BB Electronics Holding ApS

Ane Staunings Vej 21, 8700 Horsens

CVR-nr. 37 40 70 97

Annual report 2018

Approved at the company's annual general meeting on 25 March 2019

Chairman:

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Management's Statement of Responsibility

Today, the Board of Directors and the Executive Board have discussed and approved the Annual Report of BB Electronics A/S for the financial year 1 January – 31 December 2018.

The Annual Report has been prepared in accordance with the Danish Financial Statements Act.

It is our oponion that the consolidated financial statements and the parent company financial statements gives a true and fair view of the financial position of the Group and the Company at 31 December 2018 and of the results of Group's and the Company's operations and consolidated cash flows for the financial year 1 January – 31 December 2018.

Further, in our view the management's review gives a true and fair review of the development of the Group's and the Company's activities and financial matters, the profit or loss for the year and the Group's and the Company's financial position.

The Annual Report is submitted for the AGM's approval.

Horsens, dated 25 March 2019
Executive Board:

Carsten Christensen

Board of directors:

Sven Ruder
Chairman

Ole Steen Andersen
Vice-Chairman

Per Thrane

Folmer Rud Hansen

Casper Lykke Pedersen

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 2018, which comprise income statement, balance sheet, statement of changes in equity, notes and 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 2018 and of the results of the Group's and the Parent Company's operations as well as the consolidated cash flows for the financial year 1 January – 31 December 2018 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' Code of Ethics for Professional Accountants (IESBA Code) and additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these rules and requirements.

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 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.

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, 25 March 2019
Ernst & Young
Godkendt Revisionspartnerselskab
CVR no. 30 70 02 28

Jes Lauritzen	Kim R. Mortensen
State Authorised	State Authorised
Public Accountant	Public Accountant
mne10121	mne18513

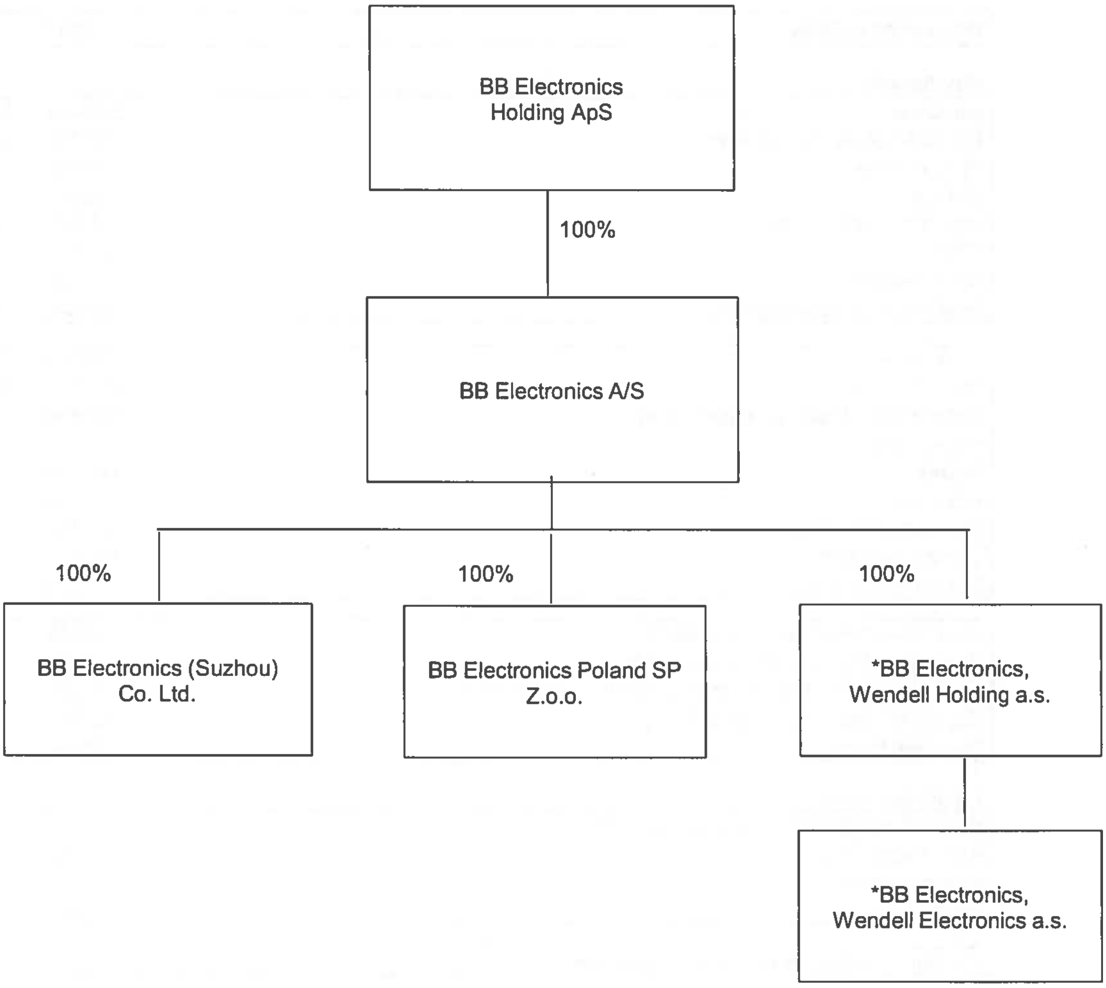
Management's review

Information about the company

Name	BB Electronics Holding ApS
Address, postcode, city	Ane Staunings Vej 21, 8700 Horsens, Denmark
CVR number	37 40 70 97
Established	28. January 2016
Municipality of residence	Horsens
Financial year	1. January – 31. December
Telephone	+45 76 25 10 00
Fax	+45 76 25 10 10
Subsidiaries	Denmark: BB Electronics A/S, and China: BB Electronics (Suzhou) Co. Ltd. Poland: BB Electronics Poland SP Z.o.o. Czech Republic: BB Electronics,Wendell Holding a.s. BB Electronics,Wendell Electronics a.s.
Board of Directors	Sven Ruder, Chairman Ole Steen Andersen, Vice Chairman Per Thrane Folmer Rud Hansen Casper Lykke Pedersen
Executive Board	CEO Carsten Christensen
Auditor	Ernst & Young Godkendt Revisionspartnerselskab Værkmestergade 25, 8000 Aarhus C, Denmark, CVR No.30700228

Management's review

Group structure



* It had been acquired in 2019.

Management's review

Financial highlights and key performance indicators for the Group

thousands of DKK	2018	2017	2016
Key figures			
Revenue	560,416	460,396	362,362
EBITDA before special items	42,175	24,904	26,601
Special items	-3,866	-1,012	-209
EBITDA	38,309	23,892	26,392
Operating profit / loss	33,473	15,862	18,663
EBIT	32,520	15,890	18,933
Net financials	-3,280	-516	-1,596
Profit or loss for the year	**25,345**	**18,660**	**15,672**
Fixed assets	28,086	27,496	28,259
Current assets	275,518	228,296	212,519
Total assets (balance sheet total)	**303,604**	**255,792**	**240,778**
Share capital	100	100	100
Equity	**115,340**	**90,253**	**77,622**
Provisions	318	202	134
Non-current liabilities	22,104	33,150	42,105
Current liabilities	165,842	132,187	120,917
Net interest bearing debt	0	18,459	20,483
Cash flows from operating activities	28,292	9,137	43,344
Cash flows from investment activities	-6,358	-7,574	-91,987
Of which are invested in propery, plant and equipment	-5,246	-4,078	-7,024
Cash flows from financing activities	-13,898	-8,264	85,612
Net cash flows	**8,036**	**-6,701**	**36,969**
Financial ratios			
EBITDA margin before special items (%)	7.5	5.4	7.3
EBIT margin (%)	5.8	3.4	5.2
Return on equity (%)	24.7	22.2	22.7
Equity ratio (%)	38.0	35.3	32.2
Average number of full time employees	485	484	452

Financial ratios are calculated as follows:

EBITDA margin before special items:	EBITDA before special items x 100/Revenue
EBIT margin:	EBIT x 100/Revenue
Return on equity:	Profit or loss after tax x 100/Average equity
Equity ratio:	Closing equity x 100/Closing total assets

Report

The Group's activities consist of development, production and sales of electronics and EMS services. Production takes place in BB Electronics A/S in Denmark and in the Chinese subsidiary, BB Electronics (Suzhou) Co. Ltd.

Financial development - Group

Sales for 2018 totalled DKK 560 million, which is an increase of 22% compared to 2017 (DKK 460 million). The growth was driven by both existing and new customers. The sales growth comes from all 3 customer segments.

560 (22 % growth)

million DKK in turnover

In 2018, the Group realised total earnings (EBITDA) before special items of DKK 42 million (2017: DKK 25 million) and profit after tax of DKK 25 million (2017: DKK 19 million).

The increased EBITDA before special items is primarily driven by the higher sales. Profit after tax was positively affected by DKK 4 million from previously unrecognised tax assets.

Sales growth and EBITDA level ended above budget and is considered satisfactory.

The balance sheet total for the Group at the end of the financial year was DKK 304 million compared with DKK 256 million last year.

The increase is due to increased working capital in connection with the increased activity, higher cash position, and the recognition of the above-mentioned tax assets.

Cash flows from operating activities

Cash flows from operating activities in 2018 amounted to DKK 28 million (2017: DKK 9 million), which was above budget, are considered satisfactory especially based on the high growth in revenue.

28

million DKK in cash flow

Cash flows from investing and financing activities

The total investment cost was DKK 6 million (2017: DKK 7 million).

As of 31 December 2018, net interest-bearing debt is DKK 0 million, while 2017 ended with DKK 18 million.

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

Dividends

The Board proposes that no dividends be paid for the financial year 2018.

Recognition and measurement uncertainties

No recognition and measurement uncertainties were indetified in the annual report.

Special items

There has been extraordinary cost for continue exploring opportinities in East Europe.

Events after the completion of the financial statements

BB Electronics A/S acquired Wendell Holding in Czech Republic the 14th February 2019. This acquisition has increased the NIBD for the company however management is expecting positive cashflow from the business already the first year.

Expected development

The Company expects to report continued growth in turnover of 3 - 5 % in 2019 as a result of activities initiated in 2018, as well as new customers. Earnings (EBITDA) are expected to increase following the sales with a positive cash flow.

Financial development - parent company

In 2018, there was a total turnover of DKK 0 million (2017: DKK 0 million). Profit after tax was DKK 25 million (2017: DKK 19 million). At the end of the financial year, the balance sheet total amounted to DKK 138 million (2017: DKK 112 million). Equity as of 31 December 2018 amounted to DKK 115 million(2017: DKK 90 million).

Risk conditions

Business risks

The primary business risk faced by the group is the continued ability to deliver good service and product 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 growth.

Financial risks

The parent company centrally manages the Group's financial risks and coordinates the Group's cash management, including funding and placement of surplus liquidity.

Customers and inventory are guaranteed via external credit insurance. Some large groups are not insured via external credit insurance due to their risk profile.

Where deemed appropriate actions are taken to reduce financial risk by entered into financial instruments in the form of forward contracts and interest rate swaps.

Knowledge resources

In 2018, the Company maintained its focus on the competitive situation.

The staff in China now makes up 79 % of the full-time employees, while the number in Denmark is 21 %.In order to continually be able to deliver and develop competitive products and solutions, it is paramount that the Group be able to retain and develop employees with a high level of education.

Therefore, our HR department works with a strategic perspective that in future will focus on goal-oriented work with attraction, development and job satisfaction amongst the staff.

Statutory Report on Corporate Social Responsibility (CSR)

The parent company does not have CSR policies (human rights, environmental issues, climate issues, anticorruption, social and empoyee conditions cf. §99a.) as it is a holding company and has no employees.

The subsidiary BB Electronics Group has implemented CSR policies and has joined the UN Global Compact in 2010. The progress report for the year was published.

Whistleblowers

Employees at BB Electronics have the possibility to contact an external company anonymously if there should be events that they wish to report. There were made one report in 2018 however no findings during the investigation.

Goals and policies for gender composition of the 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 0%, and the target is at least 25% in 5 years from now. There were no actual replacements on the Board in 2018.

- 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 there cruitment process.

Consolidated financial statements and parent company financial statements for the period 1 January – 31 December

Income statement

		Group		Parent company	
Note	**thousands of DKK**	**2018**	**2017**	**2018**	**2017**
1	**Revenue**	560,416	460,396	0	0
3	Production costs	-481,642	-407,321	0	0
	Gross profit or loss	78,774	53,075	0	0
3	Distribution costs	-12,815	-11,465	0	0
2,3,4	Administrative costs	-32,486	-25,748	-345	-264
	Operating profit	33,473	15,862	-345	-264
5	Other operating income	55	28	0	0
5	Other operating expenses	-1,008	0	0	0
	Profit before net financials (EBIT)	32,520	15,890	-345	-264
2,11	Profit from equity investments in subsidiaries after tax	0	0	25,477	19,328
6	Financial income	486	2,571	82	0
7	Financial expenses	-3,766	-3,087	-313	-404
	Profit before tax	29,240	15,374	24,901	18,660
8	Tax on profit or loss for the year	-3,895	3,286	444	0
	Profit for the year	25,345	18,660	25,345	18,660

19 Appropriation of profit

Consolidated financial statements and parent company financial statements for the period 1 January – 31 December

Balance sheet

Note	thousands of DKK	Group 2018	Group 2017	Parent company 2018	Parent company 2017
	ASSETS				
	Fixed assets				
9	**Intangible assets**				
	Goodwill	8,371	8,861	0	0
	Software	2,559	2,949	0	0
	Other intangible assets	1,998	2,260	0	0
		12,928	14,070	0	0
10	**Property, plant and equipment**				
	Leasehold improvements	1,000	1,120	0	0
	Plant and machinery	11,590	9,173	0	0
	Other fixtures and fittings	879	995	0	0
	Property, plant and equipment under construction	0	649	0	0
		13,469	11,937	0	0
11	**Financial assets**				
	Investments in subsidiaries	0	0	136,957	111,737
	Other receivables	989	989	0	0
	Other securities and investments	700	500	700	500
		1,689	1,489	137,657	112,237
	Total fixed assets	28,086	27,496	137,657	112,237
	Current assets				
12	**Inventories**				
	Raw materials and consumables	110,821	78,512	0	0
	Work in progress	10,166	8,122	0	0
	Finished goods and goods for resale	10,987	5,449	0	0
	Prepayments for goods	1,029	1,487	0	0
		133,003	93,570	0	0
	Receivables				
	Trade receivables	83,997	81,650	0	0
	Other receivables	1,174	2,103	0	0
8	Deferred tax assets	22,639	24,864	292	0
8	Tax receivables	753	0	0	0
	Prepayments	1,733	1,794	0	0
		110,296	110,411	292	0
	Cash and cash equivalents	32,219	24,315	0	0
	Total current assets	275,518	228,296	292	0
	TOTAL ASSETS	303,604	255,792	137,949	112,237

Consolidated financial statements and parent company financial statements for the period 1 January – 31 December

Balance sheet

		Group		Parent company	
Note	thousands of DKK	2018	2017	2018	2017
	EQUITY AND LIABILITIES				
	Equity				
13	Share capital	100	100	100	100
	Reserve for net revaluation according to the equity method	0	0	56,344	31,125
	Retained earnings	115,240	90,153	58,896	59,028
	Total equity	115,340	90,253	115,340	90,253
	Provisions				
	Other provisions	318	202	0	0
	Liabilities				
14	**Non-current liabilities**				
	Credit institutions	21,036	31,554	7,185	10,777
	Lease debt	401	525	0	0
	Other non-current debt	667	1,071	0	0
		22,104	33,150	7,185	10,777
	Current liabilities				
	Short-term part of non-current liabilities	12,194	11,766	3,592	3,592
	Trade payables and other accounts payable	105,693	87,206	0	0
	Prepayments from customers	19,026	9,205	0	0
8	Income tax payable	102	813	102	0
	Payables to group enterprises	0	0	11,503	7,477
	Other payables	28,827	23,197	227	138
		165,842	132,187	15,424	11,207
	Total liabilities	187,946	165,337	22,609	21,984
	TOTAL equity and liabilities	303,604	255,792	137,949	112,237

15 **Contingent assets and collaterals**
16 **Operating leasing and rental agreements**
17 **Related parties**
18 **Currency and interest rate risks and use of derivative financial instruments**
Accounting policies used, pages 25-30

Consolidated financial statements and parent company financial statements for the period 1 January – 31 December

Statement of changes in equity

		Group		
Note	**thousands of DKK**	**Share capital**	**Retained earnings**	**Total equity**
	Equity at 1 January 2017	100	77,522	77,622
	Value adjustments of hedging instruments after tax	0	-441	-441
	Exchange rate adjustments	0	-5,588	-5,588
	Profit for the year	0	18,660	18,660
	Equity at 1 January 2018	100	90,153	90,253
	Value adjustments of hedging instruments after tax	0	132	132
	Exchange rate adjustments of foreign companies	0	-390	-390
	Profit for the year	0	25,345	25,345
	Equity at 31 December 2018	100	115,240	115,340

		Parent company			
Note	**thousands of DKK**	**Share capital**	**Net revaluation according to the equity method**	**Retained earnings**	**Total equity**
	Equity at 1 January 2017	100	17,826	59,696	77,622
	Value adjustments of hedging instruments after tax	0	-441	0	-441
	Exchange adjustment for subsidiary	0	-5,588	0	-5,588
19	Profit for the year	0	19,328	-668	18,660
	Equity at 1 January 2018	100	31,125	59,028	90,253
	Value adjustments of hedging instruments after tax	0	132	0	132
	Exchange adjustment for subsidiary	0	-390	0	-390
19	Profit for the year	0	25,477	-132	25,345
	Equity at 31 December 2018	100	56,344	58,896	115,340

Consolidated financial statements and parent company financial statements for the period 1 January – 31 December

Cash flow statement

Note	thousands of DKK	2018	2017
	Profit or loss for the year	25,345	18,660
20	Adjustments	13,025	5,301
21	Changes in working capital	-6,919	-13,437
	Cash flows from operations	31,451	10,524
8	Income tax paid	-3,159	-1,387
	Cash flows from operating activities	28,292	9,137
	Acquisition of intangible assets	-1,013	-3,232
	Acquisition of Propery, plant and equipment	-5,246	-4,078
	Change in financial assets	-200	-292
	Sales of propery, plant and equipment	101	28
	Cash flows from investment activities	-6,358	-7,574
	Net change in interest bearing debt	-10,618	-7,746
	Financial income, paid	486	2,571
	Financial costs, paid	-3,766	-3,089
	Cash flows from financing activities	-13,898	-8,264
	Net cash flows	8,036	-6,701
	Cash at 1 January	24,315	32,180
	Exchange rate adjustment of cash and cash equivalents 1 January	-132	-1,164
	Cash at 31 December	32,219	24,315

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

Consolidated financial statements and parent company financial statements for the period 1 January – 31 December

Notes

1 Revenue

Distribution of business areas is as follows:

	Group	
thousands of DKK	**2018**	**2017**
Industry	255,562	273,793
Professional Telecomm/IT	174,771	101,537
Other	130,083	85,066
	560,416	460,396
Distribution of geographical markets is as follows:		
Denmark	325,230	259,667
Other countries	235,186	200,729
	560,416	460,396

2 Special items

Special items include significant income and expenses of a special nature in relation to revenue-generating operational activities of the Group, 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 for the year was influenced by special items relating to continuing exploring opportinities in East Europe, which the management considers not to be part of the ordinary operations.

Special items, including where they have been recognised in the income statement, are specified below.

	Group	
thousands of DKK	**2018**	**2017**
Costs		
Costs, exploring establishment of subsidiary in east europe, customs case	-3,866	-1,012
Special items are included in the group accounts on the following lines		
Production costs	-565	0
Administration costs	-2,299	-1,012
Other ordinary operation expenses	-1,002	0
Loss from special items	-3,866	-1,012

The parent company recognised the loss from special item as part of the result in subsidiaries.

Consolidated financial statements and parent company financial statements for the period 1 January – 31 December

Notes

3 Staff costs and incentive plans

Staff costs are broken down as follows:

	Group		Parent company	
thousands of DKK	**2018**	**2017**	**2018**	**2017**
Salaries and wages	95,269	81,092	135	147
Pension contributions	7,735	7,082	0	0
Other social security costs	5,037	4,544	0	0
	108,041	92,718	135	147
and are recognised as follows:				
Production costs	84,712	74,354	0	0
Distribution costs	7,563	6,460	0	0
Administration costs	15,766	11,904	135	147
	108,041	92,718	135	147
Of which remuneration to the Board of Directors and the Executive Board total	3,008	2,157	135	147
Average number of full time employees	485	484	0	0
Number of permanent employees as of 31 December	477	463	0	0

Incentive programmes

In 2016, a warrant programme was established for the benefit of the 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 4 years. 5,839 has been granted to key employees end of 2018. The utilisation of warrants entitles the owner to subscribe shares in the parent company at a cost of DKK 2,000 per share with a nominal value of DKK 1. The warrants must be utilised by 1 May 2023, otherwise they will be void.

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

Total fee to EY is:

thousands of DKK	**2018**	**2017**
Statutory audit	492	491
Tax consultancy	31	31
Other servies	242	148
	765	670

Consolidated financial statements and parent company financial statements for the period 1 January – 31 December

Notes

5 **Other operating income and other operating expenses**

Other operating income:

	Group		Parent company	
thousands of DKK	**2018**	**2017**	**2018**	**2017**
Profit on sale of fixed assets	55	28	0	0
Other income	0	0	0	0
	55	28	0	0
Other operating expenses:				
Other expenses	-1,008	0	0	0

6 **Financial income**

	Group 2018	Group 2017	Parent company 2018	Parent company 2017
Exchange rate gains	385	2,557	0	0
Other financial income	101	14	82	0
	486	2,571	82	0

Interest from group enterprises amounts to DKK 0 thousand. (2017: DKK 0 thousand).

7 **Financial expenses**

	Group 2018	Group 2017	Parent company 2018	Parent company 2017
Exchange rate losses	1,704	973	0	0
Other financial costs	2,062	2,114	313	404
	3,766	3,087	313	404

Interest from group enterprises amounts to DKK 0 thousand. (2017: DKK 0 thousand).

Consolidated financial statements and parent company financial statements for the period 1 January – 31 December

Notes

8 Income tax and deferred tax

	Group		
thousands of DKK	**Income tax liability**	**Deferred tax assets**	**Tax according to income statement**
Balance, 1 January 2017	813	20,474	0
Exchange rate adjustments	-46	-328	0
Adjustment of deferred tax for the year	0	4,718	-4,718
Income tax paid	-1,387	0	0
Tax related to income for the year	1,432	0	1,432
Balance, 31 December 2017	812	24,864	-3,286
Balance, 1 January 2018	812	24,864	0
Exchange rate adjustments	0	-26	0
Adjustment of deferred tax for the year	0	-2,199	2,199
Income tax paid	-3,159	0	0
Tax related to income for the year	1,696	0	1,696
Balance, 31 December 2018	-651	22,639	3,895
Recognised in the balance sheet as follows:			
Tax receivables	-753		
Income tax payable	102		
	-651		

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. For 2017 the Group had an additional non-capitalised tax asset of a 4 million DKK at their disposal which was recognised in 2018.

	Parent company		
thousands of DKK	**Income tax liability**	**Deferred tax assets**	**Tax according to income statement**
Balance, 1 January 2017	0	0	0
Adjustment of deferred tax for the year	0	0	0
Income tax paid	0	0	0
Tax on income for the year	0	0	0
Balance, 31 December 2017	0	0	0
Balance, 1 January 2018	0	0	0
Adjustment of deferred tax for the year	0	292	-292
Tax regarding equity adjustments	0	0	0
Income tax paid	0	0	0
Tax on income for the year/Joint taxation	-152	0	-152
Balance, 31 December 2018	-152	292	-444
Recognised in the balance sheet as follows:			
Income tax payable	102		
Group enterprices	-254		
	-152		

In 2017 the Parent company has an un-activated tax asset of 0.3 million at their disposal, which was recognised in 2018.

Consolidated financial statements and parent company financial statements for the period 1 January – 31 December

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9 Intangible assets

thousands of DKK	Group Goodwill	 Software	 Other intangible assets	 Total
Cost at 1 January 2018	9,800	24,705	2,803	37,308
Exchange rate adjustments	0	-2	0	-2
Addtions	0	1,013	0	1,013
Disposals	0	-843	0	-843
Cost at 31 December 2018	9,800	24,873	2,803	37,476
Amortisation at 1 January 2018	-939	-21,756	-543	-23,238
Exchange rate adjustments	0	3	0	3
Amortisation for the year	-490	-1,404	-262	-2,156
Reversals of amortisation by the end of the year	0	843	0	843
Amortisation at 31 December 2018	-1,429	-22,314	-805	-24,548
Carrying amount at 31 December 2018	8,371	2,559	1,998	12,928
Amortised over	20 years	3-5 years	5-10 years	

10 Property, plant and equipment

thousands of DKK	Group Leasehold improvements	 Plant and machinery	 Other fixtures and fittings	 Property, plant and equipment under construction	 Total
Cost at 1 January 2018	24,204	126,111	18,249	649	169,213
Exchange rate adjustments	-68	-353	-40	0	-461
Addtions/Transfer	253	5,503	138	-649	5,245
Disposals	0	-378	-209	0	-587
Cost at 31 December 2018	24,389	130,883	18,138	0	173,410
Depreciation at 1 January 2018	-23,084	-116,938	-17,254	0	-157,276
Exchange rate adjustments	62	326	39	0	427
Depreciation for the year	-367	-3,013	-253	0	-3,633
Reversals of accumulated depriciation and impairment on assets sold	0	332	209	0	541
Depreciation at 31 December 2018	-23,389	-119,293	-17,259	0	-159,941
Carrying amount at 31 December 2018	1,000	11,590	879	0	13,469
Property, plant and equipment include assets held under financial lease assets with a total carrying amount of	0	0	596	0	596
Depreciated over	5 years	5 - 8 years	3 - 8 years		

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11 Financial assets

thousands of DKK	Group	
	Other receivables	Other securities and
Cost at 1 January 2018	989	500
Exchange rate adjustments	0	0
Additions	0	350
Disposals	0	-150
Cost at 31 December 2018	989	700
Carrying amount at 31 December 2018	989	700

thousands of DKK	Parent company	
	Equity investments in subsidiaries	Other receivables
Cost at 1 January 2018	80,613	500
Addtions	0	350
Disposals	0	-150
Cost at 31 December 2018	80,613	700
Value adjustments at 1 January 2018	31,124	0
Profit or loss for the year after tax	25,477	0
Exchange rate adjustments	-390	0
Other	133	0
Value adjustments at 31 December 2018	56,344	0
Carrying amount at 31 December 2018	136,957	700

Carrying amount at 31 December 2018 of goodwill and other further values are DKK 10,187.

Equity investments in subsidiaries are specified as follows:

	Principal place of business	Share capital	Vote and ownership share
BB Electronics A/S	Denmark	DKK 7,634 thousand	100%

Other securities and investments consist of not listed companies, which is recognized at cost price.

12 Inventories

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

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13 Authorised share capital

As of 31 December 2018, equity consisted of 100,000 shares at DKK 1. The company were founded 28 January 2016 with a share capital of nominal DKK 50,000, which were increased in February 2016 with nominal DKK 50,000, after which equity consist of DKK 100,000.

Incentive programmes
Reference is made to note 3 regarding warrant programmes.

14 Non-current liabilities

Group
Payments due within 1 year are recognised under current liabilities. As of 31 December 2018, non-current liabilities amounted to DKK 22,104 thousand (2017: DKK 33,150 thousand). The non-current liabilities mature within 5 years after the reporting date.

Parent company
Payments due within 1 year are recognised under current liabilities. As of 31 December 2018, long-term liabilities amounted to DKK 7,185 thousand (2017: DKK 10,777 thousand). The long-term liabilities mature within 5 years after the reporting date.

15 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 financial institution has provided a customer with a guarantee of DKK 457 thousand which expires in 2021.

A company charge security for DKK 60,000 thousand has been provided as security for payables to credit institutions.

BB Electronics A/S forms a tax group with the Parent company and as of 13 February 2016 is jointly liable with the Parent company for Danish corporate tax within the tax group. The known net liabilities of the tax group companies to the Danish Tax and Customs Administration are shown in the Parent company's financial statements (BB Electronics Holding ApS, CVR No. 37 40 70 97). Any later corrections of tax group income may result in a higher tax group liability.

Parent company
The company form a tax group with BB Electronics A/S and as of 13 February 2016 is jointly liable with the subsidory for Danish corporate tax within the tax group . The known net liabilities of the tax group companies to the Danish tax and costoms administration are shown in the parent company's financial statements. Any later corrections of tax group income may result in a higher group liability.

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16 Operating leasing and rental agreements

Group

In addition to finance leases, the Group has entered into operating leasing liabilities with payments in the non-cancellation period totalling DKK 1,033 thousand (2017: DKK 1,379 thousand). The leasing contracts have non-cancellation periods of up to 24 months.

The rental agreement in Denmark has a 12 month notice. The annual rent during the non-cancellation period amounts to DKK 2.498 thousand (2017: DKK 1,421 thousand).

The non-cancellation period for the rental agreement in China ends on 30 September 2019. The total rent during the non-cancellation period amounts to DKK 1,325 thousand (2017: DKK 3,188 thousand).

Parent company

The company has no operating lease and rental agreements.

17 Related parties

BB Electronics Holding ApS' related parties include the following:

Controlling interest	Background	Transactions
No shareholders have majority shares	Shareholder	Board fee, DKK 135 thousand
BB Electronics A/S Ane Staunings Vej 21 8700 Horsens	Subsidiary	Debt, DKK 11,503 thousand

Ownership

The following shareholder is listed in the list of owners as holding 5% or more of the share capital:

Aramis ApS, Knud Højgaards vej 9, 2860 Søborg
Slotsbakken Holding ApS, Vældegårdsvej 73 a., 2820 Gentofte
Skovbitt Holding A/S, Holmboes Alle 1 A. 10, 8700 Horsens
Per Thrane Holding ApS, Strandvejen 178, 2920 Charlottenlund
Sven Ruder, Nejs Bjerg 52, 6310 Broager
BB Management 2016 ApS, Ane Stauningsvej 21 C, 8700 Horsens

Consolidated financial statements and parent company financial statements for the period 1 January – 31 December

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18 Currency and interest rate risks and use of derivative financial instruments

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

2018

There are no financial contracts to hedge currency translation exposure in the statement of financial position as of 31 December 2018.

As of 31 December 2018, the Group entered into the following forward contracts to hedge product purchases:

Currency	Contract value thousands of USD	Market value thousands of DKK
EUR/USD	817	156

As of 31 December 2018, the market value of forward contracts is included under other receivables and directly in equity.

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

thousands of DKK	Calculation principal	Value adjustments recognised in equity	Fair value	Residual maturity
Interest rate swaps	15,866	-138	-138	3 years

2017

The group uses hedging instruments such as forward contracts and interest rate/currency swaps as part of the hedging of recognised and unrecognised transactions.

There are no financial contracts to hedge currency translation exposure in the balance sheet as of 31 December 2017.

As of 31 December 2017, the group entered into the following forward contracts for the hedging of purchases:

Currency	Contract value thousands of USD	Market value thousands of DKK
EUR/USD	593	1

As of 31 December 2017, the market value of forward contracts are included under other receivables and directly in equity.

The group hedges interest risk using interest rate swaps, whereby variable interest payments are converted to fixed interest payments.

thousands of DKK	Calculation principal	Value adjustments recognised in equity	Fair value	Residual maturity
Interest rate swaps	21,155	-154	-154	4 years

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	thousands of DKK	2018	2017
19	**Appropriation of profit / loss**		
	Reserve for net revaluations according to the equity method	25,477	19,328
	Retained earnings	-132	-668
		25,345	18,660
20	**Statement of cash flows - adjustments**		
	Depreciation and amortisation on intangible and tangible fixed assets	5,789	8,030
	Profit on sale of fixed assets	-55	-28
	Financial income	-486	-2,571
	Financial costs	3,766	3,089
	Tax on profit or loss for the year	3,895	-3,286
	Changes in provisions	116	67
		13,025	5,301
21	**Statement of cash flows - changes in working capital**		
	Change in receivables etc.	-1,203	-7,631
	Change in inventories	-39,434	-13,947
	Change in suppliers and other liabilities etc.	33,953	11,948
	Exchange rate adjustments	-235	-3,807
		-6,919	-13,437

Consolidated financial statements and parent company financial statements for the period 1 January – 31 December

Accounting policies

The consolidated financial statements and the parent company financial statements of BB Electronics Holding ApS for 2018 have been prepared in accordance with the provisions in the Danish Financial Statements Act applying to large reporting Class Centities.

The financial statements have been prepared according to the same accounting policies as last year. Some accounting items have been reclassified. Financial ratios have been restated.

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 - 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 Holding Group.

The consolidation eliminates income and expenses internal to the group, internal balances and dividends, and realised and unrealised profits and losses arising from transactions between the consolidated companies.

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.

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 units. 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 conversion of subsidiaries' equity at the opening of the year and exchange rate adjustments arising from 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.

Consolidated financial statements and parent company financial statements for the period 1 January – 31 December

Accounting policies continued

Segment information

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

Income Statement

Revenue

Net sales from 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 is 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 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 company, 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 the profit after tax of the subsidiary after full elimination of internal profit/loss.

Financial entries

Financial income and costs include interest income and costs, 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 costs are recognised as the amounts concerning the financial year.

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 group accounts 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.

Consolidated financial statements and parent company financial statements for the period 1 January – 31 December

Accounting policies continued

The tax for the year consists of the current corporate tax and changes in deferred tax for the year - including as a result of 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 directly in equity.

Balance sheet

Intangible assets

Software

Software is calculated at cost less accumulated depreciation and 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 depreciation and amortisation. Customer lists are amortised over 5 years.

Property, plant and equipment

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

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

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

Leasehold improvements	5 years
Plant and machinery	5-8 years
Other fixtures and fittings	3 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 is 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 amortisation period or residual value.

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

Leasing contracts

Leasing contracts related to assets, where the company holds all material risk and advantage 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. Financial leased assets are hereinafter treated the same as the company's other assets.

Consolidated financial statements and parent company financial statements for the period 1 January – 31 December

Accounting policies continued

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 operational leases. Services connected with operational leases and other leasing contracts are recognised in the income statement over the term of the contract. The company's total liabilities relating to operational leases are included under 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 as calculated based on the accounting policies for the parent company while subtracting or adding unrealised profits and losses in the Group.

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

Impairment of assets

The carrying amount of intangible assets and property, plant and equipment, as well as investments in subsidiaries, is 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 by 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 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 finishing costs 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 individual assessment.

Consolidated financial statements and parent company financial statements for the period 1 January – 31 December

Accounting policies continued

Prepayments and accrued income

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

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 AGM.

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 liabilities and current tax receivables are recognised in the balance sheet as estimated tax from 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 using all temporary differences between the carrying amount and tax value of assets and liabilities. In cases where the estimate of the tax value may be made according to different taxation rules, deferred tax is measured on the basis of the management's planned use of the asset's settlement of the liability.

Deferred tax assets, including the taxable value of carry-over tax losses, are recognised at the value with which they are expected to be used, either by off-setting tax on future earnings or off-setting against deferred tax liabilities.

Provisions

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

Provisions are recognised when the parent company/Group, as a result of a previous event, has a legal or actual liability and it is likely that settling the liability will require expenditure of the financial resources of the parent company/Group.

Liabilities

Financial liabilities are recognised at the time of loan origination as the proceeds received excepting any realised transaction costs. In subsequent periods, financial liabilities are recognised at amortised cost analogous to the capitalised value using the effective interest rate, so that the difference between the proceeds received and the nominal value is recognised in the income statement throughout the loan period.

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

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

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Accounting policies continued

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 deducted from of transactions and/or transportation costs.

All assets and liabilities that are measured at fair value or where the fair value has been disclosed are categorised by the fair value hierarchy, as described below:

Level 1: Value calculated based on the fair value of similar assets/liabilities on a functioning 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, investment activities and financial 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 investment activities

Cash flows from investment activities include payments related to 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.