



ETK Finans ApS

Lysholt Allé 10
7100 Vejle
CVR No. 42623172

Annual report 01.07.2022 - 30.06.2023

The Annual General Meeting adopted the annual
report on 20.12.2023

Christian Møller Christensen
Chairman of the General Meeting

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Entity details

Entity

ETK Finans ApS

Lysholt Allé 10

7100 Vejle

Business Registration No.: 42623172

Registered office: Vejle

Financial year: 01.07.2022 - 30.06.2023

Executive Board

Christian Møller Christensen

Auditors

Deloitte Statsautoriseret Revisionspartnerselskab

City Tower, Værkmestergade 2

8000 Aarhus C

Statement by Management on the annual report

The Executive Board has today considered and approved the annual report of ETK Finans ApS for the financial year 01.07.2022 - 30.06.2023.

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

In my opinion, the consolidated financial statements and the parent financial statements give a true and fair view of the Group's and the Parent's financial position at 30.06.2023 and of the results of their operations and the consolidated cash flows for the financial year 01.07.2022 - 30.06.2023.

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

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

Vejle, 20.12.2023

Executive Board

Christian Møller Christensen

Independent auditor's report

To the shareholders of ETK Finans ApS

Opinion

We have audited the consolidated financial statements and the parent financial statements of ETK Finans ApS 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, for the Group as well as the Parent, and the consolidated cash flow statement. The consolidated financial statements and the parent financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the consolidated financial statements and the parent financial statements give a true and fair view of the Group's and the Parent's financial position at 30.06.2023 and of the results of their operations and the consolidated cash flows 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 consolidated financial statements and the parent financial statements" section of this auditor's report. 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. 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 consolidated financial statements and the parent financial statements

Management is responsible for the preparation of consolidated financial statements and parent 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 consolidated financial statements and parent financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements and the parent financial statements, Management is responsible for assessing the Group's and 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 consolidated financial statements and the parent 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 consolidated financial statements and the parent financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements and the parent 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 consolidated financial statements and parent 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 consolidated financial statements and the parent 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 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 consolidated financial statements and the parent 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 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 consolidated financial statements and the parent 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 Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements and the parent financial statements, including the disclosures in the notes, and whether the consolidated financial statements and the parent 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 commentary

Management is responsible for the management commentary.

Our opinion on the consolidated financial statements and the parent 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 consolidated financial statements and the parent financial statements, our responsibility is to read the management commentary and, in doing so, consider whether the management commentary is materially inconsistent with the consolidated financial statements and the parent 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 consolidated financial statements and the parent 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, 20.12.2023

Deloitte

Statsautoriseret Revisionspartnerselskab
CVR No. 33963556

Søren Marquart Alsen

State Authorised Public Accountant
Identification No (MNE) mne40040

Lena Lykkegård

State Authorised Public Accountant
Identification No (MNE) mne47836

Management commentary

Financial highlights

	2022/23	2021/22
	DKK'000	DKK'000
Key figures		
Revenue	476,571	298,482
Gross profit/loss	145,712	74,356
Operating profit/loss	51,610	7,459
Net financials	(11,285)	(7,361)
Profit/loss for the year	35,681	(1,825)
Profit for the year excl. minority interests	20,946	(1,257)
Balance sheet total	472,562	448,039
Investments in property, plant and equipment	4,346	47,975
Equity	176,988	147,536
Equity excl. minority interests	104,799	88,580
Cash flows from operating activities	23,610	(47,963)
Cash flows from investing activities	24	(258,552)
Cash flows from financing activities	(22,138)	245,410
Ratios		
Gross margin (%)	30.58	24.91
Net margin (%)	7.49	(0.61)
Equity ratio (%)	22.18	19.77

As the company's previous annual report were based on the period 23.08.2021 to 30.06.2022, the financial figures are not directly comparable to this year, which is from 01.07.2022 to 30.06.2023.

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

Gross margin (%):

$\frac{\text{Gross profit/loss} * 100}{\text{Revenue}}$

Net margin (%):

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

Equity ratio (%):

$\frac{\text{Equity excl. minority interests} * 100}{\text{Balance sheet total}}$

Primary activities

The activities consisted of development, production and trading of electronic components and equipment and the attached services.

Development in activities and finances

The income statement for the year ending June 30th, 2023 shows an increase in revenue of around 60%, a profit for the year of DKK 35.7 m., and an equity of DKK 104.8 m.

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

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

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

We have continued investing in new and improved technology for our production in all four sites, with the largest single investment in ETK's history being made in Skanderborg where a combined SMT and IMT production line has been installed to support demand from a major customer. Furthermore, investments into a new SMT line for our Rayong factory have also been initiated, with installation during Q4 2023. The additional capacity will be a further enhancement to the strength of our Rayong factory and ETK in supporting the competitiveness of our customers going forward. Additional investments are planned for implementation during 2023/24 to support a continued scaling of the company.

The Næstved site, which was acquired during 2022, has since Q3 2022 been fully integrated into the ETK operating model, including implementing our backbone ERP system, so the Næstved site enjoys the same AI driven planning systems as their sister companies. Additionally, further optimization of our digital setup and planning systems has been implemented, enabling an improved control over component scheduling, capacity utilization and delivery service to our customers.

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

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

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

Profit/loss for the year in relation to expected developments

This year's result is overall as expected.

Outlook

During the year 2022/23 we have experienced a shift from focussing on securing components to a more varied market with a continued focus on securing components, but also customers postponing demand and reducing forecast to ensure cashflow. We expect this shift in focus will carry through to 2023/24, which we expect will be a challenging year as the effect of high inventories in the supply chain combined with a more cautious approach by our customers will materialize in the activity level in the market generally. While the profit for 2022/23 was very satisfactory, we expect the profit for 2023/24 to be significantly lower with a profit of 3 to 4 mEUR due to reduced demand, increased cost and increased focus on price in the market.

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

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

Statutory report on corporate social responsibility

Business model

ETK EMS is present in Denmark and Thailand with three sites incl. headquarters in Denmark and one site in Thailand employing a total of almost 320 people. We service customers throughout the world, offering assembly of PCBA's, mechanical assemblies, box-build solutions and tailored logistics for end customer shipments and we specialize in industrial energy, transportation, the medical industry and information technology markets. We are proud of the positive impacts our products bring to ensuring that critical infrastructure is digitized and reliable.

Policies

We have adopted the Responsible Business Alliance Code of Conduct, a high quality standard within our industry, and we have had our own CSR Policy for a number of years. Together they address important matters like human and labor rights, safety, environmental topics and anti-corruption. We have plans to initiate an evaluation of the completeness of our Code and CSR Policy in the coming year, where we will also continue to ensure that our suppliers adhere to the RBA Code.

Environment and climate

We operate a low impact operation with relatively insignificant risks concerning the environment and climate. We maintain relevant ISO standards and will in the coming financial year have all sites ISO14001 certified. We have done some efforts to reduce our energy consumption, and plan for the years ahead to start mapping, measuring and reducing our carbon footprint.

Social matters

Our business' success relies on the collaborations and creativity of our employees. We maintain a workplace with equal opportunities for all, where safety is a priority, and currently we consider our efforts very successful and risks relating to our employees to be minimal. Our ambition for the future is to maintain high engagement and that we have a good place to work where people going the extra mile are recognized and where flexibility can be expected.

Human rights

In the early steps of the value chain of our industry, certain risks relating to human rights have unfortunately been documented in the past. We are not aware of, and would never tolerate any kind of human rights violations, which is also why we have signed up to the RBA Code of Conduct. The network of suppliers we work with are large and considered responsible and reliable so while we have not identified any major risks, we will continue to increase robustness of, and insights to, the operations of our suppliers.

Anti-corruption

Our business relations have not been identified as a place where high risks relating to corruption is a problem. We will not tolerate any sort of bribery or corruption, and efforts in the past have been on ensuring that business processes are in place to reduce the risk and even possibility of using our company assets for personal gains. Going forward we will maintain and continue optimizing our robust controls and standards and ensure prompt action in the event of findings.

Statutory report on the underrepresented gender**Statutory report on data ethics policy**

Working responsibly and ethically with data is already an important task for us. And while we do not have a stand-alone data ethics policy as defined by the Danish Business Authority, we do have existing structures in place to ensure compliance with data protection/GDPR as well as cyber security topics. It is important for us both to protect the personal data of our employees, as well as in relation to marketing and sales activities to manage business partner data in the right way. If, in the future, we change our business model and start using advanced data systems or AI to manage personal data, we will reevaluate the need for establishing a policy.

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.

Consolidated income statement for 2022/23

	Notes	2022/23 DKK	2021/22 DKK
Revenue	2	476,570,567	298,481,512
Other operating income		0	2,115,269
Cost of sales		(305,591,597)	(210,194,701)
Other external expenses	3	(25,267,010)	(16,045,861)
Gross profit/loss		145,711,960	74,356,219
Staff costs	4	(78,376,288)	(53,758,053)
Depreciation, amortisation and impairment losses		(15,725,482)	(13,139,430)
Operating profit/loss		51,610,190	7,458,736
Other financial income	5	502,948	32,173
Other financial expenses	6	(11,788,055)	(7,393,636)
Profit/loss before tax		40,325,083	97,273
Tax on profit/loss for the year	7	(4,644,388)	(1,922,231)
Profit/loss for the year	8	35,680,695	(1,824,958)

Consolidated balance sheet at 30.06.2023

Assets

	Notes	2022/23 DKK	2021/22 DKK
Goodwill		145,031,527	157,673,046
Intangible assets	9	145,031,527	157,673,046
Plant and machinery		9,850,377	9,229,784
Other fixtures and fittings, tools and equipment		8,544,323	8,936,745
Leasehold improvements		131,674	261,378
Property, plant and equipment	10	18,526,374	18,427,907
Deposits		3,456,927	2,577,973
Other receivables		0	786,672
Financial assets	11	3,456,927	3,364,645
Fixed assets		167,014,828	179,465,598
Raw materials and consumables		135,773,837	130,772,630
Work in progress		11,322,101	8,272,214
Manufactured goods and goods for resale		22,003,157	26,889,154
Prepayments for goods		2,534,439	3,601,613
Inventories		171,633,534	169,535,611

Trade receivables		76,158,807	89,320,911
Deferred tax	12	6,012,374	3,009,207
Other receivables		2,861,887	213,874
Tax receivable		0	976,887
Prepayments	13	803,894	1,462,702
Receivables		85,836,962	94,983,581
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Cash		48,076,773	4,054,141
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Current assets		305,547,269	268,573,333
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Assets		472,562,097	448,038,931
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Equity and liabilities

	Notes	2022/23 DKK	2021/22 DKK
Contributed capital		100,000	100,000
Retained earnings		104,698,573	88,479,821
Equity belonging to Parent's shareholders		104,798,573	88,579,821
Equity belonging to minority interests		72,189,726	58,955,876
Equity		176,988,299	147,535,697
Bank loans		66,392,382	83,333,000
Lease liabilities		2,423,904	3,037,522
Tax payable		4,354,152	0
Other payables		558,464	5,141,756
Non-current liabilities other than provisions	14	73,728,902	91,512,278
Current portion of non-current liabilities other than provisions	14	17,500,348	17,719,242
Bank loans		108,104,876	65,159,388
Prepayments received from customers		4,410,000	755,027
Trade payables		67,545,367	72,899,914
Payables to associates		0	23,065,353
Tax payable		8,639,189	11,677,284
Other payables		15,645,116	17,714,748
Current liabilities other than provisions		221,844,896	208,990,956
Liabilities other than provisions		295,573,798	300,503,234
Equity and liabilities		472,562,097	448,038,931
Events after the balance sheet date	1		
Contingent liabilities	16		
Assets charged and collateral	17		
Transactions with related parties	18		
Group relations	19		
Subsidiaries	20		

Consolidated statement of changes in equity for 2022/23

	Contributed capital DKK	Retained earnings DKK	Equity belonging to Parent's shareholders DKK	Equity belonging to minority interests DKK	Total DKK
Equity beginning of year	100,000	88,479,821	88,579,821	58,955,876	147,535,697
Exchange rate adjustments	0	(3,817,930)	(3,817,930)	(2,666,885)	(6,484,815)
Value adjustments	0	0	0	1,166,192	1,166,192
Other entries on equity	0	(909,470)	(909,470)	0	(909,470)
Profit/loss for the year	0	20,946,152	20,946,152	14,734,543	35,680,695
Equity end of year	100,000	104,698,573	104,798,573	72,189,726	176,988,299

Consolidated cash flow statement for 2022/23

	Notes	2022/23 DKK	2021/22 DKK
Operating profit/loss		51,610,190	7,458,736
Amortisation, depreciation and impairment losses		15,725,482	13,139,430
Working capital changes	15	(27,086,431)	(59,648,036)
Cash flow from ordinary operating activities		40,249,241	(39,049,870)
Financial income received		502,948	32,173
Financial expenses paid		(11,788,055)	(7,393,636)
Taxes refunded/(paid)		(5,354,611)	(1,551,915)
Cash flows from operating activities		23,609,523	(47,963,248)
Acquisition etc. of property, plant and equipment		(3,728,286)	(6,551,999)
Sale of property, plant and equipment		2,349,577	0
Acquisition of fixed asset investments		(878,954)	0
Acquisition of enterprises		0	(252,000,000)
Disposal of enterprises		2,281,768	0
Cash flows from investing activities		24,105	(258,551,999)
Free cash flows generated from operations and investments before financing		23,633,628	(306,515,247)
Loans raised		0	100,000,000
Repayments of loans etc.		(22,137,528)	0
Cash capital increase		0	145,410,000
Cash flows from financing activities		(22,137,528)	245,410,000
Increase/decrease in cash and cash equivalents		1,496,100	(61,105,247)
Cash and cash equivalents beginning of year		(61,105,247)	0
Currency translation adjustments of cash and cash equivalents		(418,956)	0
Cash and cash equivalents end of year		(60,028,103)	(61,105,247)

Cash and cash equivalents at year-end are composed of:

Cash	48,076,773	4,054,141
Short-term bank loans	(108,104,876)	(65,159,388)
Cash and cash equivalents end of year	(60,028,103)	(61,105,247)

Notes to consolidated financial statements

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 Revenue

	2022/23 DKK	2021/22 DKK
Denmark	393,824,992	238,137,889
EU	20,936,019	19,746,638
Non EU	61,809,556	40,596,985
Total revenue by geographical market	476,570,567	298,481,512

3 Fees to the auditor appointed by the Annual General Meeting

	2022/23 DKK	2021/22 DKK
Statutory audit services	404,000	393,000
Other services	325,000	663,000
	729,000	1,056,000

4 Staff costs

	2022/23 DKK	2021/22 DKK
Wages and salaries	71,141,222	47,808,127
Pension costs	5,694,928	4,178,391
Other social security costs	1,540,138	1,737,597
Other staff costs	0	33,938
	78,376,288	53,758,053

Average number of full-time employees	321	323
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Remuneration for the board of directors and management is undisclosed with reference to section 98, subsection of the Annual Accounts Act. 3, No. 2.

5 Other financial income

	2022/23	2021/22
	DKK	DKK
Other interest income	502,948	30,223
Other financial income	0	1,950
	502,948	32,173

6 Other financial expenses

	2022/23	2021/22
	DKK	DKK
Financial expenses from associates	976,126	484,725
Other interest expenses	9,472,465	2,311,574
Exchange rate adjustments	1,119,464	4,419,452
Other financial expenses	220,000	177,885
	11,788,055	7,393,636

7 Tax on profit/loss for the year

	2022/23	2021/22
	DKK	DKK
Current tax	8,482,576	4,931,438
Change in deferred tax	(3,003,167)	(3,009,207)
Adjustment concerning previous years	(835,021)	0
	4,644,388	1,922,231

8 Proposed distribution of profit/loss

	2022/23	2021/22
	DKK	DKK
Retained earnings	20,946,153	(1,256,572)
Minority interests' share of profit/loss	14,734,542	(568,386)
	35,680,695	(1,824,958)

9 Intangible assets

	Goodwill
	DKK
Cost beginning of year	167,108,118
Cost end of year	167,108,118
Amortisation and impairment losses beginning of year	(9,435,072)
Amortisation for the year	(12,641,519)
Amortisation and impairment losses end of year	(22,076,591)
Carrying amount end of year	145,031,527

10 Property, plant and equipment

	Plant and machinery DKK	Other fixtures and fittings, tools and equipment DKK	Leasehold improvements DKK
Cost beginning of year	24,016,543	25,917,969	3,798,819
Exchange rate adjustments	(617,363)	0	0
Additions	3,095,365	1,250,284	0
Disposals	(545,856)	(1,803,721)	0
Cost end of year	25,948,689	25,364,532	3,798,819
Depreciation and impairment losses beginning of year	(14,786,759)	(16,981,224)	(3,537,441)
Depreciation for the year	(1,311,553)	(2,158,705)	(129,704)
Reversal regarding disposals	0	2,319,720	0
Depreciation and impairment losses end of year	(16,098,312)	(16,820,209)	(3,667,145)
Carrying amount end of year	9,850,377	8,544,323	131,674

11 Financial assets

	Deposits DKK
Cost beginning of year	2,577,973
Additions	878,954
Cost end of year	3,456,927
Carrying amount end of year	3,456,927

12 Deferred tax

	2022/23 DKK	2021/22 DKK
Changes during the year		
Beginning of year	3,009,207	0
Recognised in the income statement	3,559,792	3,009,207
Disposal	(556,625)	0
End of year	6,012,374	3,009,207

Deferred tax assets

Deferred tax consist of temporary differences on depreciation of tangible assets.

13 Prepayments

Prepayments recognised under assets include expenses incurred relating to subsequent financial years. Prepayments are measured at cost.

14 Non-current liabilities other than provisions

	Due within 12 months 2022/23 DKK	Due within 12 months 2021/22 DKK	Due after more than 12 months 2022/23 DKK
Bank loans	16,667,000	16,667,000	66,392,382
Lease liabilities	833,348	1,052,242	2,423,904
Tax payable	0	0	4,354,152
Other payables	0	0	558,464
	17,500,348	17,719,242	73,728,902

15 Changes in working capital

	2022/23 DKK	2021/22 DKK
Increase/decrease in inventories	(2,097,923)	(84,154,546)
Increase/decrease in receivables	11,959,571	(40,778,997)
Increase/decrease in trade payables etc.	(49,190,981)	65,285,507
Other changes	12,242,902	0
	(27,086,431)	(59,648,036)

16 Contingent liabilities

The Parent and the Danish subsidiaries participate in a Danish joint taxation arrangement in which ETK Finans ApS serves as the administration company. According to the joint taxation provisions of the Danish Corporation Tax Act, the Parent and the Danish subsidiaries are therefore liable for income taxes etc. for the jointly taxed entities, and also for obligations, if any, relating to the withholding of tax on interest, royalties and dividends 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.

17 Assets charged and collateral

Shares in all subsidiaries have been posted as security for bank debt and bank debt in ETK EMS Skanderborg A/S, ETK EMS Sønderborg A/S, ETK EMS Næstved A/S, and ETK EMS Frederikssund A/S.

18 Non-arm's length related party transactions

Only non-arm's length related party transactions are disclosed in the annual report. No such transactions were conducted during the financial year.

19 Group relations

Name and registered office of the Parent preparing consolidated financial statements for the largest group:
ETK Finans ApS, 8600 Skanderborg

20 Subsidiaries

	Registered in	Ownership %
BE ETK Holding ApS	Denmark	59.31
ETK EMS Group ApS	Denmark	99.27
ETK EMS Frederikssund A/S	Denmark	100.00
ETK EMS Næstved A/S	Denmark	100.00
ETK EMS Sønderborg A/S	Denmark	100.00
ETK EMS Skanderborg A/S	Denmark	100.00
ETK EMS Asia Ltd	Thailand	100.00

Parent income statement for 2022/23

	Notes	2022/23 DKK	2021/22 DKK
Other external expenses		(75,000)	(413,568)
Gross profit/loss		(75,000)	(413,568)
Income from investments in group enterprises		20,924,960	(852,580)
Other financial expenses	2	(389)	(1,825)
Profit/loss before tax		20,849,571	(1,267,973)
Tax on profit/loss for the year	3	96,581	11,402
Profit/loss for the year	4	20,946,152	(1,256,571)

Parent balance sheet at 30.06.2023

Assets

	Notes	2022/23 DKK	2021/22 DKK
Investments in group enterprises		103,631,597	88,433,813
Financial assets	5	103,631,597	88,433,813
Fixed assets		103,631,597	88,433,813
Deferred tax	6	0	11,402
Other receivables		1,276,944	0
Joint taxation contribution receivable		10,734,103	4,425,611
Receivables		12,011,047	4,437,013
Cash		1,096,493	184,607
Current assets		13,107,540	4,621,620
Assets		116,739,137	93,055,433

Equity and liabilities

	Notes	2022/23 DKK	2021/22 DKK
Contributed capital		100,000	100,000
Reserve for net revaluation according to equity method		17,631,372	1,433,813
Retained earnings		87,067,201	87,046,009
Equity		104,798,573	88,579,822
Tax payable		4,354,152	3,019,478
Joint taxation contribution payable		1,846,357	1,406,133
Non-current liabilities other than provisions	7	6,200,509	4,425,611
Payables to group enterprises		1,276,944	0
Tax payable		3,019,478	0
Joint taxation contribution payable		1,406,133	0
Other payables		37,500	50,000
Current liabilities other than provisions		5,740,055	50,000
Liabilities other than provisions		11,940,564	4,475,611
Equity and liabilities		116,739,137	93,055,433
Events after the balance sheet date	1		
Employees	8		
Contingent liabilities	9		
Assets charged and collateral	10		
Transactions with related parties	11		

Parent statement of changes in equity for 2022/23

	Contributed capital DKK	Reserve for net revaluation according to the equity method DKK	Retained earnings DKK	Total DKK
Equity beginning of year	100,000	1,433,813	87,046,009	88,579,822
Value adjustments	0	(3,817,930)	0	(3,817,930)
Other entries on equity	0	(909,471)	0	(909,471)
Profit/loss for the year	0	20,924,960	21,192	20,946,152
Equity end of year	100,000	17,631,372	87,067,201	104,798,573

Notes to parent financial statements

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 Other financial expenses

	2022/23 DKK	2021/22 DKK
Other interest expenses	389	1,715
Other financial expenses	0	110
	389	1,825

3 Tax on profit/loss for the year

	2022/23 DKK	2021/22 DKK
Current tax	(16,586)	0
Change in deferred tax	0	(11,402)
Adjustment concerning previous years	11,402	0
Refund in joint taxation arrangement	(91,397)	0
	(96,581)	(11,402)

4 Proposed distribution of profit and loss

	2022/23 DKK	2021/22 DKK
Retained earnings	20,946,152	(1,256,571)
	20,946,152	(1,256,571)

5 Financial assets

	Investments in group enterprises DKK
Cost beginning of year	87,000,000
Disposals	(999,775)
Cost end of year	86,000,225
Revaluations beginning of year	1,433,813
Disposals on divestments etc.	(16,477)
Exchange rate adjustments	(3,817,930)
Share of profit/loss for the year	20,941,437
Other adjustments	(909,471)
Revaluations end of year	17,631,372
Carrying amount end of year	103,631,597

A specification of investments in subsidiaries is evident from the notes to the consolidated financial statements.

6 Deferred tax

	2022/23 DKK	2021/22 DKK
Changes during the year		
Beginning of year	11,402	0
Recognised in the income statement	(11,402)	11,402
End of year	0	11,402

7 Non-current liabilities other than provisions

	Due after more than 12 months 2022/23 DKK
Tax payable	4,354,152
Joint taxation contribution payable	1,846,357
	6,200,509

8 Employees

The Entity has no employees other than the Executive Board. The Executive Officer has not received any remuneration.

9 Contingent liabilities

The Entity serves as the administration company in a Danish joint taxation arrangement. 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, and also for obligations, if any, relating to the withholding of tax on interest, royalties and

dividends for these entities.

10 Assets charged and collateral

Shares in all subsidiaries have been posted as security for bank debt and bank debt in ETK EMS Skanderborg A/S, ETK EMS Sønderborg A/S, ETK EMS Næstved A/S, and ETK EMS Frederikssund A/S.

11 Non-arm's length related party transactions

Only non-arm's length related party transactions are disclosed in the annual report. No such transactions were conducted during the financial year.

Accounting policies

Reporting class

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

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

Non-comparability

As the company's previous annual report were based on the period 23.08.2021 to 30.06.2022, the financial figures are not directly comparable to this year, which are from 01.07.2022 to 30.06.2023.

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.

Consolidated financial statements

The consolidated financial statements comprise the Parent and the group enterprises (subsidiaries) that are controlled by the Parent. Control is achieved by the Parent, either directly or indirectly, holding more than 50% of the voting rights or in any other way possibly or actually exercising controlling influence.

Basis of consolidation

The consolidated financial statements are prepared on the basis of the financial statements of the Parent and its subsidiaries. The consolidated financial statements are prepared by combining uniform items. On consolidation, intra-group income and expenses, intra-group accounts and dividends as well as profits and losses on transactions between the consolidated enterprises are eliminated. The financial statements used for consolidation have been prepared applying the Group's accounting policies.

Subsidiaries' financial statement items are recognised in full in the consolidated financial statements.

Investments in subsidiaries are offset at the pro rata share of such subsidiaries' net assets at the acquisition

date, with net assets having been calculated at fair value.

Income statement

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. Revenue is recognised net of VAT, duties and sales discounts and is measured at fair value of the consideration fixed.

Other operating income

Other operating income comprises income of a secondary nature as viewed in relation to the Entity's primary activities.

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 wages and salaries, 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 property, plant and equipment.

Income from investments in group enterprises

Income from investments in group enterprises comprises the pro rata share of the individual enterprises' profit/loss after full elimination of intra-group profits or losses.

Other financial income

Other financial income comprises dividends etc. received on other investments, interest income, including 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 Parent is jointly taxed with all of its 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. The amortisation periods used are 15 years, which is based on an assesment from management that the value of the investment is expected to be returned over a longer period.

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
Plant and machinery	3-8 years
Other fixtures and fittings, tools and equipment	3-8 years
Leasehold improvements	5 years

Estimated useful lives and residual values are reassessed annually.

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

Investments in group enterprises

Investments in group enterprises are recognised and measured in the parent financial statements according to the equity method. This means that investments are measured at the pro rata share of the enterprises' equity value plus unamortised goodwill and plus or minus unrealised intra-group profits or losses.

Group enterprises with negative equity value are measured at DKK 0. Any receivables from these enterprises are written down to net realisable value based on a specific assessment. If the Parent has a legal or constructive obligation to cover the liabilities of the relevant enterprise, and it is probable that such obligation will involve a loss, a provision is recognised that is measured at present value of the costs necessary to settle the obligations at the balance sheet date.

Upon distribution of profit or loss, net revaluation of investments in group enterprises is transferred to the reserve for net revaluation according to the equity method in equity.

Goodwill is the difference between cost of investments and fair value of the pro rata share 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. The amortisation periods used are 15 years, which is based on an assesment from management that the value of the investment is expected to be returned over a longer period.

Investments in group enterprises are written down to the lower of recoverable amount and carrying amount.

Receivables

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

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.

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

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.

Tax payable or receivable

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

Joint taxation contributions payable or receivable

Current joint taxation contributions payable or receivable are recognised in the balance sheet, stated as tax computed on this year's taxable income, 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.

Prepayments

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

Cash

Cash comprises cash in hand and bank deposits.

Minority interests

On initial recognition, minority interests are measured at the minority interests' share of the acquiree's net assets measured at fair value. No goodwill related to the minority interests' equity interests in the acquiree is recognised.

Lease liabilities

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

Other financial liabilities

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

Prepayments received from customers

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

Cash flow statement

The cash flow statement shows cash flows from operating, investing and financing activities, and cash and cash equivalents at the beginning and the end of the financial year.

Cash flows from operating activities are presented using the indirect method and calculated as the operating profit/loss adjusted for non-cash operating items, working capital changes, and financial income, financial expenses and income tax paid.

Cash flows from investing activities comprise payments in connection with acquisition and divestment of enterprises, activities and fixed asset investments, and purchase, development, improvement and sale, etc. of intangible assets and property, plant and equipment.

Cash flows from financing activities comprise changes in the size or composition of the contributed capital and related costs, and the raising of loans, repayments of interest-bearing debt, including lease liabilities, purchase of treasury shares and payment of dividend.

Cash and cash equivalents comprise cash and short-term securities with an insignificant price risk.