

BB Electronics A/S

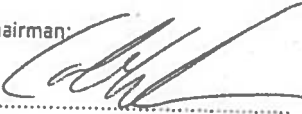
Ane Staunings Vej 21 C, DK-8700 Horsens

CVR no. 21 66 25 34

Annual report 2021

Approved at the Company's annual general meeting on / 2022

Chairman:


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Statement by Management

The Board of Directors and the Executive Board have today discussed and approved the annual report of BB Electronics A/S for the financial year 1 January - 31 December 2021.

The annual report has been prepared in accordance with the Danish Financial Statements Act.

In our opinion, the consolidated financial statements and the parent company financial statements give a true and fair view of the financial position of the Group and the Parent Company at 31 December 2021 and of the results of their operations and consolidated cash flows for the financial year 1 January - 31 December 2021.

Further, in our opinion, the Management's review gives a fair review of the development in the Group's and the Parent Company's operations and financial matters, the results for the year and the Group's and the Parent Company's financial position.

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

Horsens, 22 April 2022
Executive Board:



Carsten Christensen

Board of Directors:



Mona Cathrin Nylander
Chairman



Kristoffer Karl Arne Askjøl



Stian Haugen



Henning Dahlen



Svend Lindbjerg
Employee representative



Gert Holgaard Pedersen
Employee representative



Steen Moeskjær Jensen
Employee representative

Independent auditor's report

To the shareholders of BB Electronics A/S

Opinion

We have audited the consolidated financial statements and the parent company financial statements of BB Electronics A/S for the financial year 1 January - 31 December 2021, which comprise income statement, balance sheet, statement of changes in equity and notes, including accounting policies, for the Group and the Parent Company, and a consolidated cash flow statement. The consolidated financial statements and the parent company financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the consolidated financial statements and the parent company financial statements give a true and fair view of the financial position of the Group and the Parent Company at 31 December 2021 and of the results of the Group's and the Parent Company's operations as well as consolidated cash flows for the financial year 1 January - 31 December 2021 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 consolidated financial statements and the parent company financial statements" (hereinafter collectively referred to as "the financial statements") section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group 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.

Management's responsibilities for the financial statements

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

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance as to 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 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 the financial statements.

Independent auditor's report

As part of an audit conducted in accordance with ISAs and 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 Group's and the Parent Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Parent Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and the Parent Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and contents of the financial statements, including the note disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.
- Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the 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 on the Management's review

Management is responsible for the Management's review.

Our opinion on 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 financial statements, our responsibility is to read the Management's review and, in doing so, consider whether the Management's review is materially inconsistent with the financial statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.


Moreover, it is our responsibility to consider whether the Management's review provides the information required under the Danish Financial Statements Act.

Independent auditor's report

Based on the work we have performed, we conclude that the Management's review 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's review.

Aarhus, 22 April 2022
EY Godkendt Revisionspartnerselskab
CVR no. 30 70 02 28


Jes Lauritzen
State Authorised
Public Accountant
mne10121


Kim R. Mortensen
State Authorised
Public Accountant
mne18513

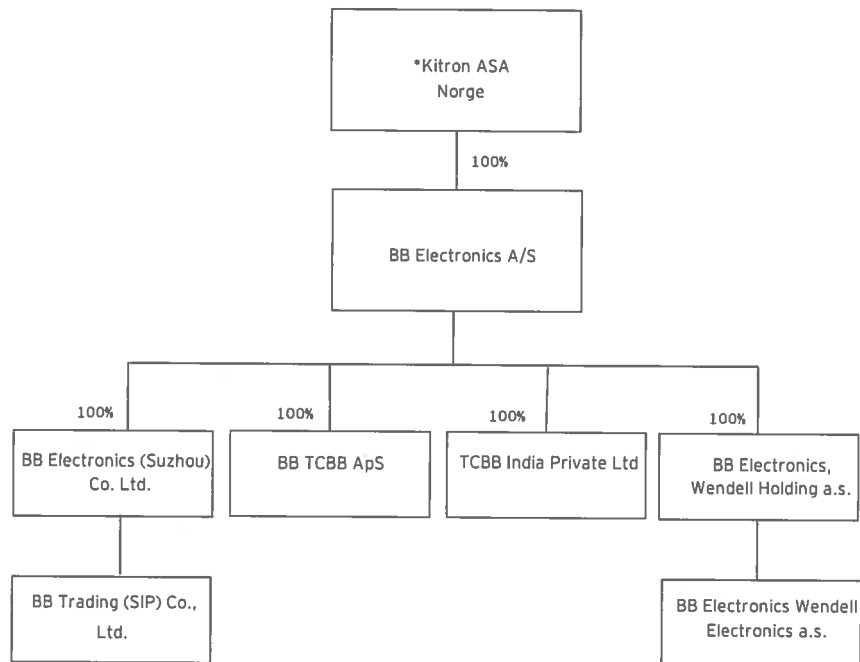
Management's review

Information about the company

Name	BB Electronics A/S
Address, postcode, city	Ane Staunings Vej 21, 8700 Horsens, Denmark
CVR No.	21 66 25 34
Established	21 December 1998
Municipality of residence	Horsens
Financial year	1 January - 31 December
Telephone	+45 76 25 10 00
Fax	+45 76 25 10 10
Largest and smallest group including parent company of which the company is a part	None - at 10 January 2022 the group has been acquired by Kitron ASA, Norway.
Subsidiaries	<p>China:</p> <p>BB Electronics (Suzhou) Co. Ltd.</p> <p>BB Trading (SIP) Co., Ltd.</p> <p>Czech Republic:</p> <p>BB Electronics, Wendell Holding a.s.</p> <p>BB Electronics, Wendell Electronics a.s.</p> <p>Denmark/India:</p> <p>BB TCBB ApS</p> <p>TCBB INDIA PRIVATE Ltd., India</p>
Board of Directors	<p>Mona Cathrin Nylander, Chairman</p> <p>Kristoffer Karl Arne Asklov</p> <p>Stian Haugen</p> <p>Henning Dahlen</p> <p>Svend Lindbjerg</p> <p>Gert Højgaard Pedersen</p> <p>Steen Moeskjær Jensen</p>
Executive Board	CEO Carsten Christensen
Auditor	<p>EY Godkendt Revisionspartnerselskab</p> <p>Værkmestergade 25, 8000 Aarhus C, CVR no. 30700228</p>

Management's review

Group chart



* Acquired all shares in BB Electronics A/S at 10 January 2022.

Management's review

Financial highlights for the Group

DKK'000	2021	2020	2019*	2018	2017
Key figures					
Revenue	1,006,876	664,917	717,191	560,416	460,396
EBITDA before special items	82,258	51,262	60,888	42,519	25,168
Special items	0	-7,209	-8,042	-3,866	-1,012
EBITDA	82,258	44,053	52,846	38,653	24,156
Operating profit / loss	62,917	24,103	40,811	34,509	17,089
EBIT	63,188	27,136	40,944	33,556	17,117
Net financials	-1,951	-5,687	-1,368	-3,048	-114
Profit for the year	46,932	15,897	30,186	26,169	20,290
Balance sheet					
Fixed assets	118,709	104,039	93,518	17,199	16,116
Current assets	654,797	385,130	388,495	286,725	235,773
Total assets (balance sheet total)	773,506	489,169	482,013	303,924	251,889
Share capital	7,634	7,634	7,634	7,634	7,634
Equity	230,954	169,852	158,007	126,767	100,856
Provisions	4,373	5,829	6,572	318	202
Non-current liabilities	64,497	78,126	92,255	14,920	22,374
Current liabilities	473,682	235,362	225,179	161,919	128,457
Net interest-bearing debt	57,820	7,900	37,473	-8,698	4,092
Cash flows					
Cash flows from operating activities	-11,593	65,298	69,238	28,291	9,463
Cash flows from investment activities	-29,102	-28,956	-76,806	-6,158	-7,074
Of which are invested in property, plant and equipment	-28,213	-23,761	-12,350	-5,245	-4,078
Cash flows from financing activities	-26,385	-22,023	48,746	-14,096	-11,129
Net cash flows	-67,080	14,319	41,178	8,036	-8,740
Financial ratios					
EBITDA margin before special items (%)	8.2	7.7	8.5	7.6	5.5
EBIT margin (%)	6.3	4.1	5.7	6.0	3.7
Return on equity (%)	23.4	9.7	21.2	23.0	21.6
Equity ratio (%)	29.6	34.7	32.8	41.7	40.0
Employees					
Average number of full-time employees	840	637	676	485	484

* 2019 includes the acquired Wendell Holding a.s., including subsidiary, from 14 February 2019.

The financial ratios stated under "Financial highlights" have been calculated as follows:

EBITDA margin: $\text{EBITDA before special items} \times 100 / \text{Revenue}$

EBIT margin: $\text{EBIT} \times 100 / \text{Revenue}$

Return on equity: $\text{Profit/loss for the year} \times 100 / \text{Average equity}$

Equity ratio: $\text{Equity at year end} \times 100 / \text{Total equity and liabilities at year-end}$

Management's review

Report

BB Electronics Group is a provider of full range Electronics Manufacturing Services (EMS) which comprise development, production and sales of electronics and EMS solutions. The parent company, BB Electronics A/S is headquartered in Horsens, Denmark, where production also takes place. Furthermore, the Group has two subsidiaries - one in China, BB Electronics (Suzhou) Co. Ltd., and another in Czech, Wendell Electronics, a.s., part of BB Electronics A/S - both are production sites.

Financial development - Group

The total sales for 2021 was DKK 1.007 million, which is an increase of 51% compared to 2020 (DKK 665 million). The increase can be attributed to large increase in orders from the customers and also increased material prices due to component shortage, which has impacted the sales prices.

**DKK 1,007 million (51% increase)
in turnover**

In 2021, the Group realized total earnings (EBITDA) before special items of DKK 82 million (2020: DKK 51 million) and a profit after tax of DKK 47 million (2020: DKK 16 million).

The increase in EBITDA before special items compared to last year is due to the increase in turnover.

The increase on EBITDA was considered satisfactory.

At the end of the financial year the balance sheet total for the Group was DKK 774 million compared with DKK 489 million the previous year. The increase in the balance is mainly impacted by increased turnover.

Cash flows from operating activities

Cash flows from operating activities in 2021 amounted to DKK -12 million (2020: DKK 65 million). Taken the increased turnover into consideration it is considered satisfactory.

**DKK -12 million (-118 % decrease)
in cash flows from operating activities**

Cash flows from investing and financing activities, and net interest-bearing debt

The total investment cost was DKK -29 million (2020: DKK -29 million).

As of 31 December 2021, the net interest-bearing debt is DKK 57,8 million, compared to 2020 with DKK 7,9 million.

The current capital structure provides the flexibility required to fully support the future strategy of the company.

Management's review

Investments

The investments in 2021 have been normal operational investments.

Dividends

The Board proposes that no dividends be paid for the financial year 2021.

Recognition and measurement uncertainties

No recognition and measurement uncertainties have been identified in the annual report.

Anomalies

After the completion of the financial statements and until today's date, the company has been acquired by the Norwegian stock listed company Kitron ASA. Kitron ASA took over the company at the 10. of January 2022. The integration of BB Electronics Group into Kitron ASA is now ongoing.

Besides no events have occurred that would serve to significantly change the Group's financial position and thereby affect the evaluation of the annual report.

Outlook

The growth in 2022 on turnover is expected to 20-22 %, based on received orders and forecast from customers. The result is expected in the level of DKK 50-60 million.

Financial development - parent company

In 2021, there was a total turnover of DKK 735 million (2020: DKK 477 million). Profit after tax was DKK 47 million (2020: DKK 16 million). At the end of the financial year, the balance sheet total amounted to DKK 503 million (2020: DKK 384 million). Equity as of 31 December 2021 amounted to DKK 231 million (2020: DKK 170 million).

Risk conditions

Business risks

The primary business risk faced by the Group is the continued ability to deliver good service and produce quality at competitive prices.

Management regularly evaluates whether BB Electronics has an ample capital structure, and the Board regularly evaluates whether the capital basis is in keeping with the company's interests and those of its stakeholders. The overall goal is to ensure a capital structure that will support long-term financial growth.

Management's review

Financial risks

The parent company centrally manages the Group's financial risks and coordinates the Group's liquidity management, including funding and placement of surplus liquidity. The Group operates with a low risk profile, meaning that currency, interest rate and credit risks only occur based on commercial factors.

The majority of customers as well as inventory are guaranteed via external credit insurance, however some large groups are not insured via external credit insurance due to their risk profile.

Where deemed appropriate to reduce financial risk, financial instruments in the form of forward contracts and interest rate swaps are included.

Knowledge resources

In 2021, the company maintained its focus on the competitive situation.

The staff of the full-time employees, is allocated as follows:

Denmark	15%
China	70%
Czech	15%

To continually be able to deliver and develop competitive products and solutions, it is paramount that the Group is able to retain and develop employees so that they have the best possible skill set for performing in their job.

Consequently, our HR department works with a strategic perspective focusing on goal-oriented work with attraction, development, and job satisfaction amongst the staff.

Statutory Declaration of Corporate Social Responsibility, cf. § 99a and b in the Danish Financial Statements Act

Responsibility

The Group joined the UN Global Compact in 2010. The progress report for the year has been published and can be retrieved via:

<https://www.unglobalcompact.org/participation/report/cop/create-and-submit/active/466805>

Whistle blowers

Employees at BB Electronics have the ability to contact an external company anonymously if there should be events that they wish to report. There were no such contacts made under this arrangement in 2021.

Goals and policies for gender composition of Management

BB Electronics has goals for recruitment of women for management positions. BB Electronics wants to make the goal of more women in management quantifiable – both in terms of the process leading to the goal and in relation to the concrete results.

Targets have been set for the ratio of female senior managers:

- The current proportion of females at the senior management level (the Board) is currently 10%, and the target is at least 25% in 5 years from now. There were no actual replacements on the Board in 2021.
- The proportion of female senior managers in daily management (Executive Board) is currently 25%, and the target here is also not less than 25%.

The goal is for at least one of each gender to be amongst the final three candidates in the recruitment process.

Management's review

Data Ethics

The Group's policy on data ethics is integrated into the IT policy and GDPR set-up. The focus and handling of data ethics is handled through the following:

- The IT Policy, which contains requirements for employees regarding the handling of IT systems and data in the Group.
- The Group's GDPR set-up, which supports the legislation's requirements for GDPR, including data collection and processing, data subjects' rights, and that there are requirements for subcontractors' use of data processing agreements
- The Group continuously educates employees in data ethics by continuously updating and informing employees about the above.

The Board of Directors is responsible for continuously, and at least once a year, assessing whether the policy on data ethics needs to be updated. The Executive Board is responsible for ensuring that the policy is implemented in the day-to-day operations of the Group companies.

Consolidated financial statements and parent company financial statements 1 January - 31 December

Income statement

Note	DKK'000	Group		Parent	
		2021	2020	2021	2020
2	Revenue	1,006,876	664,917	734,558	477,054
3,4	Production costs	-882,886	-588,323	-673,272	-431,847
	Gross profit	123,990	76,594	61,286	45,207
3,4	Distribution costs	-21,162	-15,884	-9,207	-7,976
3,4,5	Administrative costs	-39,911	-36,607	-24,501	-21,484
	Operating profit	62,917	24,103	27,578	15,747
3,6	Other operating income	373	5,916	3,721	3,813
3	Other operating expenses	-102	-2,883	0	-11
	Profit before net financials (EBIT)	63,188	27,136	31,299	19,549
3,12	Profit from equity investments in subsidiaries after tax	0	0	25,039	1,473
7	Financial income	3,656	2,234	865	2,572
8	Financial expenses	-5,607	-7,921	-3,637	-2,721
	Profit before tax	61,237	21,449	53,566	20,873
9	Tax on profit or loss for the year	-14,305	-5,552	-6,634	-4,976
	Profit for the year	46,932	15,897	46,932	15,897
20	Appropriation of profit				

Consolidated financial statements and parent company financial statements 1 January - 31 December

Balance sheet

Note	DKK'000	Group		Parent	
		2021	2020	2021	2020
	ASSETS				
	Fixed assets				
10	Intangible assets				
	Goodwill	13,442	14,227	0	0
	Software	3,422	4,819	3,348	4,796
	Other intangible assets	14,368	16,445	0	61
		<u>31,232</u>	<u>35,491</u>	<u>3,348</u>	<u>4,857</u>
11	Property, plant and equipment				
	Land and buildings	38,462	21,464	0	0
	Leasehold improvements	5,769	6,990	1,136	1,165
	Plant and machinery	37,660	30,084	8,975	4,821
	Other fixtures and fittings	2,601	2,751	195	397
	Property, plant and equipment under construction	<u>1,013</u>	<u>5,546</u>	<u>0</u>	<u>0</u>
		<u>85,505</u>	<u>66,835</u>	<u>10,306</u>	<u>6,383</u>
12	Financial assets				
	Investments in subsidiaries	0	0	198,867	159,676
	Other receivables	<u>1,972</u>	<u>1,713</u>	<u>1,972</u>	<u>1,713</u>
		<u>1,972</u>	<u>1,713</u>	<u>200,839</u>	<u>161,389</u>
	Total fixed assets	<u>118,709</u>	<u>104,039</u>	<u>214,493</u>	<u>172,629</u>
	Current assets				
13	Inventories				
	Raw materials and consumables	360,819	126,957	82,498	35,882
	Work in progress	38,046	15,992	10,311	6,582
	Finished goods and goods for resale	15,070	16,938	6,468	8,793
	Prepayments for goods	<u>3,047</u>	<u>2,286</u>	<u>0</u>	<u>0</u>
		<u>416,982</u>	<u>162,173</u>	<u>99,277</u>	<u>51,257</u>
	Receivables				
	Trade receivables	164,736	98,679	126,833	66,091
	Receivables from group entities	22,126	18,204	54,524	37,485
	Other receivables	18,550	3,223	1,640	159
9	Deferred tax assets	6,314	11,938	4,069	7,751
9	Tax receivables	449	1,156	0	0
	Prepayments	<u>2,246</u>	<u>1,477</u>	<u>1,915</u>	<u>1,302</u>
		<u>214,421</u>	<u>134,677</u>	<u>188,981</u>	<u>112,788</u>
	Cash and cash equivalents	<u>23,394</u>	<u>88,280</u>	<u>0</u>	<u>47,761</u>
	Total current assets	<u>654,797</u>	<u>385,130</u>	<u>288,258</u>	<u>211,806</u>
	TOTAL ASSETS	<u>773,506</u>	<u>489,169</u>	<u>502,751</u>	<u>384,435</u>

Consolidated financial statements and parent company financial statements 1 January - 31 December

Balance sheet

Note	DKK'000	Group		Parent	
		2021	2020	2021	2020
	EQUITY AND LIABILITIES				
	Equity				
14	Share capital	7,634	7,634	7,634	7,634
	Reserve re. exchange adjustment and hedging instruments	10,118	-4,052	0	0
	Reserve for net revaluation according to the equity method	0	0	86,674	47,611
	Retained earnings	213,202	166,270	136,646	114,607
	Total equity	230,954	169,852	230,954	169,852
	Provisions				
9	Deferred tax	3,824	5,051	0	0
	Other provisions	549	778	0	0
		4,373	5,829	0	0
	Liabilities				
15	Non-current liabilities				
	Credit institutions / mortgages	58,950	70,609	40,152	51,613
	Lease debt	0	101	0	101
	Other non-current debt	5,547	7,416	5,547	7,416
		64,497	78,126	45,699	59,130
	Current liabilities				
	Short-term part of non-current liabilities	13,006	21,226	13,006	21,226
	Bank debt	3,711	0	3,711	0
	Trade payables and other accounts payable	320,974	152,302	85,638	44,410
	Prepayments from customers	76,611	30,602	61,399	25,242
	Payables to group entities	0	0	40,108	48,814
9	Tax payable	5,721	0	0	0
	Other payables	53,659	31,232	22,236	15,761
		473,682	235,362	226,098	155,453
	Total liabilities other than provisions	538,179	313,488	271,797	214,583
	TOTAL EQUITY AND LIABILITIES	773,506	489,169	502,751	384,435

1 Accounting policies

16 Contingent assets and collaterals

17 Operating leasing and rental agreements

18 Related parties

19 Currency and interest rate risks and use of derived financial instruments

Consolidated financial statements and parent company financial statements 1 January - 31 December

Statement of changes in equity

		Group			
		Share capital	Exchange rate adjustments and hedging instruments	Retained earnings	Total equity
Note	DKK'000				
	Equity at 1 January 2020	7,634	0	150,373	158,007
	Value adjustments of hedging instruments after tax	0	135	0	135
	Exchange rate adjustments of foreign companies	0	-4,187	0	-4,187
	Profit for the year	0	0	15,897	15,897
	Equity at 1 January 2021	7,634	-4,052	166,270	169,852
	Value adjustments of hedging instruments after tax	0	146	0	146
	Exchange rate adjustments of foreign companies	0	14,024	0	14,024
	Profit for the year	0	0	46,932	46,932
	Equity at 31 December 2021	7,634	10,118	213,202	230,954

		Parent			
		Share capital	Net revaluation reserve according to the equity method	Retained earnings	Total
Note	DKK'000				
	Equity at 1 January 2020	7,634	50,228	100,145	158,007
	Value adjustments of hedging instruments after tax	0	97	38	135
	Exchange adjustments for subsidiary	0	-4,187	0	-4,187
20	Profit for the year	0	1,473	14,424	15,897
	Equity at 1 January 2021	7,634	47,611	114,607	169,852
	Value adjustments of hedging instruments after tax	0	0	146	146
	Exchange adjustments for subsidiary	0	14,024	0	14,024
20	Profit for the year	0	25,039	21,893	46,932
	Equity at 31 December 2021	7,634	86,674	136,646	230,954

Consolidated financial statements and parent company financial statements 1 January - 31 December

Cash flow statement

Note	DKK'000	Group	
		2021	2020
	Profit for the year	46,932	15,897
21	Adjustments	35,837	28,193
22	Changes in working capital	-93,239	24,377
	Cash flows from operations	-10,470	68,467
9	Income tax paid	-1,123	-3,169
	Cash flows from operating activities	-11,593	65,298
	Acquisition of intangible assets	-990	-4,865
	Acquisition of property, plant and equipment	-28,213	-23,761
	Change in financial assets	-259	-350
	Sale of property, plant and equipment	360	20
	Cash flows from investing activities	-29,102	-28,956
	Interest-bearing debt	-18,138	-19,023
	Change in receivables from/payables to group entities	-6,296	-3,299
	Financial income, received	3,656	2,234
	Financial expenses, paid	-5,607	-7,921
	Deposit	0	5,986
	Cash flows from financing activities	-26,385	-22,023
	Cash flows for the year	-67,080	14,319
	Cash at 1 January	87,014	73,651
	Exchange rate adjustment of cash and cash equivalents at 1 January	3,460	-956
	Cash at 31 December	23,394	87,014

The cash flow statement cannot be directly derived from the other components of the consolidated financial statements.

Consolidated financial statements and parent company financial statements 1 January - 31 December

Notes

1 Accounting policies

The consolidated financial statements and the parent company financial statements of BB Electronics A/S for 2021 have been prepared in accordance with the provisions in the Danish Financial Statements Act applying to large reporting Class C entities.

The accounting policies used in the preparation of the financial statements are consistent with those of last year.

Consolidated financial statements

The consolidated financial statements comprise the parent company, BB Electronics A/S and subsidiaries in which the parent - directly or indirectly - owns the majority of voting rights or in which the parent company via share ownership or otherwise holds a controlling interest.

The consolidated financial statements are presented as a consolidation of the financial statements of the parent company and subsidiaries, all of which are prepared in accordance with the accounting policies of the BB Electronics Group.

On consolidation, intra-group income and expenses, shareholdings, intra-group balances and dividends as well as realised and unrealised gains on intra-group transactions are eliminated. Unrealised losses are eliminated in the same way as unrealised gains unless they do not reflect impairment.

The equity investments held by the parent company in consolidated subsidiaries are netted against the parent company's share of the subsidiaries' net asset value as recorded at the time of establishment of the group relationship.

Business combinations

Newly acquired entities are recognised in the consolidated financial statements from the acquisition date. Entities sold or otherwise disposed of are recognised in the consolidated financial statements up to the date of disposal. Comparative figures are not restated to reflect newly acquired entities.

The acquisition date is the date when the Group actually obtains control of the acquired entity.

The purchase method is applied to acquisitions of new businesses over which the Group obtains control. The acquired businesses' identified assets, liabilities and contingent liabilities are measured at fair value at the acquisition date. Identifiable intangible assets are recognised if they are separable or arise from a contractual right. Deferred tax on revaluations is recognised.

Positive differences (goodwill) between, on the one hand, the consideration for the acquired entity and, on the other hand, the fair value of the assets, liabilities and contingent liabilities acquired are recognised as goodwill in intangible assets. Goodwill is amortised on a straight-line basis in the income statement based on an individual assessment of the economic life of the asset.

Upon acquisition, goodwill is allocated to the cash-generating units, which subsequently form the basis for impairment testing. Goodwill and fair value adjustments in connection with the acquisition of a foreign entity with a functional currency different from the Group's presentation currency are accounted for as assets and liabilities belonging to the foreign entity and are, on initial recognition, translated into the foreign entity's functional currency using the exchange rate at the transaction date.

The purchase consideration for an entity consists of the fair value of the agreed consideration in the form of assets transferred, liabilities assumed and equity instruments issued. If part of the purchase consideration is contingent on future events or compliance with agreed terms, such part of the purchase consideration is recognised at fair value at the acquisition date. Subsequent adjustments of contingent purchase considerations are recognised in the income statement.

Consolidated financial statements and parent company financial statements 1 January - 31 December

Notes

1 Accounting policies (continued)

Expenses incurred to acquire entities are recognised in the income statement in the year in which they are incurred.

If uncertainties regarding the identification or measurement of acquired assets, liabilities or contingent liabilities or the determination of the purchase consideration exist at the acquisition date, initial recognition will take place on the basis of provisional values. If it turns out subsequently that the identification or measurement of the purchase consideration, acquired assets, liabilities or contingent liabilities was incorrect on initial recognition, the statement will be adjusted retrospectively, including goodwill, until 12 months after the acquisition, and comparative figures will be restated. Subsequently, any adjustments are recognised as errors.

Foreign currency translation

Foreign currency transactions throughout the year have been converted to the rate in force on the transaction date. Gains and losses arising between rates on transaction and payment days are recognised in the income statement under financial items.

Receivables, liabilities and other monetary items in foreign currencies are converted to the rate on the reporting date.

The exchange rate difference between the reporting date and transaction date is included in the income statement under financial items.

The Group's foreign subsidiaries are independent entities. The income statements are converted to an average exchange rate, while items in the balance sheet are converted to the rate on the reporting date. Exchange rate adjustments arising from the conversion of subsidiaries' equity at the opening of the year and exchange rate adjustments arising from the conversion of the income statement from an average conversion rate to the rate on the reporting date are entered directly in equity.

Derivative financial instruments

Derivative financial instruments are initially recognised in the balance sheet at cost and subsequently at fair value. Positive and negative fair values of derived financial instruments are recognised as other receivables and other liabilities, respectively.

Changes in fair value of derived financial instruments classified as and which satisfy the conditions for securing the fair value of an included asset or an included liability are recognised in the income statement together with any changes in the fair value of the secured asset or the secured liability. Changes in fair value of derivative financial instruments classified as and which satisfy the conditions for securing expected future transactions regarding purchases and sales in foreign currencies are included under other receivables or other liabilities and in equity. If the expected future transaction leads to recognition of assets or liabilities, amounts deferred under equity are transferred from equity and recognised in the cost of the asset or liability. Amounts deferred under equity are transferred to the income statement for the period in which the secured item affects the income statement.

Segment information

Sales are specified in geographic markets. Information about geographic markets is based on revenue and risk as well as internal financial management.

Consolidated financial statements and parent company financial statements 1 January - 31 December

Notes

1 Accounting policies (continued)

Income statement

Revenue

Net sales from the sale of goods and manufactured products is recognised in the income statement, provided delivery and risk transferral to the buyer has taken place before the end of the year. Net sales are recognised exclusive of value added tax, other taxes and sales-related discounts.

Production costs

Production costs include costs incurred to achieve the net sales for the year, including direct and indirect raw materials and consumables, salaries and wages, rents and leasing, and depreciation on production plants.

Distribution costs

Costs recognised under distribution costs include costs related to the distribution of goods sold throughout the year and any sales campaigns, etc. This includes costs related to sales staff, advertising and exhibition costs, and depreciation.

Other operating income/expenses

Other operating income and expenses include accounting items of a secondary nature in relation to the main activities of the group companies, such as profits and losses in regard to sales of intangible assets, property, plant and equipment and financial assets.

Profit or loss from equity investments in subsidiaries and associated companies

The parent company's income statement is recognised in profit after tax of the subsidiary after full elimination of internal profit/loss and amortisation/depreciation on PPA-adjustment and goodwill.

Financial entries

Financial income and expenses include interest income and expenses, realised and unrealised exchange gains and losses regarding obligations and transactions in foreign currencies, amortisation of financial assets and obligations, and increases and compensations under the tax on account scheme etc. Financial income and expenses are recognised at the amounts concerning the financial year.

Consolidated financial statements and parent company financial statements 1 January - 31 December

Notes

1 Accounting policies (continued)

Tax on profit or loss for the year

BB Electronics A/S is covered by the Danish rules for compulsory joint taxation of the parent company. Subsidiaries are included in the joint taxation from the time they are included in the consolidated financial statements until the time when they are excluded from the consolidation.

The parent company is the management company for the joint taxation and consequently settles all payments of corporation tax with the tax authorities.

The current Danish corporate tax is allocated by settlement of joint taxation contributions between the jointly taxed companies in proportion to their taxable income. In connection with this, companies with tax deficits receive joint tax contributions from companies that have been able to use these deficits for the reduction of their own taxable profits.

The tax for the year consists of the current corporate tax and changes in deferred tax for the year due to changes in the tax rate and is recognised in the income statement as the part directly associated with the profit or loss for the year, while tax directly relating can be attributed to items recognised directly in equity.

No withholding tax on profit in subsidiaries is recognised in the income statement as there is no policy for or intention to distribute dividends from subsidiaries. In Denmark, gain on the sale of shares in subsidiaries is tax-free income. Withholding tax on the accumulated profit in subsidiaries is disclosed in notes 9 and 12.

Balance sheet

Intangible assets

Goodwill

Goodwill is amortised over the expected economic life of the asset, measured by reference to Management's experience in the individual business segments. Goodwill is amortised on a straight-line basis over the amortisation period, which is 20 years. The amortisation period is fixed on the basis of the expected repayment horizon and is longest for strategically acquired entities with strong market positions and long-term earnings profiles.

Software

Software is calculated at cost less accumulated amortisation. Software is amortised over the estimated useful life, but not more than 5 years.

Other intangible assets

Other intangible assets include the value of the customer list and are calculated at cost less accumulated amortisation. Customer lists are amortised over 5-10 years.

Property, plant and equipment

Furnishing of rented premises, technical plant and machinery and other fixtures and fittings are calculated at cost less accumulated depreciation.

The depreciation base is cost less expected residual value at the end of the useful life.

Cost includes purchase price and costs directly related to the purchase up until the time when the asset is ready to be put into use. For proprietary assets, the cost includes cost of materials, components, subcontractors, direct wages and indirect production costs.

Consolidated financial statements and parent company financial statements 1 January - 31 December

Notes

1 Accounting policies (continued)

Linear depreciation is performed on the basis of the following evaluation of the expected useful life of the asset:

Leasehold improvements	5 years
Buildings	25 years
Plant and machinery	5-8 years
Other fixtures and fittings	3-8 years

The depreciation base is calculated based on the asset's residual value at the end of its useful life less any write-downs. The depreciation period and the residual value are determined on the date of acquisition and reassessed annually. The depreciation period ends if the residual value exceeds the carrying amount.

The effect of the depreciation is recognised as a change in accounting estimates if there are changes in the depreciation period or residual value.

Depreciation is recognised in the income statement under production, distribution and administrative costs.

Leasing contracts

Leasing contracts related to assets, where the company holds all material risks and advantages in connection with ownership (financial leasing), are calculated through initial recognition in the balance sheet at the lower of fair value and the present value of future lease payments. The lease's internal interest rate or the alternative borrowing rate, such as the discount factor, is used when calculating the present value. Assets held under finance lease are hereinafter accounted for as the Company's other assets.

The capitalised residual leasing liability is recognised in the balance sheet as a liability and the interest element of the leasing payment is recognised throughout the term of the contract in the income statement.

All other leasing contracts are classified as operating leases. Services connected with operating leases and other leasing contracts are recognised in the income statement over the term of the contract. The Company's total liabilities relating to operating leases are included in contingencies, etc.

Financial assets

Investments in subsidiaries

Investments in subsidiaries are recognised in the balance sheet as the proportional share of the companies' net asset value and calculated based on the accounting policies for the parent company while subtracting or adding unrealised profits and losses in the Group and including not yet amortised/depreciated PPA adjustments and goodwill.

Net revaluation of equity investments in subsidiaries are transferred under equity as a reserve for net revaluations using the equity method to the extent the carrying amount exceeds the cost.

No withholding tax on profit in subsidiaries is recognised in the income statement as there is no policy for or intension to distribute dividends from subsidiaries. In Denmark, gain on the sale of shares in subsidiaries is tax-free income. Withholding tax on the accumulated profit in subsidiaries is disclosed in notes 9 and 12.

Consolidated financial statements and parent company financial statements 1 January - 31 December

Notes

1 Accounting policies (continued)

Impairment of assets

The carrying amount of intangible assets and property, plant and equipment, as well as investments in subsidiaries, are assessed annually for indications of impairment other than those expressed by depreciation.

If there are indications of impairment, an impairment test of the asset or group of assets is made. Write-down is made to the recoverable amount if this is lower than the carrying amount.

The higher of net sales price and net asset value is used for the recoverable amount. The net asset value is calculated at the present value of expected net cash flows from an asset or asset group and expected net cash flows from the sale of assets or asset groups at the end of their useful life.

Previously calculated impairment losses are reversed if the reasons for impairment are no longer valid. Impairment of goodwill is not reversed.

Current assets

Inventories

Inventories are calculated at cost based on the FIFO principle. Where cost is higher than the fair value less costs to sell, the value is written down.

Cost for goods, raw materials and consumables are recognised at the purchase price plus delivery costs.

Cost for finished goods and goods-in-process include cost for raw materials, consumables, direct salaries and indirect production costs. Indirect production costs include indirect materials and salaries, maintenance of and depreciation on machines and equipment used in production, and factory administration and management costs.

The fair value less costs to sell for inventories is calculated as the sales price excluding costs of completion and costs related to achieving sales, and is established with due consideration of merchantability, obsolescence and development in expected sales price.

Receivables

Receivables are measured at amortised cost and reduced by depreciation for bad debt risk of expected losses according to an individual assessment.

Prepayments

Prepayments recognised under assets include costs relating to subsequent financial years.

Consolidated financial statements and parent company financial statements 1 January - 31 December

Notes

1 Accounting policies (continued)

Equity

Expected dividends for the year are shown as a separate item under equity. Dividends are recognised as a liability at the time they are approved by the general meeting.

Group

Translation and hedging reserve

The reserve comprises the share of foreign exchange differences arising on translation of financial statements of entities that have a functional currency other than DKK, foreign exchange adjustments of assets and liabilities considered part of the Company's net investments in such entities and foreign exchange adjustments. The reserve is dissolved on the sale of foreign entities or if the conditions for effective hedging no longer exist. When equity investments in group entities and associates and participating interests in the parent company financial statements are subject to the limitation requirement in the net revaluation reserve according to the equity method, foreign exchange adjustments will be included in this equity reserve instead.

The reserve also comprises the cumulative net change after tax in the fair value of hedging transactions that qualify for recognition as a cash flow hedge and where the hedged transaction has not yet been realised. The reserve is dissolved when the hedged transaction is realised, if the hedged cash flows are no longer expected to be realised or if the hedging relationship is no longer effective. The reserve does not represent a limitation under company law and may therefore be negative.

Parent

Reserve for net revaluation according to book value includes net revaluation of equity investments in subsidiaries in relation to cost.

Income tax and deferred tax

Current tax payables and current tax receivables are recognised in the balance sheet as estimated tax on the taxable income for the year, adjusted for tax from the previous year's taxable income and tax paid on account.

Payable and receivable joint tax contributions are recognised as "Income tax receivable" or "Income tax payable".

Deferred tax is calculated using the balance sheet liability method on all temporary differences between the carrying amount and the tax base of assets and liabilities. Where alternative tax rules can be applied to determine the tax base, deferred tax is measured based on Management's intended use of the asset or settlement of the liability, respectively.

Deferred tax assets, including the tax value of tax loss carryforwards, are recognised at the expected value of their utilisation; either as a set-off against tax on future income or as a set-off against deferred tax liabilities.

Provisions

Provisions include expected costs for warranty obligations and other unknown circumstances.

Provisions are recognised when the Group/Company has a legal or constructive obligation as a result of a past event, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation.

Consolidated financial statements and parent company financial statements 1 January - 31 December

Notes

1 Accounting policies (continued)

Liabilities

Financial liabilities are recognised at the date of borrowing at the proceeds received less transaction costs paid. In subsequent periods, financial liabilities are recognised at amortised cost corresponding to the capitalised value using the effective interest rate. Accordingly, the difference between the proceeds received and the nominal value is recognised in the income statement throughout the loan period.

The capitalised residual lease liability on financial leasing contracts is also recognised in financial liabilities.

Other liabilities, including payables to suppliers, group entities and other payables are calculated at net realisable value.

Fair value

The fair value measurement is based on the principal market. If a primary market does not exist, it is based on the most advantageous market, which is the market that maximises the price of the asset or liability less transactions and/or transportation costs.

All assets and liabilities that are measured at fair value or whose fair value has been disclosed are classified based on the fair value hierarchy as described below:

- Level 1: Value calculated based on the fair value of similar assets/liabilities in an active market.
- Level 2: Value calculated based on generally accepted valuation methods based on observable market information.
- Level 3: Value calculated on generally accepted valuation methods and reasonable estimates based on non-observable market information.

Statement of cash flows

The statement of cash flows shows the Group's cash flows for the year divided into operating activities, investing activities and financing activities for the year, cash transfers for the year and liquid assets at the opening and closing of the year.

Cash flows from operating activities

Cash flows from operating activities are recognised as the profit or loss for the year adjusted for non-cash operating items, changes in working capital and corporate tax paid.

Cash flows from investing activities

Cash flows from investing activities include payments related to the acquisition and sale of companies and assets as well as acquisitions and sales of intangible assets, property, plant and equipment and financial assets.

Cash flows from financing activities

Cash flows from financing activities include payments to and from shareholders, borrowing, and interest and capital repayment on interest-bearing debts.

Cash

Liquid assets include cash and bank deposits.

Consolidated financial statements and parent company financial statements 1 January - 31 December

Notes

2 Revenue

Distribution of geographical markets is as follows:

DKK'000	Group		Parent	
	2021	2020	2021	2020
Denmark	551,869	375,982	488,879	318,749
Other countries	455,007	288,935	245,679	158,305
	<u>1,006,876</u>	<u>664,917</u>	<u>734,558</u>	<u>477,054</u>

3 Special items

Special items include significant income and expenses of a special nature relative to the Group's revenue-generating operating activities. Special items also include other significant amounts of a non-recurring nature that Management does not consider part of the Group's ordinary operations.

Profit or loss for the year was affected by special items relating to acquisition cost regarding Wendell Group, COVID-19 pandemic, movement to new facilities in China and additional VAT costs regarding inventory without duty, which Management considers not to be part of the ordinary operations.

Special items for 2020 and 2021 are specified below, including the line items in which they are recognised in the income statement.

DKK'000	Group	
	2021	2020
Costs		
Costs, exploring establishment and acquisition of subsidiary in Eastern Europe and new factory in China	0	-4,061
VAT cost regarding inventory without duty	0	-2,079
COVID-19 cost	0	-5,014
COVID-19 compensation	0	5,014
Other	0	-1,069
	<u>0</u>	<u>-7,209</u>

Special items are included in the consolidated financial statements in the following line items:

Production costs	0	-8,034
Distribution costs	0	-250
Administrative costs	0	-1,860
Other operating income	0	5,014
Other operating expenses	0	-2,079
	<u>0</u>	<u>-7,209</u>

Parent

The parent company recognised special items in production cost of DKK 0 thousand (2020: DKK 1,028 thousand), Distribution cost DKK 0 thousand (2020: DKK 250 thousand), administrations costs of DKK 0 thousand (2020: DKK 1,383 thousand) and DKK 0 thousand (2020: DKK 4,548 thousand) as part of the result of the subsidiary, a total cost of DKK 0 thousand (2020: DKK -7,209 thousand).

Consolidated financial statements and parent company financial statements 1 January - 31 December

Notes

4 Staff costs and incentive plans

Staff costs are broken down as follows:

DKK'000	Group		Parent	
	2021	2020	2021	2020
Salaries and wages	141,801	109,294	64,190	53,901
Pension contributions	12,654	7,266	4,240	3,976
Other social security costs	7,443	5,627	1,166	812
	<u>161,898</u>	<u>122,187</u>	<u>69,596</u>	<u>58,689</u>
and are recognised as follows:				
Production costs	133,344	99,288	48,987	42,661
Distribution costs	8,498	7,286	7,464	6,569
Administrative expenses	20,056	15,613	13,145	9,459
	<u>161,898</u>	<u>122,187</u>	<u>69,596</u>	<u>58,689</u>
of which remuneration to the Board of Directors and the Executive Board total	<u>2,193</u>	<u>2,195</u>	<u>2,193</u>	<u>2,195</u>
Average number of full-time employees	<u>840</u>	<u>637</u>	<u>129</u>	<u>117</u>
Number of permanent employees as of 31 December	<u>904</u>	<u>622</u>	<u>139</u>	<u>117</u>

Incentive programmes

In 2016, a warrant programme was established for the benefit of Management and certain key employees. The programme allows the Board of the parent company to issue up to 12,470 warrants to be allocated over a period of 5 years with a grant of 20% yearly. In case of an Exit or at 1 May 2021, at the latest, the rest of the warrants will be granted to the employees. 9,714 warrants were granted to key employees at the end of 2020 and 2,756 were granted in 2021, a total of 12,470. Exercising warrants is only an option by an Exit (sale of BB Electronics Holding ApS or BB Electronics A/S), the owner is entitled to subscribe shares in BB Electronics Holding ApS at a cost of DKK 2,000 plus a hurdle rate of 8 % p.a. (after 1 January 2020) per share with a nominal value of DKK 1. The warrants was exercised at 31. December 2021 in connection with sale of BBE Group.

There has not been any recognition of cost related to the incentive programme in the income statement.

5 Fee to the Company's auditor appointed by the general meeting

DKK'000	Group	
	2021	2020
Statutory audit	755	654
Tax consultancy	548	592
Other services	176	166
	<u>1,479</u>	<u>1,412</u>

The fee for the parent, BB Electronics A/S is included in the consolidated financial statements.

Consolidated financial statements and parent company financial statements 1 January - 31 December

Notes

6 Other operating income

Other operating income:

	Group		Parent	
	2021	2020	2021	2020
DKK'000				
Profit on sale of fixed assets	282	0	0	0
Income in the form of joint costs invoiced to subsidiary	0	0	3,721	3,813
COVID-19 compensation	0	5,014	0	0
Other income	91	902	0	0
	<u>373</u>	<u>5,916</u>	<u>3,721</u>	<u>3,813</u>

7 Financial income

	Group		Parent	
	2021	2020	2021	2020
DKK'000				
Exchange rate gains	3,279	2,209	0	2,209
Other financial income	377	25	865	363
	<u>3,656</u>	<u>2,234</u>	<u>865</u>	<u>2,572</u>

Parent company

Interest from group entities amounts to DKK 486 thousand (2020: DKK 363 thousand).

8 Financial expenses

	Group		Parent	
	2021	2020	2021	2020
DKK'000				
Exchange rate losses	1,216	3,281	1,164	0
Other financial expenses	4,391	4,640	2,473	2,721
	<u>5,607</u>	<u>7,921</u>	<u>3,637</u>	<u>2,721</u>

Parent company

Interest to group entities amounts to DKK 0 thousand (2020: DKK 0 thousand).

Consolidated financial statements and parent company financial statements 1 January - 31 December

Notes

9 Income tax and deferred tax

DKK'000	Group		
	Income tax liability	Deferred tax assets	Tax according to income statement
Balance, 1 January 2020	-168	10,870	0
Exchange rate adjustments	919	0	0
Acquisition of new entity	11	-12	0
Tax regarding equity adjustments	0	0	-10
Adjustment of deferred tax for the year	0	-3,971	3,971
Income tax paid	-3,169	0	0
Tax related to income for the year	1,591	0	1,591
Balance, 31 December 2020	-816	6,887	5,552
Balance, 1 January 2021	-816	6,887	0
Exchange rate adjustments	193	217	0
Tax regarding equity adjustments	0	0	-41
Adjustment of deferred tax for the year	0	-4,614	4,614
Income tax paid	-1,123	0	0
Tax related to income for the year	9,732	0	9,732
Balance, 31 December 2021	7,986	2,490	14,305
Recognised as per below:			
Assets	-449	6,314	
Liabilities	5,721	-3,824	
Receivables from parent company	2,714	0	
Balance, 31 December 2021	7,986	2,490	

The deferred tax asset consists of tax loss carryforwards and accelerated depreciation options. Based on budgets and projections, Management believes that it will be possible to utilise the tax asset.

Withholding tax on the accumulated profit (excl. legal reserves) in subsidiaries can be calculated to DKK 3.4 million. The amount has not been recognised in the income statement.

Consolidated financial statements and parent company financial statements 1 January - 31 December

Notes

9 Income tax and deferred tax (continued)

DKK'000	Parent		
	Income tax liability	Deferred tax assets	Tax according to income statement
Balance, 1 January 2020	0	12,107	0
Adjustment of deferred tax for the year	0	-4,356	4,356
Tax regarding equity adjustments	0	0	-10
Income tax paid	-1,209	0	0
Tax related to income for the year	630	0	630
Transferred to receivables from group entities	579	0	0
Balance, 31 December 2020	0	7,751	4,976
Balance, 1 January 2021	0	7,751	0
Adjustment of deferred tax for the year	0	-3,682	3,682
Tax regarding equity adjustments	0	0	-41
Income tax paid	-279	0	0
Tax related to income for the year	2,993	0	2,993
Transferred to receivables from group entities	-2,714	0	0
Balance, 31 December 2021	0	4,069	6,634

The deferred tax asset consists of accelerated depreciation options and difference between accounting and taxable value of inventory etc. Based on budgets and projections, Management believes that it will be possible to utilise the tax asset.

Withholding tax on the accumulated profit (excl. legal reserves) in subsidiaries can be calculated to DKK 3.4 million. The amount has not been recognised in the income statement.

10 Intangible assets

DKK'000	Group			
	Goodwill	Software	Other intangible assets	Total
Cost at 1 January 2021	15,699	18,202	20,469	54,370
Exchange rate adjustments	0	98	0	98
Additions	0	990	0	990
Disposals	0	0	0	0
Cost at 31 December 2021	15,699	19,290	20,469	55,458
Amortisation at 1 January 2021	-1,472	-13,383	-4,024	-18,879
Exchange rate adjustments	0	-94	0	-94
Amortisation for the year	-785	-2,391	-2,077	-5,253
Reversals of amortisation by the end of the year	0	0	0	0
Amortisation at 31 December 2021	-2,257	-15,868	-6,101	-24,226
Carrying amount at 31 December 2021	13,442	3,422	14,368	31,232
Amortised over	20 years	3-5 years	5 years	

Consolidated financial statements and parent company financial statements 1 January - 31 December

Notes

10 Intangible assets (continued)

DKK'000	Parent	
	Software	Other intangible assets
Cost at 1 January 2021	17,015	303
Additions	938	0
Disposals	0	0
Cost at 31 December 2021	17,953	303
Amortisation at 1 January 2021	-12,219	-242
Amortisation for the year	-2,386	-61
Reversals of amortisation by the end of the year	0	0
Amortisation at 31 December 2021	-14,605	-303
Carrying amount at 31 December 2021	3,348	0
Amortised over	3-5 years	5 years

11 Property, plant and equipment

DKK'000	Group				
	Land and buildings	Leasehold improvements	Plant and machinery	Other fixtures and fittings	Property, plant and equipment under construction
Cost at 1 January 2021	23,422	15,000	175,483	15,085	5,546
Exchange rate adjustments	1,683	833	8,701	664	0
Additions/Transfer	16,484	415	15,265	582	-4,533
Disposals	0	-807	-5,821	-108	0
Cost at 31 December 2021	41,589	15,441	193,628	16,223	1,013
Depreciation at 1 January 2021	-1,958	-8,010	-145,399	-12,334	0
Exchange rate adjustments	-50	-295	-6,767	-417	0
Depreciation for the year	-1,119	-2,174	-9,545	-979	0
Reversals of accumulated depreciation and impairment on assets sold	0	807	5,743	108	0
Depreciation at 31 December 2021	-3,127	-9,672	-155,968	-13,622	0
Carrying amount at 31 December 2021	38,462	5,769	37,660	2,601	1,013
Property, plant and equipment include assets held under financial lease with a total carrying amount of	0	0	0	87	0
Depreciated over	25 years	5 years	5-8 years	3-8 years	

Consolidated financial statements and parent company financial statements 1 January - 31 December

Notes

11 Property, plant and equipment (continued)

DKK'000	Parent			Total
	Leasehold improve- ments	Plant and machinery	Other fixtures and fittings	
Cost at 1 January 2021	6,973	64,048	9,156	80,177
Additions	363	6,602	0	6,965
Disposals	0	0	0	0
Cost at 31 December 2021	7,336	70,650	9,156	87,142
Depreciation at 1 January 2021	-5,808	-59,227	-8,759	-73,794
Depreciation for the year	-392	-2,448	-202	-3,042
Reversals of accumulated depreciation and impairment on assets sold	0	0	0	0
Depreciation at 31 December 2021	-6,200	-61,675	-8,961	-76,836
Carrying amount at 31 December 2021	1,136	8,975	195	10,306
Property, plant and equipment include assets held under financial lease with a total carrying amount of	0	0	87	87
Depreciated over	5 years	5-8 years	3-8 years	

Consolidated financial statements and parent company financial statements 1 January - 31 December

Notes

12 Financial assets

	Group	
	Equity invest- ments in subsidiaries	Other receivables
DKK'000		
Cost at 1 January 2021	96,056	1,713
Additions	128	259
Cost at 31 December 2021	96,184	1,972
Carrying amount at 31 December 2021	198,867	1,972

	Parent	
	Equity invest- ments in subsidiaries	Other receivables
DKK'000		
Cost at 1 January 2021	96,056	1,713
Additions	128	259
Cost at 31 December 2021	96,184	1,972
Revaluation at 1 January 2021	63,620	0
Profit for the year after tax	25,039	0
Exchange rate adjustments	14,024	0
Revaluation at 31 December 2021	102,683	0
Carrying amount at 31 December 2021	198,867	1,972

Withholding tax on the accumulated profit (excl. legal reserves) in subsidiaries can be calculated to DKK 3.4 million. The amount has not been recognised in the carrying amount at 31 December 2021.

Carrying amount at 31 December 2021 of goodwill and other further values are DKK 27,5 million.

Equity investments in subsidiaries are specified as follows:

	Principal place of business	Share capital	Vote and ownership share
BB Electronics (Suzhou) Co. Ltd.	China	CNY 45,634 thousand	100%
BB Trading (SIP) Co., Ltd.	China	CNY 93 thousand	100%
Wendell Holding a.s.	Czech Republic	CZK 2,000 thousand	100%
Wendell Electronics a.s.	Czech Republic	CZK 2,000 thousand	100%
BB TCBB ApS	Denmark	DKK 40 thousand	100%
TCBB INDIA PRIVATE Ltd., India	India	INR 1,000 thousand	100%

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13 Inventories

A significant proportion of inventories relate to customer-specific components procured in relation to agreements for which customers are liable.

14 Authorised share capital

As of 31 December 2021, equity consisted of 76,340 shares of DKK 100 each.

The share capital has remained unchanged for the past 5 years.

15 Non-current liabilities

Payments due within 1 year are recognised under current liabilities. As of 31 December 2021, non-current liabilities amounted to DKK 64,497 thousand (2020: DKK 78,126 thousand). The non-current liabilities mature within 5 years after the reporting date.

16 Contingent liabilities and collateral

Group

BB Electronics A/S' insurance coverage of receivables from sales of goods and services has been provided as security to the Company's banks.

A company charge security for DKK 80,000 thousand and shares in Wendell Holding a.s and Wendell Electronics a.s. has been provided as security for payables to credit institutions.

Parent company

BB Electronics A/S' insurance coverage of receivables from sales of goods and services has been provided as security to the Company's banks.

A company charge security for DKK 80,000 thousand and shares in Wendell Holding a.s and Wendell Electronics a.s. has been provided as security for payables to credit institutions.

BB Electronics A/S forms a tax group with the parent company until 10 January 2022 (Kitron ASA took over the company) and as of 13 February 2016, the Company is jointly liable with the parent company for Danish corporate tax within the tax group. The known net liabilities of companies in the tax group to the Danish Tax and Customs Administration are 0 thousand. The parent company was BB Electronics Holding ApS, CVR No. 37 40 70 97), which was demerged at 31 December 2021. The receiving companies have assumed any liabilities. Any later corrections of tax group income may result in a higher tax group liability.

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17 Operating leasing and rental agreements

Group

In addition to finance leases, the Company has acquired operating lease liabilities with payments in the non-cancellation period totalling DKK 1,594 thousand (2020: DKK 2,574 thousand). The leasing contracts have non-cancellation periods of up to 48 months.

The rental agreement in Denmark is not subject to cancellation until 30 June 2022 and 30 June 2025. The annual rent during the non-cancellation period amounts to DKK 2,462 thousand and DKK 542 thousand (2020: DKK 2,767 thousand/12 months' notice).

Parent company

In addition to finance leasing contracts, the Company has entered into operating lease liabilities with payments in the non-cancellation period totalling DKK 1,594 thousand (2020: DKK 2,574 thousand). The leasing contracts have non-cancellation periods of up to 48 months.

The rental contracts are not subject to cancellation until 30 June 2022 and 30 June 2025, after which it can be terminated with 12 months' notice. The annual rent is DKK 2,462 thousand and DKK 542 thousand (2020: DKK 2,767 thousand/12 months' notice).

18 Related parties

BB Electronics A/S' related parties include the following:

Controlling interest	Background	Transactions
Purchase of finished goods	Subsidiaries	DKK 427,248 thousand
Sales of finished goods and components	Subsidiaries	DKK 12,127 thousand
Sales of IT services	Subsidiaries	DKK 3,904 thousand
Interest income from loans	Parent company	DKK 864 thousand
Intercompany loan (Receivable)	Parent company	DKK 24,840 thousand
Intercompany loans (Receivable)	Subsidiaries	DKK 43,391 thousand
Intercompany payable	Subsidiaries	DKK 56,041 thousand

Ownership

The following shareholder is listed in the list of owners as holding 100% of the share capital:

Kitron ASA
Plan 2
Olav Brunborgs vei 4
1396 BILLINGSTAD
Norge

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19 Currency and interest rate risks and use of derived financial instruments

The Group uses hedging instruments such as forward exchange contracts and interest rate/currency swaps to hedge recognised and non-recognised transactions.

2021

There are no financial contracts to hedge currency translation exposure in the income statement as of 31 December 2021.

As of 31 December 2021, the Group entered into the following forward contracts to hedge product purchases:

Currency	Contract value	Market value
	Currency '000	DKK'000
EUR/USD	82	122
EUR/CNY	1,701	25
		<u>147</u>

As of 31 December 2021, the market value of forward contracts is included as other receivables and directly in equity.

At 31 December 2021 the group companies are net exposed to payments of USD 4,117 thousand and payments of JPY 11,067 thousand.

2020

There are no financial contracts to hedge currency translation exposure in the income statement as of 31 December 2020.

As of 31 December 2020, the Group entered into the following forward contracts to hedge product purchases:

Currency	Contract value	Market value
	Currency '000	DKK'000
EUR/USD	182	-51
EUR/CNY	3,569	40
		<u>-11</u>

As of 31 December 2020, the market value of forward contracts is included as other receivables and directly in equity.

The Company hedges interest rate risks using interest rate swaps, whereby variable interest payments are converted to fixed interest payments.

	Calculation Principal	Value adjustments recognised in equity	Fair value	Residual maturity
DKK'000				
Interest rate swaps	<u>5,289</u>	<u>-29</u>	<u>-29</u>	<u>1 year</u>

At 31 December 2020 the group companies are net exposed to payments of USD 8,117 thousand and payments of JPY 29,632 thousand.

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DKK'000		2021	2020
20 Appropriation of profit			
Reserve for net revaluations according to the equity method		25,039	1,473
Retained earnings		21,893	14,424
		46,932	15,897
21 Statement of cash flows - adjustments			
Depreciation and amortisation of intangible assets and property, plant and equipment		19,070	16,917
Profit on sale of fixed assets		282	11
Financial income		-3,656	-2,234
Financial expenses		5,607	7,921
Tax on profit for the year		14,305	5,552
Changes in provisions		229	26
		35,837	28,193
22 Statement of cash flows - changes in working capital			
Change in receivables, etc.		-81,996	9,222
Change in inventories		-254,809	1,635
Change in suppliers, prepayments from customers and other liabilities, etc.		237,137	15,223
Exchange rate adjustments		6,429	-1,703
		-93,239	24,377