martinsen
Rådgivning & Revision

EIVA A/S

Niels Bohrs Vej 17, Stilling, 8660 Skanderborg

Annual report

2022

Company reg. no. 84 31 58 18

The annual report was submitted and approved by the general meeting on the 19 June 2023.

Flemming Hjorth
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 EIVA A/S for the financial year 2022.

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 2022 and of the results of the Company's operations and cash flows for the financial year 1 January – 31 December 2022.

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.

Skanderborg, 19 June 2023

Managing Director

Flemming Hjorth

Board of directors

Stephen James Fasham Chairman	Martin Davey	Simon Charles Partridge
Anders Jeppe Skovgaard Nielsen		

Independent auditor's report

To the Shareholders of EIVA A/S

Opinion

We have audited the financial statements of EIVA A/S for the financial year 1 January - 31 December 2022, 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 2022, and of the results of the Company's operations and cash flows for the financial year 1 January - 31 December 2022 in accordance with the Danish Financial Statements Act.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and 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, 19 June 2023

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 A/S Niels Bohrs Vej 17, Stilling 8660 Skanderborg	
	Phone	86282011
	Fax	86282111
	Web site	www.eiva.com
	E mail	eiva@eiva.com
	Company reg. no.	84 31 58 18
	Financial year:	1 January - 31 December
Board of directors	Stephen James Fasham, Chairman Martin Davey Simon Charles Partridge Anders Jeppe Skovgaard Nielsen	
Managing Director	Flemming Hjorth	
Auditors	Martinsen Statsautoriseret Revisionspartnerselskab Voldbjergvej 16, 2. sal 8240 Risskov	
Parent company	Covelya Group Limited	
Subsidiaries	Zediment ApS, Skanderborg SensorSurvey A/S, Odense Eiva Robotics UK Limited, Hampshire	

Financial highlights

DKK in thousands.	2022	2021	2020	2019	2018
Income statement:					
Gross profit	61.529	56.858	47.202	46.341	51.775
Result before depreciation etc. (EBITDA)	12.518	16.682	14.255	13.913	21.141
Profit from operating activities	-1.634	6.049	5.578	7.454	15.308
Profit before financial income and expenses	-1.634	6.049	5.578	7.454	15.308
Profit for the year before tax	-1.898	5.133	4.828	6.953	15.302
Net profit or loss for the year	-1.207	4.533	4.238	5.390	11.907
Statement of financial position:					
Non-current assets	66.187	54.072	39.245	28.888	25.143
Current assets	27.056	26.221	26.263	30.432	31.516
Balance sheet total	93.418	80.293	65.507	59.320	56.659
Contributed capital	800	800	800	800	800
Investments in property, plant and equip-ment	8.944	6.302	11.548	4.168	5.486
Equity	42.260	43.467	16.911	18.063	24.580
Total liabilities other than provisions	46.151	31.323	43.575	36.912	28.984
Net interest bearing debt	17.367	4.239	5.931	10.236	8.431
Cash flows:					
Operating activities	13.372	10.760	21.879	6.249	20.294
Investing activities	-24.971	-12.806	-18.319	-8.384	-7.271
Financing activities	11.599	1.857	-3.375	1.953	-12.855
Total cash flows	0	-189	185	-182	168
Employees:					
Average number of full-time employees	75	67	60	57	55
Key figures in %:					
Return on assets	-1,8	7,5	8,5	12,6	27,0
Solvency ratio	45,2	54,1	25,8	30,5	43,4
Return on equity	-2,8	23,6	24,2	25,3	55,0
Acid test ratio	64,5	90,3	64,7	84,9	108,7

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:

Financial highlights

Return on assets	$\frac{\text{Profit from ordinary operating activities x 100}}{\text{Total assets}}$
Acid test ratio	$\frac{\text{Current assets x 100}}{\text{Short term liabilities other than provisions}}$
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

Description of key activities of the company

The Company's main activity comprises development and supply of technological solutions for the international maritime survey industry. As in previous years, the most significant activities have consisted of development and sale of survey software & hardware, system integration, sale and rental of survey and navigation equipment, technical services, and support as well as production and sale of oceanographic products.

Development in activities and financial matters

The Company has grown the activity level of its main product areas within software, with its own hardware products and in equipment rental. The Company has increased product development efforts in software and hardware against its own technology roadmap. The Company has also continued to collaborate with key customers to ensure that all its products are continuously developed to meet the needs of those customers.

The Company has increased the number of employees in both sales and product development in the past year.

The Company acquired the Danish survey company SensorSurvey effective September 2022 and profit related to the investment is included in EIVA's income statement.

EIVA A/S and EIVA Holding A/S merged as per 1 January 2022 with EIVA A/S as the continuing company.

Jeppe Nielsen, Chief Executive Officer stepped down as CEO on medical grounds effective November 2022. Jeppe Nielsen will remain with parent company Covelya Group in a new part-time strategic advisor role and has also joined the board of EIVA.

Flemming Hjorth, EIVA's Vice President of Business Development, has taken on the role of Acting CEO while the board seeks a permanent successor through a transition process which will consider both internal and external candidates, a process which is expected to be finalised during Q3 2023.

Financial development

The Company realized EBIT of DKK -1.634 thousand (2021: DKK 6.049 thousand) and net profit of DKK -1.207 thousand compared to DKK 4.533 thousand in 2021. Results are behind targets for the year but are considered acceptable.

The outlook for 2023 is positive, yet still with some level of uncertainty due the effects of the Russian-Ukrainian conflict on the global economy. The Company is well placed to manage the external risks and is continuing to pursue a growth strategy which includes geographical expansion supported by continued product developments including of features that enable autonomous operations.

Management´s review

Special risks

Operating risks

The primary operational risk for the Company is associated with development of technical software and hardware products that match the customer's needs and requirements. Since 1978 EIVA has worked closely with customers and other market partners to build and expand a broad spectrum of technical competences.

Financial risks

The Company is, through investments and financing, exposed to currency exchange fluctuations and interest rate levels. The control of financial risks includes mechanisms for currency, interest, credit and cash reserve risk as well as limitation of loss on material activities. It is the policy of the Company to solely cover financial risks, i.e. the Company does not perform financial transactions of a speculative character.

Environmental issues

It is EIVA's policy always to be compliant with environmental regulations in the countries in which we act.

It is the opinion of management that EIVA contributes to society in several ways:

• The majority of EIVA's revenue derives from export sales outside Denmark, i.e. foreign currency revenue
• The majority of EIVA's revenue derives from climate friendly segments, such as offshore wind and ocean science
• EIVA collaborates with academia and maintains several intern positions, student projects, industry PostDoc/PhD, innovation projects etc.

EIVA's products significantly contribute to optimization of offshore operations and thereby ensuring that oil/gas pipelines are monitored effectively, and risk of leaks minimized, that offshore wind farm can be erected safely, and offshore turbines can be positioned and operated optimally, and that the ocean environment and marine biology can be monitored with efficient sensors.

Events occurring after the end of the financial year

The company is budgeting to growth in the coming year and significant positive results are expected.

To support the defined growth strategy, the company have decided to expand geographically in Asia with the main focus on local rental business in the area.

No other events than the above mentioned have occurred after the balance sheet date that could affect the Company´s financial position significantly.

Income statement 1 January - 31 December

DKK thousand.

Note		2022	2021
	Gross profit	**61.529**	**56.858**
2	Staff costs	-49.011	-40.175
3	Depreciation, amortisation, and impairment	-14.152	-10.634
	Operating profit	**-1.634**	**6.049**
4	Income from equity investments in group entreprises	361	21
5	Other financial costs	-625	-937
	Pre-tax net profit or loss	**-1.898**	**5.133**
6	Tax on net profit or loss for the year	691	-600
7	**Net profit or loss for the year**	**-1.207**	**4.533**

Balance sheet at 31 December

DKK thousand.

Note	Assets	2022	2021
	Non-current assets		
8	Completed development projects, including patents and similar rights arising from development projects	14.679	12.649
9	Acquired concessions, patents, licenses, trademarks, and similar rights	765	0
10	Goodwill	9.389	11.178
11	Development projects in progress and prepayments for intangible assets	8.062	8.149
	Total intangible assets	32.895	31.976
12	Other fixtures and fittings, tools and equipment	23.520	20.903
	Total property, plant, and equipment	23.520	20.903
13	Investments in group enterprises	8.879	326
14	Deposits	893	867
	Total investments	9.772	1.193
	Total non-current assets	**66.187**	**54.072**
	Current assets		
	Raw materials and consumables	7.976	6.255
	Manufactured goods and goods for resale	1.000	4.085
	Prepayments for goods	0	315
	Total inventories	8.976	10.655
	Trade receivables	16.430	14.238
15	Contract work in progress	244	54
	Receivables from group enterprises	491	0
	Receivable corporate tax	187	374
	Tax receivables from group entreprises	180	0
	Other receivables	372	108
16	Prepayments and accrued income	346	787
	Total receivables	18.250	15.561

Balance sheet at 31 December

DKK thousand.

Note	Assets	2022	2021
	Cash on hand and demand deposits	5	5
	Total current assets	**27.231**	**26.221**
	Total assets	**93.418**	**80.293**

Balance sheet at 31 December

DKK thousand.

Note	Equity and liabilities	2022	2021
	Equity		
	Contributed capital	800	800
	Reserve for net revaluation according to the equity method	382	21
	Reserve for development costs	17.738	16.222
	Retained earnings	23.340	26.424
	Total equity	**42.260**	**43.467**
	Provisions		
17	Provisions for deferred tax	4.691	5.203
18	Other provisions	320	300
	Total provisions	**5.011**	**5.503**
	Liabilities other than provisions		
19	Other payables	3.900	2.299
	Total long term liabilities other than provisions	3.900	2.299
	Current portion of long term liabilities	1.300	4.429
	Bank loans	17.372	4.244
	Prepayments received from customers	420	2.340
	Trade payables	3.390	3.541
	Payables to group enterprises	174	1.045
	Other payables	10.783	4.947
20	Accruals and deferred income	8.808	8.478
	Total short term liabilities other than provisions	42.247	29.024
	Total liabilities other than provisions	**46.147**	**31.323**
	Total equity and liabilities	**93.418**	**80.293**

1 Special items

21 Charges and security

22 Contingencies

23 Related parties

Statement of changes in equity

DKK thousand.

	Contributed capital	Reserve for net revalua-tion according to the eq-uity method	Reserve for development costs	Retained earnings	Total
Equity 1 January 2021	800	0	13.873	24.261	38.934
Share of results	0	21	2.349	2.163	4.533
Equity 1 January 2022	800	21	16.222	26.424	43.467
Share of results	0	361	1.516	-3.084	-1.207
	800	**382**	**17.738**	**23.340**	**42.260**

Statement of cash flows 1 January - 31 December

DKK thousand.

Note		2022	2021
	Net profit or loss for the year	-1.207	4.533
24	Adjustments	12.789	10.694
25	Change in working capital	2.227	-3.441
	Cash flows from operating activities before net financials	13.809	11.786
	Interest paid, etc.	-625	-937
	Cash flows from ordinary activities	13.184	10.849
	Income tax paid	188	-89
	Cash flows from operating activities	**13.372**	**10.760**
	Purchase of intangible assets	-8.945	-8.149
	Purchase of property, plant, and equipment	-8.944	-6.302
	Sale of property, plant, and equipment	1.135	1.961
	Purchase of fixed asset investments	-8.217	-316
	Cash flows from investment activities	**-24.971**	**-12.806**
	Repayments of long-term payables	-1.528	3.730
	Changes in short-term bank loans	13.127	-1.873
	Cash flows from investment activities	**11.599**	**1.857**
	Change in cash and cash equivalents	**0**	**-189**
	Cash and cash equivalents at 1 January 2022	5	194
	Cash and cash equivalents at 31 December 2022	**5**	**5**
	Cash and cash equivalents		
	Cash on hand and demand deposits	5	5
	Cash and cash equivalents at 31 December 2022	**5**	**5**

Notes

DKK thousand.

	2022	2021

1. Special items

Special items include significant income and expenses of a special nature relative to the enterprise's ordinary operating activities. Special items also include other significant amounts of a nonrecurring nature.

Special items for the year are specified below, indicating where they are recognised in the income statement.

	2022	2021
Income:		
Public reimbursement during the covid-19 pandemic	0	69
	0	69
Special items are recognised in the following items in the financial statements:		
Other operating income	0	69
Profit of special items, net	**0**	**69**

2. Staff costs

	2022	2021
Salaries and wages	44.714	36.357
Pension costs	3.640	3.263
Other costs for social security	657	555
	49.011	**40.175**
Average number of employees	75	67

Notes

DKK thousand.

		2022	2021
3.	**Depreciation, amortisation, and impairment**		
	Amortisation of development projects	6.119	5.137
	Amortisation of concessions, patents and licences	118	0
	Amortisation of goodwill	1.788	0
	Depreciation on decoration of rented premises	212	0
	Depreciation on plants, operating assets, fixtures and furniture	5.915	5.497
		14.152	**10.634**

		2022	2021
4.	**Income from equity investments in group entreprises**		
	Income from Zediment ApS	-15	21
	Income from SensorSurvey A/S	546	0
	Amortisation of group goodwill	-170	0
		361	**21**

		2022	2021
5.	**Other financial costs**		
	Financial costs, group enterprises	0	406
	Other financial costs	625	531
		625	**937**

		2022	2021
6.	**Tax on net profit or loss for the year**		
	Tax of the results for the year	-170	-88
	Adjustment for the year of deferred tax	-511	688
	Adjustment of tax for previous years	-10	0
		-691	**600**

Notes

DKK thousand.

		2022	2021
7.	**Proposed distribution of net profit**		
	Reserves for net revaluation according to the equity method	361	21
	Transferred to retained earnings	0	2.163
	Transferred to other statutory reserves	1.516	2.349
	Allocated from retained earnings	-3.084	0
	Total allocations and transfers	**-1.207**	**4.533**

		2022	2021
8.	**Completed development projects, including patents and similar rights arising from development projects**		
	Cost 1 January 2022	25.684	17.943
	Additions during the year	8.149	7.741
	Cost 31 December 2022	**33.833**	**25.684**
	Amortisation and writedown 1 January 2022	-13.035	-7.898
	Amortisation for the year	-6.119	-5.137
	Amortisation and writedown 31 December 2022	**-19.154**	**-13.035**
	Carrying amount, 31 December 2022	**14.679**	**12.649**

		2022	2021
9.	**Acquired concessions, patents, licenses, trademarks, and similar rights**		
	Additions during the year	883	0
	Cost 31 December 2022	**883**	**0**
	Amortisation for the year	-118	0
	Amortisation and write-down 31 December 2022	**-118**	**0**
	Carrying amount, 31 December 2022	**765**	**0**

Notes

DKK thousand.

		31/12 2022	31/12 2021
10.	**Goodwill**		
	Cost 1 January 2022	35.767	35.767
	Cost 31 December 2022	**35.767**	**35.767**
	Amortisation and write-down 1 January 2022	-24.590	-22.801
	Amortisation for the year	-1.788	-1.788
	Amortisation and write-down 31 December 2022	**-26.378**	**-24.589**
	Carrying amount, 31 December 2022	**9.389**	**11.178**

		31/12 2022	31/12 2021
11.	**Development projects in progress and prepayments for intangible assets**		
	Cost 1 January 2022	8.149	7.741
	Additions during the year	8.062	8.149
	Disposals during the year	-8.149	-7.741
	Cost 31 December 2022	**8.062**	**8.149**
	Carrying amount, 31 December 2022	**8.062**	**8.149**

Development projects comprise development of software in cases where the development constitutes new products or functionalities in existing software. The projects progress as planned by utilisation of the resources allocated for development by Management.

Notes

DKK thousand.

		31/12 2022	31/12 2021
12.	**Other fixtures and fittings, tools and equipment**		
	Cost 1 January 2022	46.724	45.662
	Additions during the year	8.944	6.302
	Disposals during the year	-3.143	-5.240
	Cost 31 December 2022	**52.525**	**46.724**
	Depreciation and writedown 1 January 2022	-25.821	-25.059
	Depreciation for the year	-6.127	-5.497
	Reversal of depreciation, amortisation and writedown, assets disposed of	2.943	4.735
	Depreciation and writedown 31 December 2022	**-29.005**	**-25.821**
	Carrying amount, 31 December 2022	**23.520**	**20.903**
13.	**Investments in group enterprises**		
	Acquisition sum, opening balance 1 January 2022	305	0
	Additions during the year	8.192	305
	Cost 31 December 2022	**8.497**	**305**
	Revaluations, opening balance 1 January 2022	21	0
	Results for the year before goodwill amortisation	531	21
	Revaluation 31 December 2022	**552**	**21**
	Amortisation of goodwill for the year	-170	0
	Depreciation on goodwill 31 December 2022	**-170**	**0**
	Carrying amount, 31 December 2022	**8.879**	**326**

Group enterprises:

	Domicile	Equity interest
Zediment ApS	Skanderborg	61 %
SensorSurvey A/S	Odense	100 %
Eiva Robotics UK Limited	Hampshire	100 %

Notes

DKK thousand.

		31/12 2022	31/12 2021
14.	**Deposits**		
	Cost 1 January 2022	867	856
	Additions during the year	26	11
	Cost 31 December 2022	**893**	**867**
	Carrying amount, 31 December 2022	**893**	**867**
15.	**Contract work in progress**		
	Sales value of the production of the period	244	54
	Contract work in progress, net	**244**	**54**
16.	**Prepayments and accrued income**		
	Prepaid insurance	24	449
	Other prepaid expense	322	338
		346	**787**
17.	**Provisions for deferred tax**		
	Provisions for deferred tax 1 January 2022	5.203	4.515
	Deferred tax of the results for the year	-512	688
		4.691	**5.203**
	The following items are subject to deferred tax:		
	Intangible assets	5.005	4.576
	Property, plant, and equipment	1.458	1.354
	Current assets	-37	-41
	Provisions	-70	-75
	Losses carried forward from previous years	-1.665	-611
		4.691	**5.203**

Notes

DKK thousand.

		31/12 2022	31/12 2021
18.	**Other provisions**		
	Other provisions 1 January 2022	320	300
		320	**300**

Due dates for other provisions are expected to be within one year.

		31/12 2022	31/12 2021
19.	**Other payables**		
	Total other payables	5.200	6.728
	Share of amount due within 1 year	-1.300	-4.429
	Total other payables	**3.900**	**2.299**
	Share of liabilities due after 5 years	0	0
20.	**Accruals and deferred income**		
	Prepayments/deferred income	8.808	8.478
		8.808	**8.478**

21. Charges and security

For bank loans, the company has provided floating charge in company assets representing a nominal value of DKK 20,000 thousand. The floating charge comprises the assets below, stating the carrying amounts:

	DKK in thousands
Inventories	8.976
Trade receivables	16.430
Fixtures, fittings, tools, and equipment	23.520

22. Contingencies

Contingent liabilities

Lease liabilities

The Company has entered into 10 operating leases with the following amount: The residual maturity for 5 to 35 months with total lease payments of DKK 1,368 thousand.

Notes

DKK thousand.

22. Contingencies (continued)

Contingent liabilities (continued)

Contractual obligations

Company has entered lease contracts of DKK 27,683 thousand in the non-cancellable period.

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 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.

23. Related parties

Controlling interest

Sonardyne Holdings Ltd., Ocean House, Blackbushe Business Park, Saxony Way, Yateley, Hampshire, GU46 6GD, United Kingdom	Majority shareholder
Covelya Group Limited, Ocean House, Blackbushe Business Park, Saxony Way, 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.

		2022	2021
24.	**Adjustments**		
	Depreciation, amortisation, and impairment	14.152	10.633
	Profit from disposal of non-current assets	-936	-1.455
	Income from equity investments in group entreprises	-361	-21
	Other financial costs	625	937
	Tax on net profit or loss for the year	-691	600
		12.789	**10.694**
25.	**Change in working capital**		
	Change in inventories	1.679	-824
	Change in receivables	-2.696	601
	Change in trade payables and other payables	3.244	-3.596
	Other changes in working capital	0	378
		2.227	**-3.441**

Accounting policies

The annual report for EIVA 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 A/S and its group enterprises are included in the consolidated financial statements for Sonardyne Group Limited, 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.

Foreign currency translation

Transactions in foreign currency are translated by using the exchange rate prevailing at the date of the transaction. Differences in the rate of exchange arising between the rate at the date of transaction and the rate at the date of payment are recognised in the profit and loss account as an item under net financials. If currency positions are considered to hedge future cash flows, the value adjustments are recognised directly in equity in a fair value reserve.

Accounting policies

Receivables, payables, and other foreign currency monetary items are translated using the closing rate. The difference between the closing rate and the rate at the time of the occurrence or initial recognition in the latest financial statements of the receivable or payable is recognised in the income statement under financial income and expenses.

Fixed assets acquired and paid for in foreign currency are measured at the exchange rate prevailing at the date of the transaction.

Group enterprises abroad, associates, and equity investments are considered to be independent entities. The income statements are translated at an average exchange rate for the month, and the balance sheet items are translated at the closing rates. Currency translation differences, arising from the translation of the equity of group enterprises abroad at the beginning of the year to the closing rate and from the translation of income statements from average prices to the closing rate, are recognised directly in equity in the fair value reserve in the Consolidated Financial Statement. This also applies to differences arising from translation of income statements from average exchange rate to closing rate.

Translation adjustment of balances with group enterprises abroad that are considered part of the total investment in group enterprises are recognised directly in equity in the fair value reserve. Likewise, foreign exchange gains and losses on loans and derived financial instruments for currency hedging independent group enterprises abroad are recognised directly 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

Gross profit

Gross profit comprises the revenue, changes in inventories of finished goods, and work in progress, own work capitalised, other operating income, and external costs.

The enterprise will be applying IAS 11 and IAS 18 as its basis of interpretation for the recognition of 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.

Accounting policies

Cost of sales comprises costs concerning purchase of raw materials and consumables less discounts and changes in inventories.

Other operating income comprises items of a secondary nature as regards the principal activities of the enterprise, including profit from the disposal of intangible and tangible assets, operating loss and conflict compensation as well as salary reimbursements received. Compensation is recognized when it is overwhelmingly probable that the company will receive the compensation.

Other external costs comprise costs incurred for distribution, sales, advertising, administration, premises, loss on receivables, and operational leasing costs.

Staff costs

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

Depreciation, amortisation, and writedown for impairment

Depreciation, amortisation, and writedown for impairment comprise depreciation on, amortisation of, and writedown for impairment of intangible and tangible assets, respectively.

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 subsidiaries

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

Tax on net profit 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 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).

Accounting policies

Statement of financial position

Intangible assets

Development projects, patents, and licences

Development costs comprise salaries and wages directly attributable to development activities.

Clearly defined and identifiable development projects are recognised as intangible assets provided that they are proven to be technically practicable, that sufficient resources and a potential market or development opportunity exist, and insofar as the intention is to produce, market or utilise the project. It is, however, a condition that the cost can be reliably calculated and that a sufficiently high degree of certainty indicates that future earnings will cover the costs of production, sales, and administration. Other development costs are recognised in the income statement concurrently with their realisation.

Development costs recognised in the statement of financial position are measured at cost less accrued amortisations and write-downs for impairment.

After completion of the development work, capitalised development costs are amortised on a straight-line basis over the estimated useful economic life. The amortisation period is usually 5 years.

Patents and licenses are measured at cost less accrued amortisation. Patents are amortised on a straightline basis over the remaining patent period and licenses are amortised over the contract period, however, for a maximum of 5 years.

Goodwill

Acquired goodwill is measured at cost with deduction of accumulated amortisation. Goodwill is amortised over the estimated useful life, which is determined on the basis of management’s experience in the individual business areas. Goodwill is amortised on a straightline basis over the amortisation period, which is set at between 10 and 20 years. The amortisation period is determined on the basis of an expected pay-back period, being the longer for strategical acquirees with a strong market position and an expected longterm earnings profile.

Property, plant, and equipment

Property, plant, and equipment are measured at cost less accrued depreciation and writedown for impairment.

The depreciable amount is cost less any expected residual value after the end of the useful life of the asset. The amortisation period and the residual value are determined at the acquisition date and reassessed annually. If the residual value exceeds the carrying amount, the depreciation is discontinued.

If the amortisation period or the residual value is changed, the effect on amortisation will, in future, be recognised as a change in the accounting estimates.

Accounting policies

The cost comprises acquisition cost and costs directly associated with the acquisition until the time when the asset is ready for use.

The cost of a total asset is divided into separate components. These components are depreciated separately, the useful lives of each individual components differing, and the individual component representing a material part of the total cost.

Depreciation is done on a straight-line basis according to an assessment of the expected useful life and the residual value of the individual assets:

	Useful life	Residual value
Other fixtures and fittings, tools and equipment	3-5 years	0-20 %

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.

Profit or loss derived from the disposal of property, land, and equipment is measured as the difference between the sales price less selling costs and the carrying amount at the date of disposal. Profit or loss is recognised in the income statement as other operating income or other operating expenses.

As regards self-constructed assets, the cost comprises direct and indirect costs for materials, components, deliveries from subsuppliers, payroll costs, and borrowing costs from specific and general borrowing concerning the construction of each individual asset.

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.

Accounting policies

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.

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 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.

Investments

Investments in group enterprises

Investments in group enterprises are recognised and measured by applying the equity method. The equity method is used as a measurement method.

Investments in group enterprises 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 5-20 years. The depreciation period is determined on the basis of an assessment that these are strategically acquired enterprises with a strong market position and a long-term earnings profile.

Accounting policies

Newly acquired or newly established companies are recognised in the financial statement as of the time of acquisition. Sold or liquidated companies are recognised until the date of disposal.

Deposits
Deposits are measured at amortised cost and represent lease deposits, etc.

Inventories
Inventories are measured at cost according to the FIFO method. In cases when the net realisable value of the inventories is lower than the cost, the latter is written down for impairment to this lower value.

Costs of goods for resale, raw materials, and consumables comprise acquisition costs plus delivery costs.

Costs of manufactured goods and work in progress comprise the cost of raw materials, consumables, direct wages, and indirect production costs. Indirect production costs comprise indirect materials and wages, maintenance and depreciation of machinery, factory buildings, and equipment used in the production process, and costs for factory administration and factory management. Borrowing expenses are not recognised in cost.

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.

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.

Accounts receivable for which there is no objective indication of impairment at the individual level are evaluated at portfolio level for objective indication of impairment. The portfolios are primarily based on the debtors' domicile and credit rating in accordance with the company's and the group's credit risk management policy. Determination of the objective indicators applied for portfolios are based on experience with historical losses.

Impairment losses are calculated as the difference between the carrying amount of accounts receivable and the present value of the expected cash flows, including the realisable value of any securities received. The effective interest rate for the individual account receivable or portfolio is used as the discount rate.

Accounting policies

Contract work in progress

Contract work in progress is measured at the selling price of the work performed. The selling price is measured on the basis of the stage of completion on the reporting date and the total expected income from the individual work in progress. The stage of completion is calculated as the share of costs incurred in proportion to the estimated total costs of the individual work in progress.

When the selling price of the individual work in progress cannot be determined reliably, the selling price is measured at the costs incurred or at net realisable value, if this is lower.

The individual work in progress is recognised in the statement of financial position under accounts receivables or liabilities. Net assets consist of the sum of the work in progress, where the selling price of the work performed exceeds invoicing on account. Net liabilities consist of the sum of the work in progress, where invoicing on account exceeds the selling price.

Costs in connection with sales work and the procurement of contracts are recognised in the income statement when incurred.

Prepayments and accrued income

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

Cash on hand and demand deposits

Cash on hand and demand deposits comprise cash at bank and on hand.

Equity

Reserve for net revaluation according to the equity method

The reserve for net revaluation according to the equity method comprises net revaluation of equity investments in subsidiaries, associates and equity interests proportional to cost.

The reserve may be eliminated in the event of losses, realisation of equity investments, or changes in the accounting estimates.

The reserve cannot be recognised by a negative amount.

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.

Accounting policies

Income tax and deferred tax

As administration company, EIVA 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.

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.

Provisions

Provisions comprise expected costs of warranty commitments. Provisions are recognised when the company has a legal or actual commitment resulting from a previously occurred event and when it is probable that the settlement of the liability will result in consumption of the financial resources of the company.

Provisions are measured at net realisable value or at fair value. If the fulfilment of a liability is expected to take place far in the future, the liability is measured at fair value.

Accounting policies

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.

Accruals and deferred income

Payments received concerning future income are recognised under accruals and deferred income.

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.

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.