ROVSING

Functional Testing
and Simulation Solutions
for the Space Industry

ANNUAL REPORT 2021 / 22

PROFILE

Rovsing A/S (Rovsing) develops, manufactures and delivers systems for functional and electrical testing of spacecrafts (primarily satellites) and their payloads.

Rovsing products and systems are used for testing of spacecraft sub-systems, including external communication connections and instruments.

The Company's products are modular and are sold either on a stand-alone basis or used as modules in system solutions, customized for the specific spacecraft application. In connection with the configuration of system solutions, third parties' products are also used, and software is configured for the individual spacecraft needs.

The products, inclusive software packages, are flexible and configurable, facilitating tailor-made customer solutions.

More specifically, Rovsing offers, the following equipment solutions:

- Payload EGSE (Electrical Ground Support Equipment)
- Power & Launch EGSE
- Platform EGSE
- Instrument EGSE
- Avionics Test Beds
- Central Check-out Equipment
- Thermal EGSE
- Real-time Simulators

In addition, Rovsing develops software solutions, including solutions based on specific customer specifications, and performs independent software verification/validation (ISVV) for critical space-related software developed by third parties.

Rovsing also provides engineering support for large corporations in the space industry at various locations in Europe and in South America. For more than 15 years, Rovsing has been responsible for configuration control of ground installations at the European space base CSG in Kourou in French Guiana.

The main customers of Rovsing are European and US-based space groups such as Airbus DS, Thales Alenia Space, OHB, Boeing, Lockheed Martin and their key sub-suppliers. The European Space Agency (ESA), NASA and various national space agencies are also among Rovsing's customers.

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HIGHLIGHTS OF THE YEAR

- The financial year 2021/22 was in line with the adjusted guided expectations (Announcement no. 332), with a revenue amounting to DKK 27,0 million, compared to a revenue of DKK 27,5 million in 2020/21.

- The EBITDA amounts to DKK 1,1 million, compared to DKK 2,5 million in 2020/21.

- During 2021/22, the planned activities on the large Galileo 2nd Gen EGSE project were shifted significantly due to delayed incoming Customer requirement updates. In addition, NASA and ESA announced a 1-year overall postponement of the Mars Sample Return mission impacting equally Roving's deliveries on this mission. Due to these shifts of deliveries, the Company was unable to recover the delayed revenue before the end of the financial year. Moving into next financial year, the overall contractual volume of the mentioned delayed projects has increased and both projects are expected to be back in full momentum.

- In 2021/22, Rovsing has continued to strengthen its market position based on the delivered performance and value, by supporting its customers as an important key supplier on major ongoing space missions, delivering test- and simulation systems, individual products, software solutions, ISVV and on-site engineering services.

- With a further increased order backlog as of today of DKK 42,2 million, Rovsing enters into financial year 2022/23 with a positive operational outlook, with larger ongoing projects entering the implementation phase the risk of delays due to changes is reduced. The addition of new commercial and institutional customers such as SITAEL, Astroscale, EUMETSAT and NASA-JPL speaks to the Company's strengthened reputation and market position. In addition, the Company has a large project pipeline with many issued proposals in H2 of 2021/22 which still must be decided upon in H1 of 2022/23.

- The tender activity level remains at a high level within the industry with Rovsing continuing its focus on being agile, competitive and responsive to upcoming tenders and prospects as the industry continues to grow and demand for our products and services expands to parallel segments.

- Based on the strong order backlog and continued positive development in projected order intake, the revenue outlook for 2022/23 is expected to be in the range of DKK 31 to 33 million, with a positive EBITDA in the range of DKK 2,5 to 3,5 million.

FINANCIAL HIGHLIGHTS AND RATIOS

INCOME STATEMENT	2017/18	2018/19	2019/20	2020/21	2021/22
DKK'000					
Revenue	25,127	28,184	21,836	27,535	27,009
Earnings before interest, taxes, depreciation and amortisation, EBITDA	-4,513	341	-863	2,514	1,147
Operating profit (EBIT)	-7,722	-2,929	-5,322	-2,497	-714
Financial income and expenses, net	-1,553	-767	-1,188	-918	-1,047
Profit/loss for the year	-9,912	-4,040	-6,810	-3,398	-1,551
BALANCE SHEET					
Non-current assets	23,268	20,209	17,997	14,053	16,501
Current assets	12,634	14,265	9,248	11,079	16,016
Total assets	35,902	34,474	27,245	25,132	32,517
Equity	18,210	18,560	11,423	9,576	8,085
Non-current liabilities	4,000	4,080	386	4,687	5,529
Current liabilities	13,692	11,834	15,437	10,869	18,903
Total equity and liabilities	35,902	34,474	27,245	25,132	32,517
CASH FLOW STATEMENT					
Cash flow from operating activities	-11,032	11	5,372	-587	-4,779
Cash flow from investing activities	-1,578	-1,040	-259	-429	-2,102
Cash flow from financing activities	11,561	1,109	-5,069	1,002	6,627
Total cash flow	-1,049	81	44	-13	-254
KEY FIGURES					
EBITDA margin, %	-18.0	1.2	-4.0	9.1	4.2
EBIT margin, %	-30.7	-10.4	-24.4	-9.1	-2.6
Return on equity, %	-39,1	-18.0	-28.8	-14.7	-6.5
Earnings per share (EPS)	-0.03	-0.01	-14.9	-7.3	-3.3
Earnings per share (EPS D)	-0.02	-0.01	-13.2	-6.5	-3.3
Cash flow per share (CFPS)	-0.04	-0.01	-5.7	-22.1	-16.3
Dividends per share of DKK	-	-	-	-	-
Pay-out ratio, %	-	-	-	-	-
Equity per share, DKK	0.04	0.04	25.0	20.3	17-0
Solvency, %	50.7	53.8	41.9	38.1	24.9
Average number of shares (1,000 shares)	380,140	429,844	458	463	473
Number of shares at year-end (1,000 shares)	404,854	457,881	458	471	473

Comparable figures for 2017-18 and 2018-19 have not been restated following the implementation of IFRS 16 as Rovsing has chosen to use the modified retrospective transition method.

Rovsing's financial year is from 1 July to 30 June.

CORPORATE INFORMATION

The Company

Rovsing A/S
Ejby Industrivej 38
2600 Glostrup, Denmark

Phone:	+45 44 200 800
Fax:	+45 44 200 801
Website:	www.rovsing.dk
E-mail:	info@rovsing.dk

Company reg. (CVR) no.:	16 13 90 84
Date of incorporation:	20 May 1992
Municipality of registered office:	Glostrup, Denmark

Board of Directors

Michael Hove (Chairman)
Ulrich Beck
Jakob Have

Executive Management

Hjalti Pall Thorvardarson, CEO
Sigurd Hundrup, CFO

Auditors

KPMG
Statsautoriseret Revisionspartnerselskab
Dampfærgevej 28
2100 København Ø

Annual General Meeting

The annual general meeting will be held on 24 October 2022 at 16:00 at Ejby Industrivej 38, 2600 Glostrup, Denmark.

MANAGEMENTS' REVIEW

REVENUE AND RESULTS

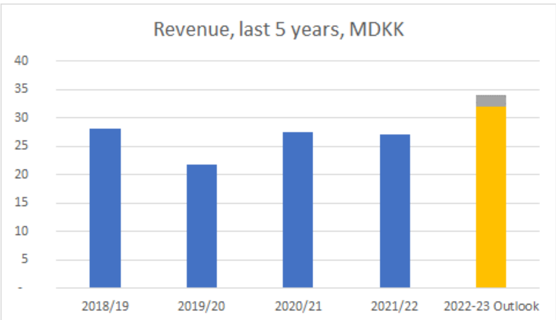
Revenue for 2021/22 amounted to DKK 27,0 million, which is a slight decrease of DKK 0,5 million, compared to the previous financial year. The Company's earnings before interest, tax, depreciation and amortisation (EBITDA) amounted to DKK 1,1 million, a DKK 1,4 million reduction compared to the previous year.

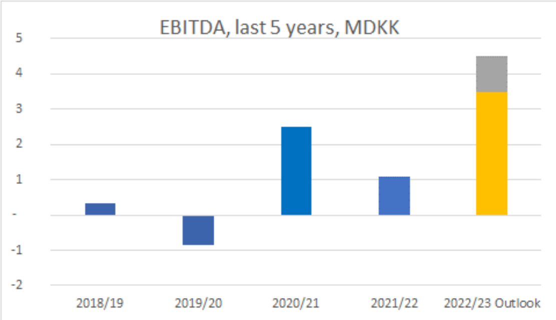
Tax for the year was DKK -0,2 million compared to DKK 0 million previous year.

The profit/loss after tax was DKK -1,5 million, an improvement from a loss of DKK -3,4 million in 2020/21.

Equity as per 30 June 2022 amounted to DKK 8,1 million (30 June 2021: DKK 9,6 million).

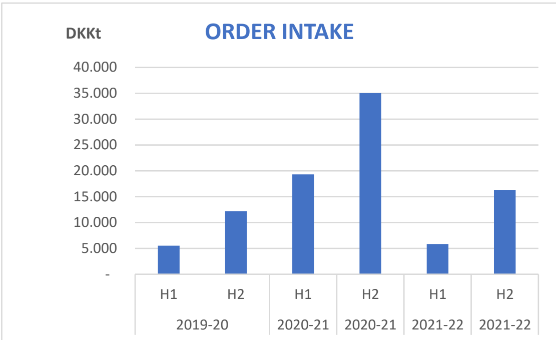
The realised revenue and EBITDA of DKK 27,0 million and DKK 1,1 million, respectively were in line with the adjusted guidance to the market announced by the Company in March 2022 (Announcement no. 332). Management views the 2021/22 realised revenue and EBITDA as not satisfying in comparison to the original guidance to the market. The planned activities on the large Galileo 2nd Gen EGSE project were shifted significantly due to delayed incoming Customer requirement updates. In addition, NASA and ESA announced a 1-year overall postponement of the Mars Sample Return mission impacting equally Roving's deliveries on this mission. Due to these significant shifts of deliveries, the Company was unable to recover the delayed revenue before the end of the financial year. Moving into next financial year, the overall contractual volume of the mentioned delayed projects has increased, as Rovsing has been tasked with adjusting the design and schedule of its EGSE(s) to accommodate the Customers changes to the requirements design baseline and project schedule. Impacts of such changes are covered by the Customer.



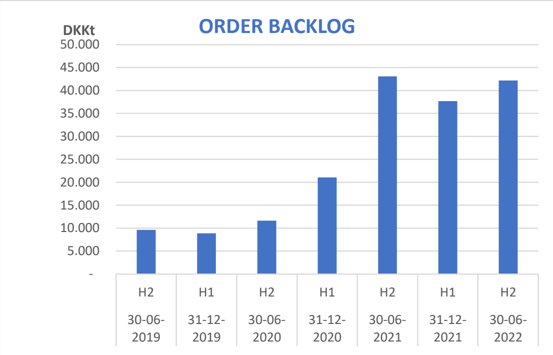


Management maintains a positive operational outlook for the coming years, based on the current order backlog. New programmes are in the tender phase in the industry both in commercial and as well in the institutional market segments while Rovsing continues to focus on being agile, competitive and responsive to our customer needs.

The order intake during the financial year 2021/22 has been lower compared to the order intake in 2020/21. The lower order intake in 2021/22 compared the last financial year is mainly driven by the fact that a lower number many tenders have been in decision phase during H1 of 2021/22 while the Company has been very active in submitting offers for new tenders during H2 of 2021/22 which will be decided in H1 of 2022/23. This has already proven right in the first couple of months of 2022/23 with new contract awards contributing to order intake with DKK 11,6 million since 30/6-2022.



Order backlog (DKK 31,1 million at 30/6-2022) remains at a high level compared to earlier periods. This reflects the efforts invested in sales and project proposals which have been intensified over the past years in connection with a steady increase in the general activity level of the industry. The figure below shows the order backlog exclusive of ongoing service contracts.



The evolution of the order backlog is in line with expectation as new key tenders have yet to be decided. The Company maintains a strong competitive position in key market segments. At beg. of September 2022 this strong position is further showcased with an increase of the order backlog since 30/6-2022 to a current level of DKK 42,2 million from new commercial and institutional contracts finalized in the first months of 2022/23.

In line with the Company's strategy, focus on growth and diversification will continue from increased activities in European commercial programmes as well as maintained focus on the USA and emerging markets, leveraging our core competencies.

OPERATIONAL REVIEW

The European market

Rovsing continues to be a key player within the European institutional space market, holding a position as one of the preferred collaborators of the major European Prime contractors in their efforts to capture upcoming mission within space exploration, earth observation, communication and other critical infrastructure.

With our central roles within the Thales Alenia Space part of Galileo 2nd Generation (G2G) programme (Announcement no. 324), delivering multiple & recurring EGSE(s) to a flagship mission in Europe, the Company secured a vital cornerstone in our order backlog and future reference of the expertise and scope that Rovsing can deliver to its customers.

The Rovsing team concluded successfully the first of the Critical Design Reviews (CDR) of the G2G EGSEs back in December 2021 together with the customer TAS-Italy. With the Service Module Simulator (SMS) CDR approved the Rovsing team begun the manufacturing, assembly, integration and test (MAIT) work for the SMS EGSE, a phase concluded with a successful Test Readiness Review (TRR) held in late May and early June. The acceptance test campaign and delivery of the SMS EGSE is expected in Q1 of 2022/23. The CDR data package was submitted for the review of TAS-I by end of June for the remaining five EGSE(s) types making up the Power SCOE part of the G2G project. Achievement of this milestone had been delayed significantly due to changes to the G2G spacecraft design which then needed to be flown down to Rovsing as changed requirements. Following the conclusion of the EGSE design phase in Q1 2022/23 the MAIT phase will kick into high gear with the first deliveries of the Power SCOE expected in H2 of 2022/23.

Rovsing finished in November 2021 the Test Readiness Review (TRR) for customer TAS-UK in connection with the Electrical Power Subsystem (EPS) SCOE for the FLEX programme. Following the positive review of the Test Results the FLEX EPS SCOE was delivered to TAS-UK in June together with the 2nd set of the PLATO EPS SCOE which was destined to the same TAS facility.

In November 2021 new orders were awarded to Rovsing by SITAEL S.p.A in Italy for EGSE and products to support their development of PLATiNO spacecrafts. With the addition of SITAEL to the Company's customer base, showcases a further strengthening of our efforts in the commercial small-sat segment. Kick-Off was concluded in December, with a swift move to the Design Review held late January 2022, followed by the delivery of the ordered RO-5100 SAS Modules and RO-1010 10A SLP Modules. The first Umbilical SCOE was delivered to SITAEL in June, mere 6 months after kick-off. The 2nd Umbilical SCOE was ready for testing in June as well, expected to be shipped in Q1 of 2022/23. The project is a testimony of how swiftly the Rovsing team can deliver critical EGSE(s) by leveraging our building blocks approach.

Rovsing is responsible for performing the Independent Software Validation (ISVV) for Airbus DS Spain on the Solar wind Magnetosphere Ionosphere Link Explorer (SMILE) Payload Module PLM, a contract signed back in September 2020 and running until autumn 2022. SMILE is a joint venture mission between the European Space Agency and the Chinese Academy of Sciences.

In late April 2022, Rovsing was contracted by the European Organisation for the Exploitation of Meteorological Satellites (EUMETSAT) to perform a study to evaluate the IVV processes and methods applied within EUMETSAT programmes. The Kick-Off of the project is scheduled for late August 2022 due to availability of resources and material from EUMETSAT.

Airbus DS in Toulouse led the winning consortium for the Mars Sample Return (MSR) Earth Return Orbiter (ERO) programme. Rovsing is a core consortium member, responsible for providing the Electrical Satellite Interface Simulator (E-SIS). The Critical Design Review of the E-SIS was concluded successfully with Airbus DS, ESA and NASA in October 2021. However, in February 2022 NASA and ESA announced a 1-year overall mission postponement in order to re-design and re-plan the whole MSR programme. The Rovsing part of the project is expected to resume activities in H1 of 2022/23 with targeted first system deliveries in 2023.

In early June 2022, Rovsing signed a contract together with Critical Software to perform the ISVV of the MSR-ERO On-Board Computer (OBC) Guidance and Navigation Control (GNC) Software (SW), a project which is running from June 2022 until end of 2024.

Rovsing has continued support for the Artemis missions with the Orion Multi-Purpose Crew Vehicle (MPCV) European Service Module (ESM). Four Solar Array Wing Front End Equipment (SAW FEE) systems are deployed, two with Airbus DS in Bremen and Ariane Group in Les Mureaux, one with Lockheed Martin in Colorado for the Integrated Test Lab and the fourth with NASA at the Kennedy Space Center. As part of the NASA Artemis and Lunar Gateway programmes, ESA has committed to providing additional three ESMs. In this connection Rovsing is continuing to provide engineering support both remote & onsite as well as spare parts and possible upgrades. In September 2021 the third recurring MPCV-ESM PCDU EGSE in support of the upcoming ESMs was delivered to Leonardo in Milan.

Together with Critical Software from Portugal, Rovsing submitted in H2 2021/22 the updated ESA handbook for Independent Software Verification and Validation. The project is expected to be finalized in H1 of 2022/23.

Rovsing´s onsite service business in Kourou remain in place with contracts running until ultimo 2022 with high likelihood of a minimum one year extension.

The North American market

Due to COVID-19, no customer or trade show visits to North America were possible during H1. Rovsing still proceeded to explore further opportunities with North American customers and responding to tenders. In November 2021 an order from NASA-JPL for three sets of Rovsing Power Front-End(s) and Latching Current Limiters was received and subsequently delivered successfully in batches during the course of H2.

As a supplier of various EGSE to the European Service Module (ESM) for the Orion Crew Capsule, Rovsing remains a vital partner for the Artemis missions planned in the coming years with the aim of bringing humans back to the Moon. With the ESA and NASA commitment for three additional ESMs, Rovsing has been awarded service agreements to support the Artemis mission for the coming years.

The overall North American market for commercial, military, and civil space remains a growth opportunity and strategic focus for the Company.

Emerging space markets

Rovsing continues to closely monitor emerging and ambitious space markets with their increasing space budgets. However, sales activities and inquiries from emerging markets have remained quieter in 2021/22, this can be attributed to the overall world situation where emerging markets and one-off programmes are more sensitive to the COVID-19 pandemic and supply chain disruptions than programmes of more established space nations.

Product development and production

Rovsing has continued focus on improving its product base and related logistics, production and testing environments. Improvements in value chain, heightening of quality and efficiency are a constant focus to improve the Company's competitive advantage. With the new and improved Company headquarters the foundation for future improvements has been laid, allowing for further scaling of our operations and development.

Product development and feature improvements in the domains of both software and hardware remain key enablers for Rovsing abilities to deliver diverse market leading system solutions to customers.

Rovsing's strategic roadmap focuses on achieving increased scalability such that our already modular products can be better address the widening range of satellite architectures.

Anticipating the increased focus on diverse deployments in the space segment, Rovsing's development roadmap accommodates scaling down to smaller satellites and constellations as well as scaling up to higher power demands called upon by electrical propulsion enabled satellites and larger manned missions.

Organisation and management

By the end of the financial year 2021/22, Rovsing employed a total of 23 employees, counted on a full-time-equivalent basis. Most employees were employed at the Company's head office in Denmark, but the Company also has employees in Kourou, French Guiana, where they provide support and consultancy services.

At the Company's annual general meeting in October 2021 Michael Hove, Jakob Have and Ulrich Beck were reelected to the Board of Directors.

Major global events and impacts

The COVID-19 pandemic continued to be a major disruption event in both personal and professional lives of all in H1 of 2021/22, while finally the effects on day to day life subsided in H2. At Rovsing an active business continuity plan to address the COVID-19 situation has been in place to ensure continuous evaluation of the business based on supply chain, internal resources, progress and governmental guidelines.

The global supply chain pressure on the electronic component market which started with COVID-19 continued to draw focus with price and lead-time increases, a situation which remained volatile in 2021/22, especially with the additional crisis with the war in Ukraine in February 2022 and tense global situation on trade and logistics, including China. Until now impacts on ongoing projects have been kept to a minimum by the Rovsing team with utilization of existing stock, which the Company secured earlier in 2021, as well as coupled with good cooperation with suppliers. Rovsing continues to seek ways to mitigate the challenging situation with our supply chain and customers in the current volatile environment.

The Company has utilized the governmental COVID-19 help packages related to delayed A-skat and AM-contribution and granted VAT loan. Repayment has started and will follow the governmental stipulated deadlines, with the last payment due ultimo April 2023.

Rovsing does not rely on suppliers or partners from either Ukraine or Russia and is therefore not directly impacted from the ongoing war in Ukraine. However, the impacts on the world economic situation with increasing inflation, energy prices and other uncertainties is a factor that can cause significant impact with short notice.

Management continues to monitor the situation closely and take appropriate actions to minimize any potential business impacts from volatile external factors.

Incentive schemes

Rovsing has, to a certain degree, used share-based incentive schemes as part of compensation packages for members of the Board of Directors, members of the management team and other staff.

At the end of the financial year 2021/22 there were 58,300 warrants. For additional information about the Company's share-based incentive schemes, please see note 6 to the financial statements on page 45-46.

The Board of Directors consider share-based incentive schemes as relevant and effective incentives that allow the Company to reward good performance, retain key persons and at the same time secure alignment of interests between managers and shareholders. Therefore, it is expected that share-based incentives, such as warrants, will be used more in the future as part of the compensation packages for members of the staff, management and members of the Board of Directors.

ROVSING'S STRATEGY

With 2021/22 the expected growth at the beginning of the financial year failed to materialise due to significant delays in major projects caused by lack of stable technical inputs from the customer and replanning. Despite the disappointing development in terms of targeted growth there are positive steps realised in the strategic plan strengthening the Company's position as a key agile high-tech SME in the Space & Defense Industry. Rovsing's mission is to provide our customers with the innovative test and simulations products and systems they require, for supporting their critical path, which is constantly challenged by the need to innovate, optimise and overcome internal & external challenges.

An Agile and Customer focused High-Tech SME

Rovsing has further expended its established track record, being involved as a reliable supplier in almost every major European Institutional Space programme, looking back as well as forward towards new opportunities. The Company is positioned as a first or second tier supplier to all European Large-Scale Integrators (LSIs/OEMs).

Rovsing operates as a focused technology and customer driven SME. Our customers from Space Agencies and Institutions to LSIs act in a dynamic and challenging high-tech environment. Rovsing has the expertise to provide first class products and services to ensure seamless performance for our customers critical systems and infrastructure. Our customers are to a large extent requirements and process driven and have difficulties with swiftly adapting and anticipating challenges. Herein lays Rovsing's asset, being an agile, dynamic expert, we can anticipate, react and create solutions in hours or days which would normally bind our customers for weeks or months.

With best-in-class services, cost-effective and efficient products and systems, we evoke customer satisfaction and trust. By continuing our R&D focus and anticipating the technical developments and challenges, which our customers face now and, in the years, to come, we are able to center our product developments at the heart of their critical path in test and simulation capabilities.

Skills and Expertise

Rovsing is driven by the expertise and engagement of our employees, this is the core of the Company. With the new Company facilities and the investments accomplished in those facilities in 2021/22 there has been laid a foundation for further efficiency and cost optimization. Meeting our goals requires intense involvement and engagement from the employees. This means not only going the extra mile to ensure our customers satisfaction but also invoke that same mindset in the onboarding of new employees while keeping our minds open to new ideas and improvements arising from new dynamics.

Rovsing's success is based on the talent of the employees, and we strive to make the working environment agile and inclusive, providing flexibility to our employee's needs. We maintain a high level of trust that the same flexibility flows back to ensure we overcome the challenges at hand and that the commitment to improve and grow as both engineers and as a Company, is a shared vision between the entire staff.

Strengthening our Strategic position and Growth

Rovsing has successfully built further on its wide range of contracts and activities during 2021/22. This, together with the further growing track record and the ongoing stable and good reputation provides a baseline to ensure and carry on expanding the Company's competitive position in an evolving competitive market environment, driven by time-to-market, cost structure and quality. Rovsing continuously works on improving its basis of quality and competitiveness in order to meet and exceed the market needs.

Our marketplace is a rapidly growing global market, where the strategic importance of both Space and Defence systems have proven their importance and both current & future potential in the current geo-political environment. Critical infrastructure stretches across many domains and where there are critical systems there is a need for Rovsing's expertise. Establishing solid and growing footprints beyond the European institutional environment by further building our foothold in commercial missions, as well as the institutional US and emerging markets remains essential together with developing and investing in our product and service portfolio with focus on a harmonized, scalable offerings which can support both new and traditional aerospace customers.

Rovsing understands and acts in a way that our Strategic Programme must develop and increase the Company's value. This requires continuous interaction with customers, suppliers and the shareholders and financial community. Management and the Board of Directors are committed to facilitate the reputation of trust and growth into the future of Rovsing.

FINANCIAL REVIEW

Income statement

Revenue amounted to DKK 27,0 million in 2021/22, an decrease of DKK 0,5 million, on 2021/22 revenue. Gross profit amounted to DKK 21,1 million compared to DKK 20,2 million in 2020/21 and EBITDA amounted to DKK 1,1 million compared to DKK 2,5 million in 2020/21.

The negative development in EBITDA in 2021/22 is primarily driven by delayed project inputs from customers in 2021/22, causing delayed progress.

Other external expenses of DKK 2,2 million (2020/21 DKK 2,0 million) are in line with expectation.

Depreciation, amortisation and impairment amounted to DKK 1,9 million in 2021/22, against DKK 5,0 million in 2020/21.

Financial items

Overall, net financial expenses amounted to DKK 1,0 million compared to DKK 0,9 million in 2020/21.

Profit/loss before tax

The Company recorded a loss before tax of DKK 1,8 million in 2021/22 compared to DKK -3,4 million in the year before.

Tax

Tax for the year amounted to DKK 0,2 million in 2021/21, compared to a cost of DKK 0 million in the preceding financial year. The tax consists of current tax (income) of DKK 0,2 million, which relates to reimbursement under section 8x of the Danish Tax Assessment Act (TAA). The deferred net tax asset amounts to DKK 2,1 million at 30 June 2022. Rovsing expects to be able to utilize the tax asset within the next five years.

Profit/loss for the year and comprehensive income

The Company reported a loss for 2021/22 of DKK 1,6 million, against a loss of DKK 3,4 million in the preceding financial year.

Balance sheet

Assets

At the end of 2021/22, total assets amounted to DKK 32,5 million, against DKK 25,1 million at 30 June 2021.

Intangible assets amounted to DKK 11,1 million at 30 June 2022 compared to DKK 10,9 million on 30 June 2021. Depreciations and amortisations amounted to DKK 0,7 million, DKK 0,7 million associated with further development of the SAS Platform and DKK 0,1 million related to new ERP system.

Deferred tax assets amounted to DKK 2,1 million and is unchanged compared to previous year.

Inventories amounted to DKK 4,3 million compared to DKK 2,4 million in 2020/21.

At 30 June 2022, trade receivables and contract work in progress combined amounted to DKK 10,4 million, which is DKK 3,0 million higher than previous year.

Current assets amounted to DKK 16,0 million, a smaller increase from DKK 11,1 million at 30 June 2021.

Liabilities and equity

Equity amounted to DKK 8,1 million at 30 June 2022, against DKK 9,6 million at 30 June 2021. The year-over-year change of DKK 1,5 million is due to loss on comprehensive income of DKK 1,5 million.

Cash flow statement

Cash flow from operations:
Total cash flow from operations were net cash of DKK -3,7 million in 2021/22, against a net cash of DKK 0,3 million in the preceding year. Cash flow from operations before changes in working capital of DKK 1,2 million is offset by an increase in working capital requirements of DKK -4,9 million in 2021/22.

Cash flow from operating activities:
Net interest payables were DKK -1,0 million compared to DKK -0,9 million in 2020/21. Cash flow from operating activities of DKK -4,8 million in 2021/22 compared to DKK -0,6 million in 2020/21.

Cash flow from investing activities:
In 2021/22 the Company has invested DKK 0,7 million in further development of the SAS Platform (2020/21 net DKK 0,4 million) and DKK 0,1 million related to a new ERP system.

Cash flow from financing activities:
Cash flow from financing was DKK 6,6 million vs. DKK 1,0 million in 2020/21. The draw on the two credit facilities in Jyske Bank increased with DKK 5,0 million in 2021/22 reflecting an increase in working capital requirement.

Funding of the Company's operations

In 2020/21 Rovsing, Jyske Bank and EKF agreed on an additional credit facility where one specific project (FLEX EPS SCOE) with the customer Thales Alenia Space in the UK is funded with a guarantee backed-up by EKF. This project has been delivered during 2021/22 and the credit has been repaid in full.

Under the current rules for listed companies, Rovsing may issue new shares for up to 20% of the Company's existing share capital within a financial year. Within this framework, the size of a potential capital increase will be assessed relative to the immediate liquidity requirement, the capital aspects of the Company's strategy and investor appetite for buying Rovsing shares.

Should Rovsing carry out a capital increase, the contributed capital would be expected to be used partly for investing in commercial initiatives aimed at consolidating the Company's growth and competitiveness and as a general liquidity buffer. Reference is made to the section on the Company's risk factors on page 19, which describes risk associated with the Company's liquidity.

DIVIDENDS

The Board of Directors recommends to the annual general meeting that no dividend be declared in respect of the 2021/22 financial year.

OUTLOOK FOR 2022/23

Considering the above developments, the Company's strategy, the current order backlog and the expected order intake for 2022/23 management expects for the financial year 2022/23 a revenue of around DKK 31 - 33 million and an EBITDA of around DKK 2,5 - 3,5 million.

EVENTS AFTER THE REPORTING PERIOD

After the balance sheet date, no events have occurred that materially affect the Company's financial position other than the events described in the Management's review.

NEW & IMPROVED COMPANY LOCATION

As of 23rd of August 2021, Rovsing has started operations in a new and improved location at Ejby Industrivej 34-38 in Glostrup. The new facilities provide the Company with larger and more suited lab, production and development facilities, which already have proven a vast improvement in organization and execution of ongoing projects and forms a basis supporting the Company's projected further growth and new developments. The contract has a length of 5 years and has been recognized as a lease under IFRS 16.

SIGNIFICANT ACCOUNTING ESTIMATES

For a description of items involving significant recognition and measurement uncertainties, see note 2 to the financial statements.

SHAREHOLDER INFORMATION

Rovsing's shares are listed on Nasdaq OMX Copenhagen and traded under the abbreviation ROV and ISIN code DK0061152170. The Company's share capital has a total nominal value of tDKK 23,662 and is divided into 473,241 shares of DKK 50 each. No shares carry any special rights.

Outstanding shares	No. of shares
Beginning of year	471,349
Capital increase	1,892
End of year	**473,241**

Share price

The highest and lowest prices of Rovsing shares in 2021/22 were DKK 125 and 52 respectively. At the end of the financial year, the share price was DKK 60. At 30 June 2022, Rovsing had a market capitalisation of DKK 28,4 million.

Share liquidity

The average daily turnover in 2021/22 was 1,684 shares with an average of 15 transactions per day.

Shareholders

Rovsing has a total of 2,935 registered shareholders. 94.1 % of the shares in Rovsing are registered in the name of the holder.
The table below shows the composition of Rovsing's shareholders.

Shareholders	No. of shares	%
CATPEN A/S	31,372	6.63
Jean Dühring	27,775	5.87
Other shareholders	414,094	87.50
Total	**473,241**	**100.0**

Employee shares

No employee shares were granted in 2021/22.

Current Warrant scheme

In the period until 27 October 2022, the Board of Directors is authorized to issue warrants for board members and/or employees. The Board of Directors may issue warrants with a nominal value up to DKK 2,750,000 in the Company, corresponding to 55,000 warrants of DKK 50 each. In addition, there remains 3,300 warrants issued under the previous authorization totaling 58,300 outstanding warrants.

Dividend policy

Historically, the Company has paid dividends and made distributions, but the Board of Directors presently has no plans to pay dividends or make distributions in the foreseeable future.

Authorities granted to the Board of Directors

Authorities granted to the Board of Directors are set out in articles 5 and 6 of the articles of association.

The articles of association are found on the Company's website www.rovsing.dk under "Investor relations" and "Corporate Governance".

Financial reporting to shareholders

The Company publishes an Annual Report, an interim half year Report and interim Management Statements in Q1 and Q3. These reports and statements are published through NASDAQ OMX Copenhagen.

Annual General Meeting

The annual general meeting of Rovsing will be held on 24 October 2022 at 16:00 at the Company's premises at Ejby Industrivej 38, DK-2600 Glostrup.
The general meeting shall be convened by the Board of Directors not more than five weeks and not less than three weeks before the general meeting by publication of an announcement to NASDAQ OMX Copenhagen, on the Company's website www.rovsing.dk and by e-mail to shareholders recorded in the register of shareholders who have so requested.

Amendments to articles of association

Resolutions on any amendment to the articles of association shall be passed by a majority of two-thirds of the votes cast as well as of the voting share capital represented at the general meeting. Proposals to amend the articles of association must be submitted in writing to the Company not later than six weeks before the date of the general meeting.

Financial calendar

19 September 2022, publication of Annual Report for 2021/22.

24 October 2022, Annual General Meeting regarding financial year 2021/22.

14 November 2022, publication of Interim Management Statement for Q1 2022/23.

21 February 2023, publication of Interim Report for H1 2022/23.

16 May 2023, publication of Interim Management Statement for Q3 2022/23.

8 September 2023, publication of Annual Report for 2022/23.

24 October 2023, Annual General Meeting regarding financial year 2022/23.

Issued Company Announcements

Announcement no 334 - 27 July 2022

Financial Calendar 2022/23

Announcement no 333 - 16 May 2022

Interim Management Statement covering Q3 2021/22

Announcement no 332 - 30 March 2022

Changed Outlook for the financial year 2021/22

Announcement no 331 - 21 February 2022

Interim Report first half year 2021/22

Announcement no 330 - 28 December 2021

Change in capital of large shareholder

Announcement no 329 - 12 November 2021

Interim Management Statement covering Q1 2021/22

Announcement no 328 - 25 October 2021

Minutes of General Meeting

Announcement no 327 - 01 October 2021

Notice to Annual General Meeting 2021

Announcement no 326 - 28 September 2021

Capital increase in Rovsing A/S

Announcement no 325 - 10 September 2021

Rovsing A/S releases its Annual Report 2020/21

Announcement no 324 - 09 August 2021

Contract award for Galileo 2nd Generation

Announcement no 323 - 28 June 2021

Financial Calendar 2021/22

Registrar

Computershare A/S
Kongevejen 418
DK-2840 Holte

Investor relations contacts

Hjalti Pall Thorvardarson, CEO
Tel: +45 53 39 18 88
E-mail: hpt@rovsing.dk

CORPORATE GOVERNANCE

Rovsing's Board of Directors regularly reviews the Company's corporate governance and strives to follow the recommendations of the Committee on Corporate Governance. https://corporategovernance.dk).

The Company has resolved not to follow all the recommendations of the Committee of Corporate Governance, as the Board of Directors finds it appropriate to organize the Company's governance differently in some respects due to Rovsing's specific circumstances.

Certain of the recommendations with which the Board of Directors has resolved not to comply are described below. For a full report on the status of the Company's compliance with the recommendations, please refer to the corporate governance report published on Rovsing's website under "Investor Relations" and "Corporate Governance". https://rovsing.dk/wp-content/uploads/2022/09/Corporate_governance_2021-22.pdf

Recommendation regarding election of vice-chairman

According to section 2.2.1 of the recommendations, the Board of Directors is recommended to appoint a vice-chairman. Due to the limited size of the Company, the Board of Directors has not considered it necessary so far to appoint a vice-chairman.

Recommendation regarding the composition and organization of the Board of Directors

According to section 3.1.2 of the recommendations, the Board of Directors annually should discuss the Company's activities to ensure a diversity relevant to the Company in its management levels and develops and adopt a diversity policy. The Chairman of the Board of Directors assesses in consultation with the Executive Board what competencies the Board of Directors must have and recommend suitable candidates for election at the General Meeting. The Board of Directors currently consist of three members, all males. Their appointment was made before the beginning of the financial year and there are no immediate plans for replacement of current board members.

It is the goal that the underrepresented gender, presently female, should have at least one seat in the Board, equivalent to 33 pct. of the Board of Directors. This is however only possible whenever a replacement in any of the positions becomes relevant, and the goal is therefore presently not fulfilled in 2021/22. The Board will work to achieve female representation once new Board members are appointed, no later than within 2026.

As Rovsing employs fewer than 50 employees, the Company is not required to have policies for gender parity at the other management levels, cf. the Danish Financial Statements Act § 99. At 30 June 2022, woman accounted for 17% of the total workforce (June 2021 9%). It is the Company's goal to continuously increase the diversity of the workforce.

Recommendation regarding board committees

According to section 3.4.4 of the recommendations, the Board of Directors is recommended to establish a nomination committee. Due to the size of the Company, the Board of Directors has decided that the functions of a nomination committee will be undertaken by the Company's Chairman in collaboration with the other board members.

According to section 3.4.5 of the recommendations, the Board of Directors is recommended to establish a remuneration committee. Due to the size of the Company, the Board of Directors has decided that the functions of a remuneration committee will be undertaken by the full Board of Directors as the board members are deemed to possess the requisite knowledge and experience to do so.

Recommendation regarding evaluation of the work of the Board of Directors and the Executive Board

According to section 3.5.1 of the recommendations, the Board of Directors is recommended to establish an evaluation procedure for an annual assessment of the overall board and individual members. The Board's self-evaluation is organised based on the numbers and the needs of the Company.

Recommendation regarding remuneration in the form of share options

According to section 4.1.3 of the recommendations, the remuneration of the Board of Directors should not include share options. The Board of Directors at Rovsing does not follow this recommendation as the Board of Directors are all participants in the Company's incentive warrant programme.

Management and organisation

Rovsing has two management bodies – the Board of Directors and the Executive Management. The general meeting elects the Board of Directors, which acts as the supreme authority of the Company between general meetings. The Board of Directors is the supervisory management body of the Company, which undertakes the employment of the Executive Management. The role of the Board of Directors is to supervise the Company's activities, development and management. The Executive Management is in charge of the day-to-day management and operation of the Company and must comply with the guidelines given by the Board of Directors.

Pursuant to the Company's articles of association, the Board of Directors must be composed of three to seven members. The Board of Directors is currently composed of three members, elected for a term of one year. The aim is for the Board of Directors to be composed of persons who possess the necessary skills for performing their duties and have an in-depth understanding of the Company's business affairs. In this respect, the Board of Directors considers the following skills to be important: Insight into the institutional and commercial aerospace market, experience in development, manufacturing and sale of advanced test equipment, experience in international project sales and the related legal aspects, and management experience from a listed company.

The Board members' shareholdings through controlled companies and/or held personally are set out on page 63-64.

The remuneration of the Board of Directors for 2021/22 was unchanged at DKK 100,000. The Chairman receives 200% of the basic fee.

At the Company's annual general meeting in October 2021 Michael Hove, Jakob Have and Ulrich Beck were reelected to the Board of Directors.

The remuneration of the Executive Management consists of a fixed salary and incentive programmes in the form of a possible cash bonus and warrants. The weighting of the individual remuneration elements is intended to support the Company's positive performance in the short and long term. The cash bonus is performance-based relative to the annual budget to promote the Executive Management's focus on both revenue and costs. The vesting of warrants is based on the CEO's and CFO's employment with the Company and is described in more detail in note 6 to the financial statements.

Internal control and risk management

Rovsing's internal control systems and procedures in relation to financial reporting are to contribute to ensuring that the financial statements give a true and fair view of the Company's financial position and are free from material misstatement.

Rovsing's Board of Directors is responsible for the establishment and approval of an effective internal control and follow-up system for purposes of the Company's risk management, including relevant guidelines, policies and significant accounting principles.

The Executive Management is responsible for risk management and maintaining an efficient control system, considering applicable legislation and other internal guidelines and procedures. Risk management is focused on risk identification, probability and impact assessment, and risk mitigation measures. The purpose of control activities is to prevent, detect and correct any errors or irregularities. The activities have been integrated in Rovsing's accounting and reporting procedures. These activities include procedures for verification, authorization, approval, reconciliation, result analysis, IT application controls, and general IT controls.

Detailed monthly accounting data are prepared, analysed and monitored at entity and Company level. Rovsing's integrated IT controls and general controls contribute to ensuring that the financial statements give a true and fair view. Reporting instructions, including estimation and close-of-month procedures, are updated and implemented on a regular basis. Combined with other policies, these are available to all relevant employees.
Any control weaknesses identified by internal control or external auditors are presented to the Board of Directors, which oversees that Management implements the necessary measures to remedy the weaknesses in a timely manner.

CSR, HUMAN RIGHTS AND CLIMATE CHANGE MITIGATION

Description of Rovsing's business model

Operationally, the structure is that there is only one company that operates with a high degree of operational independence.

The majority of revenue is generated in Europe and derives from sales of products and systems for functional and electrical testing of spacecrafts (primarily satellites) and their payloads for professional clients. The Company has no sales to individuals. The Company's activities are generally conducted in accordance with internationally recognized quality standards.

The Company's purchasing of components comprises a very large number of products purchased from suppliers primarily in Denmark and Europe. The hallmark of these products is that they are manufactured by reputable high-quality technical manufacturers.

Due to the Company's size and short chain of command, the Company has decided to align corporate responsibility efforts with the key risks identified, and has no formalized KPIs on human rights, social and employee relations, anticorruption and business ethics and environment and climate change. However, the Company does address corporate responsibility based on internationally recognized principles, as described below.

Human Rights

Rovsing supports and respects the international human rights contained in the Convention on Human Rights. This means, among other things, that the Company works to ensure equal opportunities regardless of gender, religion, origin or sexual orientation. The Company does not accept forced labour or child labour.

The Company endorses employees' free choice of trade unions and respect their right to participate in collective bargaining, in accordance with applicable laws and standards in respective countries regarding working hours and wages.

The Company has identified the risk of discrimination against employees to be the most significant risk in relation to human rights. This can affect our ability to attract and retain employees as well as affect our reputation.

The Company translates human rights principles into action by communicating them to employees and monitoring that the principles are observed, but due to the limited scope of its operations, the Company has not otherwise found it necessary to conduct human rights related due diligence. In 2021/22, the result of these efforts was that no human rights violations were found in Rovsing. The Company expects to continue and where appropriate, expand, these efforts in the future.

Social and employee relations

In Rovsing, we believe that results are created through people. We strive to be a responsible employer that ensures proper employment, healthy and safe working conditions and a motivating work environment for our employees.

The Company translates these principles into action, inter alia, through the development and maintenance of employees' knowledge and skills, to ensure that the company continues to have a high efficiency, that innovative products and solutions can be produced and that the products manufactured are competitive in the selected markets. The presence of the necessary qualifications is ensured, among other things through targeted training of employees as well as collaboration with external partners.

The Company has identified employees not feeling motivated by working at Rovsing as the most significant social- and employee-related risk. This is, however, not currently the case. No social and employee-related violations were found in Rovsing.

As Rovsing employed 26 FTEs on average in 2021/22, the Company has not yet found it necessary to establish any processes for social and employee-related due diligence. The Company expects to continue and where appropriate, expand, these efforts in the future.

Anti-corruption and business ethics

Over the years, we have built a reputation as a company that maintains a high degree of integrity and ethical conduct. We combat all forms of corruption, including bribery and facilitation payments, by informing our employees of our zero-tolerance approach to bribery and corruption.

We have identified the risk of employees using gifts or other means to unduly influence a stakeholder as the main risk related to bribery and corruption. This may also be the case if one of our employees is unduly influenced by a stakeholder. Both cases could have consequences for our reputation.

Due to the limited scope of its operations, the Company has not yet found it necessary to establish processes for anti-bribery and corruption due diligence. No corruption and bribery offenses have been found or reported in Rovsing in 2021/22, and the Company plans to continue and where appropriate, expand, these efforts in the future.

Environment and climate

It is the Company's goal to strive for a production that limits the climate impact through the use of environmentally friendly processes. This includes choice of materials that are as reusable as possible, but also that the various processes are gentle on the environment.

We believe that the most significant climate- and environment-related risk would be if we use materials in our production that unnecessarily harm the environment. Furthermore, it can be a risk if our production of products has processes or approaches that may unduly impact the environment. We are aware that this risk can have consequences for the local environment as well as have consequences for our reputation.

The Company's climate and environment-related processes entail, that environmental considerations are included as part of the company's innovation processes and business strategy. As of yet, no results have been identified as a result of the efforts, but the Company expects to continue and where appropriate, expand, these efforts in the future.

Data ethics

Rovsing, is in compliance with the regulations related to data ethics and the processing of personal data. As the Company is a purely a business-to-business company with no link to processing of personal data or transactions with private customers. Processing of personal data is therefore of very limited extent for the purposes of administration of customers and suppliers. Internally for HR administration the processing of employee personal data follows the given regulations pertaining to the area. Data is not obtained or harvested without prior consent and not shared with third-parties. New employees are instructed in the policy and Management regularly assesses whether further measures ate needed.

RISK FACTORS

The risk factors below are not listed in any order of priority according to significance or probability. It is not possible to quantify the significance to Rovsing of each individual risk factor as each of the risk factors mentioned below may materialise individually or simultaneously to a greater or lesser degree and have a material adverse effect on Rovsing's business, operating profit and financial position.

RISKS RELATED TO THE COMPANY

The Company's earnings expectations are subject to considerable uncertainty

The Company's expectations for the future are based on a number of assumptions. If these assumptions are not met, in whole or in part, the Company's future results may deviate considerably from the expectations, which may have a material adverse effect on the Company's operations, results and financial position.

Liquidity risk

The Company's liquidity position has historically in some months been supported by Jyske Bank if large milestones payments have shifted. Management assesses that there are several options to ensure an sufficient liquidity position.

Liquidity problems due to late payment by customers

As payments are linked to milestone achievement and acceptance, late payments by customers can occur from time to time due to customer internal process delays. Such delays may adversely affect the Company's liquidity and increase the risks related thereto, as discussed above. Delayed deliveries to or approvals from customers may have a similar effect.

The Company is dependent on a few large customers

Rovsing is dependent on a few large and long-standing customers. The European Space Agency, ESA (end customer), typically delegates the overall responsibility for a space programme to the largest European space companies – Airbus Defense & Space, Thales Alenia Space or OHB ("Prime Contractors") – through contracts.

Although, when awarding a contract to a Prime Contractor, ESA also requires an open competitive process in the selection of subcontractors, it is crucial for the Company's future development in the space industry to maintain its good relations with these Prime Contractors. There can be no assurance of this, and the opposite scenario could lead to a loss of future orders and materially affect the Company's future earnings and results.

Technological developments may impair the Company's competitiveness

Even though the Company is not dependent on individual technologies or processes, technological developments may occur in the future which may impair the Company's competitiveness, including if the Company's fails to maintain a certain level of investment in the maintenance and development of its current intellectual property rights or faces difficulty to source parts.

Tenders may be unsuccessful

The Company's large customers launch a limited number of calls for tenders a year. The outcome of these tenders can have a significant impact on the Company's revenue, earnings and future competitiveness. The outcome of such tenders depends on various factors which are beyond the Company's control, including the quality and price offered by the other tenderers. As there are only a limited number of tenders, there is a risk of losing more than expected or them all, which will materially affect the Company's future results.

The Company is in the final steps of becoming ISO-certified, a process that should be finalized latest by end of 2022. A small remaining risk of being rejected for lack of ISO-certification as supplier to certain customers in the commercial space industry, and this may have a negative impact on the Company's future development opportunities.

Lack of contract opportunities due to fully allocated return quota

For each ESA programme, a ratio applies to the aggregate contract amount permitted in each participating member state. There is a risk that other Danish businesses are awarded large contracts under a programme that it can reduce Rovsing's contract opportunities under that programme.

Risk of infringement of intellectual property rights

Rovsing's products are developed from scratch, despite this, there is a risk that the products will infringe third party rights, including patent rights. Such infringement may involve substantial claims from the rightsholders and/or cause rightsholders to obtain injunctions against supply of the products containing the infringing material, which may materially affect Rovsing's results.

Fixed-price contracts may involve losses

Although Rovsing has switched to basing its deliveries on standard products, Rovsing remains a development business which, in some tenders, must prepare estimates of the resources and production cost required to perform the individual contracts. There is a risk that Rovsing underestimates the (development) costs and/or the production cost (price of components) associated with existing or future projects and therefore cannot achieve the budgeted contribution margins and/or incurs losses in connection with projects.

Insufficient insurance cover

There is no guarantee that the insurance cover acquired is sufficient to compensate for a loss arising due to a claim, including especially a product liability claim. The Company strives to minimise its exposure by way of its general terms of sale and delivery and its commercial liability and product liability insurance, but there is no certainty that all situations have been agreed in such a way as to prevent an error from having a negative impact on the Company's earnings.

In addition, a loss for which the Company is liable or jointly liable may potentially damage the Company's opportunities to enter into future contracts, as the Company's business concept involves protecting customers against such losses.

Wrong assessment of market penetration time and demand in new markets

Penetration of new markets involves a number of uncertainties – not least in terms of market penetration time. The Company has significant references from the space industry but does not yet possess detailed knowledge of all markets as regards applications. Both the penetration time and the fact that services provided by the Company are often competing with internal resources of other companies, are subject to uncertainty. These factors may materially affect the Company's future revenue and earnings.

Trade restrictions may impact future business

A delivery to one market, e.g. the Chinese market, may affect the possibilities for supplying to other markets, e.g. the USA. Rovsing monitors the evolution of the trade and political conflicts between both countries which are key players in the global space markets.

Restrictions on export bonds to certain countries can impact the Company's ability to enter into new business markets.

Accumulation of application know-how may be affected by lack of recruitment

The Company's strategy is initially to accumulate market knowledge, technical skills and marketing skills in the global aerospace market, primarily through recruitment at the board, management, engineer and sales level. When entering new market areas, the headcount will increase with a resulting risk that capacity adjustment problems may arise.

There is a risk that the Company will not succeed in balancing the capacity to ensure coherence between the contracts concluded and availability of sufficient capacity in terms of both quality and quantity, which may affect the Company's future revenue and results.

The Company is dependent on key persons

As a knowledge-based business, the future development of the Company relies on contributions from current and future employees. The Company's employees are its greatest asset. The Company's ability to attract, retain and develop talented employees is therefore considered essential to the Company's future activities, results and financial position.

The Company's development to date in respect of management, development and marketing has been driven extensively by individuals. A loss of one or more of these employees may have a material adverse effect on the Company's business. However, there can be no assurance that this will not happen.

Unsatisfactory contribution margins of products and services may impact results

The Company's earnings rely strongly on its ability to secure satisfactory contribution margins of its contracts.

The contribution margin depends on the Company's ability to maintain a high level of expertise within its product areas and its possibilities for reusing product developments and maintaining a stable cost base for the manufacturing of the Company's products. A lack of the same will have negative consequences.

Capitalised development costs, product rights and/or tax assets may be written off

In its annual report for 2021/22, Rovsing capitalised development costs of DKK 0,7 million hereafter totaling DKK 11,1 million. The deferred tax asset is DKK 2,1 million and unchanged from previous year. There is a risk that the products developed cannot be sold to the extent expected and/or that the

Company does not generate a profit in the coming financial years, and that the capitalised development costs, product rights and/or tax asset will be written off in connection with future financial statements. Such a scenario will affect Rovsing's results and balance sheet.

Exchange rate risk

In the space industry, the Company's contracts are primarily concluded in EUR or USD. As the Danish krone is pegged to the Euro, the exchange rate risk in this connection is low. However, exchange rate risk occurs while the Company enters into contracts in USD.

INDUSTRY SPECIFIC RISK

Competitors may drive the Company out of the market

The Company is competing in an ever-changing market with a large number of development businesses in Europe, including a few in Denmark.

As the Company's customers increasingly use standard products, there is a risk that one or more competitors develop competing standard products which become market leading. This and/or the general competition from other development businesses may entail a substantial reduction of the Company's revenue and may in that case materially affect the Company's results going forward.

Aerospace market may be affected by ESA membership

The Company's market segment mainly consists of the institutional European aerospace market and exclusively exists owing to Denmark's ESA membership.

If Denmark terminates its membership or reduces its contribution considerably, a very substantial part of Rovsing's market will cease to exist, and this will have a very significant impact on the Company's activities, results and financial position. Changes to the geographical return rules may affect the Company's earnings. Lastly, stricter enforcement of the rules, e.g. so that the four large countries (Great Britain, France, Italy and Germany) of ESA's 22-member states gain a larger portion of the contracts, will make the market conditions much more difficult. This also involves a risk to the Company's future development in the European space industry.

At a meeting of ministers in November 2019, Denmark confirmed its continued ESA membership and participation in optional programmes for the period 2020 - 2022 for an aggregate amount of DKK 360 million. This combined with the mandatory membership fee brings Denmark's contribution to ESA programmes to approximately DKK 240 million a year, which is largely unchanged on the years before.

The upcoming ministerial meeting is foreseen in November 2022, and to date no indications have arisen that Denmark will withdraw from ESA. Rovsing and Danish space industry partners continue to push for increased contributions from Denmark as the growth and development potential of the industry is largely linked with the contributions, whereas these also have a return multiplier effect of 8 (eight) for the Danish economy according to OECD estimates.

Hence, there are currently no signs that Denmark is about to withdraw from the ESA collaboration.

Nor are there any signs that the geographical return rules will be abolished or that ESA will apply the return rule more arbitrarily in the future, but there is not guarantee of that. There is a risk that changed political priorities may materially affect the member states' funding of ESA programmes, which in that case will affect the Company's prospective income and have a material adverse impact on results.

ESA contracts involve a process in which the individual companies that have submitted bids for the individual project are assessed, and the individual project participants are subsequently selected. A kick-off meeting is held where the selected project participant receives an approval to commence the project, but the actual contract is signed at a later point in time. This process involves a risk that the contracts are never signed and that only the approved part is completed. Rovsing has never experienced a situation where a kicked off contract was not completed, but there is no guarantee that this will not happen. In that case, such a process may involve substantial losses for the Company.

Warranty costs

In connection with the development and delivery of Rovsing's high-tech solutions, extensive testing is often conducted in collaboration with customers. However, there is a risk that the products contain defects that are not detected during testing. This may subsequently result in warranty costs. Historically, Rovsing has not incurred any significant warranty cost related to product performance.

MANAGEMENT STATEMENT

The Board of Directors and the Executive Management have today considered and adopted the annual report of Rovsing A/S for the financial year 1 July 2021 to 30 June 2022. The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU and Danish disclosure requirements for listed companies. The Management's review is also presented in accordance with Danish disclosure requirements for listed companies.

We consider the accounting policies applied to be appropriate. Accordingly, the financial statements give a true and fair view of the Company's assets, liabilities and financial position at 30 June 2022 and of the Company's activities and cash flows for the financial year 1 July 2021 to 30 June 2022.

We believe that the Management's review includes a fair review of developments in the Company's activities and finances, results for the year and the Company's financial position in general as well as a fair description of the principal risks and uncertainties to which the Company is exposed.

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

Glostrup, 9 September 2022

EXECUTIVE MANAGEMENT

Hjalti Pall Thorvardarson (CEO)

Sigurd Hundrup (CFO)

BOARD OF DIRECTORS

Michael Hove (Chairman)

Jakob Have

Ulrich Beck

INDEPENDENT AUDITOR’S REPORT

To the Shareholders of Rovsing A/S

OPINION

In our opinion, the financial statements give a true and fair view of the Company's assets, liabilities and financial position at 30 June 2022 and of the results of the Company's operations and cash flows for the financial year 1 July 2021 – 30 June 2022 in accordance with the International Financial Reporting Standards as adopted by the EU and additional requirements in the Danish Financial Statements Act.

Our opinion is consistent with our long-form audit report to the Board or Directors and the Audit Committee.

Audited financial statements

Rovsing A/S financial statements for the financial year 1 July 2021 – 30 June 2022 comprise the income statement, statement of comprehensive income, balance sheet, statement of changes in equity, statement of cash flows and notes, including summary of significant accounting policies, for the Company (the financial statements). The financial statements are prepared in accordance with the International Financial Reporting Standards as adopted by the EU and additional requirements in 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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these rules and requirements.

We declare, to the best of our knowledge and belief, that we have not provided any prohibited non-audit services, as referred to in Article 5(1) of the Regulation (EU) 537/2014 and that we remained independent in conducting the audit.

Independent auditor's report

We were appointed auditors of Rovsing A/S at the annual general meeting on 25 October 2021 for the financial year ending 30 June 2022.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements for the financial year 1 July 2021 – 30 June 2022. These matters were addressed in the context of our audit of the financial statements as a whole, and in the forming of our opinion thereon. We do not provide a separate opinion on these matters.

Key audit matters	How our audit addressed the key audit matter
Valuation of intangible assets	
Completed development projects represent DKK 10.9 million corresponding to 34% of the Company's assets. Management conducts annual impairment test to determine whether the carrying amounts of recognised completed development projects are considered to be impaired and, hence, should be written down to the recoverable amount. Management determines the recoverable amount of the completed development projects using a discounted cash flow model (value in use). Key assumptions used in the impairment test are increase in revenue and margin and the applied discount rate. The audit of the recoverable amount has been considered a key audit matter as the determination of the recoverable value is associated with significant estimation uncertainty. Reference is made to note 13 to the financial statements and the accounting policies.	For the purpose of our audit, the procedures we carried out included the following: — We have discussed with Management and evaluated the internal controls and procedures for preparing impairment tests and the budget and forecasts. — We have focused our audit on the appropriateness of models and the key assumptions used by Management to calculate the values in use and assessed the consistency of the assumptions applied to internal and external information obtained. — We have assessed the documentation that supports the key assumptions applied and challenged management's use of these assumptions. — In addition, we have assessed whether the disclosures; Note 13 Intangible Assets in the financial statements meet the requirements of IFRS.
Revenue recognition	
The Company delivers long term contracts, which typically extend over more than one financial year. Due to the nature of these contracts and in accordance with the accounting policies, the Company recognises and measures revenue from such long-term contracts over time based on the percentage of completion method. The percentage of completion is calculated on the basis of the contract costs incurred at the balance sheet date in relation to the estimated total cost of the contract. The audit of the recognition and measurement has been considered a key audit matter as there is a risk that the estimated total costs the contract are not accurately estimated. Reference is made to note 3 to the financial statements and the accounting policies.	For the purpose of our audit, the procedures we carried out included the following: — We have considered the appropriateness of the Company's revenue recognition policy and assessed its compliance with IFRS 15 Revenue from Contracts with Customers. — We have discussed with Management and evaluated the internal controls and procedures for the revenue recognition. — We have discussed with Management the key judgements and estimates made related to the recognised revenue. — We have performed retrospective reviews of realised contract costs to determine the historical accuracy of estimated total costs of the contracts. — We have reconciled the terms in the contracts with customers to project calculations supporting the revenue recognition including contract value and the projected stages of completion for the contracts. — We have reconciled the actual realised costs to the calculations of percentage of completion supporting the revenue recognition and the estimated total costs of the project to the latest updated projections approved by Management.

— In addition, we have assessed whether the disclosures; Note 3 Revenue in the financial statements meet the requirements of IFRS.

Independent auditor's report

STATEMENT ON THE MANAGEMENT'S REVIEW

Management is responsible for the Management's review.

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

In connection with our audit of the financial statements, our responsibility is to read the Management's review and, in doing so, consider whether the 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 the Management's review provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we conclude that the 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 the Management's review.

MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the International Financial Reporting Standards as adopted by the EU and additional requirements in the Danish Financial Statements Act and for such internal control that Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Independent auditor's report

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 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 as to 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 may arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

Independent auditor's report

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

From the matters communicated to those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determined that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Copenhagen, 9 September 2022
KPMG P/S
Statsautoriseret Revisionspartnerselskab
CVR no. 25 57 81 98

Morten Høgh-Petersen
State Authorised
Public Accountant
mne34283

Simon Vinberg Andersen
State Authorised
Public Accountant
mne35458

INCOME AND COMPREHENSIVE INCOME STATEMENT

Note	INCOME AND COMPREHENSIVE INCOME STATEMENT	2021/22	2020/21
	DKK'000		
3	Revenue	27,009	27,535
	Changes in inventories and work materials used	-6,686	-7,672
	Work performed by the entity and capitalised	731	339
	Gross profit/loss	**21,054**	**20,202**
4	Other external expenses	-2,159	-2,016
5, 6	Staff costs	-17,748	-15,672
	Operating profit before depreciation and amortisation (EBITDA)	**1,147**	**2,514**
7, 8	Depreciation, amortisation and impairment	-1,861	-5,011
	Operating profit/loss (EBIT)	**-714**	**-2,497**
9	Financial income	44	8
10	Financial expenses	-1,091	-926
	Profit/loss before tax	**-1,761**	**-3,415**
11	Tax on profit/loss for the year	210	17
	Net profit	**-1,551**	**-3,398**
	Comprehensive income	-1,551	-3,398
	Allocation of profit/loss and comprehensive income:		
	Shareholders of Rovsing A/S	-1,551	-3,398
12	**Earnings per share**		
	Earnings per share (EPS Basic)	-3,3	-7,3
	Earnings per share (EPS-D)	-3,3	-6,5

BALANCE SHEET

Note	BALANCE SHEET, ASSETS	2021/22	2020/21
	DKK'ooo		
	Non-current assets		
	Intangible assets		
13	Completed development projects	10,890	10,832
13	Patents and licenses	0	0
13	Development projects in progress	206	90
		11,096	**10,922**
	Property, plant and equipment		
15	Right-of-Use assets	2,026	913
14	Property, plant and equipment	1,026	0
		3,052	**913**
	Other non-current assets		
	Tax	210	75
16	Deferred tax	2,143	2,143
		2,353	**2,218**
	Total non-current assets	**16,501**	**14,053**
	Current assets		
4	Inventories	4,274	2,396
17	Trade receivables	7,758	4,630
18	Contract work in progress	2.638	2,737
	Tax	75	0
17	Other receivables	900	906
	Prepayments	369	154
	Cash	2	256
	Total current assets	**16,016**	**11,079**
	TOTAL ASSETS	**32,517**	**25,132**

BALANCE SHEET

Note	BALANCE SHEET, EQUITY AND LIABILITIES	2021/22	2020/21
	DKK'000		
19	**Equity**		
	Share capital	23,662	23,568
	Reserves for development costs	3,139	2,892
	Retained earnings	-18,716	-16,884
	Total equity	**8,085**	**9,576**
	Non current liabilities		
20	Bond loans	4,200	4,200
15	Lease liabilities	1,329	487
	Total non-current liabilities	**5,529**	**4,687**
	Current liabilities		
24	Credit institutions	8,261	3,181
15	Lease liabilities	723	393
	VAT loan	2,169	0
18	Prepayments from customers	3,337	1,014
	Trade payables	2,289	623
21	Other payables	2,124	5,658
	Total current liabilities	**18,903**	**10,869**
	Total liabilities	**24,432**	**15,556**
	TOTAL EQUITY AND LIABILITIES	**32,517**	**25,132**

STATEMENT OF CHANGES IN EQUITY

2020/21 DKK'000	SHARE CAPITAL	RESERVES FOR DEVELOP-MENT COSTS	RETAINED EARNINGS	TOTAL
Equity at 1 July 2020	**22,894**	**3,039**	**-14,511**	**11,422**
Comprehensive income for the period				
Comprehensive income	0	0	-3,398	-3,398
Transferred between reserves	0	-147	147	0
Total comprehensive income for the period	**0**	**-147**	**-3,251**	**-3,398**
Other transactions				
Capital increase	674	0	902	1,576
Costs capital increase	0	0	-24	-24
Total transactions with owners	**674**	**0**	**878**	**1,552**
Equity at 30 June 2021	**23,568**	**2,892**	**-16,884**	**9,576**

The reserves have been allocated in accordance with the Danish Companies Act.

2021/22 DKK'000	SHARE CAPITAL	RESERVES FOR DEVELOP-MENT COSTS	RETAINED EARNINGS	TOTAL
Equity at 1 July 2021	**23,568**	**2,892**	**-16,884**	**9,576**
Comprehensive income for the period				
Comprehensive income	0	0	-1,551	-1,551
Transferred between reserves	0	247	-247	0
Total comprehensive income for the period	**0**	**247**	**-1,798**	**-1,551**
Other transactions				
Capital increase	94	0	0	94
Costs capital increase	0	0	-34	-34
Total transactions with owners	**94**	**0**	**-34**	**60**
Equity at 30 June 2022	**23,662**	**3.139**	**-18,716**	**8,085**

The reserves have been allocated in accordance with the Danish Companies Act.

CASH FLOW STATEMENT

Note	CASH FLOW STATEMENT	2021/22	2020/21
	DKK'000		
	Profit/loss for the year	**-1,551**	**-3,398**
	Adjustment for non-cash operating items etc.:		
8	Depreciation, amortisation and impairment	1,861	5,011
25	Other non-cash operating items, net	-7	0
9	Financial income	-44	-8
10	Financial expenses	1,091	926
11	Tax on profit/loss for the year	-210	-17
	Cash flows from operations before changes in working capital	**1,140**	**2,514**
26	Change in working capital	-4,872	-2,182
	Cash flow from operations	**-3,732**	**332**
	Interest receivable	44	8
	Interest payable	-1,091	-926
	Cash flow from operating activities	**-4,779**	**-586**
13	Acquisition of intangible assets	-851	-429
14	Acquisition of tangible assets	-1,251	0
	Cash flow from investing activities	**-2,102**	**-429**
23	New bond loans and debt with credit institutions	5,080	4,956
23	Repayment of bond loan	0	-4,200
	Other debt	2,169	35
	Capital increase, net proceeds from issue	95	1,575
	Principal paid on lease	-683	-1,340
	Costs emission	-34	-24
	Cash flow from financing activities	**6,627**	**1,002**
	Net cash flow for the period	**-254**	**-13**
	Cash, beginning of year	256	268
	Cash, end of year	**2**	**256**

OVERVIEW OF NOTES TO THE FINANCIAL STATEMENTS

NOTES

NOTE 1. ACCOUNTING POLICIES

The annual report for 2021/22, which comprises the Company's financial statements, has been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union and additional Danish disclosure requirements for class D companies for listed companies.
The accounting policies are consistent with those applied in 2020/21.

The annual report is presented in DKK thousands (DKK '000).

Relevant new accounting standards

The annual report is presented in accordance with the standards (IFRS/IAS) and interpretations (IFRIC) applicable for financial years beginning on 1 July 2020 or later.

In the current year, the Company has applied a number of amendments to IFRS Standards and Interpretations issued by the International Accounting Standards Board (IASB) and adopted by the EU that are effective for an annual period that begins on or after 30 June 2020. Their adoption has not had any material impact on the disclosures or on the amounts reported in these financial statements.

New standards and interpretations not yet adopted

The IASB has issued a number of new amended standards and interpretations that are not mandatory for the financial statements for 2022/23. Some of which have not yet been endorsed by the EU. Rovsing A/S expects to adopt the standards and interpretations when they become mandatory. None of these are expected to have a significant impact on recognition and measurement but may lead to further disclosures in the notes.

Foreign currency translation

Rovsing uses DKK as it's functional and presentation currency.

On initial recognition, transactions denominated in foreign currency are translated at the exchange rate ruling on the transaction date. Foreign exchange differences arising between the exchange rate at the transaction date and at the date of payment are recognised in the income statement under financial income or expenses.

Receivables, payables and other monetary items denominated in foreign currency are translated at the exchange rates ruling at the balance sheet date. The difference between the exchange rate ruling at the balance sheet date and the exchange rate at the date when the receivable or payable arose or was recognised in the most recent financial statements is recognised in the income statement under financial income or expenses.

Segments

The Company consist of one segment as per the definition within IFRS 8, which constitute the entire Company, and as such the segment disclosures are prepared based on this assumption. Consequently, the Company has not been organized around differences in products and services, geographical areas, regulatory environment or otherwise.

Applying materiality

The provisions in IFRS contain extensive disclosure requirements. The specific disclosures required according to IFRS are stated in the consolidated financial statements included in this Annual Report unless the disclosures concerned are considered irrelevant or immaterial for financial decisions made by the financial statement users.

Going concern

Management is required to decide whether the financial statements can be presented on a 'going concern' basis. Based on estimated future prospects, expectations of future cash flows, existence of credit facilities, etc., Management is of the opinion that the Company can continue operating for at least 12 months from the balance sheet date, for further see note 2.

NOTES

Revenue

Income from the sale of goods and services is recognised in the income statement when each of the separate performance obligations are satisfied. Revenue is recognised excluding VAT and taxes and net of discounts related to sales. Each revenue line is subject to the 5-step model which includes: Identification of contract, separation of performance obligations in each contract, determining the transaction price, allocation of price to identified performance obligations and recognition of revenue.

Revenue from contracts with customers is recognised when control of the goods or services are transferred to our customers at an amount that reflects the transaction price to which we expect to be entitled in exchange for these goods or services.

Revenue from projects, products, and services (with the exception of sale of service hours) is recognised over time, using the cost-to-cost method, when we have no alternative use for the goods or services to be delivered and we have an enforceable right to payment for work completed.

If we do have an alternative use for the goods or services to be delivered, e.g. products with a low degree of customisation, such sales will be recognised at the point in time when control transfers to the customer, usually upon delivery.

The percentage of completion for projects is determined on the basis of expenses incurred to date for engineering hours etc. associated with developing, manufacturing and installing the product relative to the expected overall expenses of the projects.

Production costs, external

Other operating costs include cost of goods sold and other external costs incurred to generate the revenue for the year.

Other operating income

Other operating income includes grants, which are recognised in step with completion of the activity eligible for grant.

Other external costs

Other external costs comprise expenses for distribution, sale, marketing, administration, premises, etc.

Warrants

For equity-settled stock options and warrants, the fair value is measured at the grant date and recognised in the income statement under staff costs over the vesting period. The balancing item is recognised directly in equity.

On initial recognition of the stock options, the number of options expected to vest is estimated. Subsequently, adjustment is made only for changes in the number of employees estimated to become entitled to options or warrants.

The fair value is determined according to the Black-Scholes method.

Financial income and expenses

Financial income and expenses include interest income and expenses, exchange gains and losses on securities, payables and transactions in foreign currencies, amortisation of financial assets and liabilities. Borrowing costs attributable to qualifying assets are included in the cost of these assets.

Tax

Tax on the profit/loss for the year, consisting of the year's current tax, movements in deferred tax and any prior-year adjustments, is recognised in the income statement as regards the amount that can be attributed to the profit/loss for the year and posted in other comprehensive income or directly in equity as regards the amount that can be attributed to movements in equity.

Deferred tax is measured in accordance with the balance sheet liability method on all temporary differences between the carrying amount and the tax base of assets and liabilities.

The tax value of tax losses carried forward is included in the statement of the deferred tax if the loss is likely to be utilised.

Deferred tax is measured on the basis of the tax regulations and rates that apply at the balance sheet date and are expected to apply at the time when the deferred tax is expected to crystallise as current tax.

Changes in deferred tax due to changes in the tax rates are recognised in the income statement as regards the share that relates to the net profit or loss for the year, whereas the share that relates to entries directly in equity is taken to other comprehensive income or directly to equity.

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Intangible assets

Intangible assets recognised in the balance sheet are measured at the lower of cost less accumulated amortisation and the recoverable amount.

Investments in development comprise costs and wages directly attributable to the Company's development activities.

Development projects which are clearly defined and identifiable, where the level of technical utilisation, sufficient resources and a potential future market or business opportunity for the Company can be demonstrated, and where the intention is to manufacture, market or utilise the project, are recognised as intangible assets if the cost can be reliably measured, and there is sufficient certainty that the future earnings can cover production and sales costs, administrative expenses and investments in development.

After completion of the development work, development costs are amortised on a straight-line basis over the estimated useful life.

Grants received to cover capitalised development costs are recognised as reduction in the cost of the development asset when the development asset is ready for use and is recognised in the profit & loss as the developed asset is amortised.

Other development costs are recognised in the income statement as incurred.

The usual amortisation period is three to ten years. Acquired rights are amortised over ten years.

Software is measured at cost less accumulated depreciation.

Software is depreciated using the straight-line method over its expected useful life, estimated at three to five years. The assets' residual values and useful lives are assessed annually and adjusted, if appropriate, at each balance sheet date. Gains or losses on the disposal or removal of assets are recognised in the income statement under the same items as the related assets.

Impairment of intangible assets

Development projects in progress are tested for impairment annually by comparing the carrying amounts of the assets with their recoverable amounts. Other development projects are reviewed on an ongoing basis to determine whether there are any indications of impairment in excess of the amount provided for by normal depreciation. If there is an indication that an asset may be impaired, it is tested for impairment.

If the carrying amount of development projects exceeds their recoverable amount, the carrying amount is written down to the recoverable amount.

Property, plant and equipment

Items of property, plant and equipment are measured at cost less accumulated depreciation. Depreciation is charged on a straight-line basis over the expected useful lives of the assets.

Tools and equipment and software are depreciated over three to five years.

Rental and lease matters

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the payments, which are fixed or variable dependent on an index or a rate.

The lease payments are discounted using the implied interest rate of the lease. If that rate cannot be readily determined, which is generally the case for leases in Rovsing, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

When adjustments to lease payments based on an index or rate take effect, the lease liability is reassessed and adjusted against the lease asset. Service components are excluded from the lease liability.

Lease payments are allocated between principal and finance costs. The finance costs are charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use assets are measured at cost comprising the amount of the initial measurement of lease liability, any lease payments made at or before the commencement date less any lease incentives received, any initial direct costs, and any restoration costs.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If Rovsing is reasonably certain to exercise a purchase option,

NOTES

the right-of-use asset is depreciated over the underlying asset's useful life.

Payments associated with short-term leases and all leases of low-value assets are recognised as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise IT-equipment and small items of office furniture.

Impairment of property, plant and equipment

Depreciable assets are reviewed on an ongoing basis to determine any indications of impairment in excess of what is expressed in the normal depreciation of assets. If there is an indication that an asset may be impaired, it is tested for impairment. Where the recoverable amount is lower than the carrying amount, the value is written down to the lower recoverable amount.

Inventories

Inventories are measured at the lower of cost in accordance with the FIFO (first in, first out) method and the net realisable value. Goods for resale are measured at cost, comprising the purchase price plus delivery costs.

The net realisable value of inventories is calculated as the sales amount less costs of completion and costs necessary to make the sale and is determined taking into account marketability, obsolescence and development in expected selling price.

Receivables

Receivables are measured at amortised cost. Provision is made for bad debts. The company's revenue is generated on relatively few customers and in recent periods there have been no losses on receivables. The company applies the simplified approach to measure expected credit losses as trade receivables do not contain a significant financing component. ECL is determined based on days past due and credit risk in groupings of customer segments.

Contract work in progress

Contract work in progress is measured at the selling price of the production performed. The selling price is calculated with due consideration to costs of completion as basis for estimation of delivered performance obligations, adjusted for any ascertained losses.

On-account payments received are deducted from the item contract work in progress. On account payments received over and beyond the completed part of the project are calculated separately for each contract and recognised in the item prepayments from customers.

Prepayments

Prepayments comprise costs incurred relating to subsequent financial years.

Equity

Reserve for development costs. The reserve for internal development costs comprises capitalized development costs. This reserve cannot be used for dividends or distributions, or to cover losses. If the recognized development costs are sold or otherwise excluded from the company's operations, the reserve will be dissolved and transferred directly to the distributable reserves under equity. If the recognized development costs are written down, the part of the reserve corresponding to the write-down of the development costs will be reserved. If a write-down of development costs is subsequently reserved, the reserve will be re-established. The reserve is calculated net of tax and reduced by amortization of capitalized development costs on an ongoing basis.

Pension obligations

Contributions to defined contribution plans are expensed as incurred.

Other provisions

Other provisions are recognised when, as a consequence of an event occurring before or at the balance sheet date, the Company has a legal or constructive obligation, and it is probable that there may be an outflow of economic benefits to meet the obligation.

Current and non-current liabilities

Current liabilities, which comprise loans, trade payables, bond loans and other payables, are measured at amortised cost.

Deferred income

Deferred income comprises payments received relating to income in subsequent financial years.

Cash flow statement

The Company's cash flow statement shows the cash flows for the year, broken down by operating, investing and financing activities, and the year's changes in cash and cash equivalents as well as cash and cash equivalents at the beginning and end of the year.

Cash flows from operating activities are calculated indirectly as the profit or loss for the year, adjusted for non-cash operating items, financial items paid and tax paid.

Working capital includes current assets less current liabilities, exclusive of the items included in cash. Cash flows from investing activities comprise the acquisition and disposal of intangible assets, property, plant and equipment and financial assets as well as the purchase of short-term securities.

Cash flows from financing activities comprise the raising of loans and repayment of loans and contribution of capital through share issues.

Cash and cash equivalents comprise deposits with banks.

DEFINITION OF RATIOS

Ratio	Explanation
No. of shares, end of period	The total number of outstanding shares at any given time, exclusive of the Company's treasury shares.
Cash flow per share (DKK)	Cash flows from operating activities divided by average number of shares.
EBITDA margin (profit margin before depreciation and amortisation) (%)	Earnings before interest, tax depreciation and amortisation as a percentage of revenue.
EBIT margin (profit margin) (%)	Earnings before interest and tax as a percentage of revenue.
Equity ratio	Equity, end of year, as a percentage of total assets.
Return on equity (%)	Profit/loss for the year after tax divided by average equity.
Average no. of outstanding shares (1,000)	Average number of outstanding shares at any given time.
Net asset value per share (DKK)	Equity at year-end divided by number of shares at year-end.
Payout ratio (%)	Total dividends distributed divided by profit/loss for the year.
Earnings per share (DKK)	The Company's share of profit/loss for the year divided by average no. of shares.
Solvency ratio (%)	Traditional way of expressing the Company's financial strength.
Dividend per share of DKK 50	Dividend payment in Danish kroner per share.

NOTES

NOTE 2. ACCOUNTING ESTIMATES AND JUDGMENTS

When preparing the financial statements, the use of reasonable estimates and judgments is an essential part. Given the uncertainties inherent in our business activities, Management makes a number of accounting estimates and judgments. The estimates and judgments are based on assumptions which form the basis for recognition and measurement of our assets, liabilities, cash flows and related disclosures. Estimates are regularly reassessed.

Key accounting estimates are expectations of the future based on assumptions, that to the extent possible are supported by historical experience, customer demands, competitor actions and other reasonable expectations. Estimates, by their nature, are associated with uncertainty and unpredictability. The actual amounts may differ from the amounts estimated as more detailed information becomes available. Management believe that the estimates are reasonable, appropriate and the most likely outcome of future events under the given circumstances.

Key accounting judgments are made when applying accounting policies. Key accounting judgments are judgments made, that can have a significant impact on recognition, classification and disclosures of amounts in the financial statements.

Intangible assets

For each project, Management assesses whether the criteria for recognition as intangible assets are met. Completed development projects and product rights are tested annually for indication of impairment. If impairment is identified, an impairment test is performed for the individual development projects.

The carrying amount of completed development projects is DKK 10,890 thousand (2020/21: DKK 10,832 thousand). The completed development projects are related to the development of the SAS Platform which consists of Power Systems and Power Products such as SAS (Solar Array Simulator) and SLP (Second Level Protection). The SAS Platform constitutes the company's only CGU. An impairment test was prepared for this CGU and the recoverable amounts were estimated to be higher than the carrying amounts for all assets. The most significant assumptions are the revenue back log, cost and expenses associated with both assets.

The assumptions used when preparing the impairment tests were:

- Revenue is for 2022/23 based on current order back log, which is secured, and for 2023/24 revenue is based on a combination of order back log and estimated revenue. Revenue for 2024/25 and onwards is based on estimated growth rates of average 20 %.
- Cost and expenses assumptions are based on empirical data from 2021/22 and then inflated as this is considered representative for the future.
- WACC amounts to 11% (2021/22: 9%)
- Terminal growth 1% (2020/21: 1%). Management believes that the growth rate is reasonable based on demand within the space industry.

The value in use amounts were calculated as future free cash flows based on budgets for 2022/23 and forecasts for the following years incorporating the assumptions used in the financial budgets. The forecast period amounted to 5 years.

Any reasonable possible change in the key assumptions on which the recoverable amount is based would not cause the carrying amount to exceed the recoverable amount.

Development projects in progress are subject to an annual impairment test. Development projects in progress amounts to DKK 206 thousand and no impairment has been recognized.

Contract work in progress

Contract work in progress include non-invoiced services with a value of DKK 28,3 million (2020/21: DKK 10,2 million), which is recognised on the basis of an assessment of the percentage of completion of the delivered service. The selling price is measured based on the stage of completion and the total estimated income from the individual contracts in progress. Usually, the stage of completion is determined as the ratio of actual to total budgeted consumption of resources. Contract work in progress for Fixed Priced contracts is measured at the selling price of work completed at the balance sheet date, and the selling price is calculated on the basis of contracted income and the determined stage of completion. Stage of completion is determined making estimates of future hours and other project costs.

NOTES

Funding in 2021/22

The income statement shows a loss for the year of DKK 1,6 million and the Company has lost above 50% of its registered share capital. Funding in 2022/23 is based on a cash flow forecast with positive cash flow from operations together with a continuation of the existing short-term funding facility provided by Jyske Bank. In addition, the funding in 2022/23 is based on the convertible bond loan of DKK 4,2 million, which was refinanced in December 2020 and is due 31 December 2023. If the loan is repaid before 31 December 2023 the loan is repaid at a rate of 108.

During 2021/22 Rovsing, Jyske Bank and EKF collaborated on a loan facility, guaranteed by EKF, to finance a major project for the customer Thales Alenia Space UK, which helps to secure the necessary working capital to handle several major projects at the same time. This collaboration is expected to continue in 2022/23 on new incoming projects.

Under the current rules for listed companies, Rovsing may issue new shares for up to 20% of the Company's existing share capital within a financial year. Within this framework, the size of a potential capital increase will be assessed relative to the immediate liquidity requirements.

In recent years, the company has succeeded in raising temporary loans to supplement the credit line in Jyske Bank to cover the need for working capital when necessary.

Based on this, the financial statement has been prepared based on a going concern assumption.

Deferred tax

Rovsing recognises deferred tax assets, including the value of tax-loss carry forwards, if Management considers it likely that there will be sufficient taxable income in future.

Management has as of 30 June 2022 prepared an assessment, which is based on budgets and business plans for a period of 5 years. The assessment is to a large extend backed up by the strong order back log for 2021/22, which has secured a significant part of the 2022/23 budget already and provided a basis for future growth, as well as future prospects form a growing industry where demand within the space industry has increased significantly over the last few years.

For further see note 16.

NOTES

3 REVENUE

DKK'ooo	2021/22	2020/21
Developed products and systems	22,718	21,400
Software Verifications (ISVV)	376	1,528
On-site Engineering Services	3,915	4,607
	27,009	27,535

GEOGRAPHIC MARKETS

DKK'ooo		
EU	23,088	15,318
UK	3,664	9,556
Outside EU	257	2,661
	27,009	27,535

Revenue from three customers were in the interval from 10%-38% of the total revenue in 2021/22. In 2020/21 revenue, included in Developed products and system, from three customers were in the interval from 10%-25% of the total revenue in 2020/21. The order backlog as of 30 June 2022 was DKK 30,6 million, of which a significant part is expected to be recognised in 2022/23

Revenue from products, systems and services is recognised over time, using the cost-to-cost method.

The majority of the projects are sold as fixed price contracts and revenue from projects is usually recognised over time; applying the percentage of completion cost-to-cost method. A project contract will often entitle us to receive a down payment from the customer, followed by several milestone payments linked to a milestone progress plan. Upon completion and customer acceptance we will usually be entitled to the final payment.

4 EXPENSES

Audit fee expenses

DKK'ooo	2021/22	2020/21
Audit of financial statements	232	220
Audit fee for other services	0	0
	232	220

Inventory

DKK'ooo		
Raw materials and consumables	826	840
Work in progress	3,091	1,199
Finished goods and goods for resale	357	357
	4,274	2,396

NOTES

5 STAFF COSTS

DKK'000	2021/22	2020/21
Wages and salaries	15,589	13,829
Pension contribution	871	705
Other social security costs	1,051	919
Other staff costs	237	219
	17,748	15,672

	2021/22	2020/21
The item includes:		
Remuneration of the Executive Management	2,155	2,114
Share-based payments, Executive Management	0	0
Pension to the Executive Management	193	152
Remuneration of the Board of Directors	400	430
Share-based payments, Board of Directors	0	0
Average number of full-time employees	26	24

The Company's Executive Management has a bonus scheme based on achieved revenue and EBITDA. In addition, the Executive Management has a share-based incentive programme, under which warrants vest on the basis of the Executive Management member's employment with the Company, re note 6.

The service contract with the CEO and CFO may be terminated by the CEO/CFO giving three months' notice and by the Company giving 6 months' notice.

No remuneration has been agreed in connection with the CEO/CFO's potential resignation, and there are no special severance provisions for the CEO/CFO in connection with a takeover of the Company.

6 SHARE-BASED PAYMENT

The expense for share-based payments is calculated under the provision for share-based payments in accordance with IFRS 2. The warrant program has been recognized as an equity program and measured at the fair value of the option at the time of granting using the Black-Scholes formula. The fair value is expensed on a straight-line basis over the vesting period.

Rovsing A/S has a warrant incentive programme for the Company's Board of Directors, CEO and CFO. The programme comprises a total of 55,000 warrants. Each warrant entitles the holder to buy one share of DKK 50 each in Rovsing A/S. In addition, there are 3,300 warrants issued under the previous authorization totaling 58,300 outstanding warrants. No amounts are paid or payable by the recipient on receipt of the option. The options carry neither rights to dividends nor voting rights.

The outstanding warrants for the CEO and CFO equals 2.2% of the share capital if all warrants are exercised. The vesting of warrants for the CEO and CFO is based on employment with the Company. For the CEO and CFO all 10.299 warrants were vested after 12 month (Oct. 2018), 24 month (Oct. 2019) and 36 months (Oct. 2020), respectively. The warrants are issued with an exercise price of DKK 75 each. The vesting of the warrants was subject to continued employment in the Company.

NOTES

The outstanding warrants for the Board of Directors equal 9.0% of the share capital if all warrants are exercised. For the Board of Directors all 42.205 warrants were vested after 12 month (Oct. 2018), 24 month (Oct. 2019) and 36 months (Oct. 2020), respectively. The warrants are issued with an exercise price of DKK 75 each. Exercise of warrants has been extended from 36 to 57 months after the grant and thus expires September 2022. The subscription period is 4 weeks unless the Board of Directors decides otherwise. Options are forfeited if the employee leaves the Group before the options vest.

At 30 June 2021 all warrants are fully vested. In 2021/22 the costs recognised in the income statement relating to warrants is DKK 0 (2020/21: DKK 0).

Specification of outstanding warrants:

	Executive Management	Other employees	Not allocated	Board of Directors	Total	Exercise price per warrant
Number of exercisable options:						
Outstanding at 1 July 2021	10,299	5,796	0	42,205	58,300	75
Reallocated in 2021/22:	0	0	0	0	0	0
Exercised	0	0	0	0	0	0
Lapsed	0	0	0	0	0	0
Outstanding at 30 June 2021	**10,299**	**5,796**	**0**	**42,205**	**58,300**	**75**

7 RESEARCH AND DEVELOPMENT COSTS

DKK'000	2021/22	2020/21
Research and development costs incurred	735	429
Development costs recognised as intangible assets	-735	-429
Amortisation and impairment of recognised development costs	677	3,020
Development costs for the year recognised in the income statement	677	3,020

NOTES

8 DEPRECIATION, AMORTISATION AND IMPAIRMENT

DKK'000	2021/22	2020/21
Amortisation, completed development projects	677	3,020
Amortisation, patents and licenses	0	281
Impairment, patents and licenses	0	516
Depreciation, leasing	959	1,194
Depreciation, other fixtures and fittings, tools and equipment	225	0
	1,861	5,011

9 FINANCIAL INCOME

DKK'000	2021/22	2020/21
Exchange rate adjustments	44	8
	44	8

10 FINANCIAL EXPENSES

DKK'000	2021/22	2020/21
Interest, banks, etc.	925	767
Interest leasing	104	90
Exchange rate adjustments	62	69
	1,091	926

NOTES

11 TAX ON PROFIT/LOSS FOR THE YEAR

DKK'000	2021/22	2020/21
Current tax	210	74
Adjustment previous year	0	-57
Deferred tax	0	0
Tax on profit/loss for the year	210	17
Computed tax of profit/loss before tax	22%	22 %

	2021/22	2020/21
Tax on profit/loss for the year is explained as follows:		
Computed tax 22% of profit/loss before tax for the year	388	751
Tax effect of:		
Unrecognised deferred tax asset	-185	- 622
Other non-deductible costs	0	0
Adjustment previous year and other adj.	0	-117
Tax on cost charged to equity	7	5
Tax for the year	210	17

12 EARNINGS PER SHARE

DKK'000	2021/22	2020/21
Profit/loss for the year	-1,551	-3,398
Average number of issued shares (1,000)	473	463
Average number of warrants (1,000)	58	58
Earnings per share, (EPS Basic), of DKK 50 each	-3,3	-7,3
Earnings per share, (EPS diluted), of DKK 50 each	-3,3	-6,5

NOTES

13 INTANGIBLE ASSETS

2021/22	Completed development projects	Patents and licenses	Development projects in progress	Total
DKK'000				
Cost at 1 July 2021	32,445	22,350	90	54,885
Additions	0	0	851	851
Reclassification	735	0	-735	0
Cost at 30 June 2022	33,180	22,350	206	55,736
Amortisation and impairment at 1 July 2021	-21,613	-22,350	0	-43,963
Amortisation	-677	0	0	-677
Impairment	0	0	0	0
Amortisation and impairment at 30 June 2022	-22,290	-22,350	0	-44,640
Carrying amount at 30 June 2022	10,890	0	206	11,096

All intangible assets are considered to have a limited useful life.

At 30 June 2022, Completed development projects comprise the internally generated project SAS Platform with a carrying amount of DKK 10,890 thousand (30 June 2021: DKK 9,449 thousand) and the

At 30 June 2022, Management performed an impairment test of the carrying amount of intangible assets. Assets are written down to the lower of the recoverable amount and the carrying amount. The recoverable amount in this year's test is based on the value in use of the expected cash flow on the basis of budgets and forecasts for the future.

Reference is furthermore made to Note 2 on significant judgement and estimates regarding the impairment test for 2021/22.

NOTES

13 INTANGIBLE ASSETS

2020/21	Patents and licenses	Completed development projects	Develop-ment projects in progress	Total
DKK'000				
Cost at 1 July 2020	22,350	32,106	0	54,456
Additions	0	0	429	429
Reclassification	0	339	-339	0
Cost at 30 June 2021	22,350	32,445	90	54,885
Amortisation and impairment at 1 July 2020	-21,554	-18,593	0	-40,147
Amortisation	-281	-3,020	0	-3,301
Impairment	-515	0	0	-515
Amortisation and impairment at 30 June 2021	-22,350	-21,613	0	-43,963
Carrying amount at 30 June 2021	0	10,832	90	10,922

All intangible assets are considered to have a limited useful life.

An impairment of DKK 516 thousand has been recognized in 2020/21 related to the DSTE product-line, which is expected to be partially phased out in the coming years, and consequently because this is not part of the future strategy of the Company and cash flows from this cannot be measured reliable there is no support for the carrying amount at 30 June 2021 and consequently an impairment has been made. The impairment has been recognized in the income statement in the financial statement captions "Impairment".

At 30 June 2021, Completed development projects comprise the internally generated project SAS with a carrying amount of DKK 9,449 thousand (30 June 2020: DKK 10,805 thousand) and the internally generated project PSCOE with a carrying amount of DKK 1,383 thousand (30 June 2020: DKK 2,708 thousand).

At 30 June 2021, Management performed an impairment test of the carrying amount of intangible assets. Assets are written down to the lower of the recoverable amount and the carrying amount. The recoverable amount in this year's test is based on the value in use of the expected cash flow on the basis of budgets and forecasts for the future.

Reference is furthermore made to Note 2 on significant judgement and estimates regarding the impairment test for 2020/21.

14 PROPERTY, PLANT AND EQUIPMENT

	2021/22	2020/21
	Other fixtures and fittings, tools and equipment	Other fixtures and fittings, tools and equipment
DKK'000		
Cost at 1 July	607	607
Additions during the year	1,251	0
Disposals at cost	0	0
Cost at 30 June	1,858	607
Depreciation and impairment at 1 July	-607	-607
Depreciation for the year	-225	0
Disposals	0	0
Depreciation and impairment at 30 June	-832	-607
Carrying amount at 30 June	1,026	0

15 RIGHT OF USE ASSET

2021/22	Property lease	Other leases	Total
DKK'000			
Cost at 1 July 2021	2,043	1,006	3,049
Effect of modification to lease terms	0	0	0
Additions	2,072	0	2,072
Cost at 30 June 2022	4,115	1,006	5,121
Depreciations at 1 July 2021	-1,891	-245	-2,136
Effect of modification to lease terms	0	0	0
Depreciations	-707	-252	-959
Depreciations at 30 June 2022	-2,598	-497	-3,095
Right of Use asset at 30 June 2022	1,517	509	2,026

15 LEASE LIABILITIES

2021/22	Property lease	Other leases	Total
DKK'000			
Lease liabilities at 1 July 2021	203	677	880
Additions	2,071	0	2,071
Interest leases liabilities	68	36	104
Effect of modification to lease terms	-216	0	-216
Lease payments	-504	-283	-787
Lease liabilities at 30 June 2022	1,622	430	2,052
Lease liabilities at 1 July 2020	1,239	361	1,600
Additions	0	483	483
Interest leases liabilities	55	35	90
Effect of modification to lease terms	0	137	137
Lease payments	-1,091	-339	-1,430
Lease liabilities at 30 June 2021	203	677	880

The lease payments are discounted using an incremental borrowing rate which is calculated at 4.0% - 6.5%. The lease payments have been split into an interest cost and a repayment of the lease liability.

At 30 June 2021, the Company is committed to DKK 779 thousand (30 June 2021: DKK 421 thousand) for short-term leases. Interest expenses on the lease liability in the income statement for 2021/22 amounts to DKK 104 thousand (2020/21: DKK 90 thousand).

NOTES

MATURITY

DKK'000	Up to 12 months	Between 1 and 2 years	Between 2 and 3 years	Between 3 and 4 years	Total
Lease liabilities 1 July 2021	392	242	219	27	880
Lease liabilities 30 June 2022	779	808	465	0	2,052

The amounts recognized impact the operating cash outflow by DKK 104 thousand (2020/21: DKK 90 thousand) as well as the cash outflow from financing activities by DKK 683 thousand (2020/21: DKK 1,340 thousand).

The property leases in which the Company is the lessee contain variable lease payment terms that are linked to the development in the net price index. There are no variable payments.

16 DEFERRED TAX

DKK '000	2021/22	2020/21
Deferred tax asset at 1 July	-2,143	-2,143
Change in deferred tax for the year	-185	-736
Prior period adjustment	0	0
Unrecognised deferred tax asset	185	736
Write-down of tax asset pursuant to expected realisation (3-5 years)	0	0
Deferred tax asset at 30 June	-2,143	-2,143

Deferred tax in the Company is specified as follows:

	2021/22	2020/21
Intangible assets	1,740	1,702
Tangible assets	-139	0
Equipment and lease	-6	-83
Current assets	1,631	1,722
Tax loss carry-forwards	-16,961	-16,891
Non-recognised share of tax asset	11,592	11,407
Deferred tax asset at 30 June	-2,143	-2,143

Utilisation of the tax losses is not time-limited. The tax losses are expected to be utilised in future positive earnings within a five-year period. The recognition of the deferred tax assets is based on a significant increase the company's order backlog, which as of 30 June 2022 was DKK 30,6 million.

The total value of tax losses carried forward amounts to DKK 77,096 thousand (2020/21: DKK 76,778 thousand). Change in tax loss carry-forwards and current assets from 2020/21 to 2021/22 includes changes in dispositions when preparing the final tax return for 2020/21.

NOTES

17 RECEIVABLES

DKK'000	2021/22	2020/21
Trade receivables*	7,758	4,630
Write-downs to cover losses	0	0
	7,758	4,630
Other receivables	900	906
	8,658	5,536
Receivables for which no write-downs have been made to cover losses:		
Due within 1-30 days*	6,289	3,015
Due within 30-90 days	1,399	2,013
Due after 90 days	970	508
	8,658	5,536

*) At the end of August 2022 98% of all trade receivables has been received.

Carrying amount of receivables by currency:	2021/22	2020/21
DKK	78	0
EUR	8,580	5,536
	8,658	5,536

18 CONTRACT WORK IN PROGRESS

DKK'000	2021/22	2020/21
Contract work in progress, selling price	20,674	22,819
Invoiced contract work in progress	-21,373	-21,096
	-699	1,723
recognised as follows:		
Contract work in progress (assets)	2,638	2,737
Prepayments, customers (liability)	3,337	1,014
	-699	1,723
Contract work in progress at cost	13,259	13,564

The remaining value of work in progress is DKK 29,028 thousand (30 June 2020 DKK 9,639 thousand). No material adjustments have been made to the contract balances neither in this financial year nor in the previous financial year.

NOTES

19 EQUITY

Capital management

The Company regularly assesses the need for adjusting the capital structure so that it complies with the applicable rules and matches the business foundation and scope of activity. Rovsing holds 1,259 of the Company's own shares with a nominal value of DKK 62,950. The Company's solvency ratio stood at 24.9 at 30 June 2022 (30 June 2021: 38.1).

Share capital	2021/22	2020/21
Development in no. of shares (1,000)		
No. of shares, beginning of year	471	458
Issue of new shares	2	13
No. of shares (1,000), end of year	473	471
Share capital, DKK'000	23,662	23,568

The share capital is divided into 473,241 shares with a nominal value of DKK 50 each (2020/2021: 471,349 shares with a nominal value of DKK 50 each). The shares are fully paid up, and no shares carry any special rights. No shares are subject to restrictions on transferability or voting rights. Presently there are 58,300 outstanding warrants.

20 BOND LOANS

In December 2020 the Company raised a convertible bond loan of DKK 4,2 million. The bond loans mature 31 December 2023 with an interest of 12% pro anno. Fair value of financial liabilities is equal to the carrying amount. If the loan is repaid before maturity the Company must repay the loan at a rate of 108. The Lender can choose to settle in cash or shares if the loan is repaid before maturity.

At ordinary expiration at 31 December 2023, the loan is repaid at rate of 100.

Furthermore, see note 27 for transactions with related parties.

21 OTHER PAYABLES

DKK'000	2021/22	2020/21
Staff costs	2,010	3,016
Other payables	114	2,642
	2,124	5,658

22 FINANCIAL RISKS AND FINANCIAL INSTRUMENTS

The Company is exposed to a number of financial risks, the most important of which are foreign currency and interest rate risk, liquidity risk and credit risk.

The Company does not actively speculate in financial risk, and accordingly, the financial strategy aims exclusively to manage and mitigate financial risks that arise as a consequence of the Company's operations, investments and financing.

Foreign currency risk

Most of the Company's contracts are invoiced in EUR or USD. As the Danish krone is pegged to EUR, the Company's EUR risk is considered minimal. Risk attaching to USD is assessed in an ongoing process, as a result of which in 2021/22 the Company did not use financial instruments to hedge its foreign currency risk. The Company monitors developments in EUR/USD/DKK and regularly assesses whether to hedge its exposure to EUR and USD.

Foreign currency exposure in thousands:

	Nominal position	
	Cash and receivables	Financial liabilities
EUR/USD receivables/payables)	7,758	685
EUR (cash)	2	0
	7,760	**685**

Interest rate risk

The Company had net payables to credit institutions of DKK 8,261 thousand at 30 June 2022. The debt carries a floating interest rate based on the money market rate. Interest rates paid on payables to credit institutions in 2021/22 was 7.0%. In the period 1 July until 30 June the Company had net payables to bond holders of DKK 4,200 thousand with a fixed interest rate of 12%.

Based on recognised financial assets and liabilities at 30 June 2022, without considering repayments, loans raised and the like in 2021/22, a 1% increase in interest rates would raise the Company's expenses by DKK 0,1 million. A 1% decline in interest rates would result in a correspondingly lower interest expense.

The Company has not used financial instruments to hedge expected developments in interest rates.

Liquidity risk
Significant, unforeseen liquidity fluctuations are primarily associated with the commercial risks referred to in the section "Risk factors" and breaching of milestones in contracts. The Company aims to have sufficient cash resources to allow it to operate adequately in case of unforeseen fluctuations in liquidity and if necessary the Company will ensure additional loan facilities. The Company regularly assesses its cash resources relative to budgets and forecasts for cash flows in future periods.

Credit risk
As a result of the Company's operations and funding activities, the Company is exposed to credit risk. The Company's credit risks are related to trade receivables and cash. No credit risk is considered to exist in relation to cash as the counterparty is Jyske Bank. Payables to the counterparty exceed cash deposits with the counterparty.

Most of the Company's revenue derives from ESA space industry projects. ESA is the joint-European development organisation for various space programmes. ESA's 22-member states (including Denmark) together funds the activities of ESA. The credit risk associated with ESA is considered minimal. The remaining part of the Company's revenue derives from large, well-consolidated international companies, for which the credit risk is considered minimal.

The Company's financial assets liabilities fall due as follows:

2021/22 DKK'000	Due within 1 year	Due between 1 and 5 years	Due after 5 years	Total	Carrying amount
Cash	2	0	0	2	2
Trade receivables	7,758	0	0	7,758	7,758
Other receivables (current)	975	0	0	975	975
Other receivables (non-current)	0	210	0	210	210
Total loans and receivables	**8,735**	**210**	**0**	**8,945**	**8,945**
Credit institutions, floating rate	-8,261	0	0	-8,261	-8,261
VAT loan	-2,169	0	0	-2,169	-2,169
Bond loan	0	-4,200	0	-4,200	-4,200
Leasing	-723	-1,329	0	-2,052	-2,052
Trade payables	-2,289	0	0	-2,289	-2,289
Other payables	-2,124	0	0	-2,124	-2,124
Financial liabilities measured at amortised cost	**-15,566**	**-5,529**	**0**	**-21,095**	**-21,095**

NOTES

2020/21 DKK'000	Due within 1 year	Due between 1 and 5 years	Due after 5 years	Total	Carrying amount
Cash	256	0	0	256	256
Trade receivables	4,630	0	0	4,630	4,630
Other receivables (current)	906	0	0	906	906
Other receivables (non-current)	0	75	0	75	75
Total loans and receivables	**5,792**	**75**	**0**	**5,867**	**5,867**
Credit institutions, floating rate	-3,181	0	0	-3,181	-3,181
Bond loan	0	-4,200	0	-4,200	-4,200
Leasing	-393	-487	0	-880	-880
Trade payables	-623	0	0	-623	-623
Other payables	-5,658	0	0	-5,658	-5,658
Financial liabilities measured at amortised cost	**-9,855**	**-4,687**	**0**	**-14,542**	**-14,542**

Cash resources and financing facilities

On 16 December 2020, the Company obtained new financing of DKK 4,200 thousand through bond loans with 6 lenders.

The Company has access to bank financing facilities of DKK 7,182 thousand (30 June 2021: DKK 7,346 thousand).

The facilities are subject to financial covenants and no breaches were encountered during the year.

2021/22 DKK'000	Loans 1 July 2021	Proceeds from borrowings	Repayments of borrowings	Other non-cash items	Loans 30 June 2022
Credit institutions, floating rate	1,559	6,357	0	0	7,916
VAT loan	0	2,970	-801	0	2,169
Bond loan	4,200	0	0	0	4,200
Credit institutions, EKF floating rate	1,662	0	-1,317	0	345
Total loans	**7,421**	**9,327**	**-2,118**	**0**	**14,630**

2020/21 DKK'000	Loans 1 July 2020	Proceeds from borrowings	Repayments of borrowings	Other non-cash items	Loans 30 June 2021
Credit institutions, floating rate	2,425	0	-906	0	1,519
Bond loan	4,165	4,200	-4,165	0	4,200
Credit institutions, EKF floating rate	0	1,662	0	0	1,662
Total loans	**6,590**	**5,862**	**-5,071**	**0**	**7,381**

23 CONTINGENT ASSETS AND LIABILITIES

The Company, as part of its activities enters into various contracts that can include obligations normal for the industry.

24 COLLATERAL

A floating charge in the amount of DKK 9,25 million has been issued as collateral for credit facilities with a credit institution. The floating charge comprises a charge on rights pursuant to the Danish Patents Act, the Danish Trademarks Act, the Danish Design Act, the Danish Utility Models Act, the Danish Registered Designs Act, the Danish Copyright Act and the Danish Act on Protection of the Topographies of Semiconductor Products. Furthermore, the floating charge comprises tools, inventories and unsecured claims arising from the sale of goods and services. The total carrying amount of the floating charge was DKK 24,8 million at 30 June 2022.

NOTES

25 NON-CASH TRANSACTIONS

DKK'000	2021/22	2020/21
Financial items	-7	0
	-7	0

26 WORKING CAPITAL CHANGES

DKK'000	2021/22	2020/21
Inventories	-1,878	51
Trade receivables	-3,128	-2,381
Contract work in progress	99	822
Tax receivables	-211	236
Other receivables	6	-857
Prepaid expenses	-215	286
Prepayments from customers	2,323	-1,772
Trade payables	1,666	-22
Other payables	-3,534	1,455
	-4,872	-2,182

27 RELATED PARTY TRANSACTIONS

The Company has during the financial year 2020/21 entered into a loan agreement with the Chairman of the Board of Directors Michael Hove. Michael Hove is part of the bond loan consortium consisting of 6 companies offering a convertible bond loan of DKK 4,2 million with maturity 31 December 2023. The loan agreement with Michael Hove constitutes an amount of DKK 1 million and carries an interest of 12% p.a.

The Company's related parties also comprise the members of the Board of Directors and Executive Management as well as these persons' close family members. Further, related parties comprise companies in which the above-mentioned persons have significant interests.

As noted above, no transactions have been made with related parties except previous mentioned bond loans.

28 EVENTS AFTER THE REPORTING PERIOD

After the balance sheet date, no events have occurred that materially affect the Company's financial position other than the events described in the Management's review.

EXECUTIVE MANAGEMENT

HJALTI P. THORVARDARSON (BORN 1987)

CEO of Rovsing A/S since March 2018.

Educational background: Computer & Electronics Engineer (B.Eng) from Copenhagen University College of Engineering.

Hjalti has extensive and proven track record within the Space industry from the past 12 years. His knowledge of Rovsing operations and product & service offerings as well as customer contact is deeply rooted in his engagement with the Company since 2010, working in various roles, starting as Hardware Engineer, Senior Project Manager and Head of Systems & Services.

Shareholding at 30 June 2022: 252 shares.

Number of warrants at 30 June 2022: 6,488.

SIGURD HUNDRUP (BORN 1965)

CFO of Rovsing A/S since September 2017.

Educational background: MSc. EBA. Finance, Accounting.

Sigurd has extensive experience and proven track record from many years as CFO. His strong finance professional skills provide essential contribution to the Company's day to day Management, reporting, organizational development, financial analysis and finance administration.

Shareholding at 30 June 2022: 0 shares.

Number of warrants at 30 June 2022: 3,811.

BOARD OF DIRECTORS

MICHAEL HOVE (BORN 1971)

Elected to the Board of Directors in October 2017. Took over the chairmanship in January 2018.

Position: Founder and owner of MH Investment ApS.

Educational background from Copenhagen Business School as economist.

Main directorships:

- CEO Scandinavian Investment Group A/S
- Chairman of the board of directors of Antique 89 A/S
- Managing partner & owner MH Investment ApS
- Managing partner SalesPartners A/S

Independent of Rovsing and the executive management: Yes

Independent of major shareholders as of today: Yes

Shareholding at 30 June 2022: 11,566 shares.

Number of warrants at 30 June 2022: 22,702.

JAKOB HAVE (BORN 1981)

Elected to the Board of Directors in 2020. Previously member of the Board of Directors 2018 to 2019.

Position: CEO - Nordic Compound Invest A/S

Educational background: Cand. Merc.Aud

Jakob has extensive experience and proven track record from many years as CFO.

Main directorships:

- CEO: Nordic Compound Invest A/S
- CEO: Nordic Compound A/S
- CEO: Nordic Compound Management A/S
- Board Member: Scandinavian Investment Group A/S

Independent of Rovsing and the executive management: Yes

Independent of major shareholders as of today: Yes

Shareholding at 30 June 2022: 0 shares.

Number of warrants at 30 June 2022: 1,000.

ULRICH BECK (BORN 1964)

Elected to the Board of Directors in October 2017.

Until mid-2022: Airbus Vice President Finance, Director Finance and Commercial of a joint venture in Airbus Defense and Space.

As a financial and industrial expert, Ulrich has had more than 30 years of experience and expertise in Aerospace, Defense and Space Industry, in Senior Management positions as for Strategy, international Sales and Business Development, International Compliance Officer, transnational Merger Integration or as Chief Financial and Information Officer. Various Financial Management positions at operations, engineering program and corporate level. M&A, Transaction Management and Industrial Strategy projects.

Main directorships:

- Member of the board of directors of Access e.V. and Access Technology GmbH, Institute for Material Sciences and Technology (associated with the RWTH Technical University of Aachen)
- Member of the board of DGLR German Society for Aerospace and Space
- Senior Member of AIAA American Institute of Aerospace and Aeronautics
- Member of the Board of the Financial Experts Association (ecoDA Member), Germany
- Certified Board Member and Financial Expert (by Deutsche Börse AG), Member of related associations

Independent of Rovsing and the executive management: Yes

Independent of major shareholders as of today: Yes

Shareholding at 30 June 2022: 2,482 shares.

Number of warrants at 30 June 2022: 7,775.

GLOSSARY

Term	Explanation
Application	Specific use of a product
CDR	Critical Design Review
Check-out system	System for testing and controlling a satellite or instrument
Critical software	Software, the failure or breakdown of which may cause loss of life, loss of spacecraft or loss of performance of the planned task, or software for which error rectification may prove very costly.
Counter-purchase obligation	Obligation on a non-Danish supplier of defense material to the Danish Armed Forces to buy defense-related equipment from Danish companies.
DSTE	Digital Simulation & Test Equipment
EGSE	Electrical Ground Support Equipment
ESA	The European Space Agency
ESTEC	European Space Research and Technology Centre
EU	The European Union
EUMETSAT	European Organisation for the Exploitation of Meteorological Satellites
Galileo	European satellite navigation system similar to the GPS system in the USA
Industrial collaboration agreement	Agreement signed by non-Danish suppliers of defense material to Denmark with the Danish Enterprise and Construction Agency to ensure that the supplier undertakes in return to acquire defense material manufactured by Danish companies.
ISVV (Independent Software Verification & Validation)	Independent verification and validation of software
Kick-Off	Kick-Off meeting to start up a project
MASC	Measurement, Acquisition, Simulation and Commanding
Outsourcing	The outsourcing of part of or a whole assignment with a subcontractor
Prime Contractor	The company with the main responsibility for carrying out a major ESA/NASA/Commercial project
Project manager	Person in charge of carrying out a project
RF Suitcases	Radio Frequently test equipment for testing satellite communication links
Power SCOE	Special Checkout Equipment for testing satellite power systems
SAS	Solar Array Simulator
SLP	Second Level Protection

ROVSING. Functional Testing
and Simulation Solutions
for the Space Industry

Rovsing A/S
Ejby Industrivej 38
2600 Glostrup, Denmark
Company reg. (CVR) no. 16 13 90 84
Tel: +45 +45 44 200 800
Fax: (+45) 45 44 200 801
Website: www.rovsing.dk