EIVA A/S

Niels Bohrs Vej 17, Stilling, 8660 Skanderborg

Annual report

2021

Company reg. no. 84 31 58 18

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 users of the English version of this document:

- To ensure the greatest possible applicability of this document, IAS/IFRS English terminology has been used.
- Please note that decimal points remain unchanged from Danish version of the document. This means that DKK 146.940 corresponds to the English amount of DKK 146,940, and that 23,5 % corresponds to 23.5 %.

Management's statement

Today, the board of directors and the managing director have presented the annual report of EIVA A/S for the financial year 2021 of EIVA A/S.

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 Chairman	Martin Davey	Simon Charles Partridge

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 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 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	
Managing Director	Anders Jeppe Skovgaard Nielsen	
Auditors	Martinsen Statsautoriseret Revisionspartnerselskab Voldbjergvej 16, 2. sal 8240 Risskov	
Parent company	Eiva Holding A/S	
Subsidiary	Zediment ApS, Skanderborg	

Financial highlights

DKK in thousands.	2021	2020	2019	2018	2017
Income statement:					
Gross profit	56.858	47.202	46.341	51.775	37.312
Result before depreciation etc. (EBITDA)	16.683	14.255	13.913	21.141	11.929
Profit from operating activities	6.049	5.578	7.454	15.308	7.949
Profit before financial income and expenses	6.049	5.578	7.454	15.308	7.949
Profit for the year before tax	5.133	4.828	6.953	15.302	7.772
Net profit or loss for the year	4.533	4.238	5.390	11.907	6.057
Statement of financial position:					
Non-current assets	42.894	39.245	28.888	25.143	21.441
Current assets	25.919	26.263	30.432	31.516	36.577
Balance sheet total	68.813	65.507	59.320	56.659	58.018
Contributed capital	800	800	800	800	800
Investments in property, plant and equip-ment	6.302	11.548	4.168	5.486	8.466
Equity	21.444	16.911	18.063	24.580	18.730
Total liabilities other than provisions	41.859	43.575	36.912	28.984	37.314
Net interest bearing debt	4.239	5.931	10.236	8.431	19.190
Cash flows:					
Operating activities	10.512	21.879	6.249	20.294	5.909
Investing activities	-12.806	-18.319	-8.384	-7.271	-11.133
Financing activities	2.106	-3.375	1.953	-12.855	5.226
Total cash flows	-188	185	-182	168	2
Employees:					
Average number of full-time employees	67	60	57	55	44
Key figures in %:					
Return on assets	8,8	8,5	12,6	27,0	13,7
Solvency ratio	31,2	25,8	30,5	43,4	32,3
Return on equity	23,6	24,2	25,3	55,0	36,0
Acid test ratio	65,5	64,7	84,9	108,7	98,0

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 financial ratios have been calculated on the basis of definitions in accounting policies. Key figures and financial ratios for 2017 have not been restated in accordance with the changed accounting policies for the item “Staff costs” and other reclassifications in 2018 and forward.

Financial highlights

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

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

The principal 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, system integration, sale and rental of survey and navigation equipment, technical services and support as well as production and sale of oceanographic products.

Unusual circumstances

2021 was still somewhat affected by COVID_19, but the company managed to run normal operations with a mixture of on-site staff and working from home. The travel restrictions enforced internationally during the year have been the largest factor, making delivery and installation of international solutions more difficult than normal.

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 created a joint venture together with Aarhus Vand A/S in the form of a 60/40 public-private partnership named Zediment Aps, which provides various scanning and related services into the waster water and water utility sector in Denmark.

Financial development

The Company realized EBIT of DKK 6.049 thousand (2020: DKK 5.578 thousand) and net profit of DKK 4.533 thousand compared to DKK 4.238 thousand in 2020.

Results are slightly ahead of targets for the year, and the result is seen as very satisfying. The outlook for 2022 has some levels of uncertainty due to COVID_19 and now also 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.

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 matches 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.

The Company is not under any obligation to report on ESG/CSR, but expect to do so together with the 2022 annual accounts.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 green segments, such as offshore wind and ocean science.
• EIVA collaborates with academia and maintains a number of intern positions, student projects, industry PostDoc/PhD, innovation projects etc.

• EIVA's products significantly contribute to optimize missions at sea so that there is less ship time spent, that oil pipelines can effectively be monitored, and risk of leaks minimized, that offshore wind 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

Due to the Russian-Ukrainian conflict with direct impact on the Russian market and expected indirect impact on the global economy, there is significant uncertainty overall. The Company is budgeting to grow in the coming year, but significant uncertainty remains.
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		2021	2020
	Gross profit	**56.858**	**47.202**
2	Staff costs	-40.175	-32.947
3	Depreciation, amortisation, and impairment	-10.634	-8.677
	Operating profit	**6.049**	**5.578**
4	Income from equity investments in group entreprises	21	0
5	Other financial income	0	8
6	Other financial costs	-937	-758
	Pre-tax net profit or loss	**5.133**	**4.828**
7	Tax on net profit or loss for the year	-600	-590
8	**Net profit or loss for the year**	**4.533**	**4.238**

Balance sheet at 31 December

DKK thousand.

Note	Assets	2021	2020
	Non-current assets		
9	Completed development projects, including patents and similar rights arising from development projects	12.649	10.045
10	Development projects in progress and prepayments for intangible assets	8.149	7.741
	Total intangible assets	20.798	17.786
11	Other fixtures and fittings, tools and equipment	20.903	20.603
	Total property, plant, and equipment	20.903	20.603
12	Investments in subsidiaries	326	0
13	Deposits	867	856
	Total investments	1.193	856
	Total non-current assets	**42.894**	**39.245**
	Current assets		
	Raw materials and consumables	6.255	6.583
	Manufactured goods and goods for resale	4.085	3.104
	Prepayments for goods	315	144
	Total inventories	10.655	9.831
	Trade receivables	14.238	14.260
14	Contract work in progress	54	432
	Receivables from group enterprises	0	407
	Tax receivables from group entreprises	88	65
	Other receivables	108	58
15	Prepayments and accrued income	771	1.016
	Total receivables	15.259	16.238
	Cash on hand and demand deposits	5	193
	Total current assets	**25.919**	**26.262**
	Total assets	**68.813**	**65.507**

Balance sheet at 31 December

DKK thousand.

Note	Equity and liabilities	2021	2020
	Equity		
16	Contributed capital	800	800
	Reserve for net revaluation according to the equity method	21	0
	Reserve for development costs	16.222	13.873
	Retained earnings	4.401	2.238
	Total equity	**21.444**	**16.911**
	Provisions		
17	Provisions for deferred tax	5.210	4.522
18	Other provisions	300	500
	Total provisions	**5.510**	**5.022**
	Liabilities other than provisions		
19	Other payables	2.299	2.998
	Total long term liabilities other than provisions	2.299	2.998
	Current portion of long term liabilities	4.429	0
	Bank loans	4.244	6.119
	Prepayments received from customers	2.340	2.113
	Trade payables	3.541	5.294
	Payables to group enterprises	11.601	11.321
	Other payables	4.927	7.036
20	Accruals and deferred income	8.478	8.693
	Total short term liabilities other than provisions	39.560	40.576
	Total liabilities other than provisions	**41.859**	**43.574**
	Total equity and liabilities	**68.813**	**65.507**

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	Proposed dividend for the financial year	Total
Equity 1 January 2020	800	0	10.634	1.239	5.390	18.063
Distributed dividend	0	0	0	0	-5.390	-5.390
Share of results	0	0	3.239	999	0	4.238
Equity 1 January 2021	800	0	13.873	2.238	0	16.911
Share of results	0	21	2.349	2.163	0	4.533
	800	**21**	**16.222**	**4.401**	**0**	**21.444**

Statement of cash flows 1 January - 31 December

DKK thousand.

Note		2021	2020
	Net profit or loss for the year	4.533	4.238
24	Adjustments	10.495	9.302
25	Change in working capital	-3.644	9.499
	Cash flows from operating activities before net financials	11.384	23.039
	Interest received, etc.	0	9
	Interest paid, etc.	-937	-758
	Cash flows from ordinary activities	10.447	22.290
	Corporate tax paid/received	65	-411
	Cash flows from operating activities	**10.512**	**21.879**
	Purchase of intangible assets	-8.149	-7.741
	Purchase of property, plant, and equipment	-6.302	-11.548
	Sale of property, plant, and equipment	1.961	1.041
	Purchase of fixed asset investments	-316	-71
	Cash flows from investment activities	**-12.806**	**-18.319**
	Repayments of long-term payables	3.730	0
	Dividend paid	0	-5.390
	Changes in bank loans	-1.875	-4.125
	Other cash flows from financing activities	251	6.140
	Cash flows from investment activities	**2.106**	**-3.375**
	Change in cash and cash equivalents	**-188**	**185**
	Cash and cash equivalents at 1 January 2021	193	8
	Cash and cash equivalents at 31 December 2021	**5**	**193**

	Cash and cash equivalents		
	Cash on hand and demand deposits	5	193
	Cash and cash equivalents at 31 December 2021	**5**	**193**

Notes

DKK thousand.

	2021	2020

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.

As mentioned in the management commentary, the net profit or loss for the year is affected by a number of factors that differ from what is considered by management to be part of operating activities in particular the covid-19 pandemic.

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

	2021	2020
Income:		
Public reimbursement during the covid-19 pandemic	69	1.749
	69	1.749
Special items are recognised in the following items in the financial statements:		
Other operating income	69	1.749
Profit of special items, net	**69**	**1.749**

2. Staff costs

	2021	2020
Salaries and wages	36.357	29.485
Pension costs	3.263	3.023
Other costs for social security	555	439
	40.175	**32.947**
Average number of employees	67	60

With reference to the Danish Financial Act § 98 b, subsection 3, the management remuneration is not shown because there is only one member of the Executive Board recieving remuneration. Member of the Supervisory Board are not recieving any remuneration.

Notes

DKK thousand.

		2021	2020
3.	**Depreciation, amortisation, and impairment**		
	Amortisation of development projects	5.137	3.589
	Depreciation on plants, operating assets, fixtures and furniture	5.497	5.088
		10.634	**8.677**
4.	**Income from equity investments in group entreprises**		
	Income from Zediment ApS	21	0
		21	**0**
5.	**Other financial income**		
	Interest, trade debtors	0	8
		0	**8**
6.	**Other financial costs**		
	Financial costs, group enterprises	406	325
	Other financial costs	531	433
		937	**758**
7.	**Tax on net profit or loss for the year**		
	Tax of the results for the year, parent company	-88	-65
	Adjustment for the year of deferred tax	688	677
	Adjustment of tax for previous years	0	-22
		600	**590**
8.	**Proposed appropriation of net profit**		
	Reserves for net revaluation according to the equity method	21	0
	Transferred to retained earnings	2.163	999
	Transferred to other statutory reserves	2.349	3.239
	Total allocations and transfers	**4.533**	**4.238**

Notes

DKK thousand.

		31/12 2021	31/12 2020
9.	**Completed development projects, including patents and similar rights arising from development projects**		
	Cost 1 January 2021	17.943	11.388
	Additions during the year	7.741	6.555
	Cost 31 December 2021	**25.684**	**17.943**
	Amortisation and writedown 1 January 2021	-7.898	-4.309
	Amortisation for the year	-5.137	-3.589
	Amortisation and writedown 31 December 2021	**-13.035**	**-7.898**
	Carrying amount, 31 December 2021	**12.649**	**10.045**
10.	**Development projects in progress and prepayments for intangible assets**		
	Cost 1 January 2021	7.741	6.555
	Additions during the year	8.149	7.741
	Disposals during the year	-7.741	-6.555
	Cost 31 December 2021	**8.149**	**7.741**
	Carrying amount, 31 December 2021	**8.149**	**7.741**

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 2021	31/12 2020
11.	**Other fixtures and fittings, tools and equipment**		
	Cost 1 January 2021	45.662	37.953
	Additions during the year	6.302	11.548
	Disposals during the year	-5.240	-3.839
	Cost 31 December 2021	**46.724**	**45.662**
	Depreciation and writedown 1 January 2021	-25.059	-23.484
	Depreciation for the year	-5.497	-5.088
	Reversal of depreciation, amortisation and writedown, assets disposed of	4.735	3.513
	Depreciation and writedown 31 December 2021	**-25.821**	**-25.059**
	Carrying amount, 31 December 2021	**20.903**	**20.603**
12.	**Investments in subsidiaries**		
	Additions during the year	305	0
	Cost 31 December 2021	**305**	**0**
	Results for the year before goodwill amortisation	21	0
	Revaluation 31 December 2021	**21**	**0**
	Carrying amount, 31 December 2021	**326**	**0**

Subsidiaries:

	Domicile	Equity interest
Zediment ApS	Skanderborg	61 %

13.	**Deposits**		
	Cost 1 January 2021	856	785
	Additions during the year	11	71
	Cost 31 December 2021	**867**	**856**
	Carrying amount, 31 December 2021	**867**	**856**

Notes

DKK thousand.

		31/12 2021	31/12 2020
14.	**Contract work in progress**		
	Sales value of the production of the period	54	1.152
	Payments on account received	0	-720
	Contract work in progress, net	**54**	**432**

		31/12 2021	31/12 2020
15.	**Prepayments and accrued income**		
	Prepaid insurance	449	486
	Other prepaid expense	322	530
		771	**1.016**

16. Contributed capital

The share capital consists of 800 shares of a nominal value of DKK 1,000 or multiples of this.

		31/12 2021	31/12 2020
17.	**Provisions for deferred tax**		
	Provisions for deferred tax 1 January 2021	4.522	3.845
	Deferred tax of the results for the year	688	677
		5.210	**4.522**
	The following items are subject to deferred tax:		
	Intangible assets	4.576	3.913
	Property, plant, and equipment	1.354	1.153
	Current assets	-41	-42
	Provisions	-66	-110
	Losses carried forward from previous years	-613	-392
		5.210	**4.522**

		31/12 2021	31/12 2020
18.	**Other provisions**		
	Other provisions 1 January 2021	300	500
		300	**500**

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

Notes

DKK thousand.

		31/12 2021	31/12 2020
19.	**Other payables**		
	Total other payables	6.728	2.998
	Share of amount due within 1 year	-4.429	0
	Total other payables	**2.299**	**2.998**
	Share of liabilities due after 5 years	0	2.998
20.	**Accruals and deferred income**		
	Prepayments/deferred income	8.478	8.693
		8.478	**8.693**

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	10.655
Trade receivables	14.238
Fixtures, fittings, tools, and equipment	20.903

22. Contingencies

Contingent liabilities

Lease liabilities

The Company has entered into 8 operating leases with the following amount: The residual maturity for 4 to 47 months with total lease payments of DKK 1,357 thousand.

Contractual obligations

Company has entered lease contracts of DKK 7,316 thousand in the non-cancellable period.

Notes

DKK thousand.

22. Contingencies (continued)

Joint taxation

With EIVA Holding A/S, company reg. no 31 27 11 93 as administration company, the company is subject to the Danish scheme of joint taxation and unlimitedly, jointly, and severally liable, along with the other jointly taxed companies, for 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 jointly taxed enterprises' total known net liability to the Danish tax authorities emerges from the financial statements of the administration company.

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

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
EIVA Holding A/S, Niels Bohrs Vej 17, Stilling, 8660 Skanderborg, Denmark	Parent company

Transactions

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

Notes

DKK thousand.

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.

		2021	2020
24.	**Adjustments**		
	Depreciation, amortisation, and impairment	10.634	8.677
	Profit from disposal of non-current assets	-1.455	-715
	Income from equity investments in group entreprises	-21	0
	Other financial income	0	-8
	Other financial costs	937	758
	Tax on net profit or loss for the year	600	590
	Other provisions	-200	0
		10.495	**9.302**

		2021	2020
25.	**Change in working capital**		
	Change in inventories	-824	-1.616
	Change in receivables	623	6.875
	Change in trade payables and other payables	-3.821	4.673
	Changes in work in progress	378	-433
		-3.644	**9.499**

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 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.

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.

Income statement

Gross profit

Gross profit comprises the revenue, changes in inventories of finished goods, and work in progress, work performed for own account and 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. Recognition of revenue is exclusive of VAT and taxes and less any discounts relating directly to sales.

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.

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. Staff costs are less government reimbursements.

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.

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

Statement of financial position

Intangible assets

Development projects, patents, and licences

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 writedowns 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.

Accounting policies

Profit and loss from the sale of development projects, patents, and licenses are measured as the difference between the sales price less sales costs and the carrying amount at the time of sale. Profit or loss are recognised in the income statement as other operating income or other operating expenses, respectively.

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.

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.

Accounting policies

Leases

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

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 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

Equity in group enterprises

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

Equity in group enterprises 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.

Accounting policies

To the extent the equity exceeds the cost, the net revaluation of equity investments in group enterprises are transferred to the reserve under equity for net revaluation according to the equity method. Dividends from group enterprises expected to be adopted before the approval of this annual report are not subject to a limitation of the revaluation reserve. The reserve is adjusted by other equity movements in group enterprises.

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 market 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.

Accounting policies

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.

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 can not 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.

Accounting policies

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

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

Income tax and deferred tax

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”.

According to the rules of joint taxation, EIVA A/S is unlimitedly, jointly, and severally liable to pay the Danish tax authorities the total income tax, including withholding tax on interest, royalties, and dividends, arising from the jointly taxed group of companies.

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.

Accounting policies

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.

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.