



CHRISTENSEN  
KJÆRULFF

PERSONLIGT ENGAGEMENT

STATSAUTORISERET  
REVISIONSAKTIESELSKAB

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# Delfi Technologies A/S

Galoche Alle 1, 4600 Køge

Company reg. no. 12 55 26 88

## Annual report

1 July 2017 - 30 June 2018

The annual report has been submitted and approved by the general meeting on the 29 November 2018.

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**Svend-Aage Dreist Hansen**

Chairman of the meeting

Notes:

- To ensure the greatest possible applicability of this document, British English terminology has been used.
- Please note that decimal points have not been used in the usual English way. This means that for instance DKK 146.940 means the amount of DKK 146,940, and that 23,5 % means 23.5 %.



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## **Management's report**

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The board of directors and the managing director have today presented the annual report of Delfi Technologies A/S for the financial year 1 July 2017 to 30 June 2018.

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

We consider the accounting policies used appropriate, and in our opinion the annual accounts provide a true and fair view of the company's assets and liabilities and its financial position at 30 June 2018 and of the company's results of its activities in the financial year 1 July 2017 to 30 June 2018.

We are of the opinion that the management's review includes a fair description of the issues dealt with.

The annual report is recommended for approval by the general meeting.

Køge, 29 November 2018

### **Managing Director**

Palle Normann Svendsen

### **Board of directors**

Svend Aage Dreist Hansen  
Chairman

Palle Normann Svendsen

Claus Justsen



## **Independent auditor's report**

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**To the shareholder of Delfi Technologies A/S**

### **Opinion**

We have audited the annual accounts of Delfi Technologies A/S for the financial year 1 July 2017 to 30 June 2018, which comprise accounting policies used, profit and loss account, balance sheet, statement of changes in equity and notes. The annual accounts are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the annual accounts give a true and fair view of the company's assets, liabilities and financial position at 30 June 2018 and of the results of the company's operations for the financial year 1 July 2017 to 30 June 2018 in accordance with the Danish Financial Statements Act.

### **Basis for opinion**

We conducted our audit in accordance with international standards on auditing and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the below section "Auditor's responsibilities for the audit of the annual accounts". We are independent of the company in accordance with international ethics standards for accountants (IESBA's Code of Ethics) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these standards and requirements. We believe that the audit evidence obtained is sufficient and appropriate to provide a basis for our opinion.

### **The management's responsibilities for the annual accounts**

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

In preparing the annual accounts, the management is responsible for evaluating the company's ability to continue as a going concern, and, when relevant, disclosing matters related to going concern and using the going concern basis of accounting when preparing the annual accounts, unless the management either intends to liquidate the company or to cease operations, or if it has no realistic alternative but to do so.

### **Auditor's responsibilities for the audit of the annual accounts**

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



## **Independent auditor's report**

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As part of an audit conducted in accordance with international standards on auditing and the additional requirements applicable in Denmark, we exercise professional evaluations and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement in the annual accounts, whether due to fraud or error, design and perform audit procedures in response 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 the risk of not detecting a misstatement resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of the 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 by the management and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of the management's preparation of the annual accounts being based on the going concern principle and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may raise significant doubt about 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 annual accounts 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 annual accounts, including the disclosures in the notes, and whether the annual accounts reflect 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 the internal control that we identify during our audit.

### **Statement on the management's review**

The management is responsible for the management's review.

Our opinion on the annual accounts does not cover the management's review, and we do not express any kind of assurance opinion on the management's review.



## Independent auditor's report

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In connection with our audit of the annual accounts, our responsibility is to read the management's review and in that connection consider whether the management's review is materially inconsistent with the annual accounts or our knowledge obtained during the audit, or whether it otherwise appears to contain material misstatement.

Furthermore, 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 believe that the management's review is in accordance with the annual accounts and that it has been prepared in accordance with the requirements of the Danish Financial Statement Acts. We did not find any material misstatement in the management's review.

Copenhagen, 29 November 2018

### **Christensen Kjarulff**

Statsautoriseret Revisionsaktieselskab  
Company reg. no. 15 91 56 41

Torben Laurentz Wiberg  
State Authorised Public Accountant  
mne11651



## Company data

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### **The company**

Delfi Technologies A/S  
Galoche Alle 1  
4600 Køge

Web site                    [www.delfi.com](http://www.delfi.com)

Company reg. no.        12 55 26 88

Established:             1 November 1988

Domicile:                Køge

Financial year:         1 July 2017 - 30 June 2018  
31st financial year

### **Board of directors**

Svend Aage Dreist Hansen, Chairman  
Palle Normann Svendsen  
Claus Justsen

### **Managing Director**

Palle Normann Svendsen

### **Auditors**

Christensen Kjærulff  
Statsautoriseret Revisionsaktieselskab  
Store Kongensgade 68  
1264 København K

### **Parent company**

Delfi Holding ApS



## Financial highlights

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DKK in thousands.	<u>2017/18</u>	<u>2016/17</u>	<u>2015/16</u>	<u>2014/15</u>
<b>Profit and loss account:</b>				
Gross profit	31.376	30.587	34.958	24.198
Results from operating activities	455	1.078	8.301	2.762
Net financials	-442	-384	-122	-138
Results for the year	16	95	6.463	1.976
<b>Balance sheet:</b>				
Balance sheet sum	58.006	47.446	56.550	41.342
Investments in tangible fixed assets represent	1.749	2.257	665	0
Equity	12.545	12.528	12.433	11.970
<b>Employees:</b>				
Average number of full time employees	52	59	46	39
<b>Key figures in %:</b>				
Acid test ratio	115,9	122,6	-	-
Solvency ratio	21,6	26,4	22,0	29,0
Return on equity	0,1	0,8	53,0	15,8

The calculation of key figures and ratios follow the Danish Association of Finance Analysts' recommendations.





## Management's review

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### **The principal activities of the company**

Delfi Technologies A/S' principal activities consist of supply of and designing future-oriented and value-added IT solutions for various industries and purposes, primarily for the European markets, including import of innovative hardware solutions supplied with Delfi's own software solutions.

In Delfi Technologies A/S, we have long-standing business relationship. We add value to our partners through our software solutions.

We constantly provide the latest technology and designed innovative ideas in cooperation with our partners.

### **Uncertainties as to recognition or measurement**

The annual report is not influenced by any material issues and there is no significant uncertainty in relation to the calculation of the annual report.

### **Development in activities and financial matters**

The gross profit for the year is TDKK 31.376 against TDKK 30.587 last year. The results from ordinary activities after tax are TDKK 16 against TDKK 95 last year. The management considers the results not satisfactory.

Management expects continued growth in revenue and profit for the coming years.

### **Special risks**

Exchange rate risks:

Activities abroad imply earnings, cash flow and equity that are affected by exchange rates and interest rates in a number of currencies. It is Delfi Technologies A/S' policy to continuously monitor and reduce currency risks, why the currency risk is assessed as very limited.

The company does not enter into high-risk currency transactions.

Interest risks:

The company's interest-bearing financing is limited, why interest risks are considered immateriel compared with the company's activity level.

### **Environmental issues**

The company's activities involve no direct environmental impacts. The company also participates in the Danish Producer Responsibility System for disposal of electronic equipment for the products sold.

### **Know how resources**

The employees of the company are the primary know how resources of the company, and their involvement is material for the growth of the business. The company continually strives at creating the best basic for know how resources.



## Management's review

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### Research and development activities

Today, we see emerging technologies and our customers demand a more integrated experience.

We create innovative software solutions, enabling our customers to empower their business with competitive advantages. We aim to be the best in our field based on an open dialogue, high expertise, using the latest technology and excellent service. Therefore, we are constantly working on improving our customers' processes, so they can become even more competitive in their market.

Accounting capitalisation and amortisation/depreciation of actual product development costs are made.

### The expected development

The world is constantly changing in our market and we see continuous developments within digital solutions in particular. We are especially seeing an increased interest in Android based solutions and we only expect the demand for this kind of solutions to rise further. To be able to offer our customers the solutions they are looking for, we will therefore prepare our classic software solutions to meet this need.

Management expects increased activity and improved earnings for 2018/19.

### Events subsequent to the financial year

No events have occurred subsequent to the balance sheet date, which would have material impact on the financial position of the company.



## Profit and loss account 1 July - 30 June

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Amounts concerning 2017/18: DKK.

Amounts concerning 2016/17: DKK in thousands.

<u>Note</u>	<u>2017/18</u>	<u>2016/17</u>
<b>Gross profit</b>	<b>31.376.445</b>	<b>30.587</b>
2 Staff costs	-28.801.586	-27.767
3 Depreciation, amortisation and writedown relating to tangible and intangible fixed assets	-2.119.633	-1.742
<b>Operating profit</b>	<b>455.226</b>	<b>1.078</b>
Other financial income from group enterprises	160.810	204
Other financial income	25.958	1
4 Other financial costs	-628.929	-589
<b>Results before tax</b>	<b>13.065</b>	<b>694</b>
5 Tax on ordinary results	3.156	-599
<b>1 Results for the year</b>	<b>16.221</b>	<b>95</b>



## Balance sheet 30 June

Amounts concerning 2018: DKK.

Amounts concerning 2017: DKK in thousands.

<u>Note</u>	<u>2018</u>	<u>2017</u>
<b>Assets</b>		
<b>Fixed assets</b>		
6 Completed development projects, including patents and similar rights arising from development projects	671.792	1.068
7 Development projects in progress and prepayments for intangible fixed assets	426.017	221
Intangible fixed assets in total	<u>1.097.809</u>	<u>1.289</u>
8 Other plants, operating assets, and fixtures and furniture	3.632.974	2.986
Tangible fixed assets in total	<u>3.632.974</u>	<u>2.986</u>
9 Deposits	640.000	640
Financial fixed assets in total	<u>640.000</u>	<u>640</u>
<b>Fixed assets in total</b>	<b><u>5.370.783</u></b>	<b><u>4.915</u></b>
<b>Current assets</b>		
Manufactured goods and trade goods	16.769.146	11.277
Inventories in total	<u>16.769.146</u>	<u>11.277</u>
Trade debtors	21.033.569	12.353
Amounts owed by group enterprises	12.450.221	16.831
Other debtors	15.447	0
10 Accrued income and deferred expenses	437.252	905
Debtors in total	<u>33.936.489</u>	<u>30.089</u>
Available funds	1.929.238	1.165
<b>Current assets in total</b>	<b><u>52.634.873</u></b>	<b><u>42.531</u></b>
<b>Assets in total</b>	<b><u>58.005.656</u></b>	<b><u>47.446</u></b>



## Balance sheet 30 June

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Amounts concerning 2018: DKK.

Amounts concerning 2017: DKK in thousands.

<u>Note</u>	<u>2018</u>	<u>2017</u>
<b>Equity and liabilities</b>		
<b>Equity</b>		
11 Contributed capital	1.000.000	1.000
12 Other statutory reserves	745.528	539
13 Results brought forward	10.799.243	10.989
<b>Equity in total</b>	<b><u>12.544.771</u></b>	<b><u>12.528</u></b>
<b>Provisions</b>		
14 Provisions for deferred tax	30.411	213
<b>Provisions in total</b>	<b><u>30.411</u></b>	<b><u>213</u></b>
<b>Liabilities</b>		
Bank debts	19.818.603	6.323
Trade creditors	13.990.190	12.020
Debt to group enterprises	4.205.938	9.534
Corporate tax	179.036	227
Other debts	7.236.707	6.601
Short-term liabilities in total	45.430.474	34.705
<b>Liabilities in total</b>	<b><u>45.430.474</u></b>	<b><u>34.705</u></b>
<b>Equity and liabilities in total</b>	<b><u>58.005.656</u></b>	<b><u>47.446</u></b>

### 15 Contingencies



## Statement of changes in equity

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DKK in thousands.

	<u>Contributed capital</u>	<u>Other statutory reserves</u>	<u>Results brought forward</u>	<u>In total</u>
Equity 1 July 2016	1.000	0	11.433	12.433
Provisions of the results for the year	0	0	95	95
Reserve for development costs	0	539	0	539
Reserve for development costs	<u>0</u>	<u>0</u>	<u>-539</u>	<u>-539</u>
Equity 1 July 2017	1.000	539	10.989	12.528
Provisions of the results for the year	0	207	16	223
Reserve for development costs	<u>0</u>	<u>0</u>	<u>-206</u>	<u>-206</u>
	<b><u>1.000</u></b>	<b><u>746</u></b>	<b><u>10.799</u></b>	<b><u>12.545</u></b>



## Notes

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Amounts concerning 2017/18: DKK.

Amounts concerning 2016/17: DKK in thousands.

	<u>2017/18</u>	<u>2016/17</u>
<b>1. Proposed distribution of the results</b>		
Allocated to results brought forward	0	95
Allocated to other statutory reserves	206.380	0
Allocated from results brought forward	-190.159	0
<b>Distribution in total</b>	<b><u>16.221</u></b>	<b><u>95</u></b>
<b>2. Staff costs</b>		
Salaries and wages	25.320.812	24.573
Pension costs	1.645.513	1.535
Other costs for social security	727.491	545
Other staff costs	1.107.770	1.114
	<b><u>28.801.586</u></b>	<b><u>27.767</u></b>
Average number of employees	<u>52</u>	<u>59</u>
<b>3. Depreciation, amortisation and writedown relating to tangible and intangible fixed assets</b>		
Amortisation of development projects	1.018.614	955
Depreciation on rental assets	441.000	94
Depreciation on decoration of rented premises	339.969	392
Depreciation on plants, operating assets, fixtures and furniture	320.050	253
Profit/loss on sale of tangible assets	0	48
	<b><u>2.119.633</u></b>	<b><u>1.742</u></b>
<b>4. Other financial costs</b>		
Financial costs, group enterprises	80.485	108
Other financial costs	548.444	481
	<b><u>628.929</u></b>	<b><u>589</u></b>



## Notes

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Amounts concerning 2017/18: DKK.

Amounts concerning 2016/17: DKK in thousands.

	<u>2017/18</u>	<u>2016/17</u>
<b>5. Tax on ordinary results</b>		
Tax of the results for the year	179.036	227
Adjustment for the year of deferred tax	<u>-182.192</u>	<u>372</u>
	<b><u>-3.156</u></b>	<b><u>599</u></b>
<b>6. Completed development projects, including patents and similar rights arising from development projects</b>		
Cost 1 July 2017	4.818.892	4.178
Additions during the year	622.941	641
Disposals during the year	<u>-145.590</u>	<u>0</u>
<b>Cost 30 June 2018</b>	<b><u>5.296.243</u></b>	<b><u>4.819</u></b>
Amortisation and writedown 1 July 2017	-3.751.426	-2.796
Amortisation for the year	-1.018.615	-955
Reversal of depreciation, amortisation and writedown, assets disposed of	<u>145.590</u>	<u>0</u>
<b>Amortisation and writedown 30 June 2018</b>	<b><u>-4.624.451</u></b>	<b><u>-3.751</u></b>
<b>Book value 30 June 2018</b>	<b><u>671.792</u></b>	<b><u>1.068</u></b>
<b>7. Development projects in progress and prepayments for intangible fixed assets</b>		
Cost 1 July 2017	221.089	0
Additions during the year	<u>204.928</u>	<u>221</u>
<b>Cost 30 June 2018</b>	<b><u>426.017</u></b>	<b><u>221</u></b>
<b>Book value 30 June 2018</b>	<b><u>426.017</u></b>	<b><u>221</u></b>





## Notes

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Amounts concerning 2018: DKK.

Amounts concerning 2017: DKK in thousands.

	<u>30/6 2018</u>	<u>30/6 2017</u>
<b>8. Other plants, operating assets, and fixtures and furniture</b>		
Cost 1 July 2017	8.673.046	7.238
Additions during the year	1.748.780	2.257
Disposals during the year	<u>-15.739</u>	<u>-821</u>
<b>Cost 30 June 2018</b>	<b><u>10.406.087</u></b>	<b><u>8.674</u></b>
Depreciation and writedown 1 July 2017	-5.687.834	-5.653
Depreciation for the year	-1.101.018	-739
Depreciation, amortisation and writedown for the year, assets disposed of	<u>15.739</u>	<u>704</u>
<b>Depreciation and writedown 30 June 2018</b>	<b><u>-6.773.113</u></b>	<b><u>-5.688</u></b>
<b>Book value 30 June 2018</b>	<b><u>3.632.974</u></b>	<b><u>2.986</u></b>
<b>9. Deposits</b>		
Cost 1 July 2017	<u>640.000</u>	<u>640</u>
<b>Cost 30 June 2018</b>	<b><u>640.000</u></b>	<b><u>640</u></b>
<b>Book value 30 June 2018</b>	<b><u>640.000</u></b>	<b><u>640</u></b>



## Notes

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Amounts concerning 2018: DKK.

Amounts concerning 2017: DKK in thousands.

	<u>30/6 2018</u>	<u>30/6 2017</u>
<b>10. Accrued income and deferred expenses</b>		
Prepaid insurance	437.252	346
Other prepayments	<u>0</u>	<u>559</u>
	<b><u>437.252</u></b>	<b><u>905</u></b>
<b>11. Contributed capital</b>		
Contributed capital 1 July 2017	<u>1.000.000</u>	<u>1.000</u>
	<b><u>1.000.000</u></b>	<b><u>1.000</u></b>
The share capital consists of 1.000 shares, each with a nominal value of DKK 1.000. No shares hold particular rights.		
<b>12. Other statutory reserves</b>		
Other statutory reserves 1 July 2017	539.028	0
Provisions of the results for the year	206.500	0
Reserve for development costs	<u>0</u>	<u>539</u>
	<b><u>745.528</u></b>	<b><u>539</u></b>
<b>13. Results brought forward</b>		
Results brought forward 1 July 2017	10.989.402	11.433
Profit or loss for the year brought forward	16.221	95
Reserve for development costs	<u>-206.380</u>	<u>-539</u>
	<b><u>10.799.243</u></b>	<b><u>10.989</u></b>



## Notes

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Amounts concerning 2018: DKK.

Amounts concerning 2017: DKK in thousands.

	<u>30/6 2018</u>	<u>30/6 2017</u>
<b>14. Provisions for deferred tax</b>		
Provisions for deferred tax 1 July 2017	212.603	-159
Deferred tax of the results for the year	0	372
	<u>-182.192</u>	<u>0</u>
	<b><u>30.411</u></b>	<b><u>213</u></b>
The following items are subject to deferred tax:		
Intangible fixed assets	241.518	283
Tangible fixed assets	<u>-211.107</u>	<u>-70</u>
	<b><u>30.411</u></b>	<b><u>213</u></b>

## 15. Contingencies

### Contingent assets

The company has signed leases with 18 months' notice. As per 30 June 2018 the liability represents tDKK 1.886.

The company has provided guarentees against the group company's bank debt of tDKK 22.324.

### Contingent liabilities

#### Leasing liabilities

The company has entered into 11 operational leasing contracts with an average annual leasing payment of tDKK 737. The leasing contracts have 3-35 months left to run, and the total outstanding leasing payment is tDKK 1.467.

### Joint taxation

Delfi Holding ApS, company reg. no 77186328 being the administration company, the company is subject to the Danish scheme of joint taxation and unlimited jointly and severally liable with the other jointly taxed companies for the total corporation tax.

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

Any subsequent adjustments of corporate taxes or withheld taxes etc. may cause changes in the company's liabilities.



## Accounting policies used

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The annual report for Delfi Technologies A/S is presented in accordance with those regulations of the Danish Financial Statements Act concerning companies identified as class C enterprises (medium sized enterprises).

The accounting policies used are unchanged compared to last year, and the annual accounts are presented in Danish kroner (DKK).

### Recognition and measurement in general

Income is recognised in the profit and loss account concurrently with its realisation, including the recognition of value adjustments of financial assets and liabilities. Likewise, all costs, these including depreciation, amortisation, writedown, provisions, and reversals which are due to changes in estimated amounts previously recognised in the profit and loss account are recognised in the profit and loss account.

Assets are recognised in the balance sheet when the company is liable to achieve future, financial benefits and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when the company is liable to lose future, financial benefits and the value of the liability can be measured reliably.

At the first recognition, assets and liabilities are measured at cost. Later, assets and liabilities are measured as described below for each individual accounting item.

Certain fixed asset investments and liabilities are measured at amortised cost, by which method a fixed, effective interest is recognised during the useful life of the asset or the liability. Amortised cost is recognised as the original cost with deduction of any payments and additions/deductions of the accrued amortisation of the difference between cost and nominal amount. In this way capital losses and capital profits are spread over the useful life.

At recognition and measurement, such predictable losses and risks are taken into consideration, which may appear before the annual report is presented, and which concerns matters existing on the balance sheet date.

### Translation of foreign currency

Transactions in foreign currency are translated by using the exchange rate prevailing at the date of the transaction. Differences in the rate of exchange arising between the rate at the date of transaction and the rate at the date of payment are recognised in the profit and loss account as an item under net financials.

Debtors, creditors, and other monetary items in foreign currency are translated by using the closing rate. The difference between the closing rate and the rate at the time of the occurrence or the recognition in the latest annual accounts of the amount owed or the liability is recognised in the profit and loss account under financial income and expenses.



## Accounting policies used

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### The profit and loss account

#### **Gross profit**

The gross profit comprises the net turnover, changes in inventories of finished goods and work in progress, work performed for own purposes and capitalised, other operating income, and external costs.

The net turnover is recognised in the profit and loss account if delivery and risk transfer to the buyer have taken place before the end of the year, and if the income can be determined reliably and is expected to be received. The net turnover is recognised exclusive of VAT and taxes and with the deduction of any discounts granted in connection with the sale.

Costs of sales includes costs for the purchase of raw materials and consumables less discounts and changes in inventories.

Other external costs comprise costs for distribution, sales, advertisement, administration, premises, loss on debtors, and operational leasing costs.

#### **Staff costs**

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

#### **Depreciation, amortisation and writedown**

Depreciation, amortisation and writedown comprise depreciation, amortisation and writedown for the year and gains and losses on disposal of intangible and tangible fixed assets.

#### **Net financials**

Net financials comprise interest, realised and unrealised capital gains and losses concerning financial assets and liabilities, amortisation of financial assets and liabilities, additions and reimbursements under the Danish tax prepayment scheme, etc. Financial income and expenses are recognised in the profit and loss account with the amounts that concerns the financial year.

#### **Tax of the results for the year**

The tax for the year comprises the current tax for the year and the changes in deferred tax, and it is recognised in the profit and loss account with the share referring to the results for the year and directly in the equity with the share referring to entries directly on the equity.

The company is subject to the Danish legislation concerning compulsory joint taxation with the Danish group enterprises.

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



## Accounting policies used

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### The balance sheet

#### **Intangible fixed assets**

##### **Development projects, patents, and licences**

Development costs comprise e.g. salaries, wages, and amortisation which directly and indirectly refer to the development activities.

Clearly defined and identifiable development projects are recognised as intangible fixed assets provided that the technical feasibility, sufficient resources, and a potential market or a development opportunity can be demonstrated, and provided that it is the intention to produce, market or utilise the project. It is, however, a condition that the cost can be calculated reliably and that a sufficiently high degree of certainty indicates that future earnings will cover the costs for production, sales, and administration. Other development costs are recognised in the profit and loss account concurrently with their realisation.

After completion of the development work, capitalised development costs are amortised on a straight line basis over the estimated financial useful life. Usually, the amortisation period is 10 years.

#### **Goodwill**

Goodwill is amortised over its estimated useful life, which is determined on the basis of the management's experience with the individual business areas. Goodwill is amortised on a straight-line basis over the amortisation period, which is between 5 and 25 years. The amortisation period is determined on the basis of an expected payback period, being the longer for strategical acquirees with a strong market position and an expected long-term earnings profile.

#### **Tangible fixed assets**

Tangible fixed assets are measured at cost with deduction of accrued depreciation and writedown.

The basis of depreciation is cost with deduction of any expected residual value after the end of the useful life of the asset. The amortisation period and the residual value are determined at the acquisition date and reassessed annually. If the residual value exceeds the book value, the amortisation discontinues.

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

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

Depreciation takes place on a straight line basis and based on an evaluation of the expected useful life:

	<i>Useful life</i>	<i>Residual value</i>
<i>Other plants, operating assets, fixtures and furniture</i>	<i>3-5 years</i>	<i>0-20 %</i>



## Accounting policies used

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Minor assets with an expected useful life of less than 1 year are recognised as costs in the profit and loss account in the year of acquisition.

Profit or loss deriving from the sales of tangible fixed assets is measured as the difference between the sales price reduced by the selling costs and the book value at the time of the sale. Profit or loss is recognised in the profit and loss account under depreciation.

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

### Leasing contracts

All leasing contracts are considered operational leasing. Payments in connection with operational leasing and other rental agreements are recognised in the profit and loss account over the term of the contract. The company's total liabilities concerning operational leasing and rental agreements are recognised under contingencies etc.

### Inventories

Inventories are measured at cost on basis of measured average prices. In case the net realisable value is lower than the cost, writedown takes place at this lower value.

The cost for trade goods, raw materials, and consumables comprises the acquisition cost with the addition of the delivery costs.

The cost for manufactured goods and works in progress comprises the cost for raw materials, consumables, direct wages, and indirect production costs. Indirect production costs comprise indirect materials and wages, maintenance of and depreciation on machinery, factory buildings and equipment applied during the production process, and costs for factory administration and factory management. Borrowing costs are not recognised in cost.

The net realisable value for inventories is recognised as the market price with deduction of completion costs and selling costs. The net realisable value is determined taking into consideration the negotiability, obsolescence, and development of the expected market price.

### Debtors

Debtors are measured at amortised cost which usually corresponds to face value. In order to meet expected losses, writedown takes place at the net realisable value.

### Accrued income and deferred expenses

Accrued income and deferred expenses recognised under assets comprise incurred costs concerning the next financial year.



## Accounting policies used

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### Available funds

Available funds comprise cash at bank.

### Corporate tax and deferred tax

Current tax receivable and tax liabilities are recognised in the balance sheet at the amount calculated on the basis of the expected taxable income for the year adjusted for tax on previous years' taxable income and prepaid taxes. Tax receivable and tax liabilities are set off to the extent that legal right of set-off exists and if the items are expected to be settled net or simultaneously.

According to the rules of joint taxation, Delfi Technologies A/S is unlimited, jointly and severally liable towards the Danish tax authorities for the total corporation tax, including withholding tax on interest, royalties and dividends, arising within the jointly taxed group of companies.

Deferred tax is measured on the basis of all temporary differences in assets and liabilities with a balance sheet focus.

Deferred tax is measured based on the tax rules and tax rates applying under the legislation on the balance sheet date and prevailing when the deferred tax is expected to be released as current tax.

### Liabilities

Other liabilities are measured at amortised cost which usually corresponds to the nominal value.



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