CHRISTENSEN KJÆRULFF
PERSONLIGT ENGAGEMENT

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Delfi Technologies A/S

Galoche Alle 1, 4600 Køge

Company reg. no. 12 55 26 88

Annual report

1 July 2020 - 30 June 2021

The annual report has been submitted and approved by the general meeting on the 26 November 2021.

Svend-Aage Dreist Hansen
Chairman of the meeting

Contents

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 %.*

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 2020 - 30 June 2021.

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 2021 and of the company's results of activities in the financial year 1 July 2020 – 30 June 2021.

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

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

Køge, 2 November 2021

Managing Director

Palle Normann Svendsen

Board of directors

Svend Aage Dreist Hansen *Chairman*	Palle Normann Svendsen	Claus Justsen

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 2020 - 30 June 2021, which comprise income statement, statement of financial position, statement of changes in equity, notes and accounting policies. 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 2021 and of the results of the company's activities for the financial year 1 July 2020 - 30 June 2021 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 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.

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.

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

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, 2 November 2021

Christensen Kjærulff
Statsautoriseret Revisionsaktieselskab
Company reg. no. 15 91 56 41

Torben Laurentz Wiberg
State Authorised Public Accountant
mne11651

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 2020 - 30 June 2021* *34th financial year*
Board of directors	Svend Aage Dreist Hansen, Chairman, *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.	2020/21	2019/20	2018/19	2017/18	2016/17
Income statement:					
Gross profit	43.268	38.355	38.633	30.269	30.587
Profit from operating activities	11.060	7.942	8.624	455	1.078
Net financials	-371	-361	-358	-442	-384
Net profit or loss for the year	8.454	5.897	6.434	16	95
Statement of financial position:					
Balance sheet total	97.354	64.491	57.557	58.006	47.446
Investments in property, plant and equipment	4.006	2.129	1.433	1.749	2.257
Equity	29.330	22.876	18.979	12.545	12.528
Employees:					
Average number of full-time employees	50	47	46	52	59
Key figures in %:					
Acid test ratio	130,3	139,9	134,7	115,9	122,6
Solvency ratio	30,1	35,5	33,0	21,6	26,4
Return on equity	32,4	28,2	40,8	0,1	0,8

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

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.

IIn 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.

Unusual circumstances

The annual report is not influenced by any unusual circumstances and there is no significant circumstances in relation to the calculation of the annual report.

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 43.268.000 against DKK 38.355.000 last year. Income or loss from ordinary activities after tax totals DKK 8.454.000 against DKK 5.897.000 last year. The company has realized last year's expected growth. Management considers the net profit or loss for the year satisfactory.

Management expects 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 continously 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 ressources.

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 expects increased activity and improved earnings for 2021/22.

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 2020/21: DKK.

Amounts concerning 2019/20: DKK thousand.

Note		2020/21	2019/20
	Gross profit	**43.267.866**	**38.355**
2	*Staff costs*	-28.919.939	-27.922
3	*Depreciation, amortisation, and impairment*	-3.288.291	-2.491
	Operating profit	**11.059.636**	**7.942**
	Other financial income from group enterprises	410.980	213
	Other financial income	117.130	101
4	*Other financial costs*	-898.730	-675
	Pre-tax net profit or loss	**10.689.016**	**7.581**
5	*Tax on net profit or loss for the year*	-2.234.786	-1.684
1	***Net profit or loss for the year***	**8.454.230**	**5.897**

Statement of financial position at 30 June

Amounts concerning 2021: DKK.
Amounts concerning 2020: DKK thousand.

Assets

Note		2021	2020
	Non-current assets		
6	*Completed development projects, including patents and similar rights arising from development projects*	1.381.767	1.217
7	*Development projects in progress and prepayments for intangible assets*	288.215	0
	Total intangible assets	1.669.982	1.217
8	*Other fixtures and fittings, tools and equipment*	6.534.759	4.489
	Total property, plant, and equipment	6.534.759	4.489
9	*Deposits*	640.000	640
	Total investments	640.000	640
	Total non-current assets	**8.844.741**	**6.346**
	Current assets		
	Manufactured goods and goods for resale	22.313.856	14.800
	Total inventories	22.313.856	14.800
	Trade receivables	26.944.650	16.795
	Receivables from group enterprises	38.785.870	21.364
10	*Prepayments and accrued income*	434.850	353
	Total receivables	66.165.370	38.512
	Cash on hand and demand deposits	30.191	4.833
	Total current assets	**88.509.417**	**58.145**
	Total assets	**97.354.158**	**64.491**

Statement of financial position at 30 June

Amounts concerning 2021: DKK.
Amounts concerning 2020: DKK thousand.

Equity and liabilities

Note		2021	2020
	Equity		
	Contributed capital	1.000.000	1.000
	Other statutory reserves	1.302.587	950
	Retained earnings	27.027.621	18.926
	Proposed dividend for the financial year	0	2.000
	Total equity	**29.330.208**	**22.876**
	Provisions		
11	*Provisions for deferred tax*	93.591	56
	Total provisions	**93.591**	**56**
	Liabilities other than provisions		
	Bank loans	33.260.178	16.280
	Prepayments received from customers	57.805	0
	Trade payables	18.601.491	8.547
	Payables to group enterprises	3.503.968	3.015
	Payables to shareholders and management	119.817	26
	Income tax payable	2.196.788	1.645
	Other payables	9.726.877	11.130
12	*Accruals and deferred income*	463.435	916
	Total short term liabilities other than provisions	67.930.359	41.559
	Total liabilities other than provisions	**67.930.359**	**41.559**
	Total equity and liabilities	**97.354.158**	**64.491**

13 ***Contingencies***
14 ***Related parties***

Statement of changes in equity

All amounts in DKK.

	Contributed capital	Other statutory reserves	Retained earnings	Proposed dividend for the financial year	Total
Equity 1 July 2019	1.000.000	975.717	15.003.001	2.000.000	18.978.718
Distributed dividend	0	0	0	-2.000.000	-2.000.000
Retained earnings	0	-25.857	3.923.118	2.000.000	5.897.261
Equity 1 July 2020	1.000.000	949.860	18.926.119	2.000.000	22.875.979
Distributed dividend	0	0	0	-2.000.000	-2.000.000
Retained earnings	0	352.727	8.101.502	0	8.454.229
	1.000.000	**1.302.587**	**27.027.621**	**0**	**29.330.208**

Amounts concerning 2020/21: DKK.
Amounts concerning 2019/20: DKK thousand.

		2020/21	2019/20
1.	***Proposed appropriation of net profit***		
	Dividend for the financial year	0	2.000
	Transferred to retained earnings	8.101.503	3.923
	Transferred to other statutory reserves	352.727	-26
	Total allocations and transfers	**8.454.230**	**5.897**
2.	***Staff costs***		
	Salaries and wages	26.760.364	25.838
	Pension costs	1.719.609	1.651
	Other costs for social security	439.966	433
		28.919.939	**27.922**
	Average number of employees	50	47

Remuneration to management is not specified with reference to paragraph 98b (1) of the Danish Financial Statements Act. 3, No. 2.

		2020/21	2019/20
3.	***Depreciation, amortisation, and impairment***		
	Amortisation of development projects	1.369.729	1.110
	Depreciation of leasehold improvements	430.609	334
	Depreciation of other fixtures and fittings, tools and equipment	1.511.793	1.047
	Profit/loss on the sale of property, plant, and equipment	-23.840	0
		3.288.291	**2.491**
4.	***Other financial costs***		
	Financial costs, group enterprises	46.883	41
	Other financial costs	851.847	634
		898.730	**675**
5.	***Tax on net profit or loss for the year***		
	Tax on net profit or loss for the year	2.196.788	1.645
	Adjustment of deferred tax for the year	37.998	39
		2.234.786	**1.684**

Amounts concerning 2021: DKK.
Amounts concerning 2020: DKK thousand.

		30/6 2021	30/6 2020
6.	***Completed development projects, including patents and similar rights arising from development projects***		
	Cost 1 July 2020	7.873.197	6.797
	Additions during the year	1.533.727	1.076
	Cost 30 June 2021	**9.406.924**	**7.873**
	Amortisation and writedown 1 July 2020	-6.655.428	-5.546
	Amortisation and depreciation for the year	-1.369.729	-1.110
	Amortisation and writedown 30 June 2021	**-8.025.157**	**-6.656**
	Carrying amount, 30 June 2021	**1.381.767**	**1.217**

Development projects relate to the further development of the company's software products. Development projects that are clearly defined and identifiable, where the technical feasibility, sufficient resources and a potential future market or development opportunity in the company can be proven, and where the intention is to manufacture, market or use the project are recognized as intagible fixed assets, provided that the cost price can be calculated reliably and there is sufficient assurance that the future earnings may cover production, sales and administration costs. Other development costs are recognized in the income statement as the costs are incurred.

		30/6 2021	30/6 2020
7.	***Development projects in progress and prepayments for intangible assets***		
	Additions during the year	288.215	0
	Cost 30 June 2021	**288.215**	**0**
	Carrying amount, 30 June 2021	**288.215**	**0**

Amounts concerning 2021: DKK.
Amounts concerning 2020: DKK thousand.

		30/6 2021	30/6 2020
8.	***Other fixtures and fittings, tools and equipment***		
	Cost 1 July 2020	12.372.261	10.296
	Additions during the year	4.005.793	2.129
	Disposals during the year	-141.104	-53
	Cost 30 June 2021	**16.236.950**	**12.372**
	Depreciation and writedown 1 July 2020	-7.883.090	-6.555
	Amortisation and depreciation for the year	-1.939.045	-1.381
	Reversal of depreciation, amortisation and impairment loss, assets disposed of	119.944	53
	Depreciation and writedown 30 June 2021	**-9.702.191**	**-7.883**
	Carrying amount, 30 June 2021	**6.534.759**	**4.489**
9.	***Deposits***		
	Cost 1 July 2020	640.000	640
	Cost 30 June 2021	**640.000**	**640**
	Carrying amount, 30 June 2021	**640.000**	**640**
10.	***Prepayments and accrued income***		
	Prepayments	434.850	353
		434.850	**353**
11.	***Provisions for deferred tax***		
	Provisions for deferred tax 1 July 2020	55.593	56
	Deferred tax relating to the net profit or loss for the year	37.998	0
		93.591	**56**
	The following items are subject to deferred tax:		
	Intangible assets	366.657	268
	Tangible assets	-273.066	-212
		93.591	**56**

Amounts concerning 2021: DKK.
Amounts concerning 2020: DKK thousand.

		30/6 2021	30/6 2020
12.	***Accruals and deferred income***		
	Prepaid income on service contracts	463.435	916
		463.435	**916**

13. Contingencies

Contingent assets

The company has signed leases with 18 months' notice. As per 30 June 2021 the liability represents DKK 2.121 thousand.

The company has provided guarentees for the bank debt of the group company of DKK 33.260 thousand.

Contingent liabilities

Lease liabilities

The company has entered into 7 operational leasing contracts with an average annual leasing payment of DKK 450 thousand. The leasing contracts have 2-48 months left to run, and the total outstanding leasing payment is DKK 1.038 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.

Amounts concerning 2020/21: DKK.
Amounts concerning 2019/20: DKK thousand.

14. Related parties

Controlling interest

Palle Svendsen Holding ApS	*Majority shareholder*
Nikolaj Svendsen Holding ApS	*Minority shareholder*
Karina Storgård Holding ApS	*Minority shareholder*
Annika Storgaard Holding ApS	*Minority shareholder*
Delfi Holding ApS	*Majority shareholder*
Store Søvang ApS	*Sister company*
Delfi Technologies AB, Sweden	*Sister company*
Delfi Technologies AS, Norway	*Sister company*
Delfi Technologies Ltd., Vietnam	*Sister company*
Delfi Technologies Inc., USA	*Sister company*
Delfi Technologies GmbH, Germany	*Sister company*
Delfi Technologies SRL, Italy	*Sister company*

Transactions

All transactions with related parties have taken place on market terms.

Consolidated financial statements

Palle Svendsen Holding ApS is presenting the consolidated financial statements.

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 are unchanged from last year, and the annual report is presented in 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 the transaction. Differences in the rate of exchange arising between the rate at the date of transaction and the rate at the date of payment are recognised in the profit and loss account as an item under net financials. If currency positions are considered to hedge future cash flows, the value adjustments are recognised directly in equity in a fair value reserve.

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.

Income statement

Gross profit

Gross profit comprises the revenue, changes in inventories of finished goods, and work in progress, work performed for own account and capitalised, other operating income, and external costs.

The enterprise will be applying IAS 11 and IAS 18 as its basis of interpretation for the recognition of revenue.

Revenue is recognised in the income statement if delivery and passing of risk to the buyer have taken place before the end of the year and if the income can be determined reliably and inflow is anticipated. Recognition of revenue is exclusive of VAT and taxes and less any discounts relating directly to sales.

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

Financial income and expenses are recognised in the income statement with the amounts concerning the financial year. Financial income and expenses comprise interest income and expenses, financial expenses from financial leasing, realised and unrealised capital gains and losses relating to securities, debt and transactions in foreign currency, amortisation of financial assets and liabilities as well as surcharges and reimbursements under the advance tax scheme, etc.

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).

Statement of financial position

Intangible assets

Development projects, patents, and licences

Development costs and internally generated rights are recognised in the income statement as costs in the acquisition year.

Patents and licenses are measured at cost less accrued amortisation. Patents are amortised on a straightline basis over the remaining patent period and licenses are amortised over the contract period, however, for a maximum of 10 years.

Profit and loss from the sale of development projects, patents, and licenses are measured as the difference between the sales price less sales costs and the carrying amount at the time of sale. Profit or loss is recognised in the income statement under amortisation and writedown for impairment.

Property, plant, and equipment

Property is measured at cost plus revaluations and less accrued depreciation and writedown for impairment. Land is not subject to depreciation.

Property is revaluated on the basis of regular, independent fair-value assessments. Net revaluation at fair value adjustment is recognised directly in equity less deferred tax and tied up in a particular revaluation reserve. Net impairment loss at fair value adjustment is recognised in the income statement.

The depreciable amount is cost plus revaluations at fair value less expected residual value after the end of the useful life of the asset. The amortisation period is fixed at the acquisition date and reassessed annually. If the residual value exceeds the carrying mount of the asset, depreciation is discontinued.

Reversal of previous revaluations and recognised deferred taxes concerning revaluations are recognised directly in company equity.

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.

If the amortisation period or the residual value is changed, the effect on amortisation will, in future, be recognised as a change in the accounting estimates.

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

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

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

	Useful life	Residual value
Buildings	30 years	20 %
Plant and machinery	5-10 years	0-20 %
Other fixtures and fittings, tools and equipment	3-5 years	0-20 %

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

Profit or loss derived from the disposal of property, land, and equipment is measured as the difference between the sales price less selling costs and the carrying amount at the date of disposal. Profit or loss is recognised in the income statement 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 other leases are regarded as operating leases. Payments in connection with operating leases and other lease agreements are recognised in the income statement for the term of the contract. The company's total liabilities concerning operating leases and lease agreements are recognised under contingencies, etc.

Impairment loss relating to non-current assets

The carrying amount of both intangible and tangible fixed assets as well as equity investment in group enterprise are subject to annual impairment tests in order to disclose any indications of impairment beyond those expressed by amortisation and depreciation respectively.

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

The recoverable amount is the higher value of value in use and selling price less expected selling cost. The value in use is calculated as the present value of the expected net cash flows from the use of the asset or the asset group and expected net cash flows from the sale of the asset or the asset group after the end of their useful life.

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

Investments

Deposits

Deposits are measured at amortised cost and represent lease deposits, etc.

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.

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

Costs of manufactured goods and work in progress comprise the cost of raw materials, consumables, direct wages, and indirect production costs. Indirect production costs comprise indirect materials and wages, maintenance and depreciation of machinery, factory buildings, and equipment used in the production process, and costs for factory administration and factory management. Borrowing expenses are not recognised in cost.

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

Receivables

Receivables are measured at amortised cost, which usually corresponds to nominal value.

In order to meet expected losses, impairment takes place at the net realisable value. The company has chosen to use IAS 39 as a basis for interpretation when recognising impairment of financial assets, which means that impairments must be made to offset losses where an objective indication is deemed to have occurred that an account receivable or a portfolio of accounts receivable is impaired.If an objective indication shows that an individual account receivable has been impaired, an impairment takes place at individual level.

Accounts receivable for which there is no objective indication of impairment at the individual level are evaluated at portfolio level for objective indication of impairment. The portfolios are primarily based on the debtors' domicile and credit rating in accordance with the company's and the group's credit risk management policy. Determination of the objective indicators applied for portfolios are based on experience with historical losses.

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

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.

Income tax and deferred tax

Current tax liabilities and current tax receivable are recognised in the statement of financial position as calculated tax on the taxable income for the year, adjusted for tax of previous years' taxable income and for tax paid on account.

The company is jointly taxed with consolidated Danish companies. The current corporate income tax is distributed between the jointly taxed companies in proportion to their taxable income and with full distribution with reimbursement as to tax losses. The jointly taxed companies are comprised by the Danish tax prepayment scheme.

Joint taxation contributions payable and receivable are recognised in the statement of financial position as ”Income tax receivable” or “Income tax payable”.

According to the rules of joint taxation, 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 measured on the basis of temporary differences in assets and liabilities with a focus on the statement of financial position. Deferred tax is measured at net realisable value.

Adjustments take place in relation to deferred tax concerning elimination of unrealised intercompany gains and losses.

Deferred tax is measured based on the tax rules and tax rates applying under the legislation prevailing in the respective countries on the reporting date when the deferred tax is expected to be released as current tax. Changes in deferred tax due to changed tax rates are recognised in the income statement, except for items included directly in the equity.

Deferred tax assets, including the tax value of tax losses allowed for carryforward, are recognised at the value at which they are expected to be realisable, either by settlement against tax of future earnings or by set-off in deferred tax liabilities within the same legal tax unit. Any deferred net tax assets are measured at net realisable value.

Liabilities other than provisions

Financial liabilities other than provisions related to borrowings are recognised at the received proceeds less transaction costs incurred. In subsequent periods, the financial liabilities are recognised at amortised cost, corresponding to the capitalised value when using the effective interest rate. The difference between the proceeds and the nominal value is recognised in the income statement during the term of the loan.

Mortgage loans and bank loans are thus measured at amortised cost which, for cash loans, corresponds to the outstanding payables. For bond loans, the amortised cost corresponds to an outstanding payable calculated as the underlying cash value at the date of borrowing, adjusted by amortisation of the market value on the date of the borrowing effectuated over the repayment period.

Also, capitalised residual leasing liabilities associated with financial leasing contracts are recognised in the financial liabilities.

Liabilities other than provisions relating to investment properties are measured at amortised cost.

Other liabilities concerning payables to suppliers, group enterprises, and other payables are measured at amortised cost which usually corresponds to the nominal value.

Accruals and deferred income

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

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