



CHRISTENSEN
KJÆRULFF

PERSONLIGT ENGAGEMENT

STATSAUTORISERET
REVISIONSAKTIESELSKAB

CVR: 15 91 56 41

STORE KONGENSGADE 68
1264 KØBENHAVN K

TLF: 33 30 15 15
E-MAIL: CK@CK.DK
WEB: WWW.CK.DK

Delfi Technologies A/S

Galoche Alle 1, 4600 Køge

Company reg. no. 12 55 26 88

Annual report

1 July 2019 - 30 June 2020

The annual report has been submitted and approved by the general meeting on the 26 November 2020.

Svend-Aage Dreist Hansen
Chairman of the meeting

Notes:

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



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Management's report

Today, the board of directors and the managing director have presented the annual report of Delfi Technologies A/S for the financial year 1 July 2019 - 30 June 2020.

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

We consider the accounting policies appropriate and, in our opinion, the financial statements provide a fair presentation of the company's assets, equity and liabilities, and financial position at 30 June 2020 and of the company's results of activities in the financial year 1 July 2019 – 30 June 2020.

We are of the opinion that the management commentary presents a fair account of the issues dealt with.

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

Køge, 19 November 2020

Managing Director

Palle Normann Svendsen

Board of directors

Svend Aage Dreist Hansen
Chairman

Palle Normann Svendsen

Claus Justsen



Independent auditor's report

To the shareholder of Delfi Technologies A/S

Opinion

We have audited the financial statements of Delfi Technologies A/S for the financial year 1 July 2019 - 30 June 2020, which comprise accounting policies, income statement, statement of financial position, statement of changes in equity and notes. The financial statements have been prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements present a fair view of the company's assets, equity and liabilities, and financial position at 30 June 2020 and of the results of the company's activities for the financial year 1 July 2019 - 30 June 2020 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 section "Auditor's responsibilities for the audit of the financial statements". We are independent of the company in accordance with international ethical requirements for auditors (IESBA's Code of Ethics), and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of management and those charged with governance for the financial statements

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

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

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements, as a whole, are free from material misstatement, whether due to fraud or error, and to issue an auditor's report 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 can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.



Independent auditor's report

As part of an audit conducted in accordance with international standards on auditing, and the additional requirements applicable in Denmark, we exercise professional judgment 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 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 and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's preparation of the financial statements using the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists arising from events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure, and contents of the financial statements, including disclosures in notes, and whether the financial statements reflect the underlying transactions and events in a manner that presents a 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 commentary

Management is responsible for the management commentary.

Our opinion on and the financial statements does not cover the management commentary, and we express no assurance opinion thereon.



Independent auditor's report

In connection with our audit of the financial statements, it is our responsibility to read the management commentary and to consider whether the management commentary is materially inconsistent with the financial statements or the evidence obtained during the audit, or whether it otherwise appears to contain material misstatement.

Furthermore, it is our responsibility to consider whether the management commentary provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we believe that management commentary is consistent with the financial statements and that it has been prepared in accordance with the provisions of the Danish Financial Statement Act. We did not discover any material misstatement in the management commentary.

Copenhagen, 19 November 2020

Christensen Kjarulff

Statsautoriseret Revisionsaktieselskab
Company reg. no. 15 91 56 41

Torben Laurentz Wiberg
State Authorised Public Accountant
mne11651



Company information

The company	Delfi Technologies A/S Galoche Alle 1 4600 Køge
	Web site www.delfi.com
	Company reg. no. 12 55 26 88
	Established: 1 November 1988
	Domicile: Køge
	Financial year: 1 July 2019 - 30 June 2020 33rd 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

DKK in thousands.	<u>2019/20</u>	<u>2018/19</u>	<u>2017/18</u>	<u>2016/17</u>
Income statement:				
Gross profit	38.354	38.633	30.269	30.587
Profit from ordinary operating activities	7.943	8.624	455	1.078
Net financials	-362	-358	-442	-384
Net profit or loss for the year	5.897	6.434	16	95
Statement of financial position:				
Balance sheet total	64.492	57.557	58.006	47.446
Investments in property, plant and equipment	2.129	1.433	1.749	2.257
Equity	22.876	18.979	12.545	12.528
Employees:				
Average number of full-time employees	47	46	52	59
Key figures in %:				
Acid test ratio	139,9	134,7	115,9	122,6
Solvency ratio	35,5	33,0	21,6	26,4
Return on equity	28,2	40,8	0,1	0,8

Calculations of key figures and ratios follow the recommendations of the Danish Association of Finance Analysts.



Management commentary

The principal activities of the company

Delfi Technologies A/S' principal activities consist of development and supply of value-added IT solutions for various industries and purposes, primarily for the European market, including import of the latest technology within hardware solutions combined with Delfi's own future-proof software solutions.

In Delfi Technologies A/S, we believe in long term business partnerships. We apply our knowledge and skills to every solution by offering the right combination of support, service and counseling.

We aim to be the best in our field based on an open dialogue, high expertise, using the latest technology and excellent service to grow together with our customers.

Uncertainties about 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 totals DKK 38.354.000 against DKK 38.633.000 last year. Income or loss from ordinary activities after tax totals DKK 5.897.000 against DKK 6.434.000 last year. Management consider the net profit or loss for the year satisfactory.

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

Special risks

Exchange rate risk

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 rate 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 commentary

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.

Expected developments

The world is constantly changing in our market and we see continuous developments within digital solutions in particular. We are especially facing 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 expect increased activity and improved earnings for 2020/21.

Events occurring after the end of 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.



Income statement 1 July - 30 June

Amounts concerning 2019/20: DKK.

Amounts concerning 2018/19: DKK thousand.

<u>Note</u>	<u>2019/20</u>	<u>2018/19</u>
Gross profit	38.354.282	38.633
2 Staff costs	-27.921.106	-27.766
3 Depreciation, amortisation, and impairment	-2.490.405	-2.243
Operating profit	7.942.771	8.624
Other financial income from group enterprises	212.996	166
Other financial income	100.877	78
4 Other financial costs	-675.543	-602
Results before tax	7.581.101	8.266
5 Tax on net profit or loss for the year	-1.683.840	-1.832
1 Net profit or loss for the year	5.897.261	6.434



Statement of financial position at 30 June

Amounts concerning 2020: DKK.

Amounts concerning 2019: DKK thousand.

Assets		
<u>Note</u>	<u>2020</u>	<u>2019</u>
Non-current assets		
6 Completed development projects, including patents and similar rights arising from development projects	1.217.769	1.252
Total intangible assets	<u>1.217.769</u>	<u>1.252</u>
8 Other fixtures and fittings, tools and equipment	4.489.171	3.740
Total property, plant, and equipment	<u>4.489.171</u>	<u>3.740</u>
9 Deposits	640.000	640
Total investments	<u>640.000</u>	<u>640</u>
Total non-current assets	<u>6.346.940</u>	<u>5.632</u>
Current assets		
Manufactured goods and goods for resale	14.800.074	14.665
Total inventories	<u>14.800.074</u>	<u>14.665</u>
Trade receivables	16.795.402	26.940
Receivables from group enterprises	21.364.224	4.142
Other receivables	209	0
10 Prepayments and accrued income	352.526	324
Total receivables	<u>38.512.361</u>	<u>31.406</u>
Cash on hand and demand deposits	<u>4.832.881</u>	<u>5.854</u>
Total current assets	<u>58.145.316</u>	<u>51.925</u>
Total assets	<u>64.492.256</u>	<u>57.557</u>



Statement of financial position at 30 June

Amounts concerning 2020: DKK.

Amounts concerning 2019: DKK thousand.

<u>Note</u>	<u>2020</u>	<u>2019</u>
Equity and liabilities		
Equity		
11 Contributed capital	1.000.000	1.000
12 Other statutory reserves	949.860	976
13 Retained earnings	18.926.119	15.003
14 Proposed dividend for the financial year	2.000.000	2.000
Total equity	<u>22.875.979</u>	<u>18.979</u>
Provisions		
15 Provisions for deferred tax	55.593	16
Total provisions	<u>55.593</u>	<u>16</u>
Liabilities other than provisions		
Bank loans	16.280.386	8.018
Trade payables	8.547.454	17.371
Payables to group enterprises	3.014.399	3.672
Income tax payable	1.644.918	1.846
Other payables	11.157.623	6.892
16 Accruals and deferred income	915.904	763
Total short term liabilities other than provisions	<u>41.560.684</u>	<u>38.562</u>
Total liabilities other than provisions	<u>41.560.684</u>	<u>38.562</u>
Total equity and liabilities	<u>64.492.256</u>	<u>57.557</u>

17 Contingencies



Statement of changes in equity

DKK thousand.

	Contributed capital	Other statutory reserves	Retained earnings	Proposed dividend for the financial year	Total
Equity 1 July 2018	1.000	746	10.799	0	12.545
Retained earnings	0	230	4.204	2.000	6.434
Equity 1 July 2019	1.000	976	15.003	2.000	18.979
Distributed dividend	0	0	0	-2.000	-2.000
Retained earnings	0	-26	3.923	2.000	5.897
	1.000	950	18.926	2.000	22.876



Notes

Amounts concerning 2019/20: DKK.

Amounts concerning 2018/19: DKK thousand.

	<u>2019/20</u>	<u>2018/19</u>
1. Proposed appropriation of net profit		
Dividend for the financial year	2.000.000	2.000
Transferred to retained earnings	3.923.118	4.204
Transferred to other statutory reserves	-25.857	230
Total allocations and transfers	<u>5.897.261</u>	<u>6.434</u>
2. Staff costs		
Salaries and wages	25.837.565	25.752
Pension costs	1.650.830	1.547
Other costs for social security	432.711	467
	<u>27.921.106</u>	<u>27.766</u>
Average number of employees	<u>47</u>	<u>46</u>
3. Depreciation, amortisation, and impairment		
Amortisation of development projects	1.109.503	921
Depreciation of leasehold improvements	333.742	322
Depreciation of other fixtures and fittings, tools and equipment	1.047.160	995
Profit/loss on the sale of property, plant, and equipment	0	5
	<u>2.490.405</u>	<u>2.243</u>
4. Other financial costs		
Financial costs, group enterprises	41.266	58
Other financial costs	634.277	544
	<u>675.543</u>	<u>602</u>
5. Tax on net profit or loss for the year		
Tax on net profit or loss for the year	1.644.918	1.846
Adjustment of deferred tax for the year	38.922	-14
	<u>1.683.840</u>	<u>1.832</u>



Notes

Amounts concerning 2020: DKK.

Amounts concerning 2019: DKK thousand.

	<u>30/6 2020</u>	<u>30/6 2019</u>
6. Completed development projects, including patents and similar rights arising from development projects		
Cost 1 July 2019	6.796.844	5.296
Additions during the year	1.076.353	1.075
Transfers	0	426
Cost 30 June 2020	<u>7.873.197</u>	<u>6.797</u>
Amortisation and writedown 1 July 2019	-5.545.926	-4.624
Amortisation and depreciation for the year	-1.109.502	-921
Amortisation and writedown 30 June 2020	<u>-6.655.428</u>	<u>-5.545</u>
Carrying amount, 30 June 2020	<u>1.217.769</u>	<u>1.252</u>
7. Development projects in progress and prepayments for intangible assets		
Cost 1 July 2019	0	426
Transfers	0	-426
Cost 30 June 2020	<u>0</u>	<u>0</u>
Revaluation 1 July 2019	0	0
Revaluation 30 June 2020	<u>0</u>	<u>0</u>
Amortisation and writedown 1 July 2019	0	0
Amortisation and writedown 30 June 2020	<u>0</u>	<u>0</u>
Carrying amount, 30 June 2020	<u>0</u>	<u>0</u>



Notes

Amounts concerning 2020: DKK.

Amounts concerning 2019: DKK thousand.

	<u>30/6 2020</u>	<u>30/6 2019</u>
8. Other fixtures and fittings, tools and equipment		
Cost 1 July 2019	10.296.384	10.406
Correction due to changes in accounting policies	0	159
Additions during the year	2.128.742	1.433
Disposals during the year	<u>-52.865</u>	<u>-1.703</u>
Cost 30 June 2020	<u>12.372.261</u>	<u>10.295</u>
Depreciation and writedown 1 July 2019	-6.555.052	-6.773
Correction due to changes in accounting policies	0	-159
Amortisation and depreciation for the year	-1.380.903	-1.318
Reversal of depreciation, amortisation and impairment loss, assets disposed of	<u>52.865</u>	<u>1.695</u>
Depreciation and writedown 30 June 2020	<u>-7.883.090</u>	<u>-6.555</u>
Carrying amount, 30 June 2020	<u>4.489.171</u>	<u>3.740</u>
9. Deposits		
Cost 1 July 2019	<u>640.000</u>	<u>640</u>
Cost 30 June 2020	<u>640.000</u>	<u>640</u>
Carrying amount, 30 June 2020	<u>640.000</u>	<u>640</u>
10. Prepayments and accrued income		
Prepayments	<u>352.526</u>	<u>324</u>
	<u>352.526</u>	<u>324</u>
11. Contributed capital		
Contributed capital 1 July 2019	<u>1.000.000</u>	<u>1.000</u>
	<u>1.000.000</u>	<u>1.000</u>

The share capital consists of 1.000 shares, each with a nominal value of DKK 1.000. No shares hold particular rights.



Notes

Amounts concerning 2020: DKK.

Amounts concerning 2019: DKK thousand.

	<u>30/6 2020</u>	<u>30/6 2019</u>
12. Other statutory reserves		
Other statutory reserves 1 July 2019	975.717	746
Retained earnings	<u>-25.857</u>	<u>230</u>
	<u>949.860</u>	<u>976</u>
13. Retained earnings		
Retained earnings 1 July 2019	15.003.001	10.799
Retained earnings for the year	<u>3.923.118</u>	<u>4.204</u>
	<u>18.926.119</u>	<u>15.003</u>
14. Proposed dividend for the financial year		
Dividend 1 July 2019	2.000.000	0
Distributed dividend	-2.000.000	0
Dividend for the financial year	<u>2.000.000</u>	<u>2.000</u>
	<u>2.000.000</u>	<u>2.000</u>
15. Provisions for deferred tax		
Provisions for deferred tax 1 July 2019	55.593	30
Deferred tax relating to the net profit or loss for the year	<u>0</u>	<u>-14</u>
	<u>55.593</u>	<u>16</u>
The following items are subject to deferred tax:		
Intangible assets	267.909	275
Tangible assets	<u>-212.316</u>	<u>-259</u>
	<u>55.593</u>	<u>16</u>



Notes

Amounts concerning 2020: DKK.

Amounts concerning 2019: DKK thousand.

	<u>30/6 2020</u>	<u>30/6 2019</u>
16. Accruals and deferred income		
Accruals and deferred income	<u>915.904</u>	<u>763</u>
	<u>915.904</u>	<u>763</u>

17. Contingencies

Contingent assets

The company has signed leases with 18 months' notice. As per 30 June 2020 the liability represents DKK 2.039 thousand.

The company has provided guarantees for the bank debt of the group company of DKK 16.280 thousand.

Contingent liabilities

Lease liabilities

The company has entered into 11 operational leasing contracts with an average annual leasing payment of DKK 741 thousand. The leasing contracts have 3-33 months left to run, and the total outstanding leasing payment is DKK 597 thousand.

Joint taxation

With Palle Svendsen Holding ApS, company reg. no 41657146 as administration company, the company is subject to the Danish scheme of joint taxation and unlimitedly, jointly, and severally liable, along with the other jointly taxed companies, for the total corporation tax.

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

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



Accounting policies

The annual report for Delfi Technologies A/S has been presented in accordance with the Danish Financial Statements Act regulations concerning reporting class C enterprises (medium sized enterprises).

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

Pursuant to section 86 (4) of the Danish Financial Statements Act, no statement of cash flows for the enterprise has been prepared, as the relevant information is included in the consolidated financial statements of Delfi Holding ApS

Recognition and measurement in general

Income is recognised in the income statement concurrently with its realisation, including the recognition of value adjustments of financial assets and liabilities. Likewise, all costs are recognised in the income statement, including depreciations amortisations, writedowns for impairment, provisions, and reversals due to changes in estimated amounts previously recognised in the income statement.

Assets are recognised in the statement of financial position when it seems probable that future economic benefits will flow to the company and the value of the asset can be reliably measured.

Liabilities are recognised in the statement of financial position when it is seems probable that future economic benefits will flow out of the company and the value of the liability can be reliably measured.

Assets and liabilities are measured at cost at the initial recognition. Hereafter, assets and liabilities are measured as described below for each individual accounting item.

Certain financial assets and liabilities are measured at amortised cost, allowing a constant effective interest rate to be recognised during the useful life of the asset or liability. Amortised cost is recognised as the original cost less any payments, plus/less accrued amortisations of the difference between cost and nominal amount. In this way, capital losses and gains are allocated over the useful life of the liability.

Upon recognition and measurement, allowances are made for such predictable losses and risks which may arise prior to the presentation of the annual report and concern matters that exist on the reporting date.

Foreign currency translation

Transactions in foreign currency are translated by using the exchange rate prevailing at the date of transaction. Exchange rate differences arising between the rate at the date of transaction and the rate at the date of payment are recognised in the income statement as an item under net financials.

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



Accounting policies

Income statement

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 income statement 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 include 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 social security costs, etc., for staff members. Staff costs are less government reimbursements.

Depreciation, amortisation, and writedown for impairment

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

Financial income and expenses

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 income statement with the amounts that concerns the financial year.

Tax on net profit or loss for the year

Tax for the year comprises the current income tax for the year and changes in deferred tax and is recognised in the income statement with the share attributable to the net profit or loss for the year and directly in equity with the share attributable to entries directly in equity.

The company is subject to Danish rules on compulsory joint taxation of Danish group enterprises.

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



Accounting policies

Statement of financial position

Intangible 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 income statement 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 set at between 5 and 25 years. The amortisation period is determined on the basis of an expected pay-back period, being the longer for strategical acquirees with a strong market position and an expected long-term earnings profile.

Tangible fixed assets

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

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

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

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

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

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



Accounting policies

Minor assets with an expected useful life of less than 1 year are recognised as costs in the income statement in the year of acquisition.

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

As regards self-constructed assets, 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.

Leases

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

Impairment loss relating to non-current assets

The carrying amount of both intangible and tangible assets as well as equity investments in subsidiaries and associates are subject to annual impairment tests in order to disclose any indications of impairment beyond those expressed by amortisation and depreciation, respectively.

If indications of impairment are disclosed, impairment tests are carried out for each individual asset or group of assets, respectively. Writedown for impairment is done to the recoverable amount if this value is lower than the carrying amount.

The recoverable amount is equal to the value of the net selling price or the value in use, whichever is higher. The value in use is determined as the present value of the expected net cash flow derived from the use of the asset or group of assets.

Previously recognised impairment losses are reversed when conditions for impairment no longer exist. Impairment relating to goodwill is not reversed.

Inventories

Inventories are measured at cost on the basis of measured average prices. In cases when the net realisable value is lower than the cost, the latter is written down for impairment to this this lower value.

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



Accounting policies

Costs of manufactured goods and work in progress comprise the cost of raw materials, consumables, direct wages, and indirect production costs. Indirect production costs comprise indirect materials and wages, maintenance of and depreciation of machinery, factory buildings and equipment used in 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 and selling costs. The net realisable value is determined with due consideration of negotiability, obsolescence, and the development of the expected market prices.

Receivables

Receivables are measured at amortised cost which usually corresponds to face value. In order to meet expected losses, they are written down for impairment to the net realisable value.

Prepayments and accrued income

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

Cash on hand and demand deposits

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

Equity

Dividend

Dividend expected to be distributed for the year is recognised as a separate item under equity. Proposed dividend is recognised as a liability at the time of approval by the annual general meeting (time of declaration).

Income tax and deferred tax

Current tax receivables and tax liabilities are recognised in the statement of financial position with 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 receivables and tax liabilities are offset to the extent that a legal right of set-off exists and the items are expected to be settled net or simultaneously.

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

Deferred tax is tax on all temporary differences in the carrying amount and tax base of assets and liabilities measured on the basis of the planned application of the asset and disposal of the liability, respectively.

Deferred tax assets, including the tax value of tax losses eligible for carryforward, are recognised at their expected realisable value, either by settlement against tax of future earnings or by setoff in deferred tax liabilities within the same legal tax unit. Any deferred net tax assets are measured at net realisation value.



Accounting policies

Deferred tax is measured on the basis of the tax rules and tax rates of applicable legislation at the reporting date and prevailing when the deferred tax is expected to be released as current tax.

Liabilities other than provisions

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

Accruals and deferred income

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

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Palle Normann Svendsen

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Palle Normann Svendsen

Direktør

Serienummer: PID:9208-2002-2-645193514680

IP: 217.74.xxx.xxx

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NEM ID 

Claus Justsen

Bestyrelsesmedlem

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