



**DEIF A/S**

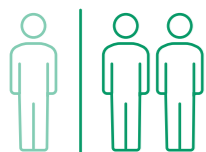
**2021 ANNUAL REPORT ABSTRACT**

(CVR NO. 15798416)



## DEIF 2021 at a glance

### OUR PEOPLE



**315** Headquarters Denmark\*  
**224** International subsidiaries\*

### OUTLOOK 2022



We expect to improve our results in 2022 for the continued operations, both in terms of earnings and cashflow

### OUR FINANCES

2020

2021



**2.4** mEUR  
EBIT

**5.3** mEUR  
EBIT



**10.7** mEUR  
EBITDA

**12.0** mEUR  
EBITDA

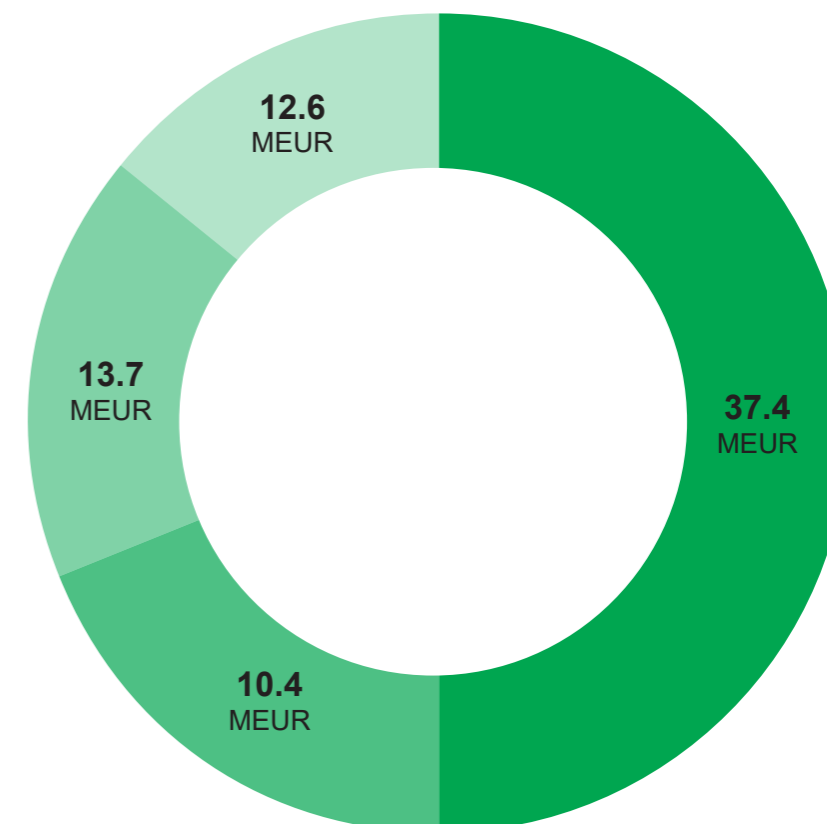


**71.5** mEUR  
revenue

**74.1** mEUR  
revenue

### TURNOVER/REGIONS


- ENEA (Europe, Near East and Africa)
- Americas
- China
- Asia



\* Avg. number of employees in 2021

## Group overview

### Parent company

	<b>DEIF A/S</b> Skive, Denmark
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### Consolidated subsidiaries

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

## Management's statement on the annual report

The Board of Directors and the Management have today considered and adopted the annual report of DEIF A/S for the financial year 1. januar - 31. december 2021.

The annual report has been prepared in accordance with the Danish Financial Statements Act. We consider the accounting policies applied appropriate and the used financial estimates sound. Thus, the complete annual report provides a true and fair view of the Group's and parent company's assets and liabilities, financial position and the results of the Group's and parent company's activities and cash flows.

In our opinion, the management report gives a true and fair view of the financial standings and conditions it deals with, and it describes the Group's most significant risks and uncertainties.

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

Skive, 20 June 2022

### MANAGEMENT

**Christian Nielson**  
CEO

### BOARD OF DIRECTORS

**Toke Foss**  
Chair

**Birgitte Brinch Madsen**  
Vice Chair

**Frederik A. Foss**

**Peter H. Røpke**

**Malene Richter Christensen**

**Valdemar Foss**

**Søren Dahl Christensen**  
Staff-elected

**Ole Ravnborg**  
Staff-elected

**Jacob Danielsen**  
Staff-elected

## Financial highlights of the DEIF group - DKK

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

Highlights	2021 (DKK 1.000)	2020 (DKK 1.000)	2019 (DKK 1.000)	2018 (DKK 1.000)	2017 (DKK 1.000)
<b>Profit/Loss</b>					
Net turnover	551.072	531.932	566.723	544.726	620.942
Gross profit/loss	298.842	291.865	315.466	292.209	323.114
Earnings before interest, taxes, depreciation and amortisation (EBITDA)	89.273	79.954	75.502	22.369	52.248
Earnings before interest, taxes (EBIT)	39.516	17.903	29.474	-17.426	21.312
Profit/loss before tax	28.989	3.006	16.182	-30.343	9.478
Annual profit/loss	63.166	5.044	13.060	-24.745	7.081
- from discontinued operations	37.204	-	-	-	-
<b>Balance sheet</b>					
Balance sheet total	777.766	633.664	599.608	563.905	541.382
Equity	202.720	188.894	187.085	174.250	201.291
<b>Cash flows</b>					
Operating activities	43.216	54.201	47.084	31.347	22.363
Investment activities	-63.937	-81.402	-65.562	-80.142	-74.938
Of this, tangible and intangible fixed assets	-63.747	-81.452	-65.823	-80.077	-74.238
Financing activities	7.885	33.137	-23.555	49.909	52.714
Annual change in cash	-12.835	5.935	5.077	1.114	139
<b>Number of employees</b>					
Denmark	315	337	350	396	399
Foreign subsidiaries	224	206	196	228	237
Total	539	542	546	624	636
<b>KPIs</b>					
Growth	3,6%	-6,1%	4,0%	-12,3%	1,8%
Growth - continued operations	8,6%	-	-	-	-
Gross margin	54,2%	54,9%	55,7%	53,6%	52,0%
EBITDA - margin	16,2%	15,0%	13,3%	4,1%	8,4%
Profit ration (EBIT)	7,2%	3,4%	5,2%	-3,2%	3,4%
Return on capital employed	5,1%	2,8%	4,9%	-3,1%	3,9%
Solvency ratio	26,1%	29,8%	31,2%	30,9%	37,2%
Return on equity	32,3%	2,7%	7,2%	-13,2%	3,6%

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

## Financial highlights of the DEIF group - EUR

(Converted into EURO rate date 1/1 2022)

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

Highlights	2021 (EUR 1.000)	2020 (EUR 1.000)	2019 (EUR 1.000)	2018 (EUR 1.000)	2017 (EUR 1.000)
<b>Profit/Loss</b>					
Net turnover	74.087	71.516	75.870	72.948	83.405
Gross profit/loss	40.177	39.240	42.233	39.132	43.401
Earnings before interest, taxes, depreciation and amortisation (EBITDA)	12.002	10.749	10.108	2.996	7.018
Earnings before interest, taxes (EBIT)	5.313	2.407	3.946	-2.334	2.863
Profit/loss before tax	3.897	404	2.166	-4.063	1.273
Annual profit/loss	8.492	678	1.748	-3.314	951
- from discontinued operations	5.002	-	-	-	-
<b>Balance sheet</b>					
Balance sheet total	104.564	85.194	80.272	75.517	72.719
Equity	27.254	25.396	25.046	23.335	27.037
<b>Cash flows</b>					
Operating activities	5.810	7.287	6.303	4.198	3.004
Investment activities	-8.596	-10.944	-8.777	-10.732	-10.066
Of this, tangible and intangible fixed assets	-8.570	-10.951	-8.812	-10.724	-9.972
Financing activities	1.060	4.455	-3.153	6.682	7.057
Annual change in cash	-1.726	798	680	149	19
<b>Number of employees</b>					
Denmark	315	337	350	396	399
Foreign subsidiaries	224	206	196	228	237
Total	539	542	546	624	636
<b>KPIs</b>					
Growth	3,6%	-6,1%	4,0%	-12,3%	1,8%
Growth - continued operations	8,6%	-	-	-	-
Gross margin	54,2%	54,9%	55,7%	53,6%	52,0%
EBITDA - margin	16,2%	15,0%	13,3%	4,1%	8,4%
Profit ration (EBIT)	7,2%	3,4%	5,2%	-3,2%	3,4%
Return on capital employed	5,1%	2,8%	4,9%	-3,1%	3,9%
Solvency ratio	26,1%	29,8%	31,2%	30,9%	37,2%
Return on equity	32,3%	2,7%	7,2%	-13,2%	3,6%

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



## Introduction

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DEIF A/S's annual report for 2021 has been prepared in accordance with the Danish Financial Statements Act regarding large enterprises in reporting class C.

### The Group's primary activities & strategy

DEIF develops, manufactures and markets digital solutions and electronic products for the global energy and marine markets – with a focus on production, distribution and consumption of electrical energy (electricity).

Development and production takes place in the parent company in Denmark. Sales, development, delivery and servicing of customer solutions takes place in both the parent company and subsidiaries.

DEIF's main objective is to provide technology that helps to improve the environment and supports green growth. This objective is driven by a number of global megatrends:

- ▶ Higher energy consumption, increasingly based on electricity.
- ▶ A political desire to limit global warming and reduce air pollution.
- ▶ Renewable energy has become economically competitive relative to oil and gas.
- ▶ Green energy technology is a significant growth engine in the global economy.

In recent years, DEIF has invested heavily in developing solutions in renewable energy with a particular focus on wind turbines and hybrid energy technologies that combine various sources of energy, including solar panels and batteries.

Through its products and solutions, DEIF contributes to the optimisation of fuel consumption in decentralised power production and ships, and the company supports the cleanest technologies, such as conversion to bio-based fuels.

Increased electrification creates a high demand for supply security and cybersecurity. DEIF contributes to this with technology for complex emergency power systems that protect e.g. data centres, hospitals and vital infrastructure from power failures.

## Business areas & strategic objectives

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DEIF has divided the market into two business areas:

### Land Power

DEIF is among the leading global suppliers of control systems for decentralised power production. DEIF provides solutions for power plants based on wind, diesel, solar, gas, steam, and hydro power – increasingly as hybrid plants that also include energy storage systems (batteries etc.). DEIF is also a leader in control systems for complex emergency power systems (critical power) for data centres, hospitals, and more – an area that is growing rapidly.

Land Power focuses on green and economic solutions that optimise power production relative to demand to minimise the consumption of fuel. The use of DEIF technology, including advanced algorithms for hybrid plants, promotes the use of more environmentally friendly power sources such as solar panels and biogas.

DEIF is a technology leader in upgrading controllers for existing wind turbines, optimising their performance, minimising service costs, and extending turbine lifetime. In addition, wind farms can be optimised using DEIF wind park management.

### Marine & Offshore

DEIF is the largest global supplier of power management solutions for ships and offshore entities, as well as special instruments for ship bridges. DEIF supplies components and complete solutions for securing and optimising the often very complex power generation and distribution on ships. DEIF also helps ensure maximum safety on ship bridges through delivery of custom-designed and reliable instrumentation.

Marine & Offshore helps reduce carbon emissions from shipping through minimised fuel consumption by optimising power generation and distribution while constantly taking onboard safety and the current power demand into account. This increasingly involves adding batteries as an integrated part of the DEIF power management system.

DEIF is a leader in upgrading and extending the lifetime of existing solutions. This lets owners realise significant carbon emission reductions through a relatively low investment.



## The past year & expectations for the coming year

### The DEIF Group

DEIF's net turnover grew by 3.6% to MDKK 551 (MDKK 532 the previous year) while our gross profit similarly improved to MDKK 299. Turnover for our continued operations (see below for information on discontinued operations) improved by 8.6%, both Land Power and Marine & Offshore business areas grew. This may be attributed to the fact that the market has largely normalised after the Covid-19 pandemic, and that DEIF is growing its market share driven by a strong product portfolio.

Our operational result (EBITDA) was MDKK 89 an improvement over the previous year (MDKK 80) and resulting in a satisfactory EBITDA margin of 16%.

The result before tax for our continued operations is a MDKK 29 profit (MDKK 3 the previous year) which is satisfactory given our expectations.

### Discontinued operations

In 2021, DEIF entered into an agreement to divest all operations in the subsidiary DEIF WPT Shanghai Co. Ltd as well as some associated operations at DEIF A/S. These have been classified as discontinued operations in our annual report and have resulted in a MDKK 37 one-off net gain which has been included under discontinued operations in our 2021 report. As a result, our annual result before taxes amounts to MDKK 71.

This divestiture significantly impacted the balance sheet at the end of 2021. While the agreement was closed in 2021, the transactions will be finalised in 2022 and therefore are not included in our cash flow for 2021. Payments from the sale will result in a significantly positive cash flow after completion of the fiscal year as well as a significant improvement of key figures. Taken on its own, our balance sheet will be reduced by MDKK 250, resulting in a solvency ratio improvement from 26% to approx. 38%.

### The year ahead

Markets have gone through a positive development in 2021, and we expect this development to continue in 2022.

Developments caused by the war in Ukraine, however, remain an unknown factor that lowers our expectations. While DEIF's direct trade with the warring parties amounts to less than 5% of our turnover, and while DEIF has no assets located in the area, the knock-on effect on world economy and our global clients lead to increased insecurity.

DEIF has managed to maintain a high delivery rate throughout 2021 despite the global supply chain crisis. We have achieved this through an efficient and proactive supply chain effort combined with increased inventory and a longer ordering horizon – implemented from Q2, 2021. We expect that this effort will also provide results in 2022 where we do not foresee any significant delivery issues.

DEIF expects to continue winning market shares, for example through increased sales of new products. As a result, we expect increased turnover in 2022 despite the global insecurity.

We expect to improve our results in 2022 for the continues operations, both in terms of earnings and cashflow. Discontinued operations are not expected to affect our 2022 result.

## Operational & financial risks and basis of earnings

### Capital resources

The company has the necessary credit facilities to finance next year's operations.

### Operations & markets

DEIF's business typically consists of permanent and longterm customer relationships, and the company generally has an advantage in a relatively wide geographical area and customer distribution. However, an increasing share of sales is project-oriented for specific markets, which reduces the spread and thus increases the risks relating to specific customers and countries

### Currency exchange risks

Activities abroad mean that revenue, cash flows and equity are affected by price movements in a number of currencies. For each currency, ongoing evaluations are made on whether to hedge the exchange rate risk-taking into account the related costs, relative to DEIF's total risk.

The main currency risk for DEIF is related to movements in USD and CNY.

### Interest rate risks

Moderate changes in interest rates will have no significant direct effect on earnings. The interest rate risk on secured debt was partially hedged by an interest rate SWAP.

### Credit risks

A systematic credit assessment was made of all significant customers and credit is only offered within the internally adopted credit limits. Credit insurance is sought for trade with major customers in relevant markets.

The group does not have any risk relating to individual customers that would be cause for concern with regard to the overall financial situation.

### Research and development

DEIF invests a significant share of its turnover in product development, spending DKK 63.8 million (11.6% of turnover) in 2021 compared to DKK 68.2 million (12.8% of turnover) the previous year. An additional DKK 50.9 million was invested in new applications and products (DKK 72.7 million in 2020).

This amounts to a sustained and very significant investment in the future. DEIF is a technology company, and it is of critical importance that all software and hardware platforms and derived products are leading compared to the market standard. In recent years, DEIF has invested great resources in developing completely new product platforms and successfully implementing a series of products based on these platforms. Over the coming period, additional new market-leading products will be introduced based on these platforms which will make decisive contributions to future growth.





## CSR & code of conduct

**Following the principles of UN Global Compact**  
DEIF has been a member of the UN Global Compact initiative since 2016, which sets 10 general principles for socially responsible corporate work with regard to human rights, working environment, safety and environment, as well as anti-corruption.

We have developed policies and guidelines within each of the four areas that have been communicated and implemented throughout the company. They are formalised in the 'DEIF Code of Conduct', DEIF's internal code of practice, which follows the principles of the Global Compact.

### **Ambitions, activities and aims**

At the end of 2020, we set a number of goals and activities for 2021 within CSR management and the four areas.

During 2021, we worked systematically to implement the planned activities and achieve the objectives. New goals and activities were also set for 2022.

**SUSTAINABLE  
DEVELOPMENT  
GOALS**







**DEIF A/S**

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