

OJ Electronics A/S

Stenager 13 B, Ulkebøl, 6400 Sønderborg, Denmark

CVR no. 10 64 35 97

Annual report 2023 (1 May – 31 December 2023)

Approved at the Company's annual general meeting on 26 June 2024

Chair of the meeting:

.....
Christian Jürgen Wehrle

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Statement by Management on the annual report

Today, the Board of Directors and the Executive Board have discussed and approved the annual report of OJ Electronics A/S for the financial year 1 May 2023 – 31 December 2023.

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

In our opinion, the financial statements give a true and fair view of the financial position of the Company at 31 December 2023 and of the results of the Company's operations for the financial year 1 May 2023 – 31 December 2023.

Further, in our opinion, the Management's review gives a fair review of the development in the Company's operations and financial matters and the results of the Company's operations and financial position.

We recommend that the annual report be approved at the annual general meeting.

Sønderborg, 26 June 2024

Executive Board:

.....
Erik Damsgaard
Managing director

Board of Directors:

.....
Christian Jürgen Wehrle
(Chair)

.....
Rainer Meinhard Grosse-Kracht

.....
Frank Hartmann

.....
Hans Martin Büchsel

.....
Erik Damsgaard

Independent auditor's report

To the shareholders of OJ Electronics A/S

Opinion

We have audited the financial statements of OJ Electronics A/S for the financial period 1 May 2023 – 31 December 2023, which comprise the income statement, balance sheet, statement of changes in equity, and notes, including a summary of significant accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Entity's financial position at 31 December 2023 and of the results of its operations for the financial period 1 May 2023 – 31 December 2023 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and 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 this auditor's report. We are independent of the Entity in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (IESBA Code) and the additional ethical requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Management's responsibilities for the financial statements

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

In preparing the financial statements, Management is responsible for assessing the Entity's ability to continue as a going concern, for disclosing, as applicable, matters related to going concern, and for using the going concern basis of accounting in preparing the financial statements unless Management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgement and maintain professional scepticism 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 Entity's internal control.

Independent auditor's report

- ◆ Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- ◆ Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the financial statements, and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity'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 Entity to cease to continue as a going concern.
- ◆ Evaluate the overall presentation, structure and content of the financial statements, including the disclosures in the notes, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

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

Statement on 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 in the audit or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether the management commentary provides the information required by relevant law and regulations.

Based on the work we have performed, we conclude that the management commentary is in accordance with the financial statements and has been prepared in accordance with the requirements in the relevant law and regulations. We did not identify any material misstatement of the management's review.

Odense, 26 June 2024

Deloitte

Statsautoriseret Revisionspartnerselskab
CVR No. 33963556

Bo Damgaard Hansen
State Authorised Public Accountant
Identification No (MNE) mne34543

Abdul Wahab Ashraf
State Authorised Public Accountant
Identification No (MNE) mne46664

Management's review

Company details

Name	OJ Electronics A/S
Address	Stenager 13 B
Postal code and city	6400 Sønderborg Denmark
CVR no.	10 64 35 97
Established	1986
Registered office	Sønderborg
Financial year	1 May – 31 December (transitional year)
Website	www.ojelectronics.com
Telephone	+45 73 12 13 14
Board of Directors	Christian Jürgen Wehrle (chair) Rainer Meinhard Grosse-Kracht Frank Hartmann Hans Martin Büchsel Erik Damsgaard
Executive Board	Erik Damsgaard
Auditor	Deloitte Statsautoriseret Revisionspartnerselskab Tværkajen 5 5000 Odense C Denmark

Management's review

Financial highlights

DKK'000	2023 (8 months)	2022/23	2021/22	2020/21	2019/20
Key figures					
Revenue	274,821	465,605	401,660	364,629	345,875
Gross profit	66,453	109,187	102,415	112,295	90,205
Profit from ordinary activities	38,399	61,591	62,190	75,934	54,421
Profit/loss from financial income and expenses, net	-1,813	-3,545	6,161	-4,158	1,041
Profit before tax	39,828	57,583	78,397	72,051	51,508
Profit for the year	31,770	45,187	64,231	58,017	39,355
Non-current assets	134,578	121,173	100,394	83,855	92,663
Current assets	216,010	191,696	175,212	144,276	112,815
Total assets	350,588	312,869	275,606	228,131	205,478
Share capital	1,040	1,040	1,040	1,040	1,040
Equity	180,636	149,227	159,409	142,817	117,290
Provisions	27,989	27,855	18,022	15,781	17,218
Non-current liabilities	0	14,487	11,282	13,223	20,043
Current liabilities	141,963	121,300	86,893	56,310	50,927
Development expenses for the year	43,223	53,277	43,394	32,633	35,260
Development costs for the year recognised in income statement	23,447	35,571	31,042	36,657	40,742
Financial ratios					
Operating margin	14.0%	13.2%	15.5%	20.8%	15.7%
PBT ratio	14.5%	12.4%	19.5%	19.8%	14.9%
Return on investment	13.2%	23.6%	28.9%	39.5%	27.1%
Gross margin	24.2%	23.5%	25.5%	30.8%	26.1%
Current ratio	152.2%	158.0%	201.6%	256.2%	221.5%
Solvency ratio	51.5%	47.7%	57.8%	62.6%	57.1%
Return on equity	19.3%	29.3%	42.5%	44.6%	33.5%
Average number of full-time employees	172	175	157	148	151

Financial ratios are calculated in accordance with the recommendations of the Danish Finance Society's guidelines. Please refer to sections under accounting policies.

The OJ Group has changed its accounting period after the shares of the Company have been acquired by BITZER Group. The comparison figures are not adjusted and therefore the financial highlights are not fully comparable.

Management's review

Operating review

Principal activity

The Company's activities are focused on development, manufacturing and distribution of control and monitoring electronic solutions and components for the improvement of human comfort and the physical environment.

Development in activities and financial position

Profit/loss for the year

The Company has generated a revenue of DKK 275 million for the 8 months periods. Although Management expected an increase in revenue for the fiscal year year above 10%, revenue has not met Management's expectations and is 5% below the same period of 2022/23 (May-Dec 2022). This development is primarily caused by headwinds in the markets for HVAC products mainly in Europe. Further, the growth rates of markets in Europe and Northamerica are less than expected.

Revenue was achieved through a strong new development for some of the larger customers of the Company and through existing markets. Company growth is a result of investments and co-creation with our customers in developing state of the art products and solutions for the market. The current investment rate is in balance with the overall growth of the company. On a continuous basis, the Company invests in re-designing components and solutions to optimize functions, features and availability of the company's products. These activities have been intense throughout the year. Processes and procedures are optimized through designated initiatives to stay competitive. Activities and investments are in balance with the profit of the Company. The Operating profit is DKK 38 million equivalent to an Operating margin of 14.0%. This is an increase compared to last year where Operating margin was 13.2%. A continued investment in maintaining and securing the supply chain is the main driver for the increase in Operating margin. The result of the year is a profit of DKK 32 million (8 months).

Profit before tax for the year is DKK 40 million equivalent to 14.5% of revenue. This is slightly lower than Management's expectations of a Profit before tax in the range of 15-20% but an increase compared to the same period last year (May-Dec 2022) where Profit before tax was 11.8%.

New products

The Company focuses on energy-efficient products and an increased demand for products supporting cross system optimizations and connectivity. A large part of the products contain functionality for use in connection with or via the Internet. High comfort remains a focus point with market adaptation of the product specifications.

The Company has invested extensively in product development. Products are based on demands of specific customers and market expectations and have resulted in several platforms that will form the framework for more product development in the coming years.

Re-design for availability has renewed technology in selected products and solutions.

Investments

The Company invests in improved operating processes and manufacturing and has a strong supplier base under continuous improvement. The investments strengthen the profit and reduces risk in the coming years.

Management's review

Capital resources

The Company's primary capital resources comprise liquid assets and unutilized credit facilities. Current capital resources are estimated to be sufficient to realize the budgeted activity for 2024.

Research and development activities

The Company's primary development activities are focused on products with improved user friendliness and supporting the increased requirements for connectivity with other systems and remote user access. These activities increase in importance while energy efficiency and comfort remain the important primary functions of the products and systems.

The Company shows a R&D cost level of DKK 23 million, in line with the strategy and in line with a balance between the level of R&D and the growth potential. A total expense of DKK 43 million is utilized for additional projects and equipment and increased expenditure for re-designs and upkeeping of the market positions.

The link between the expense for the year and expense recognized in the income statement is shown below:

	<u>2023</u>	<u>2022/23</u>
Expense for the year	43,223	53,277
Hereof additions to development project and equipment in course of construction	-25,284	-27,039
Amortization and impairment of completed development projects	5,509	9,333
Expense for the year recognized in income statement, net	<u>23,448</u>	<u>35,571</u>

Other activities for the year

BITZER Electronics A/S has signed an agreement to acquire all shares in OJ Electronics A/S as per 16 June 2023. Going forward, OJ Electronics A/S will be included in the consolidated financial statements of BITZER SE, Eschenbrunnlestrasse 15, 71065 Sindelfingen, Germany. OJ Electronics has changed the fiscal year to Calendar year as part of becoming a part of BITZER group. The transitional year is 1 May – 2023 – 31 December 2023.

The development activities remain important to realize the growth in the coming years. To accommodate increased focus on cost and just-in-time development the Company has adapted more flexibility to the development process by extensively cooperating with external partners. Further, this is an important activity to scale and strengthen activities with required competences for the coming years.

Outlook

The Company expects an increased but stable revenue with a growth rate above 10% based on early predictions from selected customers and markets. The operating margin will stay stable, as the Company balances the increases in prices we have already experienced from suppliers and a reluctance from our customers to accept the higher cost levels.

Based on early predictions the PBT ratio is expected at a range of 15-20%.

Special risks

Currency risks

Main trading currencies are DKK, USD and EUR. Company policies reduce the currency risk through the use of financial facilities in these currencies. The profit, cash flows and balances are influenced by exchange rates.

Management's review

Credit risks

The Company's credit risk policy entails that all major customers and other partners are continuously assessed on a regular basis.

Corporate Social Responsibility

The company conducts its business by adopting a sustainable approach. We acknowledge the impact we have on society and the environment and strive to coexist in a positive way. We recognize that society and environment can also affect our business and take necessary measures to address that.

We understand the increased reporting requirements resulting from the EU CSR-Directive, which will be applicable for the Company from the fiscal year 2025, and together with BITZER SE we are in process of preparing to meet the requirements of the Directive.

We understand the importance of conducting a double materiality analysis with key stakeholders in the next steps. The Company's QHSE team has conducted a light and preliminary double materiality assessment. The result provides input to the double materiality assessment of BITZER SE.

In this report, we include information about:

- Employee well-being and diversity
 - Survey of well-being, and employee satisfaction
 - Bi-annually employee well-being self-score
 - Employee turnover
 - Occupational health and safety
 - Certifications, occupational health and safety

- Environment and Climate
 - Consumption and CO₂ emissions
 - Recycling of waste
 - Environment and climate activities up-streams and down-streams
 - Certifications, environment, and climate

- Governance
 - Knowledge resources
 - Human rights, anti-corruption, and anti-bribery

- Gender representation

- Data Ethics

Annually evaluation of the impact of OJ Electronics on the UN17 Sustainable Development Goals, both positive and negative effects, does no longer take place. A full-blown double materiality assessment is planned in 2025 at the latest and will provide more detailed insights. However, OJ Electronics still regards SDG goals 7, 8, and 12 as substantial for our business model.

Management’s review

Business Model

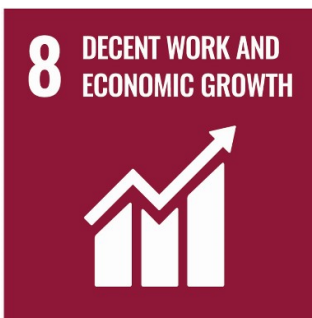


OJ Electronics’ mission is “Improving the climate through electronic controls – for people, planet, and partners”. Well-being for our employees is a priority, and we are aware of our responsibility to protect the climate of our planet. Also, we strive to act as a transparent and reliable business partner.

We regard it a fact that human beings increasingly want to improve their level of comfort. We develop and bring to market HVAC and underfloor heating solutions improving the comfort and indoor climate in thousands of buildings and houses all over the world. Our products are designed and manufactured to be energy efficient to benefit the climate of our planet, and we conduct sourcing and supply chain activities in respect of human rights.

The main activities of OJ Electronics take place in Sønderborg, supported by sales representatives in selected markets, including North America. The supply chain involves long-term agreements of contract manufacturing with companies in Asia and Eastern Europe.

Employee well-being and diversity



At OJ Electronics, our employees are the most important resource. We work to ensure the health, safety, and well-being of our employees, both physically and mentally, including the risk of stress, exposure to bullying and other possible violations. We respect and appreciate labour rights and promote a safe and secure working environment for all employees no matter whether assigned temporarily or long-term, gender, nationality, precarious employment, or other distinctions.

By December 31st, 2023, OJ Electronics employed 177 employees, including employees on temporary contracts. Most employees are full-time employed – 16 % work less than 37 hours weekly.

Survey of well-being and employee satisfaction

At OJ Electronics, our focus is on overseeing employee job satisfaction using two approaches: administering an anonymous survey every three years and facilitating bi-annual discussions between managers and employees. The anonymous survey consistently garners a substantial response rate and provides insightful information regarding the overall well-being of our workforce. The next survey is scheduled for 2024.

A summary of the two most recent surveys is presented in the table to the right.

Time	Meaning and quality of work *)	Management of OJ Electronics *)	Response rate
2018	73	57	93
2021	93	87	97
Target	90	90	No target set

*) Definition: The percentage of respondents answering “110sitive” og “very positive” from 5 possible answers with two negative, one neutral and two positives.

Bi-annual employee well-being self-score

At a bi-annual dialogue with managers, employees rate their well-being on a scale from 0 to 100, where 100 representing “everything is perfect”. The overall score is calculated as a weighted average, where each department has equal weight. White-collar employees score satisfaction bi-annually, and blue-collar employees score their satisfaction once a year. Blue-collar scores are part of January figures. The Human Resources Director uses figures from the department for dialogues with the individual managers.

The validity of data depends upon an open, honest, and trusting culture.

Time	Overall result	Target
Jan '20	86	80
Jun '20	81	80
Jan '21	86	80
Jun '21	86	80
Jan '22	84	80
Jun '22	85	80
Jan '23	85	80
Jun '23	85	80

Management's review

Employee turnover

As an indicator for well-being and job satisfaction for employees at OJ Electronics, we monitor employee turnover ratio. Because of financial revenue below budget, OJ Electronics reduced the number of employees during autumn 2023.

Period	OJ Electronics	Benchmark
2020	12,2 %	19,3 %
2021	11,3 %	21,0 %
2022	14,4 %	20,7 %
2023	18,7 %	N.a.

To enable benchmarking with similar industries, the period for employee turnover ratio is chosen as the calendar year. We aim to maintain a turnover ratio between 10% and 20%. To compare our performance, we refer to the statistics provided by 'Dansk Arbejdsgiverforening (DA)', specifically the 'Jobskiftestatistik, Fremstilling' data set. We anticipate that DA will release its 2023 data in June 2024.

Occupational health and safety

To stay ahead of the curve in ensuring an injury-free work environment, OJ has in 2023 introduced the "observations" category for recording and analysing potentially hazardous conditions.

Accidents, including near accidents, are registered, and analysed to take necessary measures to avoid similar situations in the future.

The company counts working accidents and classifies these into four groups. Data is collected through the internal organisation for occupational health and safety (AMO) and includes all employees, temporary employees, external consultants, and other guests of the company.

Observations

A hazardous condition that could develop into an accident later.

Near accidents

Incidents that could have become an accident, but without personal injury.

Fiscal year	Observations	Near accidents	Accidents without sickness absence	Accidents with sickness absence
2020-21	N.a.	3	3	0
2021-22	N.a.	2	9	1
2022-23	N.a.	28	13	2
2023 *)	33	8	0	3
Target 2023	34	6	6	0
Target 2024	50	10	7	0

*) 31st May – 31st December 2023 (8 months)

Accidents without sickness absence

Incidents resulting in personal injury. No absence beyond the day itself.

Accidents with sickness absence

Incidents with personal injury and absence beyond the day itself.

3 accidents with absence in an 8-month period is not satisfactory to OJ Electronics. Hence, we have adopted a new category named "observations" and the company's occupational health and safety organisation (AMO) plans to campaign in 2024 to raise safety awareness among all employees.

As part of future CSRD-reporting OJ Electronics will calculate a "lost time injury rate" as hours of absence due to accidents at work in relation to target hours from year 2025.

Absence due to illness within OJ Electronics has a satisfying level.

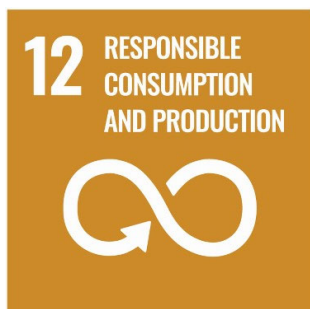
Certifications in occupational health and safety

OJ Electronics' management system for occupational health & safety is certified ISO 45001:2018. The certificate is valid until 23rd March 2025.

OJ Electronics holds a crown smiley according to the Danish "bekendtgørelse nr. 1409 af 26th September 2020".

Management's review

Environment and Climate



At OJ Electronics, we are aware of the negative impact on the climate and environment as a consequence of our business. We provide a continual reduction of this impact, for example by reducing impact from use and disposal of our products, as a positive competition parameter. Power and water are consumed through own and derived activities at suppliers and contract manufacturers, and waste is created through own and derived activities. We monitor consumption, emissions and waste generation at our own facility in Sønderborg. Monitoring power and water consumption, as well as waste generation, is the basis for continual activities to reduce the negative impact on climate and the environment.

OJ Electronics is aware of the damage that natural disasters can cause to our suppliers and contract manufacturers, and we require appropriate protection of production facilities to prevent negative impact on the local environment.

Through our membership of Project Zero, Veltec and Clean Energy cluster, OJ Electronics contributes to tying companies, utilities, knowledge institutions and the public sector together in market-driven green innovation.

Consumption and CO₂ emissions

OJ Electronics calculates CO₂ emissions, scopes 1 and 2 and parts of scope 3. We use "Klimakompasset" by the Danish Authority "Erhvervsstyrelsen" for the emission calculations.

For CO₂ emissions, scope 1, we enter fuel type and consumption in litres in "Klimakompasset". Scope 1 emissions come from a company car used by warehouse/maintenance and company cars used by some directors.

Scope 2 emissions contain emissions at providers of electricity and district heating. The electricity source is pure windmill power, and the emission factor includes the construction of windmills and distribution network. For CO₂ emissions, scope 2, we enter kWh consumption for electricity respectively GJ for district heating in "Klimakompasset".

Period)	Consumption fuel, litres	Consumption electricity, kWh	Consumption heat, GJ **)	Consumption water, m ³	CO ₂ emissions, scope 1 + 2	CO ₂ emissions, scope 3 ***)	Produced volume, pcs.	CO ₂ emission per product g
2020	-	471,817	1,632	839	40	-	763,534	52
2021	-	494,513	1,802	939	44	-	1,042,278	42
2022	3884	500,691	1,618	916	60	-	1,115,688	54
2023	4316	491,350	2,219	1,007	39	1,855	608,596	3,112

*) Emissions are calculated by calendar year, as available emission factors in "Klimakompasset" represent calendar years.

**) Emissions from local district heating may differ from average stated in "Klimakompasset"

***) Raw materials: Aluminium, steel and iron, plastic and electronic components. For some raw materials unit weight is estimated

For emissions in scope 3, we have for 2023 included the raw materials which we have assessed will contribute the most to scope 3 emissions: aluminum, steel and iron, plastic and electronic components.

We include amounts of raw materials received on site in 2023. Amounts are registered in "Klimakompasset" in kilograms. Since "Klimakompasset" does not include emission factor for electronic components in general, this is calculated as copper.

In 2024, OJ Electronics plans to include more groups of raw materials and data for waste in calculations of our scope 3 emissions.

Management's review

Heat and water consumption

OJ Electronics has acquired land and buildings adjacent to our existing facilities, where ongoing activities to prepare the building for OJ's intended use have caused extra heat consumption, and a major cleaning process and repair of toilet facilities have caused an increase in the overall water consumption.

Produced volume

Volume produced at OJ site in Sønderborg include all articles registered on a production order. On a background of worldwide allocation, the product mix has changed significantly during the past 4 reporting years. The products with large variation in sales now only have a small contribution to total revenue.

Recycling of waste

At OJ Electronics, we believe in repurposing so-called "waste". Our packaging materials are to a large extent re-used by suppliers or for other purposes locally. The company sorts waste in 21 sub-categories and registers mass of waste collected from the company. Recycling includes any other re-use apart from burning and deposit.

69 % of waste is recirculated in 2023, including organic waste.

Fiscal year	Waste, kg	Recirculated, kg	Recirculated, %	Target for recirculation, %
2021-22	54,118	37,608	69	-
2022-23	76,753	58,033	76	70
2023 *)	34,467	22,642	66	75

*) 31st May – 31st December 2023 (8 months)

In August a power outage caused unexpected waste of food from cold storage. Food waste is not recirculated.

Collection of waste is different month to month, and we still see 75 % recirculation of waste as a realistic target for a 12month period.

Environment and climate activities up-stream and down-stream

To provide information to customers, OJ has established Declarations of Environment and Materials showing:

- constituent materials, weight of material groups,
- compliance to RoHS3 (Restriction of Hazardous Substances Directives),
- compliance to POP (Persistent Organic Pollutants),
- compliance to REACH (Registration, Authorisation and Restriction of Chemicals),
- absence of nano materials,
- composition of packaging materials,
- CO₂ emissions, scope 2, from manufacturing at OJ site,
- information for disassembling and waste sorting at end-of-life.

Above declarations are available on www.ojelectronics.com for high-runner HVAC products, as these products contain most of the mass sold by OJ Electronics. Further declarations will be established on demand.

Standard condition for sales from OJ Electronics is ex works, meaning the customer organises transport from our warehouse. Transport of goods impacts environment and climate, and where transporter is chosen by OJ Electronics, we reduce this impact by choosing transporters with a declared focus to reduce the negative impact on environment and climate from their activities.

Majority of goods shipped from the Company are carried by companies with a stated commitment to protect climate and environment on their website. Additional details to be enclosed for 2024 as part of CO₂ emission, scope 3.

Management's review

Certifications, environment and climate

The management system at OJ Electronics is certified ISO 14001:2015. The certificate is valid until 23rd March 2025. OJ Electronics has obtained certificate from Nordlys on CO₂ neutral and renewable energy for 2024.

Governance

OJ Electronics aims to establish and sustain a work environment for its' employees, who are considered our most valuable asset, as well as for employees at affiliated partners. The goal is to create a space where everyone feels safe, respected, and encouraged to contribute with their competencies.

To facilitate open communication and address any concerns that employees may have, a whistleblower channel was established in 2023.

Knowledge resources

Resources are consistently allocated towards enhancing employee competencies, with management actively engaged in attracting new qualified employees. The commitment extends to fostering collaborations with external partners, leveraging their knowledge and flexibility to meet the Company's specific needs. Emphasis is placed on cultivating and strengthening the management resources within the Company.

Human rights, anti-corruption and anti-bribery

During the reporting period, OJ Electronics has embraced the employee code of conduct established by the BITZER Group, which encompasses policies and training addressing anti-corruption and anti-bribery.

The Company regards the main risk of corruption and bribery to be present in cooperation with suppliers outside Western Europe and in cooperation with customers central in the construction sector, respectively risk of violation of human rights to be present in cooperation with suppliers outside Western Europe.

Where relevant and necessary, suppliers are required to sign the OJ Electronics Supplier Code of Conduct, which all contract manufacturers have done. OJ Electronics works to ensure suppliers and subcontractors comply with the same values as OJ Electronics itself. The company has not identified any breaches of the Supplier Code of Conduct in 2023 regarding human rights, anti-corruption and bribery.

At least once a year Management group reviews the risk exposure associated with the activities of the Company.

OJ Electronics is committed to ensuring that minerals contained in our products are sourced with due respect for human rights, the need to avoid contributing to conflicts and the desire to support development through our supply chain practices. The sourcing of conflict-free minerals is documented and communicated to customers via Conflict Minerals Reporting Template (CMRT) and Extended Minerals Reporting Template (EMRT), updated September 2023.

As a response to the Russian invasion of Ukraine, the Company ceased its sales to markets in Russia and Belarus in 2021-22, and this decision has remained in force during 2022 and 2023.

Equal gender representation in management

Diversity among employees is a cornerstone in securing good solutions and results, and the Company strives to ensure diversity among employees, including gender diversity. The users of OJ Electronics' products and services are humans all over the globe, and it is important to find an internal representation of this diversity to create successful solutions and businesses. However, it is the policy of OJ Electronics that all positions are occupied by the most qualified candidates.

Management routines, including a Leadership Toolbox, help managers to activate and develop employee competencies equally for all employees.

Management's review

Gender representation

Board of directors

As BITZER Electronics A/S acquired all shares in OJ Electronics A/S in June 2023 a new board was elected by the general assembly and consists of members of the board of BITZER SE, Germany. All members of the new board are men.

	2023
Total no of members	5
Underrepresented gender (%)	0
Target (%)	20
Year when measure is expected to be fulfilled	2027

OJ Electronics A/S operates in an industry historically dominated by men. The possibility to reach the target is either to exchange or add a member. The board expects that the goal will be reached before end of 2027.

Top management group and other management levels

The management group includes the Managing director of OJ Electronics A/S and all directors and managers with personnel responsibility. By 31st December 2023, women occupied 20 % of positions in the top management group, which is the same distribution as by 30th April 2023. During the fiscal year 2023, no replacements in or expansion of the management group was necessary.

	2023
Total no of members	20
Underrepresented gender (%)	20%
Target (%)	30%
Year when measure is expected to be fulfilled	2027

To ensure gender diversity, OJ Electronics strives to ensure at least one female candidate among the final 3 candidates for all management positions, however the company operates in an industry historically dominated by men. The target for the management group is set to 30%.

Gender representation, total

Gender representation total represents all employees, including top management group and other management levels described above. By 31st December 2023, OJ Electronics employs 177 employees, including employees on temporary contracts, of which 35 % are women. Currently, no target is set for overall gender distribution.

Data ethics

In light of ongoing technological advancements, OJ Electronics acknowledges the potential risk associated with a divergence between legal permissions for data collection and the safeguarding of user privacy. In prioritizing the protection of individual privacy rights, OJ Electronics has strategically positioned the restrained gathering of private data as a significant competitive advantage.

To ensure that the handling and utilization of digital data from customers, website visitors, and end-users is done in a morally acceptable manner, the Company has created a data ethics policy and an ethics compass. These two guidelines are subject to internal audit as part of the Management System to ensure compliance. No deviations were found in the reporting period.

Events after the balance sheet date

No significant events have occurred after the balance sheet date which materially affect the Company's financial position.

Financial statements 1 May – 31 December 2023

Income statement

Note	DKK '000	2023	2022/23
2	Revenue	274,821	465,605
	Production costs	-184,768	-320,477
	Development costs	-23,600	-35,941
	Gross profit	66,453	109,187
	Selling and distribution costs	-17,476	-28,604
3	Administrative expenses	-12,581	-20,615
	Other operating income	2,003	1,623
	Operating profit	38,399	61,591
8	Profit in subsidiaries after tax	3,242	-463
4	Financial income	391	220
	Financial expenses	-2,204	-3,765
	Profit before tax	39,828	57,583
5	Tax for the year	-8,058	-12,396
	Profit for the year	31,770	45,187

Financial statements 1 May – 31 December 2023

Balance sheet

Note	DKK '000	2023	2022/23
	ASSETS		
	Non-current assets		
6	Intangible assets		
	Completed development projects	29,653	14,331
	Development projects in progress	37,266	41,096
		<u>66,919</u>	<u>55,427</u>
7	Property, plant and equipment		
	Land and buildings	45,722	46,584
	Plant, machinery and equipment	16,655	15,345
	Equipment under construction	5,139	3,674
		<u>67,516</u>	<u>65,603</u>
	Investments		
8	Equity investments in subsidiaries	143	143
		<u>143</u>	<u>143</u>
	Total non-current assets	<u>134,578</u>	<u>121,173</u>
	Currents assets		
	Inventories		
	Raw materials and consumables	55,471	41,922
	Work in progress	28,329	17,978
	Finished goods and goods for resale	4,497	8,396
		<u>88,297</u>	<u>68,296</u>
	Receivables		
	Trade receivables	39,040	54,226
	Receivables from affiliates	28,690	37,485
	Other receivables	2,848	2,497
	Prepayments	3,848	2,460
		<u>74,426</u>	<u>96,668</u>
	Cash	<u>53,287</u>	<u>26,732</u>
	Total current assets	<u>216,010</u>	<u>191,696</u>
	TOTAL ASSETS	<u><u>350,588</u></u>	<u><u>312,869</u></u>

Financial statements 1 May – 31 December 2023

Balance sheet

Note	DKK '000	2023	2022/23
	EQUITY AND LIABILITIES		
	Equity		
9	Share capital	1,040	1,040
	Reserve for development costs	52,197	43,233
	Retained earnings	128,633	106,526
	Translation reserve	-1,234	-1,924
	Hedging reserve	0	352
	Proposed dividend	0	0
	Total equity	180,636	149,227
	Provisions		
10	Deferred tax	21,904	18,831
11	Warranties	6,085	9,024
	Total provisions	27,989	27,855
	Liabilities		
	Non-current liabilities		
12	Ccredit institutions	0	14,487
	Total non-current liabilities	0	14,487
	Current liabilities		
	Current portion of non-current liabilities	0	1,998
	Credit institutions	0	36,535
	Trade payables	45,498	66,831
	Payables to group enterprises	82,131	0
	Corporation tax	4,969	5,332
	Other payables	9,365	10,604
	Total current liabilities	141,963	121,300
	Total liabilities	141,963	135,787
	TOTAL LIABILITIES	350,588	312,869

- 1 Accounting policies
- 3 Fees paid to the auditor appointed at the annual general meeting
- 13 Staff costs
- 14 Depreciation, amortisation and impairment losses
- 15 Contractual obligations and contingencies, etc.
- 16 Mortgages and collateral
- 17 Currency and interest rate risks and use of derivative financial instruments
- 18 Related parties
- 19 Distribution of profit

Financial statements 1 May – 31 December 2023

Statement of changes in equity

Note	DKK '000	Share capital	Reserve for development costs	Retained earnings	Translation reserve	Hedging Reserve	Dividend proposed for the year	Total
	Equity at 1 May 2022	1,040	32,233	72,338	-1,379	177	55,000	159,409
	Dividend distribution	0	0	0	0	0	-55,000	-55,000
	Transferred via distribution of profit	0	11,000	34,188	0	0	0	45,188
	Foreign exchange adjustments, foreign subsidiary	0	0	0	-545	0	0	-545
	Value adjustment of hedging instruments	0	0	0	0	175	0	175
	Equity at 1 May 2023	1,040	43,233	106,526	-1,924	352	0	149,227
	Correction to opening balance	0	0	-699	699	0	0	0
	Dividend distribution	0	0	0	0	0	-0	0
	Transferred via distribution of profit	0	8,964	22,806	0	0	0	31,770
	Foreign exchange adjustments, foreign subsidiary	0	0	0	-9	0	0	-9
	Value adjustment of hedging instruments	0	0	0	0	-352	0	-352
	Equity at 31 December 2023	1,040	52,197	128,633	-1,234	0	0	180,636

Financial statements 1 May – 31 December 2023

Notes

1 Accounting policies

The annual report of OJ Electronics A/S for 2023 has been prepared in accordance with the provisions in the Danish Financial Statements Act applying to large reporting class C entities.

The accounting policies used in the preparation of the financial statements are consistent with those of last year.

Presentation currency

The financial statements are presented in Danish Kroner (DKK'000).

Consolidated financial statements

With reference to section 112 of the Danish Financial Statements Act and to the consolidated financial statements of BITZER SE, the Company has not prepared consolidated financial statements.

Business combinations

Newly acquired entities are recognised in the consolidated financial statements from the acquisition date. Entities sold or otherwise disposed of are recognised up to the date of disposal. Comparative figures are not restated to reflect newly acquired entities. Discontinued operations are presented separately.

The date of acquisition is the date when the Group actually obtains control of the acquiree.

The purchase method is applied to acquisitions of new businesses over which the Group obtains control. The acquired businesses' identifiable assets, liabilities and contingent liabilities are measured at fair value at the acquisition date. Identifiable intangible assets are recognised if they are separable or arise from a contractual right. Deferred tax related to the revaluations is recognised.

Positive differences (goodwill) between, on the one hand, the consideration for the acquiree, the value of non-controlling interests in the acquired entity and the fair value of any previously acquired equity investments and, on the other hand, the fair value of the assets, liabilities and contingent liabilities acquired are recognised as goodwill under "Intangible assets". Goodwill is amortised on a straight-line basis in the income statement based on an individual assessment of the economic life of the asset.

Negative differences (negative goodwill) are recognised in the income statement at the date of acquisition.

Foreign currency translation

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

Receivables, payables and other monetary items denominated in foreign currencies are translated at exchange rates at the balance sheet date. The difference between the exchange rates at the balance sheet date and the date at which the receivable or payable arose or was recognised in the latest financial statements is recognised in the income statement as financial income or financial expenses.

Foreign subsidiaries are considered separate entities. The income statements are translated at the average exchange rates, and the balance sheet items are translated at the exchange rates at the balance sheet date. Foreign exchange differences arising on translation of the opening equity of foreign entities to closing rates and on translation of the income statements from average exchange rates to closing rates are taken directly to equity.

Foreign exchange adjustments of balances with separate foreign subsidiaries which are considered part of the total investment in the subsidiary are taken directly to equity. Foreign exchange gains and losses on loans and derivative financial instruments designated as hedges of foreign subsidiaries are also recognised directly in equity.

Financial statements 1 May – 31 December 2023

Notes

1 Accounting policies (continued)

Derivative financial instruments

On initial recognition in the balance sheet, derivative financial instruments are recognised at cost and subsequently at fair value. Positive and negative fair values of derivative financial instruments are included in other receivables and payables, respectively.

Changes in the fair value of derivative financial instruments designated as and qualifying for recognition as a hedge of the fair value of a recognised asset or liability are recognised in the income statement together with changes in the fair value of the hedged asset or liability.

Changes in the fair value of derivative financial instruments designated as and qualifying for recognition as a hedge of future assets and liabilities are recognised in other receivables or other payables and in equity. If the future transaction results in recognition of assets or liabilities, amounts previously recognised in equity are transferred to the cost of the asset or liability, respectively. If the future transaction results in income or expenses, amounts previously recognised in equity are transferred to the income statement in the period in which the hedged item affects the income statement.

Fair value adjustments of derivative financial instruments that do not qualify for hedge accounting are recognised in the income statement on a current basis.

Income statement

Revenue

Income from the sale of goods for resale and finished goods is recognised in revenue when the most significant rewards and risks have been transferred to the buyer and provided the income can be measured reliably and payment is expected to be received.

Revenue is measured at the fair value of the agreed consideration exclusive of VAT and taxes charged on behalf of third parties. All discounts and rebates granted are recognised in revenue.

Production costs

Production costs comprise costs, including depreciation/amortisation charges and salaries, incurred in generating the year's revenue. Commercial entities recognise their cost of sales, and manufacturing entities recognise their production costs incurred in generating the revenue for the year. Such costs include direct and indirect costs related to raw materials and consumables, wages and salaries, rent and leases as well as impairment losses on production plant.

Development costs

Development costs comprise research and development costs that do not qualify for capitalisation and amortisation of capitalised development costs.

Selling and distribution costs

Selling and distribution costs comprise costs related to the distribution of goods sold in the year and to sales campaigns, etc. carried out in the year, including costs related to sales staff, advertising, exhibitions and amortisation/depreciation.

Financial statements 1 May – 31 December 2023

Notes

1 Accounting policies (continued)

Administrative expenses

Administrative expenses comprise costs incurred in the year to manage and administer the Company, including expenses related to administrative staff, management, office premises, office expenses and amortisation/depreciation.

Profit/loss from equity investments in subsidiaries

The proportionate share of the underlying entities' profit/loss after tax is recognised in the income statement according to the equity method. Shares of profit/loss after tax in subsidiaries are presented as separate line items in the income statement. Full elimination of intra-group gains/losses is made for equity investments in subsidiaries.

Financial income and expenses

Financial income and expenses comprise interest income and expenses, gains and losses on securities, payables and transactions denominated in foreign currencies, amortisation of financial assets and liabilities as well as surcharges and refunds under the on-account tax scheme, etc.

Tax on profit from ordinary activities

The Company is subject to the Danish rules on mandatory joint taxation. For the period 1 May 2023 – 15 June 2023 the joint taxation was included in the Chrispa ApS Group's Danish companies. For the period 16 June 2023 – 31 December 2023 the joint taxation was included in the parent company BITZER Electronics A/S group taxation. Subsidiaries are included in the joint taxation arrangement from the date when they are included in the consolidated financial statements and up to the date when they are no longer consolidated.

The Parent Company mentioned above acts as management company in the joint taxation arrangement and accordingly settles all income taxes vis-à-vis the tax authorities.

On payment of joint taxation contributions, the Danish corporate income tax charge is allocated between the jointly taxed entities in proportion to their taxable income. Entities with tax losses receive joint taxation contributions from entities that have been able to use the tax losses to reduce their own taxable income.

The tax expense for the year, which comprises the year's current tax charge, joint taxation contributions and changes in the deferred tax charge – including changes arising from changes in tax rates – is recognised in the income statement as regards the portion that relates to the profit/loss for the year and directly in equity as regards the portion that relates to entries directly in equity.

Financial statements 1 May – 31 December 2023

Notes

1 Accounting policies (continued)

Balance sheet

Intangible assets

Development projects, patents and licences

Development costs comprise expenses, salaries and amortisation directly or indirectly attributable to development activities.

Development projects that are clearly defined and identifiable and where the technical rate of utilisation, sufficient resources and a potential future market or development potential are evidenced, and where the Company intends to produce, market or use the project, are recognised as intangible assets provided that the cost can be measured reliably and that there is sufficient assurance that future earnings can cover production costs, selling costs and administrative expenses and development costs. Other development costs are recognised in the income statement as incurred.

Development costs that are recognised in the balance sheet are measured at cost less accumulated amortisation and impairment losses.

On completion of a development project, development costs are amortised on a straight-line basis over the estimated useful life. The amortisation period is 3 - 5 years.

Rights, patents and licences are measured at cost less accumulated amortisation and impairment losses. Rights, patents and licences acquired are amortised on a straight-line basis over the remaining patent period, and licences are amortised over the licence term, usually 5 years.

Gains and losses on the disposal of development projects, patents and licences are determined as the difference between the selling price less costs to sell and the carrying amount at the date of disposal. Gains and losses are recognised in the income statement as other operating income or other operating expenses, respectively.

Property, plant and equipment

Land and buildings and plant and equipment are measured at cost less accumulated depreciation and impairment losses. Land is not depreciated.

Cost comprises the purchase price and any costs directly attributable to the acquisition until the date when the asset is available for use. The cost of self-constructed assets comprises direct and indirect costs of materials, components, sub-suppliers and wages and salaries. All financing costs regarding the production period are expensed no matter whether they can be attributed to costs.

Individual components of an item of property, plant and equipment that have different useful lives are accounted for as separate items, which are depreciated separately.

Depreciation is provided on a straight-line basis over the expected useful lives of the assets. The expected useful lives are as follows:

Buildings and installations	25 – 50 years
Plant, machinery and equipment	3 – 10 years

Financial statements 1 May – 31 December 2023

Notes

1 Accounting policies (continued)

Depreciation is based on the residual value of the asset and is reduced by impairment losses, if any. The depreciation period and the residual value are determined at the time of acquisition and are reassessed annually. Where the residual value exceeds the carrying amount of the asset, no further depreciation charges are recognised.

In case of changes in the depreciation period or the residual value, the effect on the amortisation charges is recognised prospectively as a change in accounting estimates.

Depreciation is recognised in the income statement as “Production costs”, “Selling and distribution costs”, “Administrative expenses” and “Development costs”, respectively.

Gains and losses on the disposal of property, plant and equipment are calculated as the difference between the selling price less selling costs and the carrying amount at the date of disposal. Gains and losses are recognised in the income statement in the item under which depreciation on the asset was originally expensed.

Leases

On initial recognition, leases for assets that transfer substantially all the risks and rewards incident to ownership to the Company (finance leases) are measured in the balance sheet at the lower of fair value and the net present value of future lease payments. In calculating the net present value, the interest rate implicit in the lease or the incremental borrowing rate is used as discount factor. Assets held under finance leases are subsequently accounted for as the Company's other assets.

The capitalised residual lease liability is recognised in the balance sheet as a liability, and the interest element of the lease payment is recognised in the income statement over the term of the lease.

All other leases are considered operating leases. Payments relating to operating leases and any other leases are recognised in the income statement over the term of the lease. The Company's total liabilities relating to operating leases and other leases are disclosed in contingencies, etc.

Equity investments in subsidiaries

Equity investments in subsidiaries are measured according to the equity method in the financial statements. The company has chosen to consider the equity method a measurement method.

On initial recognition, equity investments in subsidiaries are measured at cost, i.e. plus transaction costs. The cost is allocated in accordance with the acquisition method; see the accounting policies regarding the consolidated financial statements above.

The cost is adjusted by shares of profit/loss after tax calculated in accordance with the Group's accounting policies less or plus unrealised intra-group gains/losses.

Identified increases in value and goodwill, if any, compared to the underlying entity's net asset value are amortised in accordance with the accounting policies in the consolidated financial statements. Negative goodwill is recognised in the income statement.

Dividend received is deduced from the carrying amount.

Equity investments in subsidiaries measured at net asset value are subject to impairment test requirements if there is any indication of impairment.

Net revaluation of equity investments is recognised under equity in the net revaluation reserve according to the equity method to the extent that the carrying amount exceeds cost.

Financial statements 1 May – 31 December 2023

Notes

1 Accounting policies (continued)

Impairment of non-current assets

The carrying amount of intangible assets, property, plant and equipment and equity investments in subsidiaries is tested annually for indication of impairment other than the decrease in value reflected by amortisation/depreciation made.

An impairment test is conducted on individual assets or cash-generating units when there is indication of impairment. Write-down is made to the lower of the recoverable amount and carrying amount.

The recoverable amount is the higher of the net selling price of an asset and its value in use. The value in use is calculated as the net present value of the expected net cash flows from the use of the asset or the group of assets and the expected net cash flows from the disposal of the asset or the group of assets after the end of the useful life.

Previously recognised impairment losses are reversed when the reason for recognition no longer exists. Impairment losses on goodwill are not reversed.

Inventories

Inventories are measured at cost in accordance with the FIFO method. Where the net realisable value is lower than cost, inventories concerned are written down to this lower value.

Goods for resale and raw materials and consumables are measured at cost, comprising purchase price plus delivery costs.

The cost of finished goods and work in progress includes the cost of raw materials, consumables, direct labour and indirect production overheads. Indirect production overheads include the indirect cost of material and labour as well as maintenance and depreciation of production machinery, buildings and equipment and expenses relating to plant administration and management. Borrowing costs are not recognised.

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.

The Company has chosen IAS 39 as interpretation for impairment write-down of financial receivables.

Write-down for bad and doubtful debts is made when there is objective evidence that a receivable or a portfolio of receivables has been impaired. If there is objective evidence that an individual receivable has been impaired, an impairment loss is recognised on an individual basis.

Receivables in respect of which there is no objective evidence of individual impairment are assessed for objective evidence of impairment on a portfolio basis. The objective evidence applied to portfolios is determined based on historical loss experience.

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

Financial statements 1 May – 31 December 2023

Notes

1 Accounting policies (continued)

Prepayments

Prepayments recognised under "Current assets" comprise expenses incurred concerning subsequent financial years.

Equity

Reserve for net revaluation according to the equity method

Net revaluation of investments in subsidiaries is recognised to the extent that the carrying amount exceeds costs.

The reserve can be eliminated in case of losses, realisation of investments or a change in accounting estimates.

The reserve cannot be recognised at a negative amount.

Reserve for development costs

The reserve for development costs comprises recognised development costs. The reserve cannot be used to distribute dividend or cover losses. The reserve will be reduced or dissolved if the recognised development costs are amortised or no longer part of the Company's operations by a transfer directly to the distributable reserves under equity.

Translation reserve

The translation reserve comprises the share of foreign exchange differences arising on translation of financial statements of entities that have a functional currency other than DKK, foreign exchange adjustments of assets and liabilities considered part of the Company's net investments in such entities and foreign exchange adjustments regarding hedging transactions that hedge the Company's net investments in such entities. The reserve is dissolved on the sale of foreign entities or if the conditions for effective hedging no longer exist. When equity investments in subsidiaries in the parent company financial statements are subject to the limitation requirement in the net revaluation reserve according to the equity method, foreign exchange adjustments will be included in this equity reserve instead.

Hedging reserve

The hedging reserve comprises the cumulative net change after tax in the fair value of hedging transactions that qualify for recognition as a cash flow hedge and where the hedged transaction has not yet been realised. The reserve is dissolved when the hedged transaction is realised, if the hedged cash flows are no longer expected to be realised or if the hedging relationship is no longer effective. The reserve does not represent a limitation under company law and may therefore be negative.

Dividend

Dividend proposed for the year is recognised as a liability at the date when it is adopted at the general meeting (declaration date). Dividend expected to be distributed for the year is disclosed as a separate item under equity.

Corporation tax and deferred tax

Current tax payables and receivables are recognised in the balance sheet as tax computed on the taxable income for the year, adjusted for tax on prior-year taxable income and tax paid on account.

Joint taxation contribution payable and receivable is recognised in the balance sheet as "Corporation tax".

Deferred tax is measured using the balance sheet liability method on all temporary differences between the carrying amount and the tax value of assets and liabilities. However, deferred tax is not recognised on temporary differences relating to goodwill which is not deductible for tax purposes and on office premises and other items where temporary differences, apart from business combinations, arise at the date of acquisition without affecting.

Financial statements 1 May – 31 December 2023

Notes

1 Accounting policies (continued)

either profit/loss for the year or taxable income. Where alternative tax rules can be applied to determine the tax base, deferred tax is measured based on Management's intended use of the asset or settlement of the liability, respectively.

Deferred tax assets, including the tax value of tax loss carry-forwards, are recognised under "Assets" at the expected value of their utilisation; either as a set-off against tax on future income or as a set-off against deferred tax liabilities in the same legal tax entity and jurisdiction.

Adjustment is made to deferred tax resulting from elimination of unrealised intra-group profits and losses.

Deferred tax is measured according to the tax rules and at the tax rates applicable in the respective countries at the balance sheet date when the deferred tax is expected to crystallise as current tax.

Provisions

In addition to deferred tax, provisions comprise anticipated expenses related to warranty commitments. Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation. Provisions are measured at net realisable value or fair value. If the obligation is expected to be settled far into the future, the obligation is measured at fair value.

Warranty commitments include expenses for remedial action in respect of the contract work within the warranty period of 1-5 years. Provisions for warranty commitments are measured at net realisable value and recognised based on past experience. Liabilities that are expected to be settled after one year after the balance sheet date are discounted at average bond yields.

Liabilities other than provisions

Financial liabilities are recognised at the date of borrowing at the net proceeds received less transaction costs paid. On subsequent recognition, financial liabilities are measured at amortised cost, corresponding to the capitalised value, using the effective interest rate. Accordingly, the difference between the proceeds and the nominal value is recognised in the income statement over the term of the loan.

Other liabilities are measured at net realisable value.

Deferred income

Deferred income, recognised under "Liabilities", comprises payments received concerning income in subsequent years.

Fair value

Fair value is determined based on the principal market. If no principal market exists, the fair value is based on the most advantageous market, i.e. the market that maximises the price of the asset or liability less transaction and/or transport costs.

All assets and liabilities that are measured at fair value or whose fair value is disclosed are classified based on the fair value hierarchy, see below:

- Level 1: Value based on the fair value of similar assets/liabilities in an active market.
- Level 2: Value based on generally accepted valuation methods on the basis of observable market information.
- Level 3: Value based on generally accepted valuation methods and reasonable estimates based on non-observable market information.

Financial statements 1 May – 31 December 2023

Notes

1 Accounting policies (continued)

Cash and cash equivalents

Cash and cash equivalents comprise cash and short-term marketable securities with a term of three months or less which are subject to only minor risks of changes in value.

Segment information

Information is disclosed by geographical markets. Segment information is based on the Company's accounting policies, risks, and management control.

Cash flow statement

Referring to section 86(4) of the Danish Financial Statements Act, the Entity has prepared no cash flow statement as such statement is included in the consolidated cash flow statement of BITZER SE, Eschenbrunnlestrasse 15, 71065 Sindelfingen, Germany.

Financial ratios

The financial ratios stated under "Financial highlights" have been calculated as follows:

Operating margin	$\frac{\text{Operating profit/loss (EBIT)} \times 100}{\text{Revenue}}$
Profit before tax (PBT) ratio	$\frac{\text{Profit before tax (EBT)} \times 100}{\text{Revenue}}$
Return on invested capital	$\frac{\text{Operating profit/loss (EBIT)} \times 100}{\text{Average of net investments}}$
Return on investment	$\frac{\text{Operating profit/loss (EBIT)} \times 100}{\text{Average of total assets}}$
Gross margin	$\frac{\text{Gross profit/loss} \times 100}{\text{Revenue}}$
Current ratio	$\frac{\text{Current assets} \times 100}{\text{Current liabilities}}$
Solvency ratio	$\frac{\text{Equity at year end} \times 100}{\text{Total equity and liabilities at year end}}$
Return on equity	$\frac{\text{Profit/loss for the year after tax} \times 100}{\text{Average equity}}$

Financial statements 1 May – 31 December 2023

Notes

DKK'000

2 Segment information

Geographical segments

	2023	2022/23
Scandinavia	79,366	152,264
Rest of Europe	98,139	148,807
North America	85,722	146,606
Rest of world	11,594	17,928
	<u>274,821</u>	<u>465,605</u>

The company only has one activity and has therefore not disclosed any activity segments.

3 Fees paid to auditor appointed at the annual general meeting

Fees to the auditor appointed by the Annual General Meeting are not disclosed pursuant to S. 96(3) of the Danish Financial Statements Act.

4 Financial income

Interest income from affiliates	16	45
Other interest income	375	175
	<u>391</u>	<u>220</u>

5 Tax on profit for the year

Current tax	4,976	8,488
Adjustment of tax in respect of previous years	9	0
Deferred tax adjustment for the year	3,073	3,908
	<u>8,058</u>	<u>12,396</u>

Financial statements 1 May – 31 December 2023

Notes

6 Intangible assets

DKK '000	Completed development projects	Development projects under construction	Rights and know how acquired	Total
Cost at 1 May 2023	164,662	41,096	30,280	236,038
Additions	21,429	17,000	0	38,429
Transferred	0	-21,429	0	-21,429
Disposals	0	599	0	599
Cost at 31 December	186,091	37,266	30,280	253,637
Amortisation and impairment losses at 1 May 2023	150,331	0	30,280	180,611
Amortisation	6,107	0	0	6,107
Reversal of accumulated depreciation and impairment of assets disposed	0	0	0	0
Amortisation and impairment losses at 31 December	156,438	0	30,280	186,718
Carrying amount at 31 December 2023	29,653	37,266	0	66,919
Amortised over	3-5 years		5 years	

Development projects in progress mainly concern the development of products with improved user friendliness and supporting the increased requirements for connectivity with other systems and remote user access. These activities increase in importance while energy efficiency and comfort remain the important primary functions of the Company's products and systems.

Among the new products under development is a thermostat platform which will be the base for future customization projects together with specific customers. The purpose of the platform is to provide significant new features to market while shortening the time-to-market on thermostat projects for customers. The project was completed in 2023. The new product is expected to be marketed from mid-2024 until mid-2025.

Another significant new product under development is extension of the specifications of a HVAC product to fit the North American market. This project is expected to be completed in 2024.

Further under development is a new control platform for a specific customer which will be used as a basis in the coming years for a more general product for the market in general.

No indicators of impairment have been identified.

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7 Property, plant and equipment

DKK '000	Land and buildings	Plant, machinery and equipment	Equipment under construction	Total
Cost at 1 May 2023	76,265	121,209	3,674	201,148
Additions	258	5,200	3,075	8,533
Disposals	0	-16,878	0	-16,878
Transferred	0	0	-1,610	-1,610
Cost at 31 December	76,523	109,531	5,139	191,193
Depreciation and impairment losses at 1 May 2023	29,681	105,864	0	135,545
Depreciation	1,120	3,852	0	4,972
Disposals	0	-16,840	0	-16,840
Depreciation and impairment losses at 31 December	30,801	92,876	0	123,677
Carrying amount at 31 December 2023	45,722	16,655	5,139	67,516
Depreciated over	25-50 years		3-10 years	

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DKK'000	2023	2022/23
8 Equity investments in subsidiaries		
Cost at 1 May 2023	5,007	5,007
Value adjustments at 1 May 2023	-16,364	-11,156
Foreign exchange adjustment	-9	-545
Profit/loss for the year	3,242	-463
Distributed dividend	-2,800	-4,200
Value adjustments at 31 December 2023	-15,931	-16,364
Carrying amount at 31 December 2023	-10,924	-11,357
Hereof recognised as investments	143	143
Hereof written down under receivables from group entities	-11,067	-11,500
	-10,924	-11,357

Name	Registered office	Voting rights and ownership	Equity DKK'000	Profit/loss DKK'000
OJ Electronics Inc.	The US	100 %	798	2,953
OJ Electronics Ltd.	England	100 %	143	-2
			941	2,951
Internal gains and losses at 31 December 2023			-15,211	372
Deferred tax on intra-group gains and losses			3,346	-82
			-10,924	3,241

The subsidiaries are considered independent entities.

DKK '000	2023	2022/23
9 Share capital		
The subscribed capital comprises 1,040,000 shares of DKK 1 each.	1,040	1,040

The Company has one share class, and all shares carry the same rights. The share capital has remained unchanged for the past five years.

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DKK'000	2023	2022/23
10 Deferred tax		
Deferred tax at 1 May	18,831	14,923
Deferred tax adjustment for the year	3,073	3,908
Deferred tax at 31 December	21,904	18,831
Deferred tax relates to:		
Development projects	14,722	12,194
Properties	5,894	5,635
Plant and machinery	1,215	869
Other	73	133
	21,904	18,831
Deferred tax liabilities are expected to be set off within:		
0-1 year	73	133
1-5 years	15,937	13,063
> 5 years	5,894	5,635
	21,904	18,831
11 Warranties		
The Company has provided guarantee for certain products. A provision of DKK 6,085 thousand has been provided (2022/23: DKK 9,024 thousand) for expected warranty claims. The provision has been calculated based on historical information on the level of repairs and returned goods as well as specific warranty cases.		
The maturity dates for the warranty obligations are expected to be:		
DKK '000	2023	2022/23
0-1 years	4,701	7,223
1-5 years	1,384	1,801
	6,085	9,024
12 Credit institutions		
Long-term debt falling due after five years	0	7,402

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DKK'000	2023	2022/23
13 Staff costs		
Average number of full-time employees	172	175
Total staff costs include:		
Wages and salaries	60,502	89,656
Pensions	6,160	7,256
Other social security costs	260	398
	66,922	97,310
 Staff costs are recognised in the financial statements as follows:		
Production costs	26,273	40,142
Development costs	19,491	26,127
Selling and distribution costs	12,438	18,345
Administrative expenses	8,720	12,696
	66,922	97,310
 Management remuneration	3,346	5,339

Management remuneration include Executive Board and Supervisory Board. By reference to section 98b(3), of the Danish Financial Statements Act, remuneration to management include both Executive Board and Board of Directors.

14 Depreciation, amortisation and impairment losses		
Land and buildings	1,120	1,644
Plant and equipment	3,852	5,264
Loss on the disposal of equipment	38	4
Development projects	6,107	9,384
	11,117	16,296

Amortisation, depreciation, and impairment losses are recognised in the financial statements as follows:

Production costs	3,602	4,799
Development costs	6,754	10,080
Selling and distribution costs	231	647
Administrative expenses	530	770
	11,117	16,296

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15 Contractual obligations and contingencies, etc.

Contingent liabilities

There are no pending litigation or disputes that are expected to materially affect the Company's financial position.

The Company is jointly taxed with its Danish parent company. The companies included in the joint taxation have joint and several unlimited liability for Danish income tax, withholding taxes on dividends, interest and royalties.

Contractual obligations

The Company makes ongoing binding procurement commitments as part of normal trade. The Company expects most procurement commitments to be settled as part of normal trade. Procurement commitments not expected to be settled as part of normal trade have been recognised as liability based on the expected cost for the Company to terminate such commitments.

Operating lease liabilities

The Company has entered into operating leases with an average annual lease payment of DKK 132 thousand and a remaining term of 6 months. The remaining lease obligation totals DKK 115 thousand.

16 Mortgages and collateral

All mortgages were paid in full during the fiscal year. Any collateral on land and building were terminated together with termination of the mortgages.

17 Currency and interest rate risks and use of financial instruments

The Company has terminated its interest rate swap during the fiscal year.

	2023				2022/23			
	Notional principal	Value adjustment recognised in equity	Fair value	Term to maturity months	Notional principal	Value adjustment recognised in equity	Fair value	Term to maturity months
DKK'000								
Interest rate swaps	0	0	0	0	5,087	224	301	62

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18 Related parties

In addition to the disclosures made under "Ownership", the Company's related parties include members of the Board of Directors and the Executive Board, subsidiaries see note 8 and those companies' Boards of Directors and Executive Boards.

Remuneration/fees to members of the Executive Board and the Board of Directors of the Company are reflected in note 13.

Except for transactions eliminated in the consolidated financial statements, remuneration and dividend distribution no other related party transactions have been performed in the Group. The Parent Company has sales transactions to its subsidiary in the US.

All transactions have been carried out on an arm's length basis.

Ownership

The following shareholders hold more than 5 % of the Company's share capital and/or more than 5 % of the voting share capital:

BITZER Electronics A/S, Kærvej 77, 6400 Sønderborg, Denmark

BITZER SE, Eschenbrunnlestrasse 15, 71065 Sindelfingen, Germany is the ultimate parent company.

Consolidated financial statements

OJ Electronics A/S is included in the consolidated financial statements of BITZER SE, Eschenbrunnlestrasse 15, 71065 Sindelfingen, Germany. The consolidated financial statements for BITZER SE can be requested by contacting BITZER Group at the address above.

	DKK '000	2023	2022/23
19 Distribution of profit			
Proposed distribution of profit			
Proposed dividend		0	0
Reserve for development costs		8,964	11,000
Retained earnings		22,005	34,187
		<u>30,969</u>	<u>45,187</u>