



CHRISTENSEN
KJÆRULFF

PERSONLIGT ENGAGEMENT

STATSAUTORISERET
REVISIONSAKTIESELSKAB

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Delfi Technologies A/S

Valdemarshaab 11, 4600 Køge

Company reg. no. 12 55 26 88

Annual report

1 July 2022 - 30 June 2023

The annual report has been submitted and approved by the general meeting on the 18 December 2023.

Svend-Aage Dreist Hansen
Chairman of the meeting



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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 %.



Management's statement

Today, the Board of Directors and the Managing Director have approved the annual report of Delfi Technologies A/S for the financial year 1 July 2022 - 30 June 2023.

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

We consider the chosen accounting policy to be appropriate, and in our opinion, the financial statements give a true and fair view of the financial position of the Company at 30 June 2023 and of the results of the Company's operations for the financial year 1 July 2022 – 30 June 2023.

Further, in our opinion, the Management's review gives a true and fair review of the matters discussed in the Management's review.

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

Køge, 18 December 2023

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 2022 - 30 June 2023, which comprise income statement, balance sheet, statement of changes in equity, notes and a summary of significant accounting policies, for the Company. The financial statements are prepared under the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the financial position of the Company at 30 June 2023, and of the results of the Company's operations for the financial year 1 July 2022 - 30 June 2023 in accordance with the Danish Financial Statements Act.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's Responsibilities for the Audit of the Financial Statements" section of our report. We 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.

Management's Responsibilities for the Financial Statements

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

In preparing the financial statements, Management is responsible for assessing the 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 in preparing the financial statements 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 that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.



Independent auditor's report

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and contents of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

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

Statement on Management's Review

Management is responsible for Management's Review.

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



Independent auditor's report

In connection with our audit of the financial statements, our responsibility is to read Management's Review and, in doing so, consider whether Management's Review is materially inconsistent with the financial statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether Management's Review provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we conclude that Management's Review is in accordance with the financial statements and has been prepared in accordance with the requirements of the Danish Financial Statement Act. We did not identify any material misstatement of Management's Review.

Copenhagen, 18 December 2023

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
Valdemarshaab 11
4600 Køge

Web site www.delfi.com

Company reg. no. 12 55 26 88

Established: 1 November 1988

Domicile: Køge

Financial year: 1 July 2022 - 30 June 2023
36th financial year

Board of directors

Svend Aage Dreist Hansen, Chairman
Palle Normann Svendsen
Claus Justsen

Managing Director

Palle Normann Svendsen

Auditors

Christensen Kjarulff
Statsautoriseret Revisionsaktieselskab
Østbanegade 123
2100 København Ø

Parent company

Delfi Holding ApS
CVR-nummer: 77186328



Financial highlights

DKK in thousands.	<u>2022/23</u>	<u>2021/22</u>	<u>2020/21</u>	<u>2019/20</u>	<u>2018/19</u>
Income statement:					
Gross profit	56.160	49.477	43.269	38.355	38.633
Profit from operating activities	9.481	7.288	11.060	7.942	8.624
Net financials	-614	-974	-370	-361	-358
Net profit or loss for the year	6.912	5.014	8.455	5.897	6.434
Statement of financial position:					
Balance sheet total	176.597	116.059	97.354	64.491	57.557
Investments in property, plant and equipment	17.080	5.294	4.006	2.129	1.433
Equity	41.256	34.344	29.331	22.876	18.979
Employees:					
Average number of full-time employees	63	59	50	47	46
Key figures in %:					
Acid test ratio	113,0	127,5	130,3	139,9	134,7
Solvency ratio	23,4	29,6	30,1	35,5	33,0
Return on equity	18,3	15,7	32,4	28,2	40,8

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



Management's review

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.

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 56.160.000 against DKK 49.477.000 last year. Income or loss from ordinary activities after tax totals DKK 6.912.000 against DKK 5.014.000 last year. Management considers the net profit for the year satisfactory.

The year's result corresponds to the management's expectations for this year.

Financial risks and the use of financial instruments

Foreign currency 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 rate risks

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

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

Research and development activities

We have a strategic focus on adapting our solutions and technology to the latest market trends and innovations to ensure sustainable growth and maintain our competitiveness. Increasing demand for automation, sustainability, and digital solutions are emerging as key drivers. Therefore, we intend to concentrate on solutions and products that meet these needs. Our dedicated sales and development team will be at the forefront to ensure that our solution range is in line with technological changes and new needs in the market.

Expected developments

Delfi expects a more conventional activity level in the fiscal year 2023/24 compared to the two preceding periods, both marked by significant earnings growth.

A slight slowdown in the market is expected to result in lower sales for Delfi in 2023/2024 compared to the last 2 years.

However, an overall increase in activity and earnings is still expected in 2023/24 due to a growing subscription base compared to the period before 2021/22.

The expectation is that the gross profit level for 2023/24 will be slightly higher than in 2020/21, and that the net profit after tax will be in the range of DKK 4.700.000 to 5.000.000.

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

All amounts in DKK.

<u>Note</u>	<u>2022/23</u>	<u>2021/22</u>
Gross profit	56.160.380	49.476.700
2 Staff costs	-40.912.503	-38.226.684
3 Depreciation, amortisation, and impairment	-5.766.607	-3.962.175
Operating profit	9.481.270	7.287.841
Other financial income from group enterprises	2.061.560	547.640
Other financial income	296.514	340.927
4 Other financial expenses	-2.972.330	-1.862.924
Pre-tax net profit or loss	8.867.014	6.313.484
5 Tax on net profit or loss for the year	-1.954.974	-1.299.793
1 Net profit or loss for the year	6.912.040	5.013.691



Balance sheet at 30 June

All amounts in DKK.

<u>Note</u>	<u>2023</u>	<u>2022</u>
Assets		
Non-current assets		
6 Completed development projects, including patents and similar rights arising from development projects	1.086.016	1.850.778
7 Development projects in progress and prepayments for intangible assets	0	0
Total intangible assets	<u>1.086.016</u>	<u>1.850.778</u>
8 Other fixtures, fittings, tools and equipment	<u>21.815.189</u>	<u>9.391.010</u>
Total property, plant, and equipment	<u>21.815.189</u>	<u>9.391.010</u>
9 Deposits	<u>694.956</u>	<u>694.956</u>
Total investments	<u>694.956</u>	<u>694.956</u>
Total non-current assets	<u>23.596.161</u>	<u>11.936.744</u>
Current assets		
Manufactured goods and goods for resale	49.993.259	25.861.304
Prepayments for goods	0	157.108
Total inventories	<u>49.993.259</u>	<u>26.018.412</u>
Trade receivables	41.125.665	61.228.510
Receivables from group enterprises	55.207.855	14.314.725
10 Deferred tax assets	156.836	0
11 Prepayments and accrued income	987.895	511.962
Total receivables	<u>97.478.251</u>	<u>76.055.197</u>
Cash on hand and demand deposits	<u>5.529.222</u>	<u>2.048.490</u>
Total current assets	<u>153.000.732</u>	<u>104.122.099</u>
Total assets	<u>176.596.893</u>	<u>116.058.843</u>



Balance sheet at 30 June

All amounts in DKK.

Equity and liabilities			
<u>Note</u>		<u>2023</u>	<u>2022</u>
Equity			
12	Contributed capital	1.000.000	1.000.000
	Other statutory reserves	847.092	1.443.607
	Retained earnings	21.408.847	31.900.292
	Proposed dividend for the financial year	18.000.000	0
	Total equity	<u>41.255.939</u>	<u>34.343.899</u>
Provisions			
	Provisions for deferred tax	0	81.260
	Total provisions	<u>0</u>	<u>81.260</u>
Liabilities other than provisions			
	Bank loans	34.264.420	8.404.076
	Prepayments received from customers	18.666	103.383
	Trade payables	37.335.010	26.589.933
	Payables to group enterprises	52.324.012	35.966.070
	Payables to shareholders and management	270.882	536.047
	Income tax payable	2.193.070	1.312.124
	Other payables	8.934.894	8.722.051
	Total short term liabilities other than provisions	<u>135.340.954</u>	<u>81.633.684</u>
	Total liabilities other than provisions	<u>135.340.954</u>	<u>81.633.684</u>
	Total equity and liabilities	<u>176.596.893</u>	<u>116.058.843</u>

13 Contingencies

14 Related parties



Statement of changes in equity

All amounts in DKK.

	<u>Contributed capital</u>	<u>Other statutory reserves</u>	<u>Retained earnings</u>	<u>Proposed dividend for the financial year</u>	<u>Total</u>
Equity 1 July 2021	1.000.000	1.302.587	27.027.621	0	29.330.208
Retained earnings	<u>0</u>	<u>141.020</u>	<u>4.872.671</u>	<u>0</u>	<u>5.013.691</u>
Equity 1 July 2022	1.000.000	1.443.607	31.900.292	0	34.343.899
Retained earnings	<u>0</u>	<u>-596.515</u>	<u>-10.491.445</u>	<u>18.000.000</u>	<u>6.912.040</u>
	<u>1.000.000</u>	<u>847.092</u>	<u>21.408.847</u>	<u>18.000.000</u>	<u>41.255.939</u>



Notes

All amounts in DKK.

	<u>2022/23</u>	<u>2021/22</u>
1. Proposed distribution of net profit		
Dividend for the financial year	18.000.000	0
Transferred to retained earnings	0	4.872.671
Transferred to other statutory reserves	-596.515	141.020
Allocated from retained earnings	-10.491.445	0
Total allocations and transfers	<u>6.912.040</u>	<u>5.013.691</u>
2. Staff costs		
Salaries and wages	37.968.607	35.523.126
Pension costs	2.091.654	1.932.017
Other costs for social security	852.242	771.541
	<u>40.912.503</u>	<u>38.226.684</u>
Average number of employees	<u>63</u>	<u>59</u>
Remuneration to management is not specified with reference to paragraph 98b (1) of the Danish Financial Statements Act. 3, No. 2.		
3. Depreciation, amortisation, and impairment		
Amortisation of development projects	1.389.242	1.536.936
Depreciation of leasehold improvements	457.626	406.019
Depreciation of other fixtures and fittings, tools and equipment	4.021.452	2.019.220
Profit/loss on the sale of property, plant, and equipment	-101.713	0
	<u>5.766.607</u>	<u>3.962.175</u>
4. Other financial expenses		
Financial costs, group enterprises	64.122	129.588
Other financial costs	2.908.208	1.733.336
	<u>2.972.330</u>	<u>1.862.924</u>



Notes

All amounts in DKK.

	<u>2022/23</u>	<u>2021/22</u>
5. Tax on net profit or loss for the year		
Tax on net profit or loss for the year	2.193.070	1.312.124
Adjustment of deferred tax for the year	<u>-238.096</u>	<u>-12.331</u>
	<u>1.954.974</u>	<u>1.299.793</u>
6. Completed development projects, including patents and similar rights arising from development projects		
Cost 1 July 2022	11.416.228	9.406.924
Additions during the year	<u>624.372</u>	<u>2.009.304</u>
Cost 30 June 2023	<u>12.040.600</u>	<u>11.416.228</u>
Amortisation and write-down 1 July 2022	-9.565.450	-8.025.157
Amortisation and depreciation for the year	<u>-1.389.134</u>	<u>-1.540.293</u>
Amortisation and write-down 30 June 2023	<u>-10.954.584</u>	<u>-9.565.450</u>
Carrying amount, 30 June 2023	<u>1.086.016</u>	<u>1.850.778</u>
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 intangible fixed assets, provided 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.		
7. Development projects in progress and prepayments for intangible assets		
Cost 1 July 2022	0	288.215
Disposals during the year	<u>0</u>	<u>-288.215</u>
Cost 30 June 2023	<u>0</u>	<u>0</u>
Carrying amount, 30 June 2023	<u>0</u>	<u>0</u>



Notes

All amounts in DKK.

	<u>30/6 2023</u>	<u>30/6 2022</u>
8. Other fixtures, fittings, tools and equipment		
Cost 1 July 2022	21.531.362	16.236.950
Additions during the year	17.080.122	5.294.412
Disposals during the year	<u>-235.815</u>	<u>0</u>
Cost 30 June 2023	<u>38.375.669</u>	<u>21.531.362</u>
Depreciation and write-down 1 July 2022	-12.140.352	-9.702.191
Amortisation and depreciation for the year	-4.479.078	-2.438.161
Reversal of depreciation, amortisation and impairment loss, assets disposed of	<u>58.950</u>	<u>0</u>
Depreciation and write-down 30 June 2023	<u>-16.560.480</u>	<u>-12.140.352</u>
Carrying amount, 30 June 2023	<u>21.815.189</u>	<u>9.391.010</u>
9. Deposits		
Cost 1 July 2022	<u>694.956</u>	<u>694.956</u>
Cost 30 June 2023	<u>694.956</u>	<u>694.956</u>
Carrying amount, 30 June 2023	<u>694.956</u>	<u>694.956</u>
10. Deferred tax assets		
Deferred tax assets 1 July 2022	-81.260	-93.591
Deferred tax relating to the net profit or loss for the year	<u>238.096</u>	<u>12.331</u>
	<u>156.836</u>	<u>-81.260</u>
The following items are subject to deferred tax:		
Intangible assets	-238.923	-407.171
Property, plant, and equipment	<u>395.759</u>	<u>325.911</u>
	<u>156.836</u>	<u>-81.260</u>



Notes

All amounts in DKK.

	<u>30/6 2023</u>	<u>30/6 2022</u>
11. Prepayments and accrued income		
Prepayments	<u>987.895</u>	<u>511.962</u>
	<u>987.895</u>	<u>511.962</u>

12. Contributed capital

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

13. Contingencies

Contingent liabilities

Lease liabilities

The company has entered into 10 operational leasing contracts with an average annual leasing payment of DKK 791 thousand. The leasing contracts have 3-36 months left to run, and the total outstanding leasing payment is DKK 1,784 thousand.

Recourse guarantee commitments:

The company has guaranteed the bank loans of the group enterprises Store Søvang ApS and Delfi Holding ApS. On 30 June 2023, the total bank loans of the group enterprises totalled DKK 1,530 thousand.

Other contingent liabilities:

The company has signed leases with 36 months' notice. As per 30 June 2023 the liability represents DKK 5,006 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.



Notes

All amounts in DKK.

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

The company is included in the consolidated financial statements of Delfi Holding ApS, Gammel Hastrupvej 8, 4600 Køge and Palle Svendsen Holding ApS, Gammel Hastrupvej 8, 4600 Køge.



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).

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 and Palle Svendsen Holding ApS.

Changes in the accounting policies

Wage subsidies and wages reimbursement has been reclassified from staff costs to other operating income. The changes in the accounting policies used has no net effect on the income statement and balance sheet.

Except for the above, the accounting policies remain unchanged from last year.

Comparative figures and financial highlights have been adjusted to the changed accounting policies.

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.



Accounting policies

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, own work 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. Revenue is measured at the fair value of the consideration promised 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.

Own work capitalised

Own work capitalised includes staff cost and other internal costs incurred during the financial year and recognised in the cost of proprietary intangible and tangible fixed assets.

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.

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.



Accounting policies

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 write-down for impairment.



Accounting policies

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 amount 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.



Accounting policies

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 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.



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 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 estimated selling 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

Reserve for development costs

The reserve for development costs comprises recognised development costs less related deferred tax liabilities.

The reserve cannot be used as dividends or for covering losses.



Accounting policies

The reserve is reduced or dissolved if the recognised development costs are amortised or abandoned. This is done by direct transfer to the distributable reserves of the 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 "Tax receivables from group enterprises" or "Income tax payable to group enterprises"

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.



Accounting policies

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 deferred income.

Palle Normann Svendsen

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Claus Justsen

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