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ETK EMS FREDERIKSSUND A/S

Vølundsvej 24-26
3600 Frederikssund

CVR no. 46 08 97 15

ÅRSRAPPORT FOR 2017/18 **(42. Financial year)**

Adopted at the annual general
meeting on
20. november 2018

chairman

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STATEMENT BY MANAGEMENT ON THE ANNUAL REPORT

The supervisory and executive boards have today discussed and approved the annual report of ETK EMS Frederikssund A/S for the financial year 1 July 2017 - 30 June 2018.

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

In our opinion, the financial statements give a true and fair view of the company's financial position at 30 June 2018 and of the results of the company's operations for the financial year 1 July 2017 - 30 June 2018.

In our opinion, management's review includes a fair review of the matters dealt with in the management's review.

Management recommends that the annual report should be approved by the company in general meeting.

Frederikssund, 20 November 2018

Executive board

Thomas Vinter
President

Supervisory board

Thomas Vinter
general partner

Torben Drejer
general partner

Steen Tygesen
general partner

INDEPENDENT AUDITOR'S REPORT

To the shareholders of ETK EMS Frederikssund A/S

Opinion

We have audited the financial statements of ETK EMS Frederikssund A/S for the financial year 1 July 2017 - 30 June 2018, which comprise a summary of significant accounting policies, income statement, balance sheet and notes. The financial statements are prepared under the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the company's financial position at 30 June 2018 and of the results of the company's operations for the financial year 1 July 2017 - 30 June 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 the 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 our report. We are independent of the company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements. 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 the 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 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 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 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.

INDEPENDENT AUDITOR'S REPORT

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgment and maintain professional skepticism 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 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 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 company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and contents of the financial statements, including the disclosures, 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 management's review

Management is responsible for management's review.

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

INDEPENDENT AUDITOR'S REPORT

In connection with our audit of the financial statements, our responsibility is to read management's review and, in doing so, consider whether 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 management's review provides the information required under the Danish Financial Statements Act.

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

Skanderborg, 20 November 2018

ADVOSION

Statsautoriseret revisionspartnerselskab
CVR no. 37 55 70 64

Ole Christensen
State Authorised Public Accountant
MNE no. mne3602

Henrik Hansen
State Authorised Public Accountant
MNE no. mne21336

COMPANY DETAILS

The company

ETK EMS Frederikssund A/S
Vølundsvej 24-26
3600 Frederikssund

CVR no.: 46 08 97 15

Reporting period: 1 July 2017 - 30 June 2018

Domicile: Frederikssund

Supervisory board

Thomas Vinter, general partner
Torben Drejer, general partner
Steen Tygesen, general partner

Executive board

Thomas Vinter

Auditors

ADVOSION
Statsautoriseret revisionspartnerselskab
Krøyer Kielbergs Vej 3, 5 th.
8660 Skanderborg

MANAGEMENT'S REVIEW

Business activities

The year's activity, similarly to previous years, has consisted of fabrication of and trading in electronic equipment and expertise concerning such.

Business review

The company's income statement for the year ended 30 June shows a profit of EUR 146,160, and the balance sheet at 30 June 2018 shows equity of EUR 1,151,256.

Financial review

By the financial year 2017/18, ETK EMS Group has added yet another successful year of growth. For this financial year, it even exceeds the expectation of the shareholders.

The result for 2017/18 was budgeted to be in the area of 9-10% growth. We achieved 11%, which is very satisfactory for the Management. The expectation for the financial year 2018/19 is to continue the growth. After the result of the first quarter of financial year, 2018/19 the expectation is to reach a result minimum in the level of both 2016/17 and 2017/18.

The global EMS market have during this financial year continued with high level of unpredictability but overall nearly all segments are facing growth. The market is still full of optimism and segments like Automotive, IoT (Internet of Things), Healthcare, Robotics, etc. are introducing high number of new products to their global customers.

ETK EMS's vision is to be scalable in all perspectives in balance with profitability and we are pleased to see that we in 2017/18 again have managed to secure two digits growth rates.

In the financial year, 2017/18 ETK EMS have celebrated two anniversary in the Group. Late 2017 we had the pleasure of celebrating the 10 years anniversary of the site in Rayong, Thailand. This site opened up in 2007 and after few years, the growth increased significantly after ETK EMS acquired the site in 2011. Ever since the site have only experienced year-by-year growth and with the opening of an additional factory back in 2015/16 the site is prepared for additional growth in the years to come. The anniversary, together with the grand opening of our new canteen facility, were together with all the dedicated employees celebrated. Year 2018 is also the 40th year's anniversary of ETK EMS. The company started back in 1978 by two enthusiastic electronic engineers from Skanderborg, Denmark. The anniversary was celebrated with customers, suppliers and business partners in September 2018 but all year this have been celebrated together with the employees by having social arrangements.

The activity in new product introduction (NPI) department have been all-time high in 2017/18. Customers in nearly all segments have introduced significant numbers of new products and ETK EMS's dedicated set-up with machinery and staff only serving this business have never before handled so many prototypes in one financial year. The support for customers in this segment is not only for mass production customers at ETK EMS but also Design house and customers with own internal production facilities.

MANAGEMENT'S REVIEW

At ETK EMS, one of the strategic target have been creating a business model that can reach out and supply customers in many countries and continents. The target was to supply customers in up to 15 countries latest in 2020. It is with proud that the ETK EMS team achieved this target already in the financial year 2017/18. Since year-end, additional one country is now on the list.

Significant events occurring after end of reporting period

October 2018 ETK EMS acquired competitor Delfi Electronics with manufacturing site in Sønderborg, Denmark. ETK EMS bought all assets and activities and expectations is that this acquisition will have overall positive impact to the profitability in the Group already in the financial year 2018/19.

No further events have occurred after the balance sheet date which could significantly affect the company's financial position.

ACCOUNTING POLICIES

The annual report of ETK EMS Frederikssund A/S for 2017/18 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to enterprises of reporting class B and the Accounting Standard on small enterprises as well as selected provisions as regards larger entities.

The accounting policies applied are consistent with those of last year.

The annual report for 2017/18 is presented in EUR

Basis of recognition and measurement

Income is recognised in the income statement as earned, including value adjustments of financial assets and liabilities. All expenses, including amortisation, depreciation and impairment losses, are also recognised in the income statement.

Assets are recognised in the balance sheet when it is probable that future economic benefits will flow to the company and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when it is probable that future economic benefits will flow from the company and the value of the liability can be measured reliably.

On initial recognition, assets and liabilities are measured at cost. On subsequent recognition, assets and liabilities are measured as described below for each individual accounting item.

Certain financial assets and liabilities are measured at amortised cost using the effective interest method. Amortised cost is calculated as the historic cost less any instalments and plus/less the accumulated amortisation of the difference between the cost and the nominal amount.

On recognition and measurement, allowance is made for predictable losses and risks which occur before the annual report is presented and which confirm or invalidate matters existing at the balance sheet date.

Income statement

Gross profit

In pursuance of section 32 of the Danish Financial Statements Act, the company does not disclose its revenue.

Gross profit reflects an aggregation of revenue, changes in inventories of finished goods and work in progress and other operating income less costs of raw materials and consumables and other external expenses.

Revenue

Revenue is measured at the fair value of the agreed consideration, excluding VAT and other indirect taxes. Revenue is net of all types of discounts granted.

ACCOUNTING POLICIES

Income from the sale of goods for resale and finished goods is recognised in the income statement, provided that the transfer of risk, usually on delivery to the buyer, has taken place and that the income can be measured reliably and is expected to be received.

Raw materials and consumables

Costs of raw materials and consumables include the raw materials and consumables used in generating the year's revenue.

Other external expenses

Other external expenses include expenses related to distribution, sale, advertising, administration, premises, bad debts, payments under operating leases, etc.

Staff costs

Staff costs include wages and salaries, including compensated absence and pensions, as well as other social security contributions, etc. made to the entity's employees. The item is net of refunds made by public authorities.

Amortisation, depreciation and impairment losses

Amortisation, depreciation and impairment losses comprise the year's amortisation, depreciation and impairment of intangible assets and property, plant and equipment.

Financial income and expenses

Financial income and expenses are recognised in the income statement at the amounts relating to the financial year. Net financials include interest income and expenses, financial expenses relating to finance leases, realised and unrealised capital/exchange gains and losses on securities and foreign currency transactions, amortisation of mortgage loans and surcharges and allowances under the advance-payment-of-tax scheme, etc.

Balance sheet

Tangible assets

Items of plant and machinery and fixtures and fittings, tools and equipment are measured at cost added revaluations and less accumulated depreciation and impairment losses.

The depreciable amount is cost less the expected residual value at the end of the useful life.

Cost comprises the purchase price and any costs directly attributable to the acquisition until the date when the asset is available for use. The cost of self-constructed assets comprises direct and indirect costs of materials, components, sub-suppliers and wages.

ACCOUNTING POLICIES

Straight-line depreciation is provided on the basis of the following estimated useful lives of the assets:

	Useful life	Residual value
Other fixtures and fittings, tools and equipment	3-8 years	0 %

Assets costing less than EUR 1,811 are expensed in the year of acquisition.

The useful life and residual value of the company's property, plant and equipment is reassessed annually.

Gains or losses from the disposal of property, plant and equipment are recognised in the income statement as other operating income or other operating expenses, respectively.

Stocks

Stocks are measured at cost using the FIFO method. Where the net realisable value is lower than the cost, inventories are recognised at this lower value.

The cost of goods for resale, raw materials and consumables comprises the purchase price plus delivery costs.

The cost of finished goods and work in progress includes the cost of raw materials, consumables, direct cost of labour and production/production overheads.

The net realisable value of stocks is calculated as the selling price less costs of completion and expenses incurred to effect the sale. The net realisable value is determined taking into account marketability, obsolescence and expected selling price movements.

Impairment of fixed assets

The carrying amount of intangible assets, property, plant and equipment and investments in subsidiaries and associates is tested for impairment, other than what is reflected through normal amortisation and depreciation, on an annual basis.

Receivables

Receivables are measured at amortised cost.

Income tax and deferred tax

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

Deferred tax is measured according to the liability method in respect of temporary differences between the carrying amount of assets and liabilities and their tax base, calculated on the basis of the planned use of the asset and settlement of the liability, respectively.

ACCOUNTING POLICIES

Liabilities

Financial liabilities are recognised on the raising of the loan at the proceeds received net of transaction costs incurred. On subsequent recognition, the financial liabilities are measured at amortised cost, corresponding to the capitalised value, using the effective interest method. Accordingly, the difference between the proceeds and the nominal value is recognised in the income statement over the term of the loan.

Mortgage debt is thus measured at amortised cost, which for cash loans corresponds to the outstanding debt. For bond loans, amortised cost corresponds to an outstanding debt calculated as the underlying cash value of the loan at the time of borrowing, adjusted by amortisation of the value adjustment of the loan at the time of borrowing.

Other liabilities, which include trade payables, payables to group entities and other payables, are measured at amortised cost, which is usually equivalent to nominal value.

Foreign currency translation

On initial recognition, foreign currency transactions are translated applying the exchange rate at the transaction date. Foreign exchange differences arising between the exchange rates at the transaction date and at the date of payment are recognised in the income statement as financial income or financial expenses. If foreign currency transactions are considered cash flow hedges, the value adjustments are taken directly to equity.

INCOME STATEMENT 1 JULY - 30 JUNE

	<u>Note</u>	<u>2017/18</u> EUR	<u>2016/17</u> EUR
Gross profit		582,931	656,157
Staff costs	1	<u>-428,464</u>	<u>-537,480</u>
Profit/loss before amortisation/depreciation and impairment losses		154,467	118,677
Depreciation, amortisation and impairment of intangible assets and property, plant and equipment		<u>-8,065</u>	<u>-19,092</u>
Profit/loss before net financials		146,402	99,585
Financial income	2	56,015	33,014
Financial costs	3	<u>-14,910</u>	<u>-10,970</u>
Profit/loss before tax		187,507	121,629
Tax on profit/loss for the year	4	<u>-41,347</u>	<u>-26,866</u>
Profit/loss for the year		<u>146,160</u>	<u>94,763</u>
Retained earnings		<u>146,160</u>	<u>94,763</u>
		<u>146,160</u>	<u>94,763</u>

BALANCE SHEET 30 JUNE

	<u>Note</u>	<u>2018</u> EUR	<u>2017</u> EUR
Assets			
Other fixtures and fittings, tools and equipment		12,098	20,206
Tangible assets	5	12,098	20,206
Deposits		26,039	25,837
Fixed asset investments		26,039	25,837
Total non-current assets		38,137	46,043
Raw materials and consumables		332,477	218,759
Finished goods and goods for resale		131,614	166,287
Stocks		464,091	385,046
Trade receivables		246,295	85,026
Receivables from group entities		1,473,004	1,583,998
Receivables		1,719,299	1,669,024
Cash at bank and in hand		723	1,414
Total current assets		2,184,113	2,055,484
Total assets		2,222,250	2,101,527

BALANCE SHEET 30 JUNE

	Note	2018 EUR	2017 EUR
Equity and liabilities			
Share capital		107,344	107,576
Revaluation reserve		56,220	56,342
Retained earnings		987,692	843,350
Equity	6	1,151,256	1,007,268
Provision for deferred tax		2,661	4,445
Total provisions		2,661	4,445
Banks		685,619	454,823
Trade payables		207,891	129,064
Payables to group entities		0	366,420
Corporation tax		43,121	0
Other payables		131,702	139,095
Deferred income		0	412
Total current liabilities		1,068,333	1,089,814
Total liabilities		1,068,333	1,089,814
Total equity and liabilities		2,222,250	2,101,527
Mortgages and collateral	7		

NOTES

	2017/18	2016/17
	EUR	EUR
1 Staff costs		
Wages and salaries	404,528	527,273
Pensions	16,388	1,472
Other social security costs	7,548	8,735
	428,464	537,480
	428,464	537,480
Average number of employees	8	12
2 Financial income		
Interest received from group entities	53,554	23,448
Other financial income	2,461	9,566
	56,015	33,014
	56,015	33,014
3 Financial costs		
Other financial costs	14,910	10,970
	14,910	10,970
	14,910	10,970
4 Tax on profit/loss for the year		
Current tax for the year	43,121	31,066
Deferred tax for the year	-1,774	-4,200
	41,347	26,866
	41,347	26,866

NOTES

5 Tangible assets

	Other fixtures and fittings, tools and equipment
Cost at 1 July 2017	323,900
Exchange adjustment	-698
Cost at 30 June 2018	323,202
Revaluations at 1 July 2017	75,123
Exchange adjustment	-162
Revaluations at 30 June 2018	74,961
Impairment losses and depreciation at 1 July 2017	378,817
Exchange adjustment	-817
Depreciation for the year	8,065
Impairment losses and depreciation at 30 June 2018	386,065
Carrying amount at 30 June 2018	12,098

6 Equity

	Share capital	Revaluation reserve	Retained earnings	Total
Equity at 1 July 2017	107,536	56,342	843,350	1,007,228
Exchange adjustments	-192	-122	-1,818	-2,132
Net profit/loss for the year	0	0	146,160	146,160
Equity at 30 June 2018	107,344	56,220	987,692	1,151,256

NOTES

7 Mortgages and collateral

The company is jointly and severally liable for tax on consolidated taxable income and dividend tax. The total amount of income tax payable etc. is shown in the annual report for Javitek ApS, which is the management company in relation to the joint taxation.

Dette dokument er underskrevet af nedenstående parter, der med deres underskrift har bekræftet dokumentets indhold samt alle datoer i dokumentet.

This document is signed by the following parties with their signatures confirming the documents content and all dates in the document.

Thomas Vinter

Som Direktør NEM ID
PID: 9208-2002-2-269732078202
Tidspunkt for underskrift: 29-11-2018 kl.: 18:38:56
Underskrevet med NemID

Thomas Vinter

Som Bestyrelsesmedlem NEM ID
PID: 9208-2002-2-269732078202
Tidspunkt for underskrift: 29-11-2018 kl.: 18:38:56
Underskrevet med NemID

Steen Thy Tygesen

Som Bestyrelsesmedlem NEM ID
PID: 9208-2002-2-096572777608
Tidspunkt for underskrift: 22-11-2018 kl.: 16:21:27
Underskrevet med NemID

Torben Drejer

Som Bestyrelsesmedlem NEM ID
PID: 9208-2002-2-524227610479
Tidspunkt for underskrift: 22-11-2018 kl.: 13:55:57
Underskrevet med NemID

Ole Christensen

Som Revisor NEM ID
RID: 80351951
Tidspunkt for underskrift: 30-11-2018 kl.: 08:35:50
Underskrevet med NemID

Henrik Hansen

Som Revisor NEM ID
RID: 80810872
Tidspunkt for underskrift: 29-11-2018 kl.: 20:18:56
Underskrevet med NemID

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