

DEIF A/S

Annual Report 2023

The DEIF logo is displayed in large, bold, white letters on a dark, textured building facade. The building is a modern structure with a grid of dark panels, and the sun is reflecting off one of the panels, creating a bright spot.

As approved at the
Annual General meeting
on 26 April 2024

Toke Foss
Chairman of the meeting

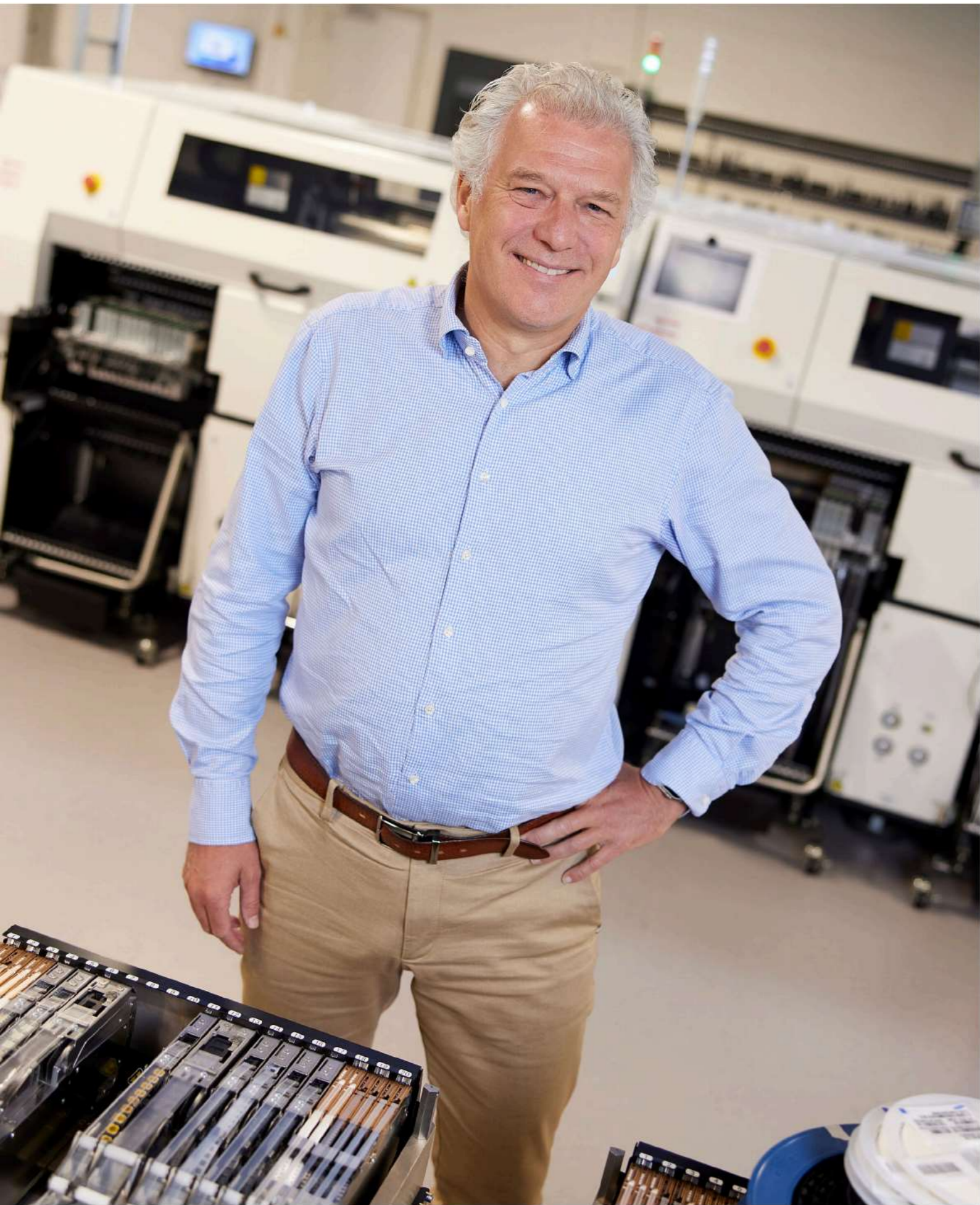


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Pioneering global progress for the green energy transition

2023 was a successful year at DEIF, marked by record-high revenue and profit and sustained growth in our primary business areas comprising energy control solutions for decentralized energy systems on land and in the marine sector.

Significant investments were made for the future during the year, enabling us to inaugurate a new electronics factory that is leading in automation and allows us to expand our production and introduce new products in the coming years. The factory is a landmark of energy efficient production methods, powered by solar energy and heated and cooled by groundwater. At the same time, the factory offers our employees a healthy and ergonomic work environment.

In 2023, we also released our brand new iE250 controller based on the fastest processor platform in the market and providing our customers with ultimate flexibility as regards software, applications and cyber security. With the new and future-proof platform, the customers get just one hardware variant that can be configured for multiple purposes, reducing cost and the carbon footprint of having to buy and operate several devices.

Fast transformation of the energy sector

The market for energy applications developed fast during the past year. As an example, IMO (International Maritime Organization) has introduced indicative checkpoints to reach net-zero GHG emissions from global shipping. The first being to reduce the total emissions by at least 20% in 2030 compared to 2008, the second being at least 70% by 2040.

Impressive ambitions that inspire the work of DEIF. We are involved in numerous projects worldwide supporting the green energy transitions, notably converting energy from AC to DC and back to AC or boosting DC both at sea and on land. In 2024, we will introduce silicon carbide as a converter technology, which enables us to offer a compact product with extremely high efficiency, reducing the power loss in the conversion process. This is an important next step in order to meet our ambition to set the standard in the green transformation of the energy sector. We cannot do this alone, however, and therefore we have partnered with AVL List GmbH to get efficient solutions to the market fast (see page 21).

Investing in global growth

We continue our commitment to optimizing energy production and consumption, particularly in renewables, hybrid systems, and emerging energy systems. To ensure widespread accessibility to our solutions, we expanded our global presence by investing in international outreach, growing our direct sales force, establishing a new training centre in Florida and inaugurating a new office in Brazil to tap into the North and South American market potential.

2023 also saw the preparation of a new online customer portal, which was launched at the beginning of 2024. The portal provides our customers with easy access to find and specify products and streamline the ordering and reordering process.

Celebrating 90 years with a strong commitment to the future

In connection with DEIF's 90th anniversary in 2023, we made a strong commitment to future generations. By 2033, when we celebrate the company's 100th anniversary, we will have supported the reduction of global CO2e emissions corresponding to our historical emissions. We will do that by upgrading wind turbines for enhanced efficiency and longer service life. In 2023, we upgraded a number of turbines and developed our retrofit solution to fit new types of turbines. Our plan is to grow the wind retrofit business as awareness grows regarding the significant carbon reduction potential of retrofits rather than erecting new structures.

Positive outlook for the year ahead

Looking ahead, the prospects for the coming year are promising. The growing demand for products and solutions supporting the green energy transition positions us for steady, profitable growth in the foreseeable future. We are fully prepared to seize the opportunities, elevate our innovation endeavors and collaborate closely with customers and industry players to experiment, develop and test the products of tomorrow.

We look forward to continuing the cooperation.

Christian Nielsen, CEO

DEIF at a glance

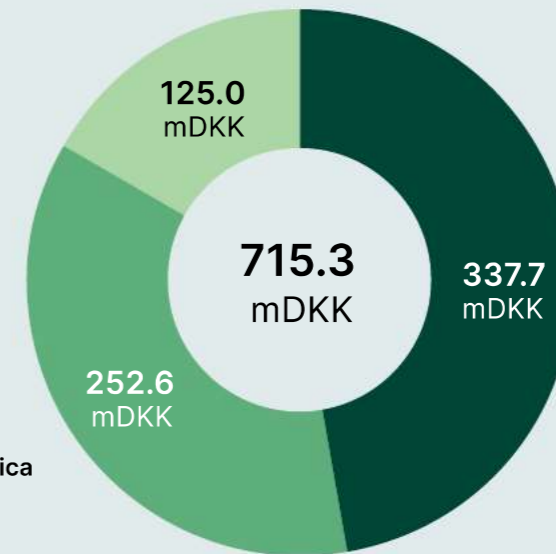


PEOPLE*



TURNOVER REGIONS

- Americas** (2022: 112 DKKm)
- Asia & Pacific** (2022: 243 DKKm)
- ENE: Europe, Near-East, Africa** (2022: 318 DKKm)

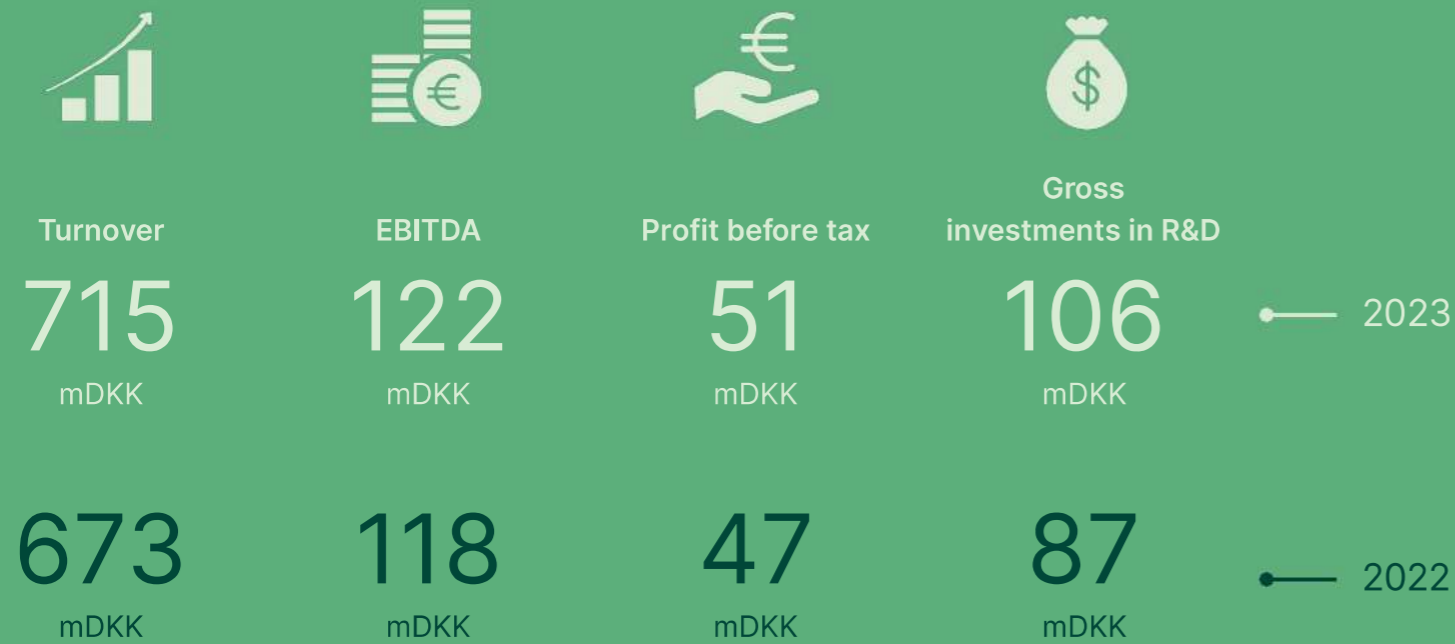


OUTLOOK

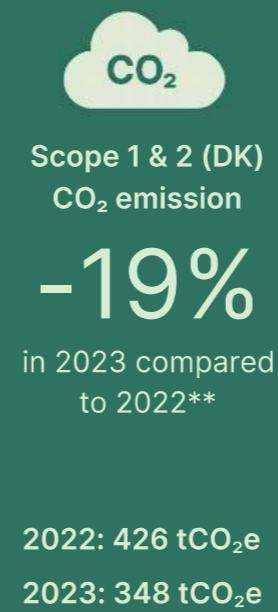
The positive trend is anticipated to persist in 2024, with an estimated turnover growth of around 10% and a projected pre-tax result ranging between 45-55 DKKm.

The result is on par with 2023 which is reflecting the impact on fixed costs of several forward-looking, strategic initiatives.

FINANCE



ENVIRONMENT



CUSTOMERS



* Number of employees (FTE) per 31 December 2023
** HQ in Denmark

*** Net Promoter Score: A measure of customer loyalty and satisfaction. Ranging from -100 to +100
**** Delivery performance: Percentage of orders delivered as first confirmed to the customer

Selected milestones 2023



Launch of rebranding
 The rebranding of DEIF is grounded in a commitment to sustainability, a strong belief that the future of energy lies in renewable sources, energy efficiency and responsible practices. We want to improve tomorrow and make a positive impact for generations to come.



Release of market leading technology for intelligent energy control. Highest level of processor speed, cyber security and connectivity.



Celebrating DEIF's 90th anniversary



Global launch of new controller iE250



Kick-off of workshops as part of the cultural transformation project



DEIF receives the prestigious EY ESG award in Denmark

About DEIF


DEIF supports the green energy transition. Setting some of the highest standards in energy control solutions and providing a full line of electronic devices, we meet the market demands today and tomorrow. With global presence and support from design and specification to commissioning and after-market services, we enable customers around the world to tackle the green energy transition – with hybrid solutions, integration of renewables, improved energy efficiency and retrofit and upgrade of existing solutions.

Since 1933, the Foss family has been the owners of DEIF. The sole family ownership allows a long-term and responsible approach to business development founded in the owner's vision: "To develop the company's value in the long term, always based on high ethics in relation to our employees, business partners and society as a whole." All DEIF operations strive to hold up against standards of integrity, compliance to laws and regulations, human rights, fair competition, anti-corruption and data privacy.

Parent company

 **DEIF A/S** Skive, Denmark

Consolidated subsidiaries

-  **DEIF do Brasil (100%)** Campinas, Brazil
-  **DEIF Electrical (Shanghai) Co., Ltd. (100%)** Shanghai, China
-  **WPT China Holding A/S* (100%)** Skive, Denmark
-  **DEIF Mediterranea SARL (100%)** Sophia-Antipolis, France
-  **DEIF GmbH (100%)** Bensheim, Germany
-  **DEIF India Pvt. Ltd. (100%)** Mumbai, India
-  **DEIF Korea Co. Ltd (100%)** Busan, Republic of Korea
-  **DEIF Mexico S.A. de C.V. (100%)** Mexico City, México
-  **DEIF Norge AS (100%)** Tønsberg, Norway
-  **DEIF Asia Pacific Pte Ltd (100%)** Singapore, Singapore
-  **DEIF Middle East FZE (100%)** Dubai, UAE
-  **DEIF (UK) Limited (100%)** Manchester, England
-  **DEIF, Inc. (100%)** Wood Dale, Illinois, USA
-  **DEIF WPT Austria GmbH** (100%)** Klagenfurt, Austria

*Related to discontinued activities
**R&D activities

Our strategy

In 2023, we revised and updated our 2030 strategy and the underlying long-term ambitions. The strategy is founded on our three core values: Ambition, perspective and respect.

In line with our main purpose of supplying the world's best and most reliable energy control solutions for a sustainable future, our overriding ambition is to become the market leader in intelligent energy control, offering cutting-edge, flexible products and services and great customer experience.

We must grow our business year by year, not least within solutions for hybrid and renewable energy

applications, to keep investing in new technologies and products, digitalization and market reach.

Further, a central part of the strategy is to support the green energy transition and act on climate change. We do this by supplying solutions that optimize power production in decentral power generating plants, and by increasing power output from renewable sources such as wind turbines and prolonging the lifetime of the assets.

Along with this, we have set ambitious targets for reducing CO2e emissions from our own operations and in the entire value chain.



In November 2023, our team of subsidiary managers were gathered at a global management seminar in Denmark.

Cultural transformation

The ambitions for the future development of DEIF puts new demands on the organizational culture. To meet the changing requirements, we launched a cultural transformation project in 2023. The first step was to discover enablers and disablers in our current culture and based on this, decide on a future action plan for cultural development. In the coming years, the following topics will be key to the cultural development:

- **Empowering the organization**
- **Fostering a growth mindset and willingness to take healthy risks**
- **Cultivating a culture of courage**

Business model

Raw materials, global sourcing

Raw materials are sourced by DEIF's sub-suppliers in order to produce components for DEIF, these raw materials include amongst others, minerals (such as gold, copper), aluminum, silicone, and polymers.

Suppliers, Asia and Europe

Specialized sub-suppliers deliver materials and components to DEIF's tier 1 suppliers. The main components delivered to DEIF are raw printed circuit boards, electronic components, mechanical components and OEM products.

In 2023, we implemented a new Supplier Assessment tool, adding more ESG topics to the previous evaluation tool. Furthermore, we continued our work with nearshoring suppliers to reduce the transportation footprint and safeguard delivery. We invited suppliers to collaborate closely on the sustainability agenda to set up joint targets.

DEIF operations, Denmark

Manufacturing of final products, including printed circuit board assembly, assembly of final products, test and quality control. All production takes place in Skive, Denmark.

DEIF in Skive applies ISO 14001 for environmental management. Through systematic environmental management, we continuously reduce the footprint in our operations by high material efficiency, recycling of waste, responsibly managing chemicals and protecting the environment from harmful emissions. In 2023, the level of recycling reached 88% at the offices and factory in Denmark (2022: 85%).

Throughout the value chain, raw materials, components and final products are packaged and shipped by using different transportation modes, including air, sea and road transportation.

We pack products from Denmark using recycled cardboard.

Customers, worldwide

DEIF's products are sold worldwide to a variety of customer types, operating in a range of different segments.

We sell and distribute our products either directly from Denmark, through our own local subsidiaries or via trusted distributors to customers such as integrators, genset manufacturers and switchboard builders or directly to asset owners (e.g. owners of ships or wind parks).

DEIF offers a standard delivery time of seven days, and in 2023, we delivered 98.9% as confirmed to the customer.

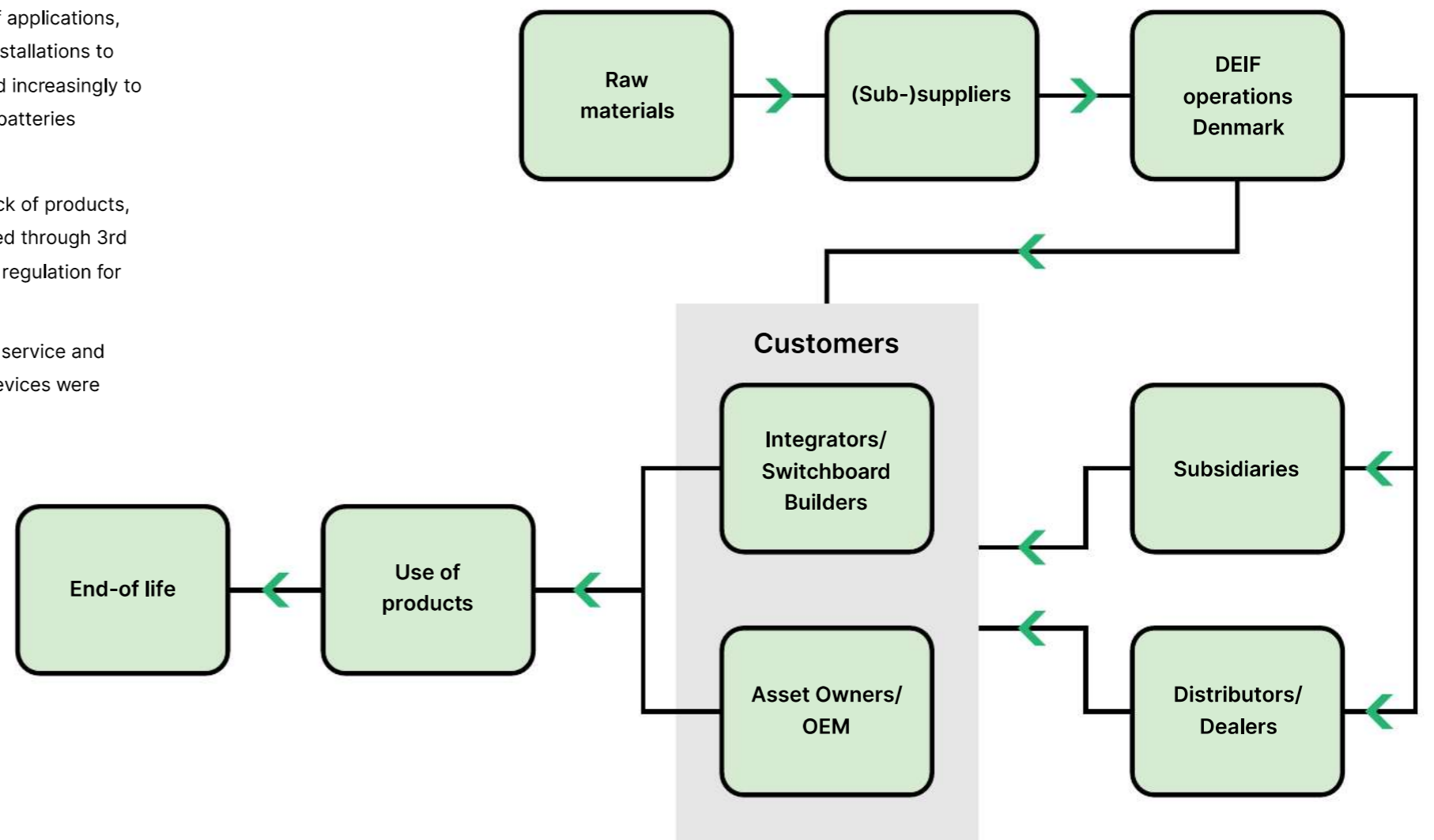
Use of products, worldwide

DEIF's products are used in a variety of applications, ranging from ships and other marine installations to land-based energy supply systems and increasingly to renewable energy parks – wind, solar, batteries

End-of life, worldwide

Currently, DEIF does not offer take-back of products, and therefore the products are disposed through 3rd party channels, depending on national regulation for electronic waste.

In 2023, we received 2472 devices for service and repair (2022: 1447). After repair, the devices were returned to the customers.



Positive development and strong results in 2023

2023 was a successful year for DEIF. Driven by society's and customers' heightened focus on intelligent energy management, we have supplied an increasing number of solutions globally to enhance energy efficiency and integrate renewables.

In 2023, DEIF experienced a growth of 13% in the continuing business areas*, especially driven by the growth markets China, US, Brazil, Mexico, and India. The net turnover grew by 6% and reached DKK 715 million (2022: DKK 673 million).

The profit before tax reached DKK 51 million (2022: DKK 47 million). The EBIT margin for the year was 8.9%,

which is satisfactory in a year with a high level of future-oriented spending and investment - in expanding global sales and R&D activities, and implementing many other initiatives, including the introduction of a new online customer portal.

The positive trend is anticipated to persist in 2024, with an estimated turnover growth of around 10% and a projected pre-tax result ranging between 45-55 million DKK. The result is on par with 2023 which is reflecting the impact on fixed costs of several forward-looking, strategic initiatives.

* With adjustment for the turnover in connection with the divestment of the wind related activities in China in 2021, which was finally concluded in 2023.



Growing demand for energy storage on land

In 2023, the market for decentralized energy production on land saw substantial growth in the demand for energy storage solutions. Especially BESS units (Battery Energy Storage Systems) grew, replacing diesel generators in stand-alone systems or in combination. We also saw a spike in requests for EV charging control solutions, where our intelligent control solutions can help customers balance the loads within the constraints of the grid.



More vessels get electrified

The marine market continued to witness the addition of battery storage on board ships for short range vessels on an increased scale. DEIF participated in a number of such projects in 2023, providing the energy management system. In 2023, we also started to work on developing power conversion systems (High Power converters) that can be combined with our control solutions, enabling a highly efficient solution for full electric or hybrid vessels.



Great ambitions for wind retrofit

2023 saw a growing demand among customers for retrofit of wind turbines. In 2023, our wind power specialists worked hard to improve the Annual Energy Production (AEP) of wind turbines from the current 1.2% to 2.3% on average by implementing DEIF technology. We expect to achieve the improved AEP in 2024. We are also working on a project with a customer that will allow us to calculate the actual CO2 reductions achieved by the retrofit.

New energy - a growing market

The fuel cell market is starting to scale up, and in 2023, DEIF delivered close to 300 control units for fuel cell applications. Another trend is a potential shift to DC (direct current systems) from the conventional AC (alternating current) systems. DEIF is starting to expand the well proven DEIF power management for AC applications to integrate DC energy sources, which will allow faster and more efficient adoption of new energy sources.



Financial highlights of the DEIF group

Seen over a five-year period the development of the group can be described by the following financial highlights:

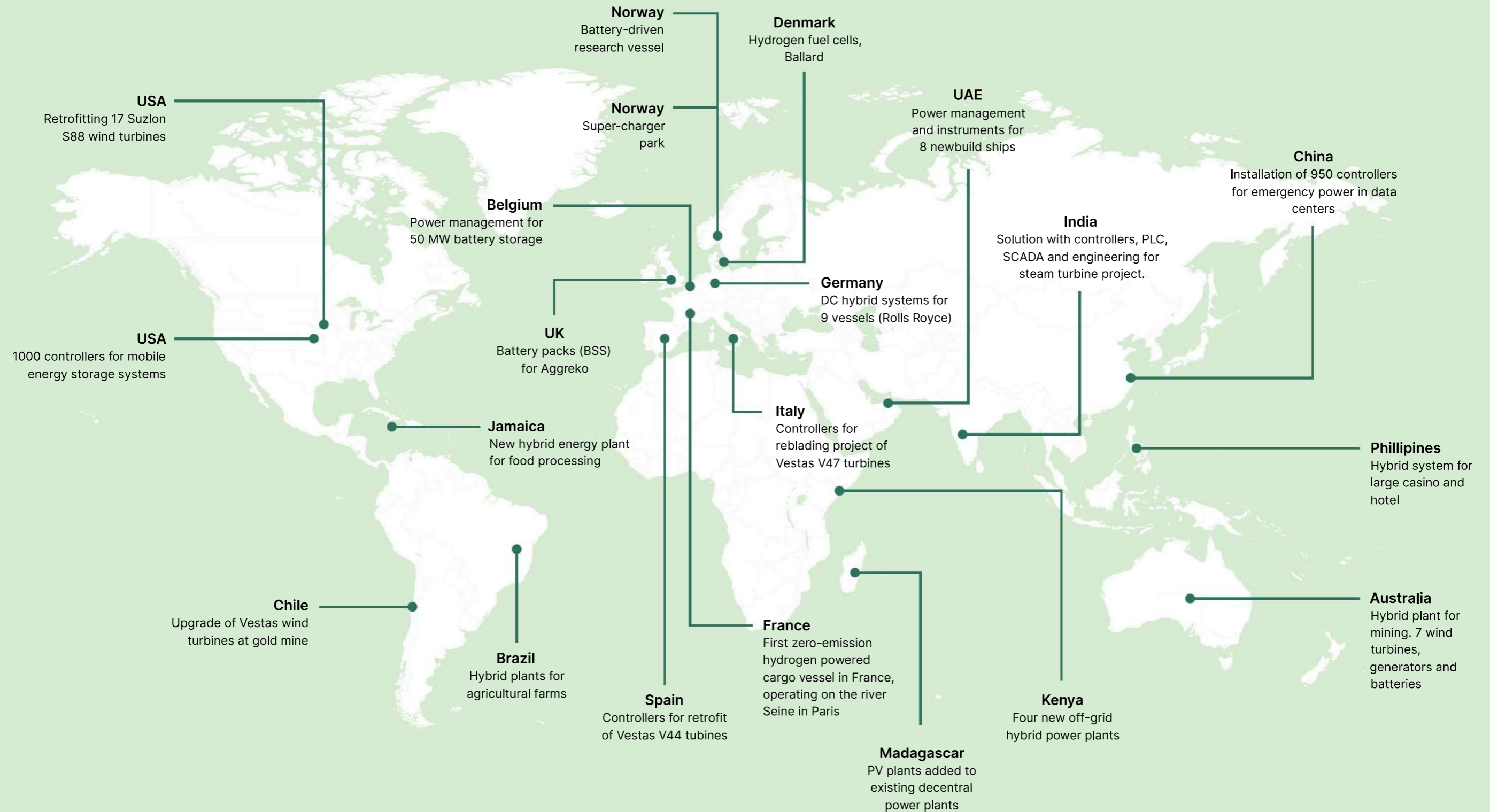
DKKm	2023	2022	2021	2020	2019
Profit/loss					
Net revenue	715.3	672.9	551.1	531.9	566.7
Gross profit/loss	399.0	360.9	298.8	291.9	315.5
Earnings before interest, taxes, depreciation and amortization (EBITDA)	121.7	118.3	89.3	80.0	75.5
Earnings before interest, taxes (EBIT)	63.7	55.1	39.5	17.9	29.5
Profit/loss before tax	51.1	47.2	29.0	3.0	16.2
Annual profit	39.0	37.6	63.2	5.0	13.1
- from discontinued operations	-	-	37.2	-	-
Balance sheet:					
Balance sheet total	718.8	606.9	777.8	633.7	599.6
Equity	244.7	228.6	202.7	188.9	187.1
Cash flows					
Cash flows from:					
- operating activities	58.8	218.0	43.2	54.2	47.1
- investing activities	-162.1	-77.2	-63.9	-81.4	-65.6
- of this, tangible and intangible fixed assets	-161.7	-77.0	-63.7	-81.5	-65.8
- financing activities	105.9	-131.7	7.9	33.1	23.6
Annual change in cash	2.6	9.1	-12.8	5.9	5.1
No. of employees (FTE)					
- Denmark	350	330	315	337	350
- Foreign subsidiaries	172	163	224	206	196
- Total	522	493	539	542	546
Ratios					
Growth	6.3%	22.1%	3.6%	-6.1%	4.0%
Gross margin	55.8%	53.6%	54.2%	54.9%	55.7%
EBITDA - margin	17.0%	17.6%	16.2%	15.0%	13.3%
Profit ratio (EBIT)	8.9%	8.2%	7.2%	3.4%	5.2%
Return on capital employed	8.9%	9.1%	5.1%	2.8%	4.9%
Solvency ratio	34.0%	37.7%	26.1%	29.8%	31.2%
Return on equity	16.5%	17.4%	32.3%	2.7%	7.2%

The ratios have been prepared in accordance with the guidelines issued by Den Danske Finansanalytikerforening (Danish Society of Financial Analysts).



Selected projects with customers around the world

- delivered from our headquarters in Denmark or from our 12 international subsidiaries



Investing in the future

In 2023, DEIF invested DKK 106 million (gross) in research and development, corresponding to 15% of the turnover. Our development centres in Denmark, Austria and Germany added eight extra headcounts, among others specialists in converter technology that will be instrumental in our future product portfolio, supporting the green energy transition.

2023 also saw the planning of a new training facility in Florida that will be inaugurated mid-2024. The new training centre will play an important role in the growth strategy of DEIF in the Americas.



Launch of iE250

In 2023, we launched the new controller iE250, a new generation of controllers with just one hardware variant that can be configured to manage many different applications to minimize materials that go into hardware. The iE250 controller empowers our customers to design future-proof intelligent energy solutions with modular flexibility, exceptional processing power, secure connectivity and a user-friendly interface.



“iE250 definitely marks the next generation power control. It opens a lot of opportunities for us, especially its flexibility that allows us to program it for different applications. As a hybrid controller it is crucial for us and not least its compatibility with other controllers means a lot in our business and makes it easier for us to retrofit old solutions and integrate new energy sources in existing systems.”

Steven Doherty, Head of Engineering and Projects at Aggreko
(leading global provider of industrial energy solutions)

Partnership with AVL List GmbH

At the beginning of 2024, we entered into partnership with Austrian AVL, a renowned leader in mobility technology with 11,200 employees worldwide, which will provide us with a head start in converter technology. In close collaboration with AVL, we will develop and manufacture tailored converter solutions for critical land and maritime infrastructure, with the first deliveries expected by the end of 2024.

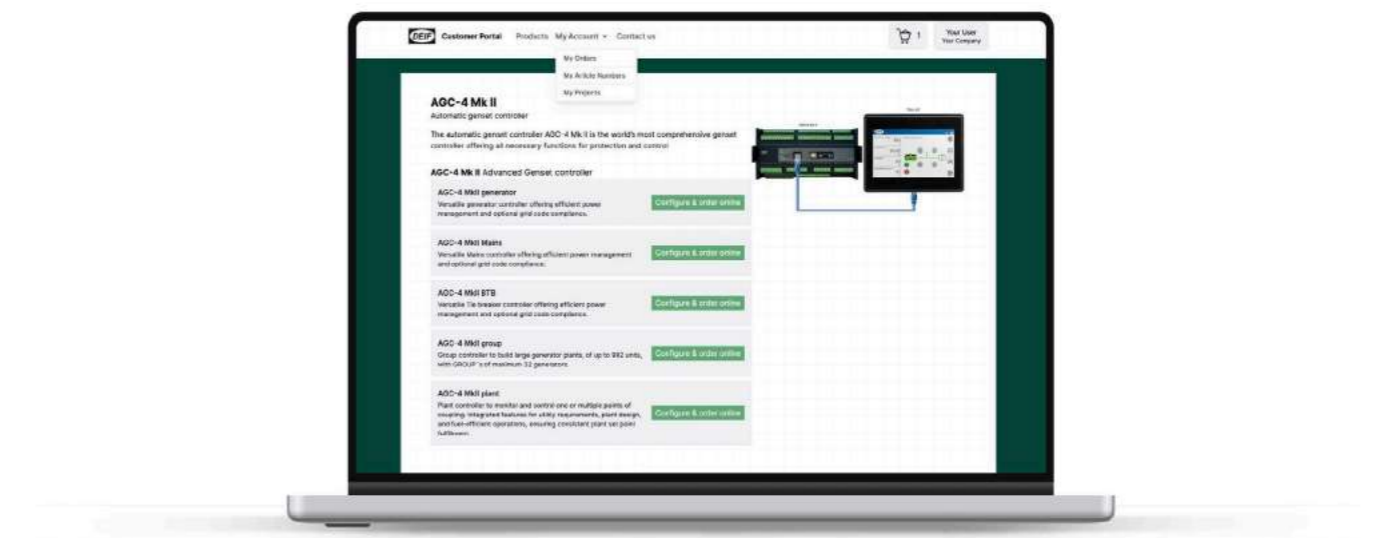


New DEIF customer portal

In order to facilitate our customers' access to DEIF's products, we just launched a digital customer portal. The full customer journey from ordering to delivery is now one seamless and automated flow.

In 2023, a lot of work was put into building the portal in close collaboration with the customers in order to ensure that the portal supports the customers' buying

process in the best possible way. Full transparency into functionality, pricing, delivery times, etc. have been top priorities in the development. The portal received very positive feedback from the first customers using the portal. During 2024 we will continue to onboard more customers successively, while more and more products will be added.



Geared for the future with new factory

On 4 January 2024, we started production at our brand new electronics factory in Skive, Denmark. Prior to the opening, months of intensive work went into the planning, construction and testing of the new facilities.

The project was completed according to plan, both in terms of time and budget.

The new factory is designed to cope with the projected growth of DEIF. All flows from components to final product ready for dispatch have been optimized. Furthermore, the production of PCBAs (Printed Circuit Board Assembled) has been insourced and runs in a fully automated line in the new factory.

The spacious production hall provides a healthy and pleasant working environment, and all workstations have been designed to fulfil ergonomic requirements.

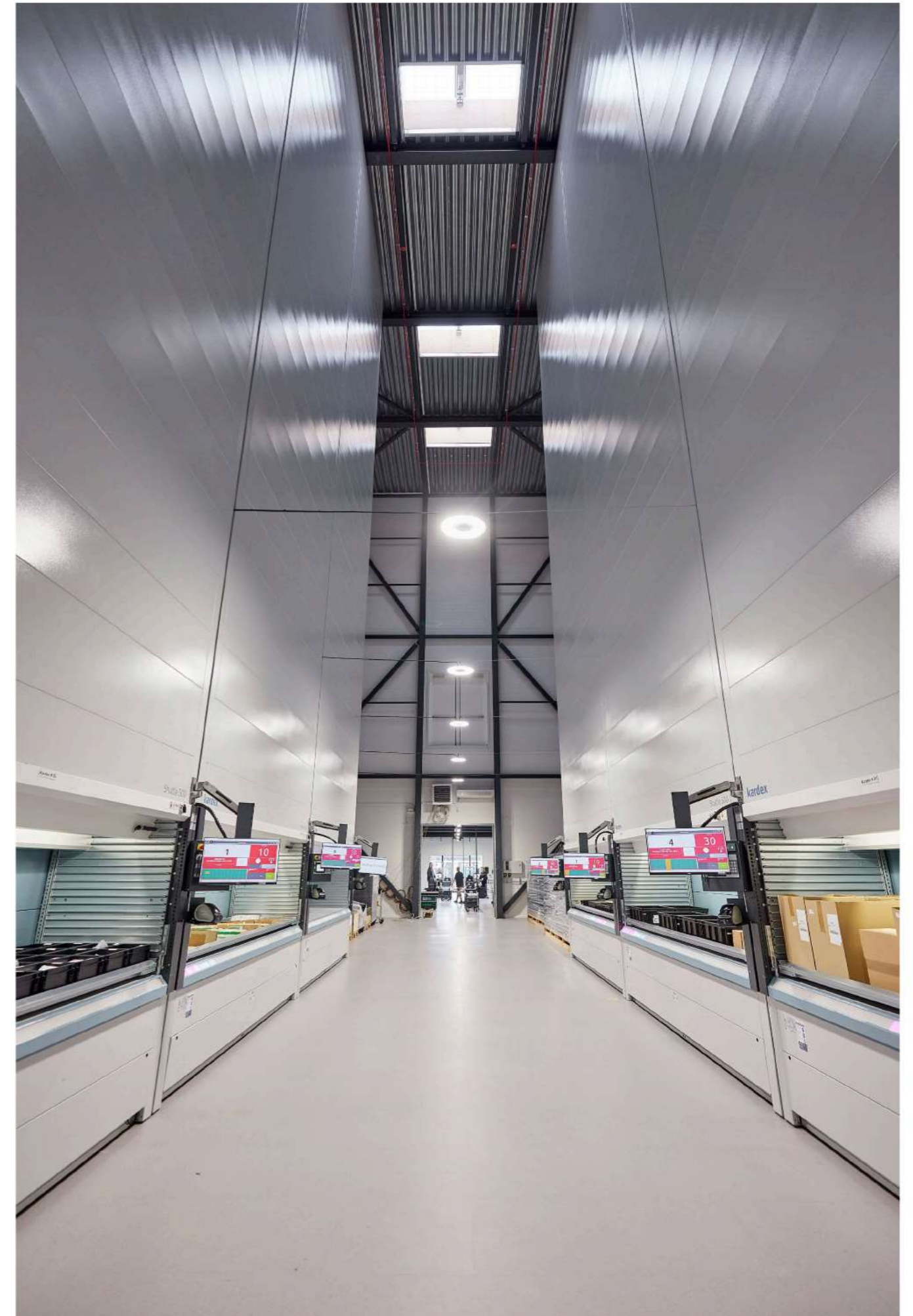
The roof of the factory and the siding of the 18-meter high-rise storage facilities are mounted with solar panels that supply about 42% of the electricity supply at the entire Skive site.

At the beginning of 2024, DEIF received the Business Skive Award for its new factory.



“ We are proud to open the doors to our new factory powered by renewable energy and with highly energy efficient processes and equipment. In every detail of the planning process, energy efficiency was an essential topic to reach the over-arching goal of reducing the carbon footprint of our day-to-day operation.

Chanette Nystrup Oksborg Pedersen, Senior Vice President, Global Operation



Governance

This section makes up the statutory statements on § 99a, b and d in the Danish Financial Statement Act (Årsregnskabsloven). More information on the topics can be found in the DEIF Sustainability Report 2023, available at <https://publications.deif.com/csr/csr-report-2023/>

Corporate Social Responsibility

Since DEIF was established in 1933 it has been at the heart of the company to run a responsible business. We have an ambition to make a difference by developing new and innovative products and services that can contribute to a sustainable future.

The overall goal for DEIF is to develop the long-term value of the company, always based on high ethics towards the employees, business partners and society.

Since 2016, DEIF has been a participant of the UN global Compact.

We support the UN Sustainability Development goals no. 7 (affordable and clean energy) and goal no. 13 (climate

actions), where the activities of DEIF can have the most significant impact. We also work to support the other goals for sustainable development, which is illustrated in the Sustainability Report.

The biggest CSR risks related to DEIF operations are related to the global presence. We have employees and partners in many different countries and cultures. The biggest risks are related to health, safety, compliance with the DEIF code of conduct and other irregularities especially related to corruption. By setting high standards for our work environment, training new employees in the DEIF code of conduct and our zero tolerance towards corruption, we mitigate these risks as much as possible.

Diversity

Statutory statement on equality and diversity in compliance with the section 99b of the Danish Financial Statement Act (Årsregnskabsloven).

At DEIF, we want to be a motivating and inclusive place to work. We support and respect the protection of internationally proclaimed human rights and make sure that we do not in any way contribute to the violation of these rights.

We strive to secure equal rights and commit to group-wide targets to increase the number of women at all management levels and to provide job opportunities for marginalized groups and people with reduced ability to work.

It is our policy to aspire to equal development possibilities regardless of race, age or gender and we wish to attract female candidates in connection with the recruitment process.

DEIF's business requires special technical and engineering skills, which have a relatively low share of women. In 2023, the share of women in DEIF was 28% (2022: 29%). The share of women in management was 24% (2022: 27%). Our goal is to have the same share of female managers as the share of female employees in general.

The share of women on DEIF's Board of Directors is two out of six members elected on the general meeting. The Board of Directors fulfils the competencies needed.

The owners of DEIF have chosen to be represented on the board by 3 members, all of whom are currently men.



	31.12.2023	31.12.2022	31.12.2021	31.12.2020	31.12.2019
Number of Board members	6	6	6	5	5
The under-represented gender in %	33%	33%	33%	20%	20%

DEIF has achieved an equal distribution according to the Danish Financial Statement Act §99b

The executive management comprises the CEO and management in direct reference to the CEO.

	31.12.2023	31.12.2022	31.12.2021	31.12.2020	31.12.2019
Executive management members	7	5	5	6	6
The under-represented gender in %	29%	40%	40%	33%	33%

DEIF has achieved an equal distribution according to the Danish Financial Statement Act §99b

Data ethics

DEIF has implemented a data ethics policy that governs IT conduct and safety. In 2023, all DEIF employees were introduced to the new policy. The policy sets out guidelines for the collection, use and sharing of data with customers, business partners and employees. DEIF's collection, use and sharing of data comply with the current legislation. We store data safely and work systematically to protect stored data and IT systems against cyber-attacks. Further information is available on www.deif.com/privacy-policy/

Risk management

Operating risks

DEIF works with a risk management framework that addresses, among other things, the impact and likelihood of geopolitical influence, cybercrime, and delivery failures from significant subcontractors.

The nature of the business area that DEIF operates within is typically characterized by close and long customer relationships, and sales are split on the global market with a relatively high number of customers. This minimizes the risks related to local geographical markets and risks towards single customers.

Interest risks

Moderate changes in the interest rate levels does not have a material impact on earnings. The interest rate risk is partially hedged by using financial instruments (interest SWAP).

Currency risks

DEIF operates internationally and the exchange rate development in foreign currencies impacts the result, cash flows and equity of the company. We systematically monitor the transactions in foreign currencies and manage the potential risk by hedging selected currencies if this is considered cost efficient compared to the total exposure. The largest currency risks are related to US Dollars and Yuan renminbi.

Credit risks

Customer credit lines are systematically monitored, and credit is given based on internally approved credit guidelines and limits. Credit insurance is used in relevant markets and towards selected larger customers. DEIF does not have risks related to single customers that can significantly impact the company's combined financial position.

Celebrating 90 years of intelligent energy control

In November 2023, DEIF celebrated its 90th anniversary. Suppliers, customers and strategic partners convened at DEIF's new factory in Skive to discuss sustainable energy solutions and celebrate the anniversary.

The talks and discussions evolved around partnerships to help each other on the journey from fossil fuels to more renewables in the energy mix, electrification, energy efficiency and energy storage.



“ 55% of our scope 3 emissions come from purchased goods and services for our electronics production. DEIF's carbon reductions are therefore inextricably linked to the supply chain, where we work closely with suppliers to find solutions. This is a priority and we are already making progress.

Christian Nielsen, CEO, DEIF



“ For more than 20 years we have been pushing technologies for renewable energy and reduction of fossil fuel emissions. We have been at the forefront within wind power and hybrid plants including PV and batteries. Even so, the family ownership, the management and the entire company feel obliged to be even more ambitious. We therefore announced that ten years from now, when we celebrate DEIF's 100th anniversary, we will have supported CO2 savings corresponding to the total emissions of DEIF since our establishment in 1933.

Toke Foss, Chairman of the Board of Directors



Financial statements

of the DEIF Group and DEIF A/S

Income statement

DKKm	Notes	Group		Parent	
		2023	2022	2023	2022
Revenue	1	715.3	672.9	592.7	580.9
Production costs		-316.2	-312.0	-300.1	-302.6
Gross profit		399.0	360.9	292.6	278.3
Research and development costs		-69.6	-75.2	-69.6	-75.2
Distribution costs		-213.3	-182.9	-138.2	-117.9
Administration costs		-54.1	-50.0	-51.8	-47.6
Other operating income		1.7	2.3	1.7	2.3
Operating profit (EBIT)		63.7	55.1	34.6	39.9
Income from equity investments in group enterprises	2	0.0	0.0	26.8	17.9
Financial income	3	2.7	5.3	1.4	3.0
Financial expenses	4	-15.3	-13.2	-22.5	-23.5
Profit before tax (EBT)		51.1	47.2	40.3	37.3
Tax on profit for the year	5	-12.1	-9.5	-1.3	0.3
Profit for the year		39.0	37.6	39.0	37.6

Balance sheet

Assets

DKKm	Notes	Group		Parent	
		2023	2022	2023	2022
Development projects		199.2	163.3	189.1	152.6
Goodwill		0.0	0.0	0.0	0.0
Intangible assets	6	199.2	163.3	189.1	152.6
Land and buildings		64.3	63.9	64.3	63.9
Plant and machinery		11.7	5.2	11.7	5.2
Other fixtures and equipment		14.5	12.3	5.4	5.5
Leasehold improvements		0.7	1.0	0.7	1.0
Property, plant and equipment under construction		66.7	7.6	66.7	7.6
Tangible assets	7	157.9	89.9	148.7	83.1
Equity investments in group enterprises	8	0.0	0.0	196.6	180.0
Deposits		2.6	2.1	0.3	0.3
Other non-current assets		2.6	2.1	196.9	180.3
Non-current assets		359.7	255.3	534.8	415.9
Inventories	9	194.9	152.9	177.9	137.8
Trade receivables		104.1	136.2	52.3	94.8
Receivables from group companies		3.0	3.2	58.6	57.4
Other receivables		27.5	29.7	5.7	8.0
Prepayments	10	3.3	4.4	0.9	2.5
Receivables		137.9	173.5	117.5	162.6
Cash		26.3	25.3	4.1	1.8
Current assets		359.2	351.6	299.5	302.3
Total assets		718.8	606.9	834.3	718.2

Balance sheet

Liabilities

DKKm	Notes	Group		Parent	
		2023	2022	2023	2022
Share capital		5.2	5.2	5.2	5.2
Reserve for research and development costs		0.0	0.0	147.1	118.5
Reserve for net revaluation according to the equity method		0.0	0.0	39.0	22.4
Retained earnings		218.2	200.3	32.1	59.4
Hedging instruments - future transactions		1.4	3.2	1.4	3.2
Proposed dividend		20.0	20.0	20.0	20.0
Equity	11	244.7	228.6	244.7	228.6
Provisions for deferred tax	12	17.4	13.0	17.6	13.6
Provisions		17.4	13.0	17.6	13.6
Mortgage debt	13	25.6	27.9	25.6	27.9
Bank loans, long term	13	58.4	0.0	58.4	0.0
Other long term liabilities	13	20.8	20.4	18.8	18.3
Lease liabilities	13	1.5	0.9	1.5	0.9
Non-current liabilities		106.3	49.3	104.3	47.2
Mortgage debt	13	2.5	2.4	2.5	2.4
Bank loans	13	216.6	148.1	216.6	148.1
Lease liabilities	13	0.8	0.5	0.8	0.5
Trade payables		62.3	93.4	52.7	88.7
Payables to group enterprises		0.0	0.0	168.5	157.8
Income tax payables		2.8	3.7	0.0	0.0
Other payables		65.5	67.9	26.6	31.3
Current liabilities		350.4	316.0	467.6	428.8
Total liabilities		456.7	365.3	572.0	476.0
Equity and liabilities		718.8	606.9	834.3	718.2

Statement of changes in equity

DKKm	Share capital	Retained earnings	Hedging instruments - future transactions	Proposed dividend	Total equity
Group					
Equity at 1 January 2023	5.2	200.3	3.2	20.0	228.6
Ordinary dividend paid				-20.0	-20.0
Exchange rate adjustments		-1.1			-1.1
Adjustments for hedges			-2.3		-2.3
Tax related to items recognised directly in equity			0.5		0.5
Profit for the year		19.0		20.0	39.0
Equity at 31 December 2023	5.2	218.2	1.4	20.0	244.7

DKKm	Share capital	Reserve for net revaluation according to the equity method	Retained earnings	Hedging instruments - future transactions	Proposed dividend	Reserve for research and development costs	Total equity
Parent							
Equity at 1 January 2023	5.2	22.4	59.4	3.2	20.0	118.5	228.6
Ordinary dividend paid					-20.0		-20.0
Exchange rate adjustments		-1.1					-1.1
Adjustments for hedges				-2.3			-2.3
Tax related to items recognised directly in equity				0.5			0.5
Profit for the year		17.7	-27.2		20.0	28.5	39.0
Equity at 31 December 2023	5.2	39.0	32.1	1.4	20.0	147.1	244.7

Cash flow statement

DKKm	Notes	2023	2022
Profit for the year			
Adjustments for non-cash items	20	39.0	37.6
Changes in working capital	21	80.4	90.1
Cash flows from operating activities before financial income and expenses and tax		-40.1	103.6
Financial income, received		79.4	231.3
Financial expenses, paid		2.7	5.3
Income tax, paid (net)		-15.3	-13.2
Cash flow from operating activities		-7.9	-5.3
Investments in intangible assets		58.8	218.0
Investments in tangible assets		-82.5	-63.6
Sale of tangible assets		-79.2	-13.6
Investments in other financial assets (net)		0.0	0.2
Cash flow from investing activities		-0.4	-0.2
Repayment of mortgage debt		-162.1	-77.2
Change other long term liabilities		-2.2	-2.3
Change bank loans		0.3	-0.1
New long term bank loans		68.5	-109.3
Change lease liabilities		58.4	0.0
Dividend paid		0.9	0.1
Cash flow from financing activities		-20.0	-20.0
Increase / decrease in cash		105.9	-131.7
Cash beginning of year		2.6	9.1
Exchange rate adjustments		25.3	16.6
Cash year end		-1.5	-0.4
		26.3	25.3

Notes to the financial statements

1: Revenue

The disclosures in the financial statements include a breakdown of revenue by geographical market based on the customer location.

DKK m	Group		Parent	
	2023	2022	2023	2022
Geographical markets:				
Asia	252.6	242.8	184.3	189.7
Europe & Africa	337.7	318.4	336.1	317.7
Americas	125.0	111.6	72.3	73.6
	715.3	672.9	592.7	580.9

2: Income from equity investments in group enterprises

Share of earnings from subsidiaries	0	0	27.8	28.0
Share of losses from subsidiaries	0	0	-1.2	-4.6
Change in internal profit on inventory from sales within the Group	0	0	0.2	-5.4
	0	0	26.8	17.9

3: Financial income

Exchange rate adjustment	0.0	0.0	1.1	0.0
Other financial income	2.7	5.3	0.3	3.0
	2.7	5.3	1.4	3.0

4: Financial expenses

Interest paid to affiliated companies	0.0	0.0	10.2	4.4
Exchange rate adjustment	1.6	1.4	0.0	9.0
Other financial expenses	13.7	11.8	12.3	10.1
	15.3	13.2	22.5	23.5

5: Tax on profit for the year

DKK m	Group		Parent	
	2023	2022	2023	2022
Current income tax	7.2	11.6	-3.2	1.8
Adjustment of deferred tax	4.4	0.0	4.0	0.0
Tax for the year	11.6	11.6	0.8	1.8
Tax for the year comprises:				
Tax on profit for the year	12.1	9.5	1.3	-0.3
Recognised in equity	-0.5	2.1	-0.5	2.1
	11.6	11.6	0.8	1.8
Tax on profit for the year comprises:				
Tax rate of 22% on profit before tax and Income from equity investments in group enterprises	11.2	10.4	3.0	4.3
Permanent differences	0.1	0.1	0.1	0.1
Effect of deviation of foreign subsidiaries' tax rate relative to Danish tax rate	2.5	3.7	0.0	0.0
Permanent differences related to research and development costs	-1.8	-4.8	-1.8	-4.8
Other taxes and adjustments	0.0	0.1	0.0	0.1
	12.1	9.5	1.3	-0.3

6: Intangible assets

DKKm	Development projects	Goodwill
Group		
Cost beginning of year	408.8	14.7
Additions for the year	82.5	0.0
Disposals for the year	-11.4	0.0
Cost end of year	479.9	14.7
Depreciation and impairment beginning of year	245.5	14.7
Disposals during the year	2.8	0.0
Depreciation during the year	43.7	0.0
Reversal of depreciation and impairments on disposals	-11.4	0.0
Depreciation and impairment year end	280.6	14.7
Carrying amount year end	199.2	0.0

Intangible assets are amortised on a straight-line basis over the expected useful lives of the assets:

3-10 years 3-10 years

DKKm	2023	2022
Depreciation and impairment of intangible assets is recognised as:		
Research and development costs	46.5	51.9
	46.5	51.9

Development projects consist of new products and solutions to be used in decentralized power production and power management. The cost mainly includes direct salary costs, consultancy costs and purchased materials. This is registered in the internal project management tool.

The booked value as of 31 December 2023 totals 199.2 MDKK – of this 92.8 MDKK related to development projects in progress. New products and solutions is expected to significantly contribute to the revenue in the coming years.

6: Intangible assets (continued)

DKKm	Development projects	Goodwill
Parent		
Cost beginning of year	395.5	14.7
Additions for the year	80.0	0.0
Disposals for the year	-11.4	0.0
Cost end of year	464.1	14.7
Depreciation and impairment beginning of year	242.9	14.7
Disposals during the year	2.8	0.0
Depreciation during the year	40.6	0.0
Reversal of depreciation and impairments on disposals	-11.4	0.0
Depreciation and impairment year end	274.9	14.7
Carrying amount year end	189.1	0.0

Intangible assets are amortised on a straight-line basis over the expected useful lives of the assets:

3-10 years 3-10 years

DKKm	2023	2022
Depreciation and impairment of intangible assets is recognised as:		
Research and development costs	43.4	49.3
	43.4	49.3

Please refer to the Group section of development projects for a description of the projects.

7: Tangible assets					
DKKm	Land and buildings	Plant and machinery	Other fixtures and equipment	Leasehold improvements	Property, plant and equipment under construction
Group					
Cost beginning of year	125.0	87.3	67.7	5.7	7.6
Exchange rate adjustment	0.0	0.0	-0.6	0.0	0.0
Additions for the year	2.4	6.7	6.4	0.0	63.8
Disposals for the year	0.0	0.0	-0.6	0.0	0.0
Transferring during the year	2.7	2.4	0.0	0.0	-4.6
Cost end of year	130.1	96.4	72.9	5.7	66.7
Depreciation beginning of year	61.2	82.1	55.4	4.7	0.0
Exchange rate adjustment	0.0	0.0	-0.4	0.0	0.0
Depreciation for the year	4.7	2.6	3.9	0.3	0.0
Depreciation of disposed assets for the year					
Reversal of depreciations on sold assets	0.0	0.0	-0.6	0.0	0.0
Depreciation end of year	65.9	84.6	58.3	5.0	0.0
Carrying amount end of year	64.3	11.7	14.5	0.7	66.7
Depreciations	25-50 years	5-10 years	3-10 years	5 years	
Of which financial leases assets	0.0	0.0	4.2	0.0	0.0

DKKm	2023	2022
Depreciation and impairment of tangible assets, and profit or loss from the sale of tangible assets is recognised as:		
Production costs	2.5	2.6
Research and development costs	1.2	1.4
Distribution costs	5.2	4.7
Administration costs	2.6	2.6
	11.5	11.3

7: Tangible assets (continued)					
DKKm	Land and buildings	Plant and machinery	Other fixtures and equipment	Leasehold improvements	Property, plant and equipment under construction
Parent					
Cost beginning of year	125.0	87.3	41.7	5.7	7.6
Additions for the year	2.4	6.7	1.5	0.0	63.8
Disposals for the year	0.0	0.0	0.0	0.0	0.0
Transferring during the year	2.7	2.4	0.0	0.0	-4.6
Cost end of year	130.1	96.4	43.2	5.7	66.7
Depreciation beginning of year	61.2	82.1	36.1	4.7	0.0
Depreciation for the year	4.7	2.6	1.6	0.3	0.0
Depreciation of disposed assets for the year					
Reversal of depreciations on sold assets	0.0	0.0	0.0	0.0	0.0
Write down	0.0	0.0	0.0	0.0	0.0
Depreciation end of year	65.9	84.6	37.7	5.0	0.0
Carrying amount end of year	64.3	11.7	5.4	0.7	66.7
Depreciations	25-50 years	5-10 years	3-10 years	5 years	
Of which financial leases assets	0.0	0.0	4.2	0.0	0.0

DKKm	2023	2022
Depreciation and impairment of tangible assets, and profit or loss from the sale of tangible assets is recognised as:		
Production costs	2.5	2.6
Research and development costs	1.2	1.4
Distribution costs	2.8	2.8
Administration costs	2.6	2.6
	9,1	9,4

8: Investments in group enterprises

DKKm	2023	2022
Parent		
Equity investments in group enterprises		
Cost beginning of year	157.6	139.0
Additions for the year	0.0	18.6
Cost end of year	157.6	157.6
Net revaluations beginning of year	22.4	115.5
Exchange rate adjustments	-1.1	0.8
Profit for the year	26.7	23.5
Dividend paid to the parent company	-9.3	-112.0
Change in internal profit on inventory from sales with-in the Group	0.2	-5.4
Net revaluations end of year	39.0	22.4
Carrying amount year end	196.6	180.0

8: Investments in group enterprises (continued)

Shares in subsidiaries:

Name	Place	Paid in capital	Ownership	Equity DKKm
DEIF Norge AS	Tönsberg, Norway	TNOK 1.000	100%	1.4
DEIF GmbH	Bensheim, Germany	TEUR 25	100%	3.8
DEIF (UK) Limited	Manchester, England	TGBP 518	100%	4.7
DEIF Electrical (Shanghai) Co., Ltd	Shanghai, China	TCNY 5.000	100%	12.9
DEIF do Brasil	Campinas, Brasil	TBRL 200	100%	7.3
DEIF Inc.	Chicago, USA	USD 100	100%	6.5
DEIF India Pvt. Ltd.	Mumbai, India	TINR 880	100%	2.9
DEIF MEDiterranea SARL	Sophia-Antipolis, France	TEUR 25	100%	4.2
DEIF Asia Pacific Pte Ltd.	Singapore, Singapore	TSGD 50	100%	5.0
DEIF Middle East FZE	Dubai, UAE	TAED 100	100%	2.3
WPT China Holding A/S*	Skive, Denmark	TDKK 100.5	100%	144.5
DEIF Korea Co. Ltd.	Busan, Republic of Korea	MKRW 200	100%	1.2
DEIF Mexico S.A. de C.V.	Mexico City, Mexico	TMXN 100	100%	2.7
DEIF Wind Power Technology Austria	Klagenfurth, Austria	TEUR 35	100%	12.1
Total amount				211.4
Internal profit 31. December 2023				-14.8
				196.6
Investments transferred to provisions for negative investments in group enterprises				0
				196.6

*Related to discontinued activities

9: Inventories

DKKm	Group		Parent	
	2023	2022	2023	2022
Raw materials and consumables	150.1	108.4	150.1	108.4
Work in progress	5.4	4.1	5.4	4.1
Manufactured goods and goods for resale	52.4	53.8	20.6	23.8
Indirect production costs	1.8	1.5	1.8	1.5
Internal profit on stock	-14.8	-15.0	0.0	0.0
	194.9	152.9	177.9	137.8

10: Prepayments

Prepayments comprise prepaid costs incl. insurance, rent etc.

11: Equity

No shares as been given any special rights.

Total contributed capital of DKK 5.155.000 is allocated in shares of DKK 100 each.

There has not been any capital changes the last 5 years

12: Provisions for deferred tax

DKKm	Group		Parent	
	2023	2022	2023	2022
Intangible assets	41.6	33.6	41.6	33.6
Tangible assets	2.7	2.2	2.7	1.8
Borrowing costs	-0.3	-0.2	-0.3	-0.2
Inventories	0.4	0.3	0.4	0.3
Trade receivables	-1.4	-2.0	-1.4	-2.0
Prepayments	0.2	0.5	0.2	0.5
Tax loss carryforwards	-25.8	-21.4	-25.6	-20.4
	17.4	13.0	17.6	13.6

Deferred tax is calculated based on the current tax rate (22%)

Deferred tax beginning of year	13.0	11.5	13.6	11.9
Anvendt skattekreditordning	0.0	0.0	0.0	0.0
Anvendt i sambeskatning	0.0	0.0	0.0	0.0
Recognised in the income statement	3.9	3.5	3.5	3.8
Recognised directly in equity	0.5	-2.1	0.5	-2.1
	17.4	13.0	17.6	13.6

13: Non-current liabilities

Repayments due with-in 1 year is classified as short term liabilities. Other liabilities is recognised as long term liabilities.

Non-current liabilities falls due as follows:

DKKm	Group		Parent	
	2023	2022	2023	2022
Mortgage debt (non-current liability)				
After 5 years	16.6	18.2	16.6	18.2
Between 1 and 5 year	9.0	9.7	9.0	9.7
Non-current	25.6	27.9	25.6	27.9
With-in 1 year	2.5	2.4	2.5	2.4
	28.1	30.3	28.1	30.3
Bank loans				
After 5 years	27.4	0	27.4	0
Between 1 and 5 year	31.0	0	31.0	0
Non-current	58.4	0	58.4	0
With-in 1 year	216.6	148.1	216.6	148.1
	275.0	148.1	275.0	148.1
Lease liabilities (non-current liability)				
Between 1 and 5 year	1.5	0.9	1.5	0.9
With-in 1 year	0.8	0.5	0.8	0.5
	2.3	1.4	2.3	1.4
Other long term liabilities				
Between 1 and 5 year	20.8	20.4	18.8	18.3
	20.8	20.4	18.8	18.3
14: Proposed distribution of profit				
Reserve for net revaluation according to the equity method	0.0	0.0	46.2	-13.0
Retained earnings	19.0	17.6	-27.2	30.6
Proposed dividend for the financial year	20.0	20.0	20.0	20.0
	39.0	37.6	39.0	37.6

15: Contingent liabilities

DKKkM	Group		Parent	
	2023	2022	2023	2022
Lease- and rent commitments				
Rent obligation	13.0	9.0	0.6	0.5
Lease obligation related to machinery and company cars	18.5	4.1	14.0	2.3
Securities and guarantees				
Below assets has been used as security for mortgage loans:				
Land and buildings and buildings with a carrying amount of	64.3	63.9	64.3	63.9
Below assets has been used as security for bank loans:				
Other securities and cash with a carrying amount of	0.3	0.5	0.0	0.0
Guarantee towards the bank	1.7	1.7	1.7	1.7
Company Pledge towards the bank	60.0	60.0	60.0	60.0
Gurantees towards selected vendors and other	0.0	4.3	0.0	4.3

Contractual obligations

The company has entered into frame agreements with selected vendors regarding ongoing purchases.

Contingent liabilities

The parent company and its Danish subsidiaries are a part of a Danish joint taxation of which FJV Foss Holding A/S is the administrative entity. The company is liable for potential obligations for withholding taxes on interest, dividends and company taxes within the joint taxation according to the company taxation law.

16: Fee to auditors appointed at the annual general meeting

DKKkM	Group		Parent	
	2023	2022	2023	2022
Fee for statutory audit	0.3	0.3	0.3	0.3
Other services	0.2	0.2	0.2	0.1
	0.5	0.5	0.5	0.4
17: Staff costs				
Wages and salaries	282.9	253.9	194.5	177.8
Pensions	23.3	19.3	17.7	14.0
Other social security expenses	23.8	20.4	9.1	7.6
	329.9	293.6	221.3	199.3
Staff costs has been recognised as:				
Production costs	59.3	53.8	59.3	53.8
Research and development costs	74.5	63.7	74.5	63.7
Distribution costs	159.2	140.3	50.6	46.1
Administration costs	36.9	35.8	36.9	35.8
	329.9	293.6	221.3	199.3
Hereof salaries and wages for Executive Board and Board of Directors	4.5	3.8	4.5	3.8
Average number of employees	522	493	350	330

18: Related parties

FJV Foss Holding A/S is a related party and has a controlling interest in the company

All shares are owned by: FJV Foss Holding A/S,
Frisenborgvej 33, 7800 Skive, Denmark.

In accordance with The Danish Financial Statements Act § 71 it shall be stated that, the Company's annual report is included in the consolidated financial statements of FJV Foss Holding A/S.

Transactions

DEIF A/S has an ongoing balance towards FJV Foss Holding A/S. The non settled balance is recognised in the balance sheet as receivables from group companies.

The transactions with related parties relates to normal remuneration to the board of directors, and settlement of tax with-in the Group. All transactions with related parties is carried at arms lengths.

19: Derivative financial instruments

The company has financial contracts related to currency hedges and interest swaps.

Fair value of derivative financial instruments at the balance sheet date:

DKKm	Group		Parent	
	2023	2022	2023	2022
Assets	1.2	3.5	1.2	3.5
Liabilities	0.0	0.0	0.0	0.0

Interest swaps has been made to hedge the future cash flow realed to mortgage loans. The fair value of interest swaps on the balance sheet date totals 1.2 MDKK Interest swaps expire in 2024 and 2025.

Currency hedges and interest swaps has been valued at fair value based on the value of interest rate and currency in the open marked.

20: Adjustments for non-cash items

DKKm	2023	2022
Financial income	-2.7	-5.3
Financial expenses	15.3	13.2
Depreciation and impairment of intangible and tangible fixed assets	58.0	63.2
Loss/gain from the sale of fixed assets	0.0	-0.1
Adjustment for derivative financial instrumentsr excl. Tax	-2.3	9.5
Tax on profit for the year	12.1	9.5
	80.4	90.1

21: Changes in working capital

Change in inventory	-42.1	-64.0
Change in receivables	35.6	-88.4
Change in trade payables etc.	-33.6	8.2
Change related to discontinued activities	0.0	247.7
	-40.1	103.6



Accounting principles

Basis of preparation

The annual report is presented in accordance with the provisions of the Danish Financial Statements Act (Årsregnskabsloven) for large enterprises in reporting class C.

The accounting policies have been applied consistently with previous years.

The annual report is prepared in DKK million.

Diversity

The under-represented gender in the board of management is the total number of women represented in the board. Members elected by the employees is not included.

The under-represented gender in executive management is the total number of women represented in the executive management.

Basis of recognition and measurement

Income is recognised in the income statement as earned, including value adjustments of financial assets and liabilities. All expenses, including depreciation, amortisation, impairment losses and write-downs, are also recognised in the income statement.

Assets are recognised in the balance sheet when it is probable that future economic benefits will flow to the company, and the value of such assets can be measured reliably.

Liabilities are recognised in the balance sheet when it is probable that future economic benefits will flow from the company, and the value of such liabilities can be measured reliably.

On initial recognition, assets and liabilities are measured at cost. Subsequently, assets and liabilities are measured as described for each item below. On recognition and measurement, account is taken of foreseeable losses and risks arising before the date at which the annual report is presented and proving or disproving matters arising on or before the balance sheet date.

Basis of consolidation

The consolidated financial statements comprise DEIF A/S (Parent) and the group enterprises (subsidiaries) that are controlled by the Parent. Control is achieved by the Parent, either directly or indirectly, holding more than 50% of the voting rights or in any other way possibly or actually exercising controlling influence.

The consolidated financial statements are prepared on the basis of the financial statements of DEIF A/S and its subsidiaries. The consolidated financial statements are prepared by combining uniform items. On consolidation, intra-group income and expenses, intra-group accounts and dividends as well as profits and losses on transactions between the consolidated enterprises are eliminated. The financial statements used for consolidation have been prepared applying the Group's accounting policies. Subsidiaries' financial statement items are recognized in full in the consolidated financial statements.

On recognition of subsidiaries, the income statements are translated at the exchange rates applicable at the transaction date or approximate average exchange rates. The balance sheet items are translated using the exchange rates applicable at the balance sheet date. Foreign currency translation adjustments arising from the translation of equity at the beginning of the year using the exchange rates applicable at the balance sheet date and from the translation of income statements from average exchange rates to the exchange rates applicable at the balance sheet date are recognised directly in equity under the reserve for net revaluation according to the equity method in respect of investments measured according to the equity method, and otherwise under the foreign currency translation reserve.

Translation adjustments of intercompany balances with subsidiaries, measured using the equity method and where the balance is considered to be part of the overall investment, are recognised directly in equity under the foreign currency translation reserve. On the divestment of foreign entities, accumulated exchange differences are recognised in the income statement.

Derivative financial instruments

On initial recognition in the balance sheet, derivative financial instruments are measured at cost and subsequently at fair value. Derivative financial instruments are recognized under other receivables or other payables.

Changes in the fair value of derivative financial instruments classified as and complying with the requirements for hedging the fair value of a recognized asset or a recognized liability are recorded in the income statement together with changes in the value of the hedged asset or the hedged liability.

Changes in the fair value of derivative financial instruments classified as and complying with the requirements for hedging future transactions are classified directly in equity. When the hedged transactions are realized, the accumulated changes are recognized as part of cost of the relevant financial statement items.

For derivative financial instruments that do not comply with the requirements for being treated as hedging instruments, changes in fair value are recognized currently in the income statement as financial income or financial expenses.

Income statement

Revenue

Revenue from the sale of manufactured goods and goods for resale is recognized in the income statement when delivery is made, and risk has passed to the buyer. Revenue is recognized net of VAT, duties and sales discounts and measured at fair value of the consideration fixed.

Production costs

Costs incurred, directly or indirectly, to generate the revenue for the year, including raw materials and consumables, wages and salaries and lease of and depreciation, amortization and impairment losses on the fixed assets used in the production process, are recognized under production costs.

Research and development costs

Research and development costs includes wages and salaries, depreciation, amortization and impairment losses on the development projects and other costs directly or indirectly associated with development activities.

Distribution costs

Costs for the distribution of goods sold during the year and sales campaigns etc., including wages and salaries for sales staff, advertising and exhibition costs etc. and lease of and depreciation, amortisation and impairment losses on the fixed assets used in the distribution and sales activity, are recognised under distribution costs.

Administration costs

Costs incurred during the year for management and administration, including wages and salaries for administrative staff and management as well as office premise expenses, office expenses, bad debts etc. and lease of and depreciation, amortisation and impairment losses on the fixed assets used for administration, are recognised under administrative costs.

Income from equity investments in group enterprises

For equity investments in equity investments in subsidiaries, measured using the equity method, the share of the enterprises' profit or loss is recognised in the income statement after elimination of unrealised intercompany profits and losses and less any goodwill amortisation and impairment losses.

Income from equity investments in equity investments in subsidiaries also comprises gains and losses on the sale of equity investments.

Other net financials

Interest income and interest expenses etc. are recognised in other net financials.

Amortisation of capital losses and borrowing costs relating to financial liabilities is recognised on an ongoing basis as financial expenses.

Tax on profit for the year

The current and deferred tax for the year is recognised in the income statement as tax on the profit/loss for the year with the portion attributable to the profit/loss for the year, and directly in equity with the portion attributable to amounts recognised directly in equity.

The Company is part of a Danish joint taxation of which FJV Foss Holding A/S is the administrative entity. The current Danish income tax is allocated among the jointly taxed companies proportionally to their taxable income (full allocation with a refund concerning tax losses). Foreign subsidiaries is not included in the joint taxation.

Accounting principles

Balance sheet

Development projects

Development projects are recognised in the balance sheet where the project aims at developing a significant specific product or software platform, intended to be produced or used, respectively, by the company in its production process or products.

On initial recognition, development projects are measured at cost. Cost comprises the purchase price plus expenses resulting directly from the purchase, including wages and salaries directly attributable to the development projects until the asset is ready for use.

Other development projects and development costs are recognised in the income statement in the year in which they are incurred.

Development projects in progress are transferred to completed development projects when the asset is ready for use.

Development projects are subsequently measured in the balance sheet at cost less accumulated amortisation and impairment losses.

Development projects are depreciated on a straight-line basis over the useful life, which is 3-10 years.

An amount corresponding to capitalized development costs occurred after 1 January 2016 including tax, has been recognized as "Reserve for research and development costs" in equity. The reserve is reduced by the following depreciations.

Goodwill

Goodwill is measured in the balance sheet at cost less accumulated amortisation and impairment losses.

Goodwill is amortised using the straight-line method based on useful lives (3-5 years), which are stated in the 'Depreciation and impairment losses' section.

Gains or losses on the disposal of intangible assets

Gains or losses on the disposal of intangible assets are determined as the difference between the selling price, if any, less selling costs and the carrying amount at the date of disposal.

Property, plant and equipment

Land and buildings, plant and machinery as well as other fixtures and equipment, leasehold improvements are measured at cost less accumulated depreciation and impairment losses. Land is not depreciated.

Cost comprises the acquisition price, costs directly attributable to the acquisition, and preparation costs of the asset until the time when it is ready to be put into operation.

The basis of depreciation is cost less estimated residual value after the end of useful life. Straight-line depreciation is made on the basis of the following estimated useful lives of the assets:

Buildings	25 – 50 years
Plant and machinery	5 – 10 years
Other fixtures and equipment	3 – 10 years
Leasehold improvements	5 years

Property, plant and equipment under construction are measured at cost. Costs incurred on property, plant and equipment under construction are transferred to the relevant asset category when the asset is ready for use. Land is measured at cost with no subsequent depreciations.

Equity investments in group enterprises

Equity investments in subsidiaries are recognised and measured according to the equity method in the parent company financial statements.

Subsidiaries and associates with a negative equity value are measured at zero value, and any receivables from these enterprises are written down by the Parent's share of such negative equity if it is deemed irrecoverable. If the negative equity exceeds the amount receivable, the remaining amount is recognized under provisions if the Parent has a legal or constructive obligation to cover the liabilities of the relevant enterprise.

Upon distribution of profit or loss, net revaluation of investments in subsidiaries and associates is transferred to reserve for net revaluation according to the equity method under equity.

Impairment losses

The carrying amount of assets which are not measured at fair value is assessed annually for indications of impairment over and above what is reflected in depreciation. If the company's realised return on an asset or a group of assets is lower than expected, this is considered an indication of impairment.

If there are indications of impairment, an impairment test is conducted of individual assets or groups of assets.

The assets or groups of assets are impaired to the lower of recoverable amount and carrying amount.

The higher of net selling price and value in use is used as the recoverable amount. The value in use is determined as the present value of expected net cash flows from the use of the asset or group of assets as well as expected net cash flows from the sale of the asset or group of assets after the expiry of their useful lives.

Impairment losses are reversed when the reasons for the impairment no longer exist.

Inventories

Inventories are measured at cost calculated according to the FIFO-method. Inventories are written down to the lower of cost and net realisable value.

The cost of raw materials and consumables as well as goods for resale is determined as purchase prices plus expenses resulting directly from the purchase.

The net realisable value of inventories is determined as the selling price less costs of completion and costs necessary to make the sale and is determined taking into account marketability, obsolescence and the expected development in the selling price.

Receivables

Receivables are measured at amortised cost, which usually corresponds to the nominal value, less write-downs for bad debts.

Write-downs for bad debts are determined based on an individual assessment of each receivable if there is no objective evidence of individual impairment of a receivable.

Deposits recognised under assets comprise deposits paid to the lessor under leases entered into by the company.

Prepayments

Prepayments recognised under assets comprise costs incurred in respect of subsequent financial years.

Cash

Cash includes deposits in bank account.

Equity

The net revaluation of equity investments measured according to the equity method is recognized in the net revaluation reserve in equity according to the equity method to the extent that the carrying amount exceeds the cost.

Current and deferred tax

Current tax payable and receivable is recognised in the balance sheet as tax computed on the basis of the taxable income for the year, adjusted for tax paid on account.

Joint taxation contributions payable and receivable are recognised as income tax under receivables or payables in the balance sheet.

Deferred tax liabilities and tax assets are recognised on the basis of all temporary differences between the carrying amounts and tax bases of assets and liabilities. However, deferred tax is not recognised on temporary differences relating to goodwill which is non-amortisable for tax purposes and other items where temporary differences, except for acquisitions, have arisen at the date of acquisition without affecting the net profit or loss for the year or the taxable income. In cases where the tax value can be determined according to different taxation rules, deferred tax is measured on the basis of management's intended use of the asset or settlement of the liability.

Deferred tax assets are recognised, following an assessment, at the expected realisable value through offsetting against deferred tax liabilities or elimination in tax on future earnings.

Deferred tax is measured on the basis of the tax rules and at the tax rates which, according to the legislation in force at the balance sheet date, will be applicable when the deferred tax is expected to crystallise as current tax.

Accounting principles

Payables

Long-term payables are measured at cost at the time of contracting such liabilities (raising of the loan). The payables are subsequently measured at amortised cost where capital losses and loan expenses are recognised in the income statement as a financial expense over the term of the payable on the basis of the calculated effective interest rate in force at the time of contracting the liability.

Short-term payables are measured at amortised cost, normally corresponding to the nominal value of such payables.

Cash flow statement

The cash flow statement of the Group is presented using the indirect method and shows cash flows from operating, investing and financing activities as well as the Group's cash and cash equivalents at the beginning

and the end of the financial year. No separate cash flow statement has been prepared for the Parent because it is included in the consolidated cash flow statement.

Cash flows from operating activities are calculated as the operating profit/loss adjusted for non-cash operating items, working capital changes and income taxes paid.

Cash flows from investing activities comprise payments in connection with fixed asset investments as well as purchase and sale, etc of intangible assets and property, plant and equipment.

Cash flows from financing activities comprise of debt raised and repayments of short- and long-term loans as well as payment of dividend. Cash and cash equivalents comprise cash and short-term securities with an insignificant price risk.

Financial highlights

Financial highlights are defined and calculated in accordance with "Recommendations & Ratios" issued by the Danish Society of Financial Analysts.

The financial ratios have been calculated as follows:

Gross margin:	$\text{Gross profit} \times 100 / \text{Revenue}$
EBITDA margin:	$\text{Earnings before interest, taxes, depreciation and amortization} \times 100 / \text{Revenue}$
Profit ration (EBIT):	$\text{Earnings before interest, taxes} \times 100 / \text{Revenue}$
Return on capital employed:	$\text{Earnings before interest, taxes (EBIT)} \times 100 / \text{Balance sheet total}$
Solvency ratio:	$\text{Equity at year end} \times 100 / \text{Total assets}$
Return on equity:	$\text{Profit for the year} \times 100 / \text{Average equity}$

Statement by the Executive Board and Board of Directors on the annual report

We have on this day presented the annual report for the financial year 01.01.23 - 31.12.23 for DEIF A/S.

The annual report is presented in accordance with the Danish Financial Statements Act (Årsregnskabsloven).

In our opinion, the consolidated financial statements and financial statements give a true and fair view of the group's and the parent's assets, liabilities and financial position as at 31.12.23 and of the results of the group's and parent's activities for the group's financial year 01.01.23 - 31.12.23.

We believe that the management's review includes a fair review of the matters dealt with in the management's review.

The annual report is submitted for adoption by the general meeting.

Skive, 26 April 2024

Executive Board

Christian Nielsen, CEO

Board of Directors

Toke Foss, Chairman

Birgitte Brinch Madsen, Vice Chairman

Humphrey Lau

Malene Richter Christensen

Frederik Buciek Foss

Valdemar Foss

Elected by the employees

Ole Ravnborg

Gitte Jespersen

Jacob Danielsen

Independent auditor's report

To the Shareholder of DEIF A/S

Opinion

We have audited the consolidated financial statements and the financial statements of DEIF A/S for the financial year 1 January 2023 - 31 December 2023, which comprise income statement, balance sheet, statement of changes in equity and notes, including significant accounting policies, for the group and the company as well as the consolidated cash flow statement. The consolidated financial statements and the financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the accompanying consolidated financial statements and financial statements give a true and fair view of the group's and the company's financial position at 31 December 2023 and of the results of the group's and the company's operations and the consolidated cash flows for the financial year 1 January 2023 - 31 December 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 consolidated financial statements and the financial statements' section of our report. We are independent of the group and 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 consolidated financial statements and the financial statements

Management is responsible for the preparation of the consolidated financial statements and the financial statements in accordance with the Danish Financial Statements Act and for such internal control as management

determines is necessary to enable the preparation of consolidated financial statements and financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements and the financial statements, management is responsible for assessing the group's and 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 consolidated financial statements and the financial statements unless management either intends to liquidate the group and the company or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the consolidated financial statements and the financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements and 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 consolidated financial statements and financial statements.

As part of an audit conducted in accordance with ISAs 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 consolidated financial statements and 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 group's and 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 consolidated financial statements and 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 group's and 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 consolidated financial statements and 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 group and the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements and the financial statements, including the disclosures, and whether the consolidated financial statements and the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the

Skive, 26 April

Beierholm

Statsautoriseret Revisionspartnerselskab
CVR no. 32 89 54 68

Bjørn Jakobsen
State Authorized Public Accountant MNE-
nr. 24813

consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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 regarding the management's review

Management is responsible for the management's review.

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

In connection with our audit of the consolidated financial statements and the financial statements, it is our responsibility to read the management's review and in doing so consider whether the management's review is materially inconsistent with the consolidated financial statements or 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 the management's review provides the information required under the Danish Financial Statements Act.

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

Jesper K. Viborg
State Authorized Public Accountant
MNE-nr. 35413



Improve
Tomorrow

