CHRISTENSEN
KJÆRULFF
PERSONLIGT ENGAGEMENT

STATSAUTORISERET
REVISIONSAKTIESELSKAB

STORE KONGENSGADE 68
1264 KØBENHAVN K

CVR: 15 91 56 41
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 2021 - 30 June 2022

The annual report has been submitted and approved by the general meeting on the 6 December 2022.

Svend-Aage Dreist Hansen
Chairman of the meeting

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Contents

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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 2021 - 30 June 2022.

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 2022 and of the results of the Company's operations for the financial year 1 July 2021 – 30 June 2022.

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, 6 December 2022

Managing Director

Palle Normann Svendsen

Board of directors

Svend Aage Dreist Hansen Chairman	Palle Normann Svendsen	Claus Justsen

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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 2021 - 30 June 2022, 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 2022, and of the results of the Company's operations for the financial year 1 July 2021 - 30 June 2022 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.

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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.

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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, 6 December 2022

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

Torben Laurentz Wiberg
State Authorised Public Accountant
mne11651

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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 2021 - 30 June 2022 35th 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	Palle Svendsen Holding ApS	

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Financial highlights

DKK in thousands.	2021/22	2020/21	2019/20	2018/19	2017/18
Income statement:					
Gross profit	46.513	43.268	38.355	38.633	30.269
Profit from operating activities	7.288	11.059	7.942	8.624	455
Net financials	-974	-370	-361	-358	-442
Net profit or loss for the year	5.014	8.454	5.897	6.434	16
Statement of financial position:					
Balance sheet total	116.059	97.354	64.491	57.557	58.006
Investments in property, plant and equipment	5.294	4.006	2.129	1.433	1.749
Equity	34.344	29.331	22.876	18.979	12.545
Employees:					
Average number of full-time employees	59	50	47	46	52
Key figures in %:					
Acid test ratio	128	130	140	135	116
Solvency ratio	30	30	35	33	22
Return on equity	16	32	28	41	0

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

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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.

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.

Development in activities and financial matters

The gross profit for the year totals DKK 46.513.000 against DKK 43.268.000 last year. Income or loss from ordinary activities after tax totals DKK 5.014.000 against DKK 8.454.000 last year. Management considers the net profit or loss for the year satisfactory.

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

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 2022/23.

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..

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.

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Research and development activities

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

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

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

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 continosly 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.

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.

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Income statement 1 July - 30 June

Amounts concerning 2021/22: DKK.
Amounts concerning 2020/21: DKK thousand.

Note		2021/22	2020/21
	Gross profit	**46.513.456**	**43.268**
2	Staff costs	-35.263.440	-28.920
3	Depreciation, amortisation, and impairment	-3.962.175	-3.289
	Operating profit	**7.287.841**	**11.059**
	Other financial income from subsidiaries	547.640	411
	Other financial income	340.927	118
4	Other financial expenses	-1.862.924	-899
	Pre-tax net profit or loss	**6.313.484**	**10.689**
5	Tax on net profit or loss for the year	-1.299.793	-2.235
1	**Net profit or loss for the year**	**5.013.691**	**8.454**

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Balance sheet at 30 June

Amounts concerning 2022: DKK.
Amounts concerning 2021: DKK thousand.

Assets

Note		2022	2021
	Non-current assets		
6	Completed development projects, including patents and similar rights arising from development projects	1.850.778	1.382
7	Development projects under construction and prepayments for intangible assets	0	288
	Total intangible assets	1.850.778	1.670
8	Other fixtures and fittings, tools and equipment	9.391.010	6.535
	Total property, plant, and equipment	9.391.010	6.535
9	Deposits	694.956	640
	Total investments	694.956	640
	Total non-current assets	**11.936.744**	**8.845**
	Current assets		
	Manufactured goods and goods for resale	25.861.304	22.314
	Prepayments for goods	157.108	0
	Total inventories	26.018.412	22.314
	Trade receivables	61.228.510	26.944
	Receivables from subsidiaries	14.314.725	38.786
10	Prepayments	511.962	435
	Total receivables	76.055.197	66.165
	Cash and cash equivalents	2.048.490	30
	Total current assets	**104.122.099**	**88.509**
	Total assets	**116.058.843**	**97.354**

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Balance sheet at 30 June

Amounts concerning 2022: DKK.
Amounts concerning 2021: DKK thousand.

Note	Equity and liabilities	2022	2021
	Equity		
	Contributed capital	1.000.000	1.000
	Other statutory reserves	1.443.607	1.303
	Retained earnings	31.900.292	27.028
	Total equity	**34.343.899**	**29.331**
	Provisions		
11	Provisions for deferred tax	81.260	94
	Total provisions	**81.260**	**94**
	Liabilities other than provisions		
	Bank loans	8.404.076	33.260
	Prepayments received from customers	103.383	58
	Trade payables	26.589.933	18.601
	Payables to subsidiaries	35.966.070	3.503
	Payables to shareholders and management	536.047	120
	Income tax payable	1.312.124	2.197
	Other payables	8.722.051	9.727
12	Deferred income	0	463
	Total short term liabilities other than provisions	81.633.684	67.929
	Total liabilities other than provisions	**81.633.684**	**67.929**
	Total equity and liabilities	**116.058.843**	**97.354**

13 Contingencies

14 Related parties

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Statement of changes in equity

All amounts in DKK.

	Contributed capital	Other statutory reserves	Retained earnings	Total
Equity 1 July 2021	1.000.000	1.302.587	27.027.621	29.330.208
Retained earnings	0	141.020	4.872.671	5.013.691
	1.000.000	**1.443.607**	**31.900.292**	**34.343.899**

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Amounts concerning 2021/22: DKK.
Amounts concerning 2020/21: DKK thousand.

		2021/22	2020/21
1.	**Proposed appropriation of net profit**		
	Transferred to retained earnings	4.872.671	8.101
	Transferred to other statutory reserves	141.020	353
	Total allocations and transfers	**5.013.691**	**8.454**
2.	**Staff costs**		
	Salaries and wages	32.559.882	26.760
	Pension costs	1.932.017	1.720
	Other costs for social security	771.541	440
		35.263.440	**28.920**
	Average number of employees	59	50

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

		2021/22	2020/21
3.	**Depreciation, amortisation, and impairment**		
	Amortisation of development projects	1.536.936	1.370
	Depreciation of leasehold improvements	406.019	431
	Depreciation of other fixtures and fittings, tools and equipment	2.019.220	1.512
	Profit/loss on the sale of property, plant, and equipment	0	-24
		3.962.175	**3.289**
4.	**Other financial expenses**		
	Financial costs, group enterprises	129.588	47
	Other financial costs	1.733.336	852
		1.862.924	**899**

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Amounts concerning 2021/22: DKK.
Amounts concerning 2020/21: DKK thousand.

		2021/22	2020/21
5.	**Tax on net profit or loss for the year**		
	Tax on net profit or loss for the year	1.312.124	2.197
	Adjustment of deferred tax for the year	-12.331	38
		1.299.793	**2.235**
6.	**Completed development projects, including patents and similar rights arising from development projects**		
	Cost 1 July 2021	9.406.924	7.873
	Additions during the year	2.009.304	1.534
	Cost 30 June 2022	**11.416.228**	**9.407**
	Amortisation and writedown 1 July 2021	-8.025.157	-6.655
	Amortisation and depreciation for the year	-1.540.293	-1.370
	Amortisation and writedown 30 June 2022	**-9.565.450**	**-8.025**
	Carrying amount, 30 June 2022	**1.850.778**	**1.382**
7.	**Development projects under construction and prepayments for intangible assets**		
	Cost 1 July 2021	288.215	0
	Additions during the year	0	288
	Disposals during the year	-288.215	0
	Cost 30 June 2022	**0**	**288**
	Carrying amount, 30 June 2022	**0**	**288**

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Amounts concerning 2022: DKK.
Amounts concerning 2021: DKK thousand.

		30/6 2022	30/6 2021
8.	**Other fixtures and fittings, tools and equipment**		
	Cost 1 July 2021	16.236.950	12.372
	Additions during the year	5.294.412	4.006
	Disposals during the year	0	-141
	Cost 30 June 2022	**21.531.362**	**16.237**
	Depreciation and writedown 1 July 2021	-9.702.191	-7.883
	Amortisation and depreciation for the year	-2.438.161	-1.939
	Reversal of depreciation, amortisation and impairment loss, assets disposed of	0	120
	Depreciation and writedown 30 June 2022	**-12.140.352**	**-9.702**
	Carrying amount, 30 June 2022	**9.391.010**	**6.535**
9.	**Deposits**		
	Cost 1 July 2021	694.956	640
	Cost 30 June 2022	**694.956**	**640**
	Carrying amount, 30 June 2022	**694.956**	**640**
10.	**Prepayments**		
	Prepayments	511.962	435
		511.962	**435**

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Amounts concerning 2022: DKK.
Amounts concerning 2021: DKK thousand.

		30/6 2022	30/6 2021
11.	**Provisions for deferred tax**		
	Provisions for deferred tax 1 July 2021	93.591	56
	Deferred tax relating to the net profit or loss for the year	-12.331	38
		81.260	**94**
	The following items are subject to deferred tax:		
	Intangible assets	407.171	367
	Tangible assets	-325.911	-273
		81.260	**94**
12.	**Deferred income**		
	Accruals and deferred income	0	463
		0	**463**

13. Contingencies

Contingent liabilities

Lease liabilities

The company has entered into 9 operational leasing contracts with an average annual leasing payment of DKK 590 thousand. The leasing contracts have 7-48 months left to run, and the total outstanding leasing payment is DKK 1.359 thousand.

Guarantee commitments:

The company has provided guarentees for the bank debt of the group companies of DKK 46.527 thousand.

Other contingent liabilities

The company has signed leases with 18 and 33 months' notice. As per 30 June 2022 the liability represents DKK 2.726 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.

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Amounts concerning 2021/22: DKK.
Amounts concerning 2020/21: DKK thousand.

13. Contingencies (continued)

Joint taxation (continued)

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.

14. Related parties

Controlling interest

Palle Svendsen Holding ApS	Majority shareholder
Delfi Holding ApS	Majority shareholder
Nikolaj Svendsen Holding ApS	Minority shareholder
Karina Storgård Holding ApS	Minority shareholder
Annika Storgaard Holding ApS	Minority 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 Inc., USA	Sister company
Delfi Technologies SRL, Italy	Sister company

Transactions

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

Consolidated financial statements

None of the company's parent companies present consolidated financial statements.

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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.

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Income statement

Gross profit

Gross profit comprises the revenue, changes in inventories of finished goods and 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.

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).

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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.

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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.

Investments

Deposits

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

Impairment loss relating to non-current assets

The carrying amount of both intangible and tangible fixed assets as well as equity investment in subsidiarie 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.

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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.

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.

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Prepayments

Prepaymentsrecognised under assets comprise incurred costs concerning the following financial year.

Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand.

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.

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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.

Deferred income

Payments received concerning future income are recognised under deferred income.

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This document is signed by the following parties with their signatures confirming the documents content and all dates in the document.

Palle Normann Svendsen

Navnet returneret af dansk MitID var:
Palle Normann Svendsen
Direktør
ID: 48defa67-8002-4ae4-b67e-6c702791b2ce
Tidspunkt for underskrift: 08-12-2022 kl.: 13:46:18
Underskrevet med MitID

Svend-Aage Dreist Hansen

Navnet returneret af dansk NemID var:
Svend Aage Dreist Hansen
Bestyrelsesformand
ID: 9208-2002-2-313826526914
Tidspunkt for underskrift: 08-12-2022 kl.: 14:40:46
Underskrevet med NemID

Claus Justsen

Navnet returneret af dansk MitID var:
Claus Justsen
Bestyrelsesmedlem
ID: da943aa9-d597-4680-9089-d81d80d8e75d
Tidspunkt for underskrift: 09-12-2022 kl.: 13:05:57
Underskrevet med MitID

Palle Normann Svendsen

Navnet returneret af dansk MitID var:
Palle Normann Svendsen
Bestyrelsesmedlem
ID: 48defa67-8002-4ae4-b67e-6c702791b2ce
Tidspunkt for underskrift: 08-12-2022 kl.: 13:47:55
Underskrevet med MitID

Torben Laurentz Wiberg

Navnet returneret af dansk NemID var:
Victor Torben Laurentz Wiberg
Revisor
ID: 1297678658811
Tidspunkt for underskrift: 09-12-2022 kl.: 13:07:20
Underskrevet med NemID

Svend-Aage Dreist Hansen

Navnet returneret af dansk NemID var:
Svend Aage Dreist Hansen
Dirigent
ID: 9208-2002-2-313826526914
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