



Etk Ems Skanderborg A/S

Industrivej 45
8660 Skanderborg
CVR No. 20177284

Annual report 01.07.2021 - 30.06.2022

The Annual General Meeting adopted the
annual report on 16.12.2022

Peter Arndrup Poulsen
Chairman of the General Meeting

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Entity details

Entity

Etk Ems Skanderborg A/S

Industrivej 45

8660 Skanderborg

Business Registration No.: 20177284

Registered office: Skanderborg

Financial year: 01.07.2021 - 30.06.2022

Board of Directors

Thomas Vinter

Torben Drejer

Christian Møller Christensen

Mille Lindskrog Knudsen

Kurt Bering Sørensen

Peter Arndrup Poulsen

Executive Board

Thomas Vinter

Auditors

Deloitte Statsautoriseret Revisionspartnerselskab

City Tower, Værkmestergade 2

8000 Aarhus C

Statement by Management

The Board of Directors and the Executive Board have today considered and approved the annual report of Etk Ems Skanderborg A/S for the financial year 01.07.2021 - 30.06.2022.

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

In our opinion, the financial statements give a true and fair view of the Entity's financial position at 30.06.2022 and of the results of its operations for the financial year 01.07.2021 - 30.06.2022.

We believe that the management commentary contains a fair review of the affairs and conditions referred to therein.

We recommend the annual report for adoption at the Annual General Meeting.

Stilling, 16.12.2022

Executive Board

Thomas Vinter

Board of Directors

Thomas Vinter

Torben Drejer

Christian Møller Christensen

Mille Lindskrog Knudsen

Kurt Bering Sørensen

Peter Arndrup Poulsen

Independent auditor's report

To the shareholders of Etk Ems Skanderborg A/S

Opinion

We have audited the financial statements of Etk Ems Skanderborg A/S for the financial year 01.07.2021 - 30.06.2022, which comprise the income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Entity's financial position at 30.06.2022 and of the results of its operations for the financial year 01.07.2021 - 30.06.2022 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the financial statements" section of this auditor's report. We are independent of the Entity in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (IESBA Code) and the additional ethical requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Management's responsibilities for the financial statements

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

In preparing the financial statements, Management is responsible for assessing the Entity's ability to continue as a going concern, for disclosing, as applicable, matters related to going concern, and for using the going concern basis of accounting in preparing the financial statements unless Management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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

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

Statement on the management commentary

Management is responsible for the management commentary.

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

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

Moreover, it is our responsibility to consider whether the management commentary provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we conclude that the management commentary is in accordance with 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 of the management commentary.

Aarhus, 16.12.2022

Deloitte

Statsautoriseret Revisionspartnerselskab

CVR No. 33963556

Søren Marquart Alsen

State Authorised Public Accountant

Identification No (MNE) mne40040

Lena Lykkegård

State Authorised Public Accountant

Identification No (MNE) mne47836

Management commentary

Financial highlights

	2021/22	2020/21	2019/20	2018/19	2017/18
	EUR'000	EUR'000	EUR'000	EUR'000	EUR'000
Key figures					
Gross profit/loss	7,668	6,365	5,342	5,528	4,542
Operating profit/loss	1,718	1,522	1,015	854	663
Net financials	(144)	(61)	(67)	3	36
Profit/loss for the year	1,261	1,139	739	668	545
Total assets	16,880	8,480	9,874	10,693	14,400
Equity	4,948	3,686	3,347	2,603	4,085
Ratios					
Return on equity (%)	29.21	32.39	24.84	19.98	13.30
Equity ratio (%)	29.31	43.47	33.90	24.34	28.37

Financial highlights are defined and calculated in accordance with the current version of "Recommendations & Ratios" issued by the CFA Society Denmark.

Return on equity (%):

$\frac{\text{Profit/loss for the year} * 100}{\text{Average equity}}$

Average equity

Equity ratio (%):

$\frac{\text{Equity} * 100}{\text{Total assets}}$

Total assets

Primary activities

The activities in year 2021-22 have, similar to previous years, consisted of development, production and trading of electronic components and equipment and the attached services.

Development in activities and finances

The income statement for the year ending June 30th, 2022 shows an increase in revenue of 27 % and a profit for the year of EUR 1,261 mio.

The equity has increased from EUR 3,686 mio. to EUR 4,948 mio., and the equity ratio is at 29 %.

The financial year 2021-22 has again been a satisfactory year for the shareholders.

The year was challenging, as we had to deal with multiple challenges arising from covid related restrictions and constraints, international unrest arising from the Russian invasion of Ukraine, global tensions leading to trade wars on materials and hoarding of components, and unprecedented price increases on raw materials, components and energy.

Despite these challenges, we managed to secure reliable and steady supplies to our customers.

We have continued investing in new and improved technology for our production, and additional, new machinery will also be installed during 2022-23.

Our AI driven planning systems have secured increased efficiency at all production sites, and in parallel to this secured more independency for the individual employees.

ETK's Sourcing and Purchase teams have succeeded to secure components for our customers utilizing alternative routes. Intensive search and sourcing within the global broker market has proven to become a significant share of today's Purchase activities.

Our Sourcing and Purchase teams have also managed to work around the clock from Thailand, enabling them to act immediately even during working hours in Europe and in the US.

Our customers have also been very forthcoming in accepting alternative components and in working on re-designs.

The satisfactory increase in our revenue is a confirmation of our ability to scale and grow in a strong co-operation with our existing customers and to support them in their expansions.

The year 2021-22 has also brought new customers to the business where we have been able to diversify our skills and competencies to serve new product segments in new and developing markets within electric components.

ETK has experienced significant growth in several segments such as Robotics, Medico, Healthcare and Agriculture.

Expansion of the business with new ownership

At the beginning of the financial year 2021-22, we invited Blue Equity, a Danish Private Equity Fund, to join the partnership, still maintaining a substantial ownership with the original partners.

The purpose of the partnership is to enforce the successful development of the business into new markets and to further improve and increase the services offered to our existing customers.

A first result of this expansion in the ownership is the recent acquisition of Alpha Electronic A/S, based in Næstved, Eastern Denmark.

Alpha Electronic A/S, now ETK EMS Næstved A/S, is now fully integrated as a 100 % owned subsidiary in the ETK EMS Group with our digital set-up being fully implemented.

Profit/loss for the year in relation to expected developments

We realize that many of the challenges that prevailed during 2021-22 will form a new normal in the years to come, and we are confident that we hold the abilities and potential to steer towards further growth and success together with our existing and new customers.

Market conditions are still very unstable, and lead times for semiconductors have not improved significantly during the last year.

Outlook

Manufacturer's expectations are that the market situation will continue yet another year, unless global recession in the consumer industry will have positive impact to the industrial segment.

Environmental performance

During 2021-22 we have made further progress in our ESG activities. Measures have been taken and investments made to reduce energy consumption, and a full scale project on identifying and mapping carbon emission, scope 1, 2 and 3 has been initiated.

During the financial year 2022-23 we expect to be able to map and report the carbon emission arising from our activities and to set up goals for a reduction of the emissions.

Our social activities for all our ETK EMS employees and their families came back to normal after years of Covid restrictions.

Events after the balance sheet date

No events have occurred after the balance sheet date to this date, which would influence the evaluation of this annual report.

Income statement for 2021/22

	Notes	2021/22 EUR	2020/21 EUR
Gross profit/loss		7,668,295	6,364,534
Staff costs	2	(5,915,520)	(4,720,249)
Depreciation, amortisation and impairment losses		(35,099)	(121,863)
Operating profit/loss		1,717,676	1,522,422
Other financial income	3	(17,595)	90,201
Other financial expenses	4	(126,227)	(150,859)
Profit/loss before tax		1,573,854	1,461,764
Tax on profit/loss for the year	5	(312,553)	(322,767)
Profit/loss for the year	6	1,261,301	1,138,997

Balance sheet at 30.06.2022

Assets

	Notes	2021/22 EUR	2020/21 EUR
Goodwill		0	0
Intangible assets	7	0	0
Other fixtures and fittings, tools and equipment		542,965	438,386
Leasehold improvements		10,124	13,497
Property, plant and equipment	8	553,089	451,883
Deposits		211,716	201,720
Financial assets		211,716	201,720
Fixed assets		764,805	653,603
Raw materials and consumables		7,026,178	3,016,060
Manufactured goods and goods for resale		1,998,162	1,176,901
Prepayments for goods		173,824	0
Inventories		9,198,164	4,192,961
Trade receivables		4,712,478	3,478,966
Receivables from group enterprises		1,900,220	77,983
Receivables from associates		0	3,362
Deferred tax	9	170,986	20,102
Prepayments	10	119,373	28,256
Receivables		6,903,057	3,608,669
Cash		14,000	24,994
Current assets		16,115,221	7,826,624
Assets		16,880,026	8,480,227

Equity and liabilities

	Notes	2021/22 EUR	2020/21 EUR
Contributed capital		180,203	180,203
Retained earnings		4,767,332	3,506,031
Equity		4,947,535	3,686,234
Bank loans		1,551,057	139,599
Lease liabilities		49,629	0
Prepayments received from customers		31,122	0
Trade payables		4,008,339	1,985,656
Payables to group enterprises		3,876,383	1,143,246
Payables to associates		607,676	0
Tax payable		776,350	313,038
Other payables	11	1,031,935	1,212,454
Current liabilities other than provisions		11,932,491	4,793,993
Liabilities other than provisions		11,932,491	4,793,993
Equity and liabilities		16,880,026	8,480,227
Events after the balance sheet date	1		
Unrecognised rental and lease commitments	12		
Contingent liabilities	13		
Assets charged and collateral	14		
Non-arm's length related party transactions	15		
Group relations	16		

Statement of changes in equity for 2021/22

	Contributed capital EUR	Retained earnings EUR	Total EUR
Equity beginning of year	180,203	3,506,031	3,686,234
Profit/loss for the year	0	1,261,301	1,261,301
Equity end of year	180,203	4,767,332	4,947,535

Notes

1 Events after the balance sheet date

No events have occurred after the balance sheet date to this date, which would influence the evaluation of this annual report.

2 Staff costs

	2021/22	2020/21
	EUR	EUR
Wages and salaries	5,409,788	4,323,625
Pension costs	415,133	325,965
Other social security costs	90,599	70,659
	5,915,520	4,720,249
Average number of full-time employees	100	79

3 Other financial income

	2021/22	2020/21
	EUR	EUR
Financial income from group enterprises	(20,959)	78,371
Other interest income	3,364	8,938
Other financial income	0	2,892
	(17,595)	90,201

4 Other financial expenses

	2021/22	2020/21
	EUR	EUR
Financial expenses from group enterprises	35,352	76,104
Financial expenses from associates	57,896	60,005
Other interest expenses	32,979	14,750
	126,227	150,859

5 Tax on profit/loss for the year

	2021/22	2020/21
	EUR	EUR
Current tax	463,445	313,038
Change in deferred tax	(150,892)	9,729
	312,553	322,767

6 Proposed distribution of profit and loss

	2021/22 EUR	2020/21 EUR
Retained earnings	1,261,301	1,138,997
	1,261,301	1,138,997

7 Intangible assets

	Goodwill EUR
Cost beginning of year	537,692
Cost end of year	537,692
Amortisation and impairment losses beginning of year	(537,692)
Amortisation and impairment losses end of year	(537,692)
Carrying amount end of year	0

8 Property, plant and equipment

	Other fixtures and fittings, tools and equipment EUR	Leasehold improvements EUR
Cost beginning of year	3,017,400	32,018
Exchange rate adjustments	1,217	0
Additions	559,838	0
Disposals	(2,445,341)	0
Cost end of year	1,133,114	32,018
Depreciation and impairment losses beginning of year	(2,579,014)	(18,521)
Exchange rate adjustments	(1,040)	0
Depreciation for the year	(119,888)	(3,373)
Reversal regarding disposals	2,109,793	0
Depreciation and impairment losses end of year	(590,149)	(21,894)
Carrying amount end of year	542,965	10,124

9 Deferred tax

	2021/22 EUR	2020/21 EUR
Property, plant and equipment	16,270	20,102
Inventories	123,130	0
Receivables	31,586	0
Deferred tax	170,986	20,102

Changes during the year	2021/22	2020/21
	EUR	EUR
Beginning of year	20,102	29,831
Recognised in the income statement	150,884	(9,729)
End of year	170,986	20,102

Deferred tax assets

Deferred tax assets are recognised in the balance sheet at the estimated value, that is expected to be used within a period of 3-5 years.

10 Prepayments

Prepayments consist of prepaid expenses such as insurance, licenses and rent.

11 Other payables

	2021/22	2020/21
	EUR	EUR
VAT and duties	168,944	278,309
Wages and salaries, personal income taxes, social security costs, etc payable	468,324	627,788
Holiday pay obligation	286,335	198,493
Other costs payable	108,332	107,864
	1,031,935	1,212,454

12 Unrecognised rental and lease commitments

	2021/22	2020/21
	EUR	EUR
Liabilities under rental or lease agreements until maturity in total	5,267,000	0

13 Contingent liabilities

The Entity participates in a Danish joint taxation arrangement where BE Finans ApS, serves as the administration company. According to the joint taxation provisions of the Danish Corporation Tax Act, the Entity is therefore liable for income taxes etc for the jointly taxed entities. The jointly taxed entities' total known net liability under the joint taxation arrangement is disclosed in the administration company's financial statements.

14 Assets charged and collateral

A company mortgage has been established for EUR 2 million to the benefit of financial institutions.

The company has entered into a financial leasing contract concerning the leasing of plant and machinery. The leasing commitment comprises in total EUR 47.150.

The company is jointly and severally liable for tax on consolidated taxable income and dividend tax. The total amount of income tax payable etc. is shown in the annual report for BE-ETK Holding ApS, which is the management company in relation to the joint taxation.

The company has issued a payment guarantee of EUR 67.200 in favour of a trading partner.

15 Non-arm's length related party transactions

Only related party transactions not conducted on an arm's length basis are disclosed in the annual report. No such transactions have been conducted in the financial year.

16 Group relations

Name and registered office of the Parent preparing consolidated financial statements for the largest group: BE Finans ApS, Lysholt Allé 10, DKK-7100 Vejle, which prepares the group accounts on which ETK EMS Skanderborg A/S is included as a subsidiary.

Accounting policies

Reporting class

This annual report has been prepared in accordance with the provisions of the Danish Financial Statements Act governing reporting class C enterprises (medium).

The accounting policies applied to these financial statements are consistent with those applied last year.

Recognition and measurement

Assets are recognised in the balance sheet when it is probable as a result of a prior event that future economic benefits will flow to the Entity, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when the Entity has a legal or constructive obligation as a result of a prior event, and it is probable that future economic benefits will flow out of the Entity, and the value of the liability can be measured reliably.

On initial recognition, assets and liabilities are measured at cost. Measurement subsequent to initial recognition is effected as described below for each financial statement item.

Anticipated risks and losses that arise before the time of presentation of the annual report and that confirm or invalidate affairs and conditions existing at the balance sheet date are considered at recognition and measurement.

Income is recognised in the income statement when earned, whereas costs are recognised by the amounts attributable to this financial year.

Income statement

Gross profit or loss

Gross profit or loss comprises revenue, changes in inventories of finished goods and work in progress, own work capitalised, other operating income, cost of raw materials and consumables and external expenses.

Revenue

Revenue from the sale of services is recognised in the income statement when delivery is made to the buyer. Revenue is recognised net of VAT, duties and sales discounts and is measured at fair value of the consideration fixed.

Costs of raw materials and consumables

Costs of raw materials and consumables comprise the consumption of raw materials and consumables for the financial year after adjustment for changes in inventories of these goods from the beginning to the end of the year. This item includes shrinkage, if any, and ordinary writedowns of the relevant inventories.

Other external expenses

Other external expenses include expenses relating to the Entity's ordinary activities, including expenses for premises, stationery and office supplies, sales costs, etc.

Staff costs

Staff costs comprise salaries and wages, and social security contributions, pension contributions, etc for entity staff.

Depreciation, amortisation and impairment losses

Depreciation, amortisation and impairment losses relating to property, plant and equipment and intangible assets comprise depreciation, amortisation and impairment losses for the financial year, and gains and losses from the sale of intangible assets and plant and equipment.

Other financial income

Other financial income comprises interest income on receivables from group enterprises, net capital or exchange gains on securities, payables and transactions in foreign currencies, amortisation of financial assets, and tax relief under the Danish Tax Prepayment Scheme etc.

Other financial expenses

Other financial expenses comprise interest expenses, including interest expenses on payables to group enterprises, payables and transactions in foreign currencies, and tax surcharge under the Danish Tax Prepayment Scheme etc.

Tax on profit/loss for the year

Tax for the year, which consists of current tax for the year and changes in deferred tax, is recognised in the income statement by the portion attributable to the profit for the year and recognised directly in equity by the portion attributable to entries directly in equity.

The Entity is jointly taxed with all Danish group enterprises. The current Danish income tax is allocated among the jointly taxed entities proportionally to their taxable income (full allocation with a refund concerning tax losses).

Balance sheet**Goodwill**

Goodwill is the positive difference between cost and fair value of assets and liabilities arising from acquisitions. Goodwill is amortised straight-line over its estimated useful life, which is fixed based on the experience gained by Management for each business area.

Goodwill is written down to the lower of recoverable amount and carrying amount.

Property, plant and equipment

Land and buildings, plant and machinery, and other fixtures and fittings, tools and equipment 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:

	Useful life Years
Other fixtures and fittings, tools and equipment	3-8 years
Leasehold improvements	5 years

Estimated useful lives and residual values are reassessed annually. Items of property, plant and equipment are written down to the lower of recoverable amount and carrying amount. Items of property, plant and equipment are written down to the lower of recoverable amount and carrying amount.

Inventories

Inventories are measured at the lower of cost using the FIFO method and net realisable value.

Cost consists of purchase price plus delivery costs. Cost of manufactured goods and work in progress consists of costs of raw materials, consumables, direct labour costs and indirect production costs.

Indirect production costs comprise indirect materials and labour costs, costs of maintenance of, depreciation of machinery, factory buildings and equipment used in the manufacturing process, and costs of factory administration and management. Finance costs are not included in cost.

The net realisable value of inventories is calculated as the estimated selling price less completion costs and costs incurred to execute sale.

Receivables

Receivables are measured at amortised cost, usually equalling nominal value less writedowns for bad and doubtful debts.

Deferred tax

Deferred tax is recognised on all temporary differences between the carrying amount and the tax-based value of assets and liabilities, for which the tax-based value is calculated based on the planned use of each asset.

Deferred tax assets, including the tax base of tax loss carryforwards, are recognised in the balance sheet at their estimated realisable value, either as a set-off against deferred tax liabilities or as net tax assets.

Prepayments

Prepayments comprise incurred costs relating to subsequent financial years. Prepayments are measured at cost.

Cash

Cash comprises cash in hand and bank deposits.

Lease liabilities

Lease liabilities relating to assets held under finance leases are recognised in the balance sheet as liabilities other than provisions, and, at the time of inception of the lease, measured at the present value of future lease payments. Subsequent to initial recognition, lease liabilities are measured at amortised cost. The difference between present value and nominal amount of the lease payments is recognised in the income statement as a financial expense over the term of the leases.

Other financial liabilities

Other financial liabilities are measured at amortised cost, which usually corresponds to nominal value.

Prepayments received from customers

Prepayments received from customers comprise amounts received from customers prior to delivery of the goods agreed or completion of the service agreed.

Tax receivable or payable

Current tax receivable or payable is recognised in the balance sheet, stated as tax computed on this year's taxable income, adjusted for prepaid tax.

Cash flow statement

Referring to section 86(4) of the Danish Financial Statements Act, the Entity has prepared no cash flow statement as such statement is included in the consolidated cash flow statement of Etk Ems Group ApS, Business Reg. No. 27523188.