



ETK EMS Skanderborg A/S

Industrivej 45
8660 Skanderborg
CVR No. 20177284

Annual report 01.07.2022 - 30.06.2023

The Annual General Meeting adopted the annual
report on 24.10.2023

Christian Møller Christensen
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: 01.07.2022 - 30.06.2023

Board of Directors

Thomas Vinter
Torben Drejer
Christian Møller Christensen
Mille Lindsbrog Knudsen
Kurt Bering Sørensen
Thomas Tvedergaard Larsen

Executive Board

Troels Hornsved

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 01.07.2022 - 30.06.2023.

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 30.06.2023 and of the results of its operations for the financial year 01.07.2022 - 30.06.2023.

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, 24.10.2023

Executive Board

Troels Hornsved

Board of Directors

Thomas Vinter

Torben Drejer

Christian Møller Christensen

Mille Lindskrog Knudsen

Kurt Bering Sørensen

Thomas Tvedergaard Larsen

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 01.07.2022 - 30.06.2023, 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 30.06.2023 and of the results of its operations for the financial year 01.07.2022 - 30.06.2023 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and 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.

Stilling, 24.10.2023

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

	2022/23 EUR'000	2021/22 EUR'000	2020/21 EUR'000
Key figures			
Gross profit/loss	7,833	7,668	6,365
Operating profit/loss	1,364	1,718	1,522
Net financials	(238)	(144)	(61)
Profit/loss for the year	885	1,261	1,139
Total assets	21,395	17,225	8,480
Investments in property, plant and equipment	149	560	442
Equity	5,832	4,948	3,686
Ratios			
Equity ratio (%)	27.26	28.73	43.47

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

Equity ratio (%):

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

Total assets

Primary activities

The activities in year 2022/23 have, similar to previous years, consisted of development, production and trading of electronic components and equipment and relevant associated services.

Development in activities and finances

The income statement for the year ending June 30th, 2023 shows a profit for the year of EUR 885 mio.

The equity is EUR 5,832 mio, and the equity ratio is at 27%.

The financial year 2022-23 has been a satisfactory year for the shareholders.

The year has been challenging, as we had to deal with supply chain constraints, continued international unrest arising from the Russian invasion of Ukraine, global tensions with potential trade wars, and continued inflation leading to price increases on raw materials and components. In the later part of the year 2022/23 we have experienced somewhat normalization, lead times have dropped somewhat, albeit not to pre-pandemic levels, inflation has returned to more normal levels, and customers have to a larger degree shifted their focus from securing materials to focussing on risk mitigation, inventory reduction and cash flow improvements.

As a consequence, we have during the later stages of the year seen an increase in customers requesting to postpone demand and reducing liabilities.

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

We have continued investing in new and improved technology for our production in all four sites, with the largest single investment in ETK's history being made in Skanderborg where a combined SMT and IMT production line has been installed to support demand from a major customer.

Additionally, further optimization of our digital setup and planning systems has been implemented, enabling an improved control over component scheduling, capacity utilization and delivery service to our customers.

Our Sourcing and Purchase teams have initially spent a large part of their focus on securing components for our customers utilizing alternative vendors and routes, but have during the year 2022/23 shifted focus to cost optimization, postponing supply and supporting new business opportunities.

This year's increase in revenue is a confirmation of our ability to scale and grow in co-operation with our customers and to support them in their expansions, despite market challenges. Especially this year has seen a significant increase in business with existing customers.

As of 1st June 2023, ETK has onboarded new CEO Troels Hornsved to lead the company during the next stages, supported by the Board of Directors.

Profit/loss for the year in relation to expected developments

Profit for the year is overall as expected.

Outlook

During the year 2022/23 we have experienced a shift from focussing on securing components to a more varied market with a continued focus on securing components, but also customers postponing demand and reducing forecast to ensure cashflow. We expect this shift in focus will carry through to 2023/24, which we expect will be a

challenging year as the effect of high inventories in the supply chain combined with a more cautious approach by our customers will materialize in the activity level in the market generally. While the profit for 2022/23 was very satisfactory, we expect the profit for 2023/24 to be significantly lower, due to reduced demand, increased cost and increased focus on price in the market.

We do however believe ETK is in a good position to handle these challenges, as our AI driven planning systems provide us with a high level of control of the material flow, thus enabling us to navigate the challenges effectively.

Despite a challenging market situation continuing into 2023/24, ETK expects to continue investing in people, customers and equipment to ensure ETK can continue a profitable growth beyond 2023/24.

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 2022/23

	Notes	2022/23 EUR	2021/22 EUR
Gross profit/loss		7,832,550	7,668,295
Staff costs	2	(6,308,587)	(5,915,520)
Depreciation, amortisation and impairment losses		(160,379)	(35,099)
Operating profit/loss		1,363,584	1,717,676
Other financial income	3	136,797	(17,595)
Other financial expenses	4	(375,030)	(126,227)
Profit/loss before tax		1,125,351	1,573,854
Tax on profit/loss for the year	5	(240,480)	(312,553)
Profit/loss for the year	6	884,871	1,261,301

Balance sheet at 30.06.2023

Assets

	Notes	2022/23 EUR	2021/22 EUR
Goodwill		0	0
Intangible assets	7	0	0
Other fixtures and fittings, tools and equipment		535,267	542,965
Leasehold improvements		6,755	10,124
Property, plant and equipment	8	542,022	553,089
Deposits		229,702	211,716
Financial assets	9	229,702	211,716
Fixed assets		771,724	764,805
Raw materials and consumables		7,223,563	7,026,178
Work in progress		128,568	0
Manufactured goods and goods for resale		1,563,714	1,998,162
Prepayments for goods		51,766	173,824
Inventories		8,967,611	9,198,164
Trade receivables		5,146,526	5,057,117
Receivables from group enterprises		3,708,110	1,900,220
Deferred tax	10	408,991	170,986
Prepayments	11	54,618	119,373
Receivables		9,318,245	7,247,696
Cash		2,337,046	14,000
Current assets		20,622,902	16,459,860
Assets		21,394,626	17,224,665

Equity and liabilities

	Notes	2022/23 EUR	2021/22 EUR
Contributed capital		180,203	180,203
Retained earnings		1,848,440	4,767,332
Proposed dividend		3,803,763	0
Equity		5,832,406	4,947,535
Lease liabilities		63,002	49,624
Joint taxation contribution payable		497,804	432,529
Non-current liabilities other than provisions	12	560,806	482,153
Current portion of non-current liabilities other than provisions	12	5,930	0
Bank loans		2,373,629	1,551,058
Prepayments received from customers		592,137	375,913
Trade payables		4,777,622	4,008,339
Payables to group enterprises		5,934,344	3,876,383
Payables to associates		0	638,478
Joint taxation contribution payable		432,088	312,872
Other payables		885,664	1,031,934
Current liabilities other than provisions		15,001,414	11,794,977
Liabilities other than provisions		15,562,220	12,277,130
Equity and liabilities		21,394,626	17,224,665
Events after the balance sheet date	1		
Unrecognised rental and lease commitments	13		
Contingent liabilities	14		
Assets charged and collateral	15		
Non-arm's length related party transactions	16		
Group relations	17		

Statement of changes in equity for 2022/23

	Contributed capital EUR	Retained earnings EUR	Proposed dividend EUR	Total EUR
Equity beginning of year	180,203	4,767,332	0	4,947,535
Profit/loss for the year	0	(2,918,892)	3,803,763	884,871
Equity end of year	180,203	1,848,440	3,803,763	5,832,406

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

	2022/23 EUR	2021/22 EUR
Wages and salaries	5,673,843	5,409,788
Pension costs	495,712	415,133
Other social security costs	139,032	90,599
	6,308,587	5,915,520
Average number of full-time employees	111	100

3 Other financial income

	2022/23 EUR	2021/22 EUR
Financial income from group enterprises	69,218	(20,959)
Other interest income	67,579	3,364
	136,797	(17,595)

4 Other financial expenses

	2022/23 EUR	2021/22 EUR
Financial expenses from group enterprises	137,453	35,352
Financial expenses from associates	11,291	57,896
Other interest expenses	93,677	32,979
Exchange rate adjustments	132,609	0
	375,030	126,227

5 Tax on profit/loss for the year

	2022/23 EUR	2021/22 EUR
Current tax	498,085	463,445
Change in deferred tax	(259,021)	(150,892)
Adjustment concerning previous years	1,416	0
	240,480	312,553

6 Proposed distribution of profit and loss

	2022/23 EUR	2021/22 EUR
Ordinary dividend for the financial year	3,803,763	0
Retained earnings	(2,918,892)	1,261,301
	884,871	1,261,301

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	1,133,114	32,018
Additions	149,221	0
Cost end of year	1,282,335	32,018
Depreciation and impairment losses beginning of year	(590,149)	(21,894)
Depreciation for the year	(156,919)	(3,369)
Depreciation and impairment losses end of year	(747,068)	(25,263)
Carrying amount end of year	535,267	6,755

9 Financial assets

	Deposits EUR
Cost beginning of year	211,716
Additions	17,986
Cost end of year	229,702
Carrying amount end of year	229,702

10 Deferred tax

	2022/23 EUR	2021/22 EUR
Property, plant and equipment	16,270	16,270
Financial assets	15,181	123,130
Inventories	377,540	31,586
Deferred tax	408,991	170,986

	2022/23 EUR	2021/22 EUR
Changes during the year		
Beginning of year	170,986	20,102
Recognised in the income statement	238,005	150,884
End of year	408,991	170,986

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.

11 Prepayments

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

12 Non-current liabilities other than provisions

	Due within 12 months 2022/23 EUR	Due after more than 12 months 2022/23 EUR
Lease liabilities	5,930	63,002
Joint taxation contribution payable	0	497,804
	5,930	560,806

13 Unrecognised rental and lease commitments

	2022/23 EUR	2021/22 EUR
Liabilities under rental or lease agreements until maturity in total	5,069,726	5,267,000

14 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.

15 Assets charged and collateral

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

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.

16 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.

17 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.

Name and registered office of the Parent preparing consolidated financial statements for the smallest group:
ETK Ems Group ApS, Industrivej 45, DK-8660 Skanderborg

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, however with some reclassifications.

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 manufactured goods and goods for resale is recognised in the income statement when delivery is made and risk has passed to the buyer.

Costs of raw materials and consumables

Cost of sales comprises goods consumed in the financial year measured at cost, adjusted for normal inventory writedowns.

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
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.

Dividend

Dividend is recognised as a liability at the time of adoption at the general meeting. Proposed dividend for the financial year is disclosed as a separate item in equity.

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.

Joint taxation contributions payable or receivable

Current joint taxation contributions receivable or joint taxation contributions payable are recognised in the balance sheet, calculated as tax computed on the taxable income of the year, which has been adjusted for prepaid tax. For tax losses, joint taxation contributions receivable are only recognised if such losses are expected to be used under the joint taxation arrangement.

Cash flow statement

Cash flow statement is included in the cash flow statement for the group, Etk Ems Group ApS.