Covelya Group Ltd., Hampshire, United Kingdom, reg. no. 12 49 31 48.

Recognition and measurement in general

Income is recognised in the income statement concurrently with its realisation, including the recognition of value adjustments of financial assets and liabilities. Likewise, all costs are recognised in the income statement, including depreciations amortisations, writedowns for impairment, provisions, and reversals due to changes in estimated amounts previously recognised in the income statement.

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.

Income statement

Gross loss

Gross loss comprises external costs.

Other external costs comprise costs incurred for administration.

Accounting policies

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, and surcharges and reimbursements under the advance tax scheme, etc.

Results from equity investments in subsidiaries

After full elimination of intercompany profit or loss less amortised consolidated goodwill, the equity investment in the individual group enterprises are recognised in the income statement as a proportional share of the group enterprises' post-tax profit or loss.

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

Impairment loss relating to non-current assets

The carrying amount of equity investments in group enterprises 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. Writedown 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.

Accounting policies

Investments

Investments in subsidiaries

Investments in subsidiaries are recognised and measured by applying the equity method. The equity method is used as a method of consolidation.

Investments in subsidiaries 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.

Consolidated goodwill is amortised over its estimated useful life, which is determined on the basis of the management's experience with the individual business areas. Consolidated goodwill is amortised on a straight-line basis over the amortisation period, which represent 20 years. The depreciation period is determined on the basis of an assessment that these are strategically acquired enterpriseswith a strong market position and a long-term earnings profile.

Receivables

Receivables are measured at amortised cost, which usually corresponds to nominal value.

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.

Prepayments and accrued income

Prepayments and accrued income recognised under assets comprise incurred costs concerning the following financial year.

Equity

Dividend

Dividend expected to be distributed for the year is recognised as a separate item under equity.

Income tax and deferred tax

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

Accounting policies

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.

Joint taxation contributions payable and receivable are recognised in the statement of financial position as ”Income tax receivable” or “Income tax payable”.

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.

Adjustments take place in relation to deferred tax concerning elimination of unrealised intercompany gains and losses.

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.

Deferred tax assets, including the tax value of tax losses allowed for carryforward, are recognised at the value at which they are expected to be realisable, either by settlement against tax of future earnings or by set-off in deferred tax liabilities within the same legal tax unit. Any deferred net tax assets are measured at net realisable value.

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.

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.

Accounting policies

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 shortterm 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.