



ETK EMS Sønderborg A/S

Augustenborg Landevej 7
6400 Sønderborg
CVR No. 39924595

Annual report 01.07.2022 - 30.06.2023

The Annual General Meeting adopted the annual
report on 24.10.2023

Christian Møller Christensen
Chairman of the General Meeting

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Entity details

Entity

ETK EMS Sønderborg A/S

Augustenborg Landevej 7

6400 Sønderborg

Business Registration No.: 39924595

Registered office: Sønderborg

Financial year: 01.07.2022 - 30.06.2023

Board of Directors

Thomas Vinter

Torben Drejer

Christian Møller Christensen

Kurt Bering Sørensen

Mille Lindsprog Knudsen

Thomas Tvedergaard Larsen

Executive Board

Troels Hornsved

Auditors

Deloitte Statsautoriseret Revisionspartnerselskab

City Tower, Værkmestergade 2

8000 Aarhus C

Statement by Management

The Board of Directors and the Executive Board have today considered and approved the annual report of ETK EMS Sønderborg A/S for the financial year 01.07.2022 - 30.06.2023.

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

In our opinion, the financial statements give a true and fair view of the Entity's financial position at 30.06.2023 and of the results of its operations for the financial year 01.07.2022 - 30.06.2023.

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

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

Sønderborg, 24.10.2023

Executive Board

Troels Hornsved

Board of Directors

Thomas Vinter

Torben Drejer

Christian Møller Christensen

Kurt Bering Sørensen

Mille Lindskrog Knudsen

Thomas Tvedergaard Larsen

Independent auditor's report

To the shareholders of ETK EMS Sønderborg A/S

Opinion

We have audited the financial statements of ETK EMS Sønderborg A/S for the financial year 01.07.2022 - 30.06.2023, which comprise the income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Entity's financial position at 30.06.2023 and of the results of its operations for the financial year 01.07.2022 - 30.06.2023 in accordance with the Danish Financial Statements Act.

Basis for opinion

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

Management's responsibilities for the financial statements

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

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

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

Statement on the management commentary

Management is responsible for the management commentary.

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

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

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

Based on the work we have performed, we conclude that the management commentary is in accordance with the financial statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement of the management commentary.

Aarhus, 24.10.2023

Deloitte

Statsautoriseret Revisionspartnerselskab
CVR No. 33963556

Søren Marquart Alsen

State Authorised Public Accountant
Identification No (MNE) mne40040

Lena Lykkegård

State Authorised Public Accountant
Identification No (MNE) mne47836

Management commentary

Primary activities

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

Development in activities and finances

The income statement for the year ending June 30th, 2023 shows a profit for the year of EUR 981k.

The equity is EUR 4,2 mio.

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

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

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

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

We have continued investing in new and improved technology for our production in all four sites, and additionally, further optimization of our digital setup and planning systems has been implemented, enabling an improved control over component scheduling, capacity utilization and delivery service to our customers.

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

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

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

Events after the balance sheet date

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

Income statement for 2022/23

	Notes	2022/23 EUR	2021/22 EUR
Gross profit/loss		2,403,653	3,113,165
Staff costs	2	(1,116,583)	(1,190,029)
Depreciation, amortisation and impairment losses		(29,206)	(28,327)
Operating profit/loss		1,257,864	1,894,809
Other financial income	3	87,039	26,621
Other financial expenses	4	(70,128)	(18,052)
Profit/loss before tax		1,274,775	1,903,378
Tax on profit/loss for the year	5	(294,062)	(419,044)
Profit/loss for the year		980,713	1,484,334
Proposed distribution of profit and loss			
Ordinary dividend for the financial year		3,588,710	0
Retained earnings		(2,607,997)	1,484,334
Proposed distribution of profit and loss		980,713	1,484,334

Balance sheet at 30.06.2023

Assets

	Notes	2022/23 EUR	2021/22 EUR
Goodwill		17,654	21,013
Intangible assets	6	17,654	21,013
Other fixtures and fittings, tools and equipment		28,250	28,251
Property, plant and equipment	7	28,250	28,251
Deposits		4,705	3,136
Financial assets		4,705	3,136
Fixed assets		50,609	52,400
Raw materials and consumables		917,199	999,188
Manufactured goods and goods for resale		303,107	508,084
Prepayments for goods		46	31,531
Inventories		1,220,352	1,538,803
Trade receivables		793,990	1,325,232
Receivables from group enterprises		3,155,697	2,987,401
Deferred tax	8	90,013	51,215
Receivables		4,039,700	4,363,848
Cash		1,072,686	3,416
Current assets		6,332,738	5,906,067
Assets		6,383,347	5,958,467

Equity and liabilities

	Notes	2022/23 EUR	2021/22 EUR
Contributed capital		67,240	67,240
Retained earnings		563,552	3,171,549
Proposed dividend		3,588,710	0
Equity		4,219,502	3,238,789
Joint taxation contribution payable		337,166	447,940
Non-current liabilities other than provisions	9	337,166	447,940
Bank loans		281,473	786,148
Prepayments received from customers		0	70,371
Trade payables		610,217	689,168
Payables to group enterprises		298,077	923
Joint taxation contribution payable		447,735	370,552
Other payables		189,177	354,576
Current liabilities other than provisions		1,826,679	2,271,738
Liabilities other than provisions		2,163,845	2,719,678
Equity and liabilities		6,383,347	5,958,467
Events after the balance sheet date	1		
Unrecognised rental and lease commitments	10		
Contingent liabilities	11		
Group relations	12		

Statement of changes in equity for 2022/23

	Contributed capital EUR	Retained earnings EUR	Proposed dividend EUR	Total EUR
Equity beginning of year	67,240	3,171,549	0	3,238,789
Profit/loss for the year	0	(2,607,997)	3,588,710	980,713
Equity end of year	67,240	563,552	3,588,710	4,219,502

Notes

1 Events after the balance sheet date

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

2 Staff costs

	2022/23	2021/22
	EUR	EUR
Wages and salaries	1,000,732	1,080,702
Pension costs	90,292	88,110
Other social security costs	25,559	21,217
	1,116,583	1,190,029
Average number of full-time employees	21	24

3 Other financial income

	2022/23	2021/22
	EUR	EUR
Financial income from group enterprises	87,127	26,143
Other interest income	(88)	478
	87,039	26,621

4 Other financial expenses

	2022/23	2021/22
	EUR	EUR
Other interest expenses	14,792	18,052
Exchange rate adjustments	55,336	0
	70,128	18,052

5 Tax on profit/loss for the year

	2022/23	2021/22
	EUR	EUR
Current tax	337,166	465,343
Change in deferred tax	(56,157)	(46,299)
Adjustment concerning previous years	13,053	0
	294,062	419,044

6 Intangible assets

	Goodwill
	EUR
Cost beginning of year	33,620
Cost end of year	33,620
Amortisation and impairment losses beginning of year	(12,607)
Amortisation for the year	(3,359)
Amortisation and impairment losses end of year	(15,966)
Carrying amount end of year	17,654

7 Property, plant and equipment

	Other fixtures and fittings, tools and equipment
	EUR
Cost beginning of year	178,304
Cost end of year	178,304
Depreciation and impairment losses beginning of year	(150,054)
Depreciation and impairment losses end of year	(150,054)
Carrying amount end of year	28,250

8 Deferred tax

	2022/23	2021/22
	EUR	EUR
Intangible assets	(17,456)	(1,477)
Property, plant and equipment	10,607	6,848
Inventories	96,862	28,466
Receivables	0	17,378
Deferred tax	90,013	51,215

Deferred tax assets

Deferred tax consist of temporary differences between tangible assets, which are expected to be used within 3 - 5 years.

9 Non-current liabilities other than provisions

	Due after more than 12 months
	2022/23
	EUR
Joint taxation contribution payable	337,166
	337,166

10 Unrecognised rental and lease commitments

	2022/23	2021/22
	EUR	EUR
Liabilities under rental or lease agreements until maturity in total	574,413	597,613

11 Contingent liabilities

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

12 Group relations

Name and registered office of the Parent preparing consolidated financial statements for the largest group:
ETK Finans ApS, Lysholt Allé 10, DK-7100 Vejle

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

Accounting policies

Reporting class

This annual report has been presented in accordance with the provisions of the Danish Financial Statements Act governing reporting class B enterprises with addition of a few provisions for reporting class C.

The accounting policies applied to these financial statements are consistent with those applied last year, however with some reclassifications.

Recognition and measurement

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

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

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

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

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

Income statement

Gross profit

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

Revenue

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

Cost of sales

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

Other external expenses

Other external expenses include expenses relating to the Entity's ordinary activities, including expenses for premises, stationery and office supplies, marketing costs, etc. This item also includes writedowns of receivables recognised in current assets.

Staff costs

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

Depreciation, amortisation and impairment losses

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

Other financial income

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

Other financial expenses

Other financial expenses comprise interest expenses, including interest expenses on payables to group enterprises, net capital or exchange losses on securities, payables and transactions in foreign currencies, amortisation of financial liabilities, and tax surcharge under the Danish Tax Prepayment Scheme etc.

Tax on profit/loss for the year

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

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

Balance sheet**Goodwill**

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

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

Property, plant and equipment

Land and buildings, plant and machinery, and other fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation and impairment losses. Land is not depreciated.

Cost comprises the acquisition price, costs directly attributable to the acquisition and preparation costs of the asset until the time when it is ready to be put into operation. .

The basis of depreciation is cost less estimated residual value after the end of useful life. Straight-line depreciation is made on the basis of the following estimated useful lives of the assets:

	Useful life
Other fixtures and fittings, tools and equipment	3

Estimated useful lives and residual values are reassessed annually.

Items of property, plant and equipment are written down to the lower of recoverable amount and carrying amount.

Inventories

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

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

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

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

Receivables

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

Deferred tax

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

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

Cash

Cash comprises cash in hand and bank deposits.

Dividend

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

Other financial liabilities

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

Prepayments received from customers

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

Joint taxation contributions payable or receivable

Current joint taxation contributions receivable or joint taxation contributions payable are recognised in the balance sheet, calculated as tax computed on the taxable income of the year, which has been adjusted for

prepaid tax. For tax losses, joint taxation contributions receivable are only recognised if such losses are expected to be used under the joint taxation arrangement.