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# BB Electronics A/S

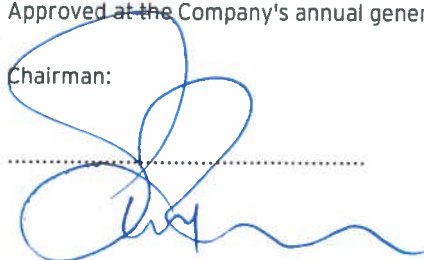
Ane Staunings Vej 21, 8700 Horsens

CVR no. 21 66 25 34

## Annual report 2020

Approved at the Company's annual general meeting on 15 March 2021

Chairman:



A handwritten signature in blue ink, consisting of a large, stylized initial 'S' followed by a cursive name, positioned above a horizontal dotted line.

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## Statement by Management

The Board of Directors and the Executive Board have today discussed and approved the annual report of BB Electronics A/S for the financial year 1 January - 31 December 2020.

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

In our opinion, the consolidated financial statements and the parent company financial statements give a true and fair view of the financial position of the Group and the Parent Company at 31 December 2020 and of the results of their operations and consolidated cash flows for the financial year 1 January - 31 December 2020.

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

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

Horsens, 15 March 2021  
Executive Board:



Carsten Christensen

Board of Directors:



Sven Ruder  
Chairman



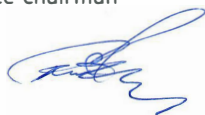
Ole Steen Andersen  
Vice-chairman



Casper Lykke Pedersen



Per Thrane



Folmer Rud Hansen



Malene Braskhøj Buhl Pihl  
Employee representative



Svend Lindbjerg  
Employee representative



Gert Højgaard Pedersen  
Employee representative

## Independent auditor's report

To the shareholders of BB Electronics A/S

### Opinion

We have audited the consolidated financial statements and the parent company financial statements of BB Electronics A/S for the financial year 1 January - 31 December 2020, which comprise income statement, balance sheet, statement of changes in equity and notes, including accounting policies, for the Group and the Parent Company, and a consolidated cash flow statement. The consolidated financial statements and the parent company financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the consolidated financial statements and the parent company financial statements give a true and fair view of the financial position of the Group and the Parent Company at 31 December 2020 and of the results of the Group's and the Parent Company's operations as well as consolidated cash flows for the financial year 1 January - 31 December 2020 in accordance with the Danish Financial Statements Act.

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the consolidated financial statements and the parent company financial statements" (hereinafter collectively referred to as "the financial statements") section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Independence

We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these rules and requirements.

### Management's responsibilities for the financial statements

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

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

### Auditor's responsibilities for the audit of the financial statements

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

## Independent auditor's report

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

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

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

### Statement on the Management's review

Management is responsible for the Management's review.

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

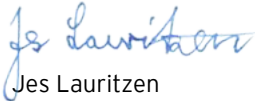
In connection with our audit of the financial statements, our responsibility is to read the Management's review and, in doing so, consider whether the Management's review is materially inconsistent with the financial statements or our knowledge obtained during the audit, or otherwise appears to be materially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

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


## Independent auditor's report

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

Aarhus, 15 March 2021  
EY Godkendt Revisionspartnerselskab  
CVR no. 30 70 02 28



Jes Lauritzen  
State Authorised  
Public Accountant  
mne10121



Kim R. Mortensen  
State Authorised  
Public Accountant  
mne18513

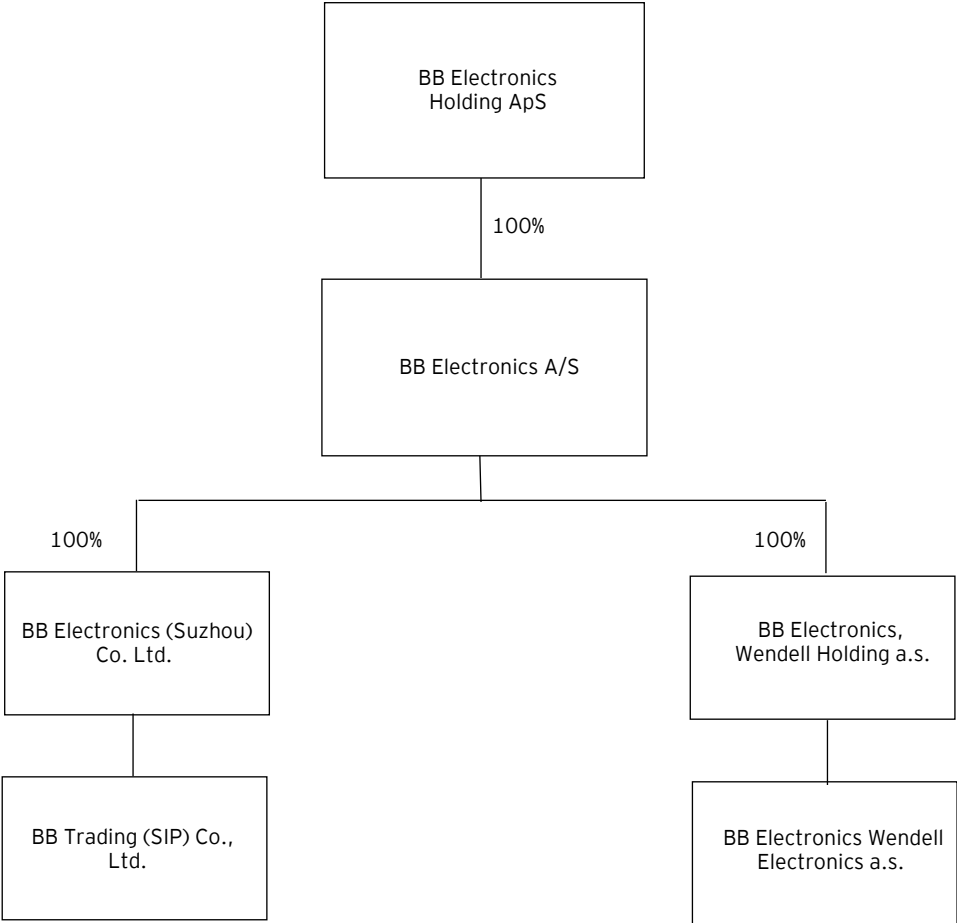
## Management's review

### Information about the company

Name	BB Electronics A/S
Address, postcode, city	Ane Staunings Vej 21, 8700 Horsens, Denmark
CVR No.	21 66 25 34
Established	21 December 1998
Municipality of residence	Horsens
Financial year	1 January - 31 December
Telephone	+45 76 25 10 00
Fax	+45 76 25 10 10
Largest and smallest group including parent company of which the company is a part	BB Electronics Holding ApS Ane Staunings Vej 21 8700 Horsens, Denmark CVR No. 37 40 70 97
Subsidiaries	China: BB Electronics (Suzhou) Co. Ltd. BB Trading (SIP) Co., Ltd. Czech Republic: BB Electronics, Wendell Holding a.s. BB Electronics, Wendell Electronics a.s.
Board of Directors	Sven Ruder, Chairman Ole Steen Andersen, Vice Chairman Casper Lykke Pedersen Per Thrane Folmer Rud Hansen Malene Braskhøj Bust Pihl Svend Lindbjerg Gert Højgaard Pedersen
Executive Board	CEO Carsten Christensen
Auditor	EY Godkendt Revisionspartnerselskab Værkmestergade 25, 8000 Aarhus C, CVR No. 30700228

Management's review

Group chart





## Management's review

### Financial highlights for the Group

DKK'000	2020	2019*	2018	2017	2016
<b>Key figures</b>					
Revenue	664,917	717,191	560,416	460,396	400,338
EBITDA before special items	51,262	60,888	42,519	25,168	25,702
Special items	-7,209	-8,042	-3,866	-1,012	0
EBITDA	44,053	52,846	38,653	24,156	25,702
Operating profit / loss	24,103	40,811	34,509	17,089	18,431
EBIT	27,136	40,944	33,556	17,117	18,701
Net financials	-5,687	-1,368	-3,048	-114	-2,149
<b>Profit for the year</b>	<b>15,897</b>	<b>30,186</b>	<b>26,169</b>	<b>20,290</b>	<b>14,957</b>
Fixed assets	104,039	93,518	17,199	16,116	16,417
Current assets	385,130	388,495	286,725	235,773	213,134
<b>Total assets (balance sheet total)</b>	<b>489,169</b>	<b>482,013</b>	<b>303,924</b>	<b>251,889</b>	<b>229,551</b>
Share capital	7,634	7,634	7,634	7,634	7,634
<b>Equity</b>	<b>169,852</b>	<b>158,007</b>	<b>126,767</b>	<b>100,856</b>	<b>86,596</b>
Provisions	5,829	6,572	318	202	134
Non-current liabilities	78,126	92,255	14,920	22,374	27,735
Current liabilities	235,362	225,179	161,919	128,457	115,086
Net interest-bearing debt	7,900	37,473	-8,698	4,092	483
Cash flows from operating activities	65,298	69,238	28,291	9,463	49,483
Cash flows from investment activities	-28,956	-76,806	-6,158	-7,074	-7,580
Of which are invested in property, plant and equipment	-23,761	-12,350	-5,245	-4,078	-7,024
Cash flows from financing activities	-22,023	48,746	-14,096	-11,129	-2,703
<b>Net cash flows</b>	<b>14,319</b>	<b>41,178</b>	<b>8,036</b>	<b>-8,740</b>	<b>39,200</b>
<b>Financial ratios</b>					
EBITDA margin before special items (%)	7.7	8.5	7.6	5.5	6.4
EBIT margin (%)	4.1	5.7	6.0	3.7	4.7
Return on equity (%)	9.7	21.2	23.0	21.6	23.1
Equity ratio (%)	34.7	32.8	41.7	40.0	37.7
Average number of full-time employees	<b>637</b>	<b>676</b>	<b>485</b>	<b>484</b>	<b>452</b>

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

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

EBITDA margin: EBITDA before special items\*100 / Revenue

EBIT margin: EBIT\*100 / Revenue

Return on equity: Profit/loss for the year\*100 / Average equity

Equity ratio: Equity at year end\*100 / Total equity and liabilities at year-end

## Management's review

### Report

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

### Financial development - Group

Sales for 2020 totalled DKK 665 million, which is a decrease of 7% compared to 2019 (DKK 717 million). The decrease can be attributed to the effects of COVID-19.

**DKK 665 million (7 % decrease)  
in revenue**

In 2020, the Group realised total earnings (EBITDA) before special items of DKK 51 million (2019: DKK 61 million) and a profit after tax of DKK 16 million (2019: DKK 30 million).

The lower EBITDA before special items compared to last year is primarily due to the decrease in total sales impacted by the COVID-19 as mentioned above. However, declining costs have partly off set the impact from decrease in sales.

The decrease in EBITDA was not considered satisfactory.

At the end of the financial year, the balance sheet total for the Group was DKK 489 million compared to DKK 482 million last year.

### *Cash flows from operating activities*

Cash flows from operating activities in 2020 amounted to DKK 65 million (2019: DKK 69 million). Taken COVID-19 into consideration it is considered satisfactory due to the high growth.

**DKK 65 million (-5.8 % decrease)  
in positive cash flows from operating activities**

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

The total investment cost was DKK -29 million (2019: DKK -77 million).

As of 31 December 2020, the net interest-bearing debt is DKK 7.9 million, compared to DKK 37 million in 2019.

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

## Management's review

### *Investments*

To strengthen BB Electronics' worldwide capabilities, the production facility in China was moved to a larger and more modern site in China. At the new site an additional and faster production line has been installed.

### **Dividends**

The Board proposes that no dividends be paid for the financial year 2020.

### **Recognition and measurement uncertainties**

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

### **Events after the completion of the financial statements**

After the completion of the financial statements and until today, no events have occurred that would serve to significantly change the Group's financial position and thereby affect the evaluation of the annual report.

### **Outlook for 2021**

It is expected that the impact from COVID-19 will influence business at least during the 1<sup>st</sup> half year of 2021. The growth in 2021 on revenue is expected to end to 10-12%.

As the turnover is expected to increase in 2021 compared to 2020 an impact on earnings (EBITDA) are expected in the level of an increase of 15% to 20%.

The expected higher earnings (EBITDA) for 2021 will also impact the cash flow and reduce the Net Interest Bearing Debt.

### **Financial development - parent company**

In 2020, revenue totalled DKK 477 million (2019: DKK 522 million). Profit after tax was DKK 16 million (2019: DKK 30 million). At the end of the financial year, the balance sheet total amounted to DKK 384 million (2019: DKK 396 million). Equity as of 31 December 2020 amounted to DKK 170 million (2019: DKK 158 million).

### **Risk conditions**

#### *Business risks*

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

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

## Management's review

### *Financial risks*

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

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

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

### *Knowledge resources*

In 2020, the Company maintained its focus on the competitive situation.

Full-time employees are allocated as follows:

Denmark	18%
China	61%
Czech	21%

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

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

## Statutory Declaration of Corporate Social Responsibility

### *Responsibility*

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

<https://www.unglobalcompact.org/participation/report/cop/create-and-submit/active/448762>

### *Whistle blowers*

Employees at BB Electronics have the ability to contact an external company anonymously if there should be events that they wish to report. There were no such contacts made under this arrangement in 2020.

## Management's review

### Goals and policies for gender composition of Management

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

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

- The current proportion of females at the senior management level (the Board) is currently 0%, and the target is at least 25% in 5 years from now. There were no actual replacements on the Board in 2020.
- The proportion of female senior managers in daily management (Executive Board) is currently 25%, and the target here is also not less than 25%.

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

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

### Income statement

Note	DKK'000	Group		Parent	
		2020	2019	2020	2019
2	<b>Revenue</b>	664,917	717,191	477,054	522,428
3,4	Production costs	-588,323	-619,453	-431,847	-462,431
	<b>Gross profit</b>	76,594	97,738	45,207	59,997
3,4	Distribution costs	-15,884	-16,081	-7,976	-9,055
3,4,5	Administrative costs	-36,607	-40,846	-21,484	-25,022
	<b>Operating profit</b>	24,103	40,811	15,747	25,920
3,6	Other operating income	5,916	136	3,813	3,673
3	Other operating expenses	-2,883	-3	-11	-3
	<b>Profit before net financials (EBIT)</b>	27,136	40,944	19,549	29,590
3,12	Profit from equity investments in subsidiaries after tax	0	0	1,473	9,623
7	Financial income	2,234	3,443	2,572	1,073
8	Financial expenses	-7,921	-4,811	-2,721	-3,046
	<b>Profit before tax</b>	21,449	39,576	20,873	37,240
9	Tax on profit or loss for the year	-5,552	-9,390	-4,976	-7,054
	<b>Profit for the year</b>	15,897	30,186	15,897	30,186
20	Appropriation of profit				

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

### Balance sheet

Note	DKK'000	Group		Parent	
		2020	2019	2020	2019
	<b>ASSETS</b>				
	<b>Fixed assets</b>				
10	<b>Intangible assets</b>				
	Goodwill	14,227	15,012	0	0
	Software	4,819	2,269	4,796	2,244
	Other intangible assets	16,445	18,522	61	121
		<u>35,491</u>	<u>35,803</u>	<u>4,857</u>	<u>2,365</u>
11	<b>Property, plant and equipment</b>				
	Land and buildings	21,464	23,070	0	0
	Leasehold improvements	6,990	1,196	1,165	632
	Plant and machinery	30,084	24,913	4,821	5,762
	Other fixtures and fittings	2,751	690	397	454
	Property, plant and equipment under construction	5,546	6,483	0	0
		<u>66,835</u>	<u>56,352</u>	<u>6,383</u>	<u>6,848</u>
12	<b>Financial assets</b>				
	Investments in subsidiaries	0	0	159,676	162,293
	Other receivables	1,713	1,363	1,713	1,363
		<u>1,713</u>	<u>1,363</u>	<u>161,389</u>	<u>163,656</u>
	<b>Total fixed assets</b>	<u>104,039</u>	<u>93,518</u>	<u>172,629</u>	<u>172,869</u>
	<b>Current assets</b>				
13	<b>Inventories</b>				
	Raw materials and consumables	126,957	124,661	35,882	31,790
	Work in progress	15,992	18,444	6,582	8,243
	Finished goods and goods for resale	16,938	20,042	8,793	11,657
	Prepayments for goods	2,286	661	0	0
		<u>162,173</u>	<u>163,808</u>	<u>51,257</u>	<u>51,690</u>
	<b>Receivables</b>				
	Trade receivables	98,679	108,286	66,091	75,882
	Receivables from group entities	18,204	14,326	37,485	33,566
	Other receivables	3,223	2,457	159	128
9	Deferred tax assets	11,938	16,690	7,751	12,107
9	Tax receivables	1,156	168	0	0
	Prepayments	1,477	1,858	1,302	1,263
		<u>134,677</u>	<u>143,785</u>	<u>112,788</u>	<u>122,946</u>
16	<b>Cash and cash equivalents</b>	<u>88,280</u>	<u>80,902</u>	<u>47,761</u>	<u>48,737</u>
	<b>Total current assets</b>	<u>385,130</u>	<u>388,495</u>	<u>211,806</u>	<u>223,373</u>
	<b>TOTAL ASSETS</b>	<u>489,169</u>	<u>482,013</u>	<u>384,435</u>	<u>396,242</u>

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

### Balance sheet

Note	DKK'000	Group		Parent	
		2020	2019	2020	2019
		<b>EQUITY AND LIABILITIES</b>			
		<b>Equity</b>			
14	Share capital	7,634	7,634	7,634	7,634
	Reserve re. exchange adjustment and hedging instruments	-4,052	0	0	0
	Reserve for net revaluation according to the equity method	0	0	47,611	50,228
	Retained earnings	166,270	150,373	114,607	100,145
	<b>Total equity</b>	<b>169,852</b>	<b>158,007</b>	<b>169,852</b>	<b>158,007</b>
		<b>Provisions</b>			
9	Deferred tax	5,051	5,820	0	0
	Other provisions	778	752	0	0
		<b>5,829</b>	<b>6,572</b>	<b>0</b>	<b>0</b>
		<b>Liabilities</b>			
15	<b>Non-current liabilities</b>				
	Credit institutions / mortgages	70,609	89,652	51,613	70,431
	Lease debt	101	257	101	257
	Other non-current debt	7,416	2,346	7,416	2,346
		<b>78,126</b>	<b>92,255</b>	<b>59,130</b>	<b>73,034</b>
		<b>Current liabilities</b>			
	Short-term part of non-current liabilities	21,226	26,120	21,226	26,120
	Trade payables and other accounts payable	152,302	129,745	44,410	44,608
	Prepayments from customers	30,602	27,267	25,242	24,383
	Payables to group entities	0	0	48,814	51,180
	Other payables	31,232	42,047	15,761	18,910
		<b>235,362</b>	<b>225,179</b>	<b>155,453</b>	<b>165,201</b>
	<b>Total liabilities other than provisions</b>	<b>313,488</b>	<b>317,434</b>	<b>214,583</b>	<b>238,235</b>
	<b>TOTAL EQUITY AND LIABILITIES</b>	<b>489,169</b>	<b>482,013</b>	<b>384,435</b>	<b>396,242</b>

- 1 Accounting policies
- 16 Contingent assets and collaterals
- 17 Operating leases and rental agreements
- 18 Related parties
- 19 Currency and interest rate risks and use of derived financial instruments



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

### Statement of changes in equity

		Group			
		Share capital	Exchange rate adjustments and hedging instruments	Retained earnings	Total equity
Note	DKK'000				
	Equity at 1 January 2019	7,634	-	119,133	126,767
	Value adjustments of hedging instruments after tax	0	-	-45	-45
	Exchange rate adjustments of foreign companies	0	-	1,099	1,099
	Profit for the year	0	-	30,186	30,186
	<b>Equity at 1 January 2020</b>	<b>7,634</b>	<b>0</b>	<b>150,373</b>	<b>158,007</b>
	Value adjustments of hedging instruments after tax	0	135	0	135
	Exchange rate adjustments of foreign companies	0	-4,187	0	-4,187
	Profit for the year	0	0	15,897	15,897
	<b>Equity at 31 December 2020</b>	<b>7,634</b>	<b>-4,052</b>	<b>166,270</b>	<b>169,852</b>
		Parent			
		Share capital	Net revaluation reserve according to the equity method	Retained earnings	Total
Note	DKK'000				
	Equity at 1 January 2019	7,634	39,506	79,627	126,767
	Value adjustments of hedging instruments after tax	0	0	-45	-45
	Exchange adjustments for subsidiary	0	1,099	0	1,099
20	Profit for the year	0	9,623	20,563	30,186
	<b>Equity at 1 January 2020</b>	<b>7,634</b>	<b>50,228</b>	<b>100,145</b>	<b>158,007</b>
	Value adjustments of hedging instruments after tax	0	97	38	135
	Exchange adjustments for subsidiary	0	-4,187	0	-4,187
20	Profit for the year	0	1,473	14,424	15,897
	<b>Equity at 31 December 2020</b>	<b>7,634</b>	<b>47,611</b>	<b>114,607</b>	<b>169,852</b>

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

### Cash flow statement

Note	DKK'000	Group	
		2020	2019
	Profit for the year	15,897	30,186
21	Adjustments	28,193	22,962
22	Changes in working capital	24,377	20,278
	Cash flows from operations	68,467	73,426
9	Income tax paid	-3,169	-4,188
	<b>Cash flows from operating activities</b>	<b>65,298</b>	<b>69,238</b>
	Acquisition of intangible assets	-4,865	-2,032
	Acquisition of property, plant and equipment	-23,761	-12,350
	Acquisition of Wendell Group	0	-62,201
	Change in financial assets	-350	-374
	Sale of property, plant and equipment	20	151
	<b>Cash flows from investing activities</b>	<b>-28,956</b>	<b>-76,806</b>
	Interest-bearing debt	-19,023	-20,333
	Loan for Wendell Group acquisition	0	80,525
	Change in receivables from/payables to group entities	-3,299	-2,827
	Financial income, received	2,234	3,443
	Financial expenses, paid	-7,921	-4,811
	Deposit	5,986	-7,251
	<b>Cash flows from financing activities</b>	<b>-22,023</b>	<b>48,746</b>
	<b>Cash flows for the year</b>	<b>14,319</b>	<b>41,178</b>
	Cash at 1 January	73,651	32,219
	Exchange rate adjustment of cash and cash equivalents at 1 January	-956	254
	<b>Cash at 31 December</b>	<b>87,014</b>	<b>73,651</b>

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

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

### Notes

#### 1 Accounting policies

The consolidated financial statements and the parent company financial statements of BB Electronics A/S for 2020 have been prepared in accordance with the provisions in the Danish Financial Statements Act applying to large reporting Class C entities.

Effective from the financial year 2020, the Company has implemented amending act no. 1716 of 27 December 2018 to the Danish Financial Statements Act. The implementation of the amending act has not affected the Company's / Group's accounting policies on recognition and measurement of assets and liabilities but has solely entailed a requirement for further disclosures. The accounting policies used in the preparation of the financial statements are consistent with those of last year.

#### Consolidated financial statements

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

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

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

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

#### Business combinations

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

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

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

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

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

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

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

### Notes

#### 1 Accounting policies (continued)

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

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

#### Foreign currency translation

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

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

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

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

#### Derivative financial instruments

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

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

#### Segment information

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

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

### Notes

#### 1 Accounting policies (continued)

##### Income statement

###### *Revenue*

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

###### *Production costs*

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

###### *Distribution costs*

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

###### *Other operating income/expenses*

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

###### *Profit or loss from equity investments in subsidiaries and associated companies*

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

###### *Financial entries*

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

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

### Notes

#### 1 Accounting policies (continued)

##### *Tax on profit or loss for the year*

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

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

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

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

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

### Balance sheet

#### Intangible assets

##### *Goodwill*

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

##### *Software*

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

##### *Other intangible assets*

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

#### Property, plant and equipment

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

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

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

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

### Notes

#### 1 Accounting policies (continued)

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

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

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

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

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

#### *Leasing contracts*

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

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

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

#### **Financial assets**

##### *Investments in subsidiaries*

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

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

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

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

### Notes

#### 1 Accounting policies (continued)

##### *Impairment of assets*

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

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

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

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

##### **Current assets**

##### *Inventories*

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

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

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

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

##### *Receivables*

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

##### *Prepayments*

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

##### *Equity*

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

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



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

### Notes

#### 1 Accounting policies (continued)

##### Income tax and deferred tax

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

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

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

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

##### Provisions

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

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

##### Liabilities

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

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

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

##### Fair value

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

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

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

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

### Notes

#### 1 Accounting policies (continued)

##### Statement of cash flows

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

##### Cash flows from operating activities

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

##### Cash flows from investing activities

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

##### Cash flows from financing activities

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

##### Cash

Liquid assets include cash and bank deposits.

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

### Notes

#### 2 Revenue

Distribution of geographical markets is as follows:

DKK'000	Group		Parent	
	2020	2019	2020	2019
Denmark	375,982	335,811	318,749	335,811
Other countries	288,935	381,380	158,305	186,617
	<u>664,917</u>	<u>717,191</u>	<u>477,054</u>	<u>522,428</u>

#### 3 Special items

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

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

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

DKK'000	Group	
	2020	2019
<b>Costs</b>		
Costs, exploring establishment and acquisition of subsidiary in Eastern Europe and new factory in China	-4,061	-8,042
VAT cost regarding inventory without duty	-2,079	0
COVID-19 cost	-5,014	0
COVID-19 compensation	5,014	0
Other	-1,069	0
	<u>-7,209</u>	<u>-8,042</u>

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

Production costs	-8,034	-1,934
Distribution costs	-250	0
Administrative costs	-1,860	-6,108
Other operating income	5,014	0
Other operating expenses	-2,079	0
	<u>-7,209</u>	<u>-8,042</u>

#### Parent

The parent company recognised special items in production cost of DKK 1,028 thousand (2019: DKK 11 thousand), Distribution cost DKK 250 thousand, administrations costs of DKK 1,383 thousand (2019: DKK 5,475 thousand) and DKK 4,548 thousand (2019: DKK 2,556 thousand) as part of the result of the subsidiary, a total cost of DKK 7,209 thousand (2019: DKK 8,042 thousand).

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

### Notes

#### 4 Staff costs and incentive plans

Staff costs are broken down as follows:

DKK'000	Group		Parent	
	2020	2019	2020	2019
Salaries and wages	109,294	115,492	53,901	58,308
Pension contributions	7,266	11,747	3,976	3,941
Other social security costs	5,627	6,692	812	1,133
	<u>122,187</u>	<u>133,931</u>	<u>58,689</u>	<u>63,382</u>
and are recognised as follows:				
Production costs	99,288	108,754	42,661	44,107
Distribution costs	7,286	7,934	6,569	7,422
Administrative expenses	15,613	17,243	9,459	11,853
	<u>122,187</u>	<u>133,931</u>	<u>58,689</u>	<u>63,382</u>
of which remuneration to the Board of Directors and the Executive Board total	<u>2,195</u>	<u>3,031</u>	<u>2,195</u>	<u>3,031</u>
Average number of full-time employees	<u>637</u>	<u>676</u>	<u>117</u>	<u>118</u>
Number of permanent employees as of 31 December	<u>622</u>	<u>691</u>	<u>117</u>	<u>116</u>

#### Incentive programmes

In 2016, a warrant programme was established for the benefit of Management and certain key employees. The programme allows the Board of the parent company to issue up to 12,470 warrants to be allocated over a period of 5 years with a grant of 20% yearly. In case of an Exit or at 1 May 2021, at the latest, the rest of the warrants will be granted to the employees. 7,579 warrants were granted to key employees at the end of 2019 and 2,135 were granted in 2020, a total of 9,714. Exercising warrants is only an option by an Exit (sale of BB Electronics Holding ApS or BB Electronics A/S), the owner is entitled to subscribe shares in BB Electronics Holding ApS at a cost of DKK 2,000 plus a hurdle rate of 8 % p.a. (after 1 January 2020) per share with a nominal value of DKK 1. The warrants must be exercised by 1 May 2023, otherwise they will be void unless special circumstances according to the warrants agreement are fulfilled.

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

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

The BB Electronics A/S Group is included in the consolidated financial statements of the parent company, where the fee to the auditor elected by the AGM is stated.

#### 6 Other operating income

Other operating income:

DKK'000	Group		Parent	
	2020	2019	2020	2019
Profit on sale of fixed assets	0	136	0	76
Income in the form of joint costs invoiced to subsidiary	0	0	3,813	3,597
COVID-19 compensation	5,014	0	0	0
Other income	902	0	0	0
	<u>5,916</u>	<u>136</u>	<u>3,813</u>	<u>3,673</u>

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

### Notes

#### 7 Financial income

	Group		Parent	
	2020	2019	2020	2019
DKK'000				
Exchange rate gains	2,209	3,026	2,209	505
Other financial income	25	417	363	568
	<u>2,234</u>	<u>3,443</u>	<u>2,572</u>	<u>1,073</u>

#### Parent company

Interest from group entities amounts to DKK 363 thousand (2019: DK 513 thousand).

#### 8 Financial expenses

	Group		Parent	
	2020	2019	2020	2019
DKK'000				
Exchange rate losses	3,281	126	0	0
Other financial expenses	4,640	4,685	2,721	3,046
	<u>7,921</u>	<u>4,811</u>	<u>2,721</u>	<u>3,046</u>

#### Parent company

Interest to group entities amounts to DKK 0 thousand (2019: DK 0 thousand).

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

### Notes

#### 9 Income tax and deferred tax

DKK'000	Group		
	Income tax liability	Deferred tax assets	Tax according to income statement
Balance, 1 January 2019	-753	22,347	0
Exchange rate adjustments	0	32	0
Acquisition of new entity	1,144	-5,805	0
Tax regarding equity adjustments	0	0	57
Adjustment of deferred tax for the year	0	-5,704	5,704
Income tax paid	-4,188	0	0
Tax related to income for the year	3,629	0	3,629
<b>Balance, 31 December 2019</b>	<b>-168</b>	<b>10,870</b>	<b>9,390</b>
Balance, 1 January 2020	-168	10,870	0
Receivables 1 January 2020 - parent	919	0	0
Exchange rate adjustments	11	-12	0
Tax regarding equity adjustments	0	0	-10
Adjustment of deferred tax for the year	0	-3,971	3,971
Income tax paid	-3,169	0	0
Tax related to income for the year	1,591	0	1,591
<b>Balance, 31 December 2020</b>	<b>-816</b>	<b>6,887</b>	<b>5,552</b>
<b>Recognised as per below:</b>			
Assets	-1,156	11,938	
Liabilities	0	-5,051	
Receivables from parent company	340	0	
<b>Balance, 31 December 2020</b>	<b>-816</b>	<b>6,887</b>	

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

Withholding tax on the accumulated profit (excl. legal reserves) in subsidiaries can be calculated to DKK 2.4 million. The amount has not been recognised in the income statement.

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

### Notes

#### 9 Income tax and deferred tax (continued)

DKK'000	Parent		
	Income tax liability	Deferred tax assets	Tax according to income statement
Balance, 1 January 2019	238	18,123	0
Adjustment of deferred tax for the year	0	-6,016	6,016
Tax regarding equity adjustments	0	0	57
Income tax paid	-300	0	0
Tax related to income for the year	981	0	981
Transferred to receivables from group entities	-919	0	0
<b>Balance, 31 December 2019</b>	<b>0</b>	<b>12,107</b>	<b>7,054</b>
Balance, 1 January 2020	0	12,107	0
Adjustment of deferred tax for the year	0	-4,356	4,356
Tax regarding equity adjustments	0	0	-10
Income tax paid	-1,209	0	0
Tax related to income for the year	630	0	630
Transferred to receivables from group entities	579	0	0
<b>Balance, 31 December 2020</b>	<b>0</b>	<b>7,751</b>	<b>4,976</b>

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

Withholding tax on the accumulated profit (excl. legal reserves) in subsidiaries can be calculated to DKK 2.4 million. The amount has not been recognised in the income statement.

#### 10 Intangible assets

DKK'000	Group			
	Goodwill	Software	Other intangible assets	Total
Cost at 1 January 2020	15,699	20,471	20,469	56,639
Exchange rate adjustments	0	-38	0	-38
Additions	0	4,865	0	4,865
Disposals	0	-7,096	0	-7,096
Cost at 31 December 2020	15,699	18,202	20,469	54,370
Amortisation at 1 January 2020	-687	-18,202	-1,947	-20,836
Exchange rate adjustments	0	38	0	38
Amortisation for the year	-785	-2,315	-2,077	-5,177
Reversals of amortisation by the end of the year	0	7,096	0	7,096
Amortisation at 31 December 2020	-1,472	-13,383	-4,024	-18,879
<b>Carrying amount at 31 December 2020</b>	<b>14,227</b>	<b>4,819</b>	<b>16,445</b>	<b>35,491</b>
Amortised over	20 years	3-5 years	5 years	

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

### Notes

#### 10 Intangible assets (continued)

DKK'000	Parent		
	Software	Other intangible assets	Total
Cost at 1 January 2020	19,250	303	19,553
Additions	4,861	0	4,861
Disposals	-7,096	0	-7,096
Cost at 31 December 2020	17,015	303	17,318
Amortisation at 1 January 2020	-17,006	-182	-17,188
Amortisation for the year	-2,309	-60	-2,369
Reversals of amortisation by the end of the year	7,096	0	7,096
Amortisation at 31 December 2020	-12,219	-242	-12,461
<b>Carrying amount at 31 December 2020</b>	<b>4,796</b>	<b>61</b>	<b>4,857</b>
Amortised over	3-5 years	5 years	

#### 11 Property, plant and equipment

DKK'000	Group					
	Land and buildings	Leasehold improvements	Plant and machinery	Other fixtures and fittings	Property, plant and equipment under construction	Total
Cost at 1 January 2020	24,096	19,692	167,708	16,500	6,483	234,479
Exchange rate adjustments	-674	-261	-3,038	-176	0	-4,149
Additions/Transfer	0	7,928	14,015	2,755	-937	23,761
Disposals	0	-12,359	-3,202	-3,994	0	-19,555
Cost at 31 December 2020	23,422	15,000	175,483	15,085	5,546	234,536
Depreciation at 1 January 2020	-1,026	-18,496	-142,795	-15,810	0	-178,127
Exchange rate adjustments	13	145	2,355	129	0	2,642
Depreciation for the year	-945	-2,007	-8,142	-646	0	-11,740
Reversals of accumulated depreciation and impairment on assets sold	0	12,348	3,183	3,993	0	19,524
Depreciation at 31 December 2020	-1,958	-8,010	-145,399	-12,334	0	-167,701
<b>Carrying amount at 31 December 2020</b>	<b>21,464</b>	<b>6,990</b>	<b>30,084</b>	<b>2,751</b>	<b>5,546</b>	<b>66,835</b>
Property, plant and equipment include assets held under financial lease with a total carrying amount of	0	0	0	244	0	244
Depreciated over	25 years	5 years	5-8 years	3-8 years		



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

### Notes

#### 11 Property, plant and equipment (continued)

DKK'000	Parent			Total
	Leasehold improve- ments	Plant and machinery	Other fixtures and fittings	
Cost at 1 January 2020	8,775	65,092	9,994	83,861
Additions	711	1,680	134	2,525
Disposals	-2,513	-2,724	-972	-6,209
Cost at 31 December 2020	6,973	64,048	9,156	80,177
Depreciation at 1 January 2020	-8,143	-59,330	-9,540	-77,013
Depreciation for the year	-178	-2,611	-191	-2,980
Reversals of accumulated depreciation and impairment on assets sold	2,513	2,714	972	6,199
Depreciation at 31 December 2020	-5,808	-59,227	-8,759	-73,794
<b>Carrying amount at 31 December 2020</b>	<b>1,165</b>	<b>4,821</b>	<b>397</b>	<b>6,383</b>
Property, plant and equipment include assets held under financial lease with a total carrying amount of	0	0	244	244
Depreciated over	5 years	5-8 years	3-8 years	

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

### Notes

#### 12 Financial assets

DKK'000	Group	
	Other receivables	
Cost at 1 January 2020		1,363
Additions		350
Cost at 31 December 2020		1,713
<b>Carrying amount at 31 December 2020</b>		<b>1,713</b>

DKK'000	Parent	
	Equity investments in subsidiaries	Other receivables
Cost at 1 January 2020	96,056	1,363
Additions	0	350
Cost at 31 December 2020	96,056	1,713
Revaluation at 1 January 2020	66,237	0
Profit for the year after tax	1,473	0
Exchange rate adjustments	-4,187	0
Other	97	0
Revaluation at 31 December 2020	63,620	0
<b>Carrying amount at 31 December 2020</b>	<b>159,676</b>	<b>1,713</b>

Withholding tax on the accumulated profit (excl. legal reserves) in subsidiaries can be calculated to DKK 2.4 million. The amount has not been recognised in the carrying amount at 31 December 2020.

Carrying amount at 31 December 2020 of goodwill and other further values are DKK 35,1 million.

Equity investments in subsidiaries are specified as follows:

	Principal place of business	Share capital	Vote and ownership share
BB Electronics (Suzhou) Co. Ltd.	China	CNY 45,634 thousand	100%
BB Trading (SIP) Co., Ltd.	China	CNY 93 thousand	100%
Wendell Holding a.s.	Czech Republic	CZK 2,000 thousand	100%
Wendell Electronics a.s.	Czech Republic	CZK 2,000 thousand	100%

#### 13 Inventories

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

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

### Notes

#### 14 Authorised share capital

As of 31 December 2020, equity consisted of 76,340 shares of DKK 100 each.

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

#### 15 Non-current liabilities

Payments due within 1 year are recognised under current liabilities. As of 31 December 2020, non-current liabilities amounted to DKK 78,126 thousand (2019: DKK 92,255 thousand). The non-current liabilities mature within 5 years after the reporting date.

#### 16 Contingent liabilities and collateral

##### Group

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

A financial institution has provided a customer with a guarantee of DKK 530 thousand which expires in 2021.

The Company's banker has issued a payment guarantee totalling EUR 170 thousand (DKK 1.3 million). A corresponding amount has been deposited at a cover-for-liabilities account, and the balance is recognised in cash and cash equivalents.

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

##### Parent company

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

A financial institution has provided a customer with a guarantee of DKK 530 thousand which expires in 2021.

The Company's banker has issued a payment guarantee totalling EUR 170 thousand (DKK 1.3 million). A corresponding amount has been deposited at a cover-for-liabilities account, and the balance is recognised in cash and cash equivalents.

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

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

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

### Notes

#### 17 Operating leasing and rental agreements

##### Group

In addition to finance leases, the Company has acquired operating lease liabilities with payments in the non-cancellation period totalling DKK 2,574 thousand (2019: DKK 1,614 thousand). The leasing contracts have non-cancellation periods of up to 48 months.

The rental agreement in Denmark is not subject to cancellation until 30 June 2022 and 30 June 2025. The annual rent during the non-cancellation period amounts to DKK 2,266 thousand and DKK 501 thousand (2019: DKK 5,573 thousand/12 months' notice).

The non-cancellation period for the rental agreement in China ends on 31 May 2022. The total rent during the non-cancellation period amounts to DKK 3,603 thousand (2019: DKK 6,923 thousand).

The non-cancellation period for the rental agreement in Czech Republic ends in 2021. The total rent during the non-cancellation period amounts to DKK 299 thousand (2019: DKK 178 thousand).

##### Parent company

In addition to finance leasing contracts, the Company has entered into operating lease liabilities with payments in the non-cancellation period totalling DKK 2,574 thousand (2019: DKK 1,614 thousand). The leasing contracts have non-cancellation periods of up to 48 months.

The rental contracts are not subject to cancellation until 30 June 2022 and 30 June 2025, after which it can be terminated with 12 months' notice. The annual rent is DKK 2,266 thousand and DKK 501 thousand (2019: DKK 5,573 thousand/12 months' notice).

#### 18 Related parties

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

Controlling interest	Background	Transactions
Purchase of finished goods	Subsidiaries	DKK 241,439 thousand
Sales of finished goods and components	Subsidiaries	DKK 4,367 thousand
Sales of IT services	Subsidiaries	DKK 3,813 thousand
Interest income from loans	Parent company	DKK 363 thousand
Intercompany loan (Receivable)	Parent company	DKK 18,204 thousand
Intercompany loans (Receivable)	Subsidiaries	DKK 19,281 thousand
Intercompany payable	Subsidiaries	DKK 48,814 thousand

##### Ownership

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

BB Electronics Holding ApS Ane Staunings Vej 21  
8700 Horsens, Denmark

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

### Notes

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

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

#### 2020

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

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

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

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

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

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

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

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

### Notes

#### 19 Currency and interest rate risks and use of derived financial instruments (continued)

##### 2019

There are no financial contracts to hedge currency translation exposure in the income statement as of 31 December 2019.

As of 31 December 2019, the Group entered into the following forward contracts to hedge product purchases:

Currency	Contract value	Market value
	Currency	
	'000	DKK'000
EUR/USD	202	-13
EUR/CNY	4,289	28
		15

As of 31 December 2019, the market value of forward contracts is included as other receivables and directly in equity.

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

DKK'000	Calculation Principal	Value adjustments recognised in equity	Fair value	Residual maturity
Interest rate swaps	10,577	-101	-101	2 years

At 31 December 2019 the group companies are net exposed to payments of USD 651 thousand.

DKK'000	2020	2019
<b>20 Appropriation of profit/loss</b>		
Reserve for net revaluations according to the equity method	1,473	9,623
Retained earnings	14,424	20,563
	15,897	30,186

#### 21 Statement of cash flows - adjustments

Depreciation and amortisation of intangible assets and property, plant and equipment	16,917	11,902
Profit on sale of fixed assets	11	-132
Financial income	-2,234	-3,443
Financial expenses	7,921	4,811
Tax on profit for the year	5,552	9,390
Changes in provisions	26	434
	28,193	22,962

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

### Notes

#### 22 Statement of cash flows - changes in working capital

DKK'000	2020	2019
Change in receivables, etc.	9,222	-9,161
Change in inventories	1,635	-1,162
Change in suppliers, prepayments from customers and other liabilities, etc.	15,223	30,880
Exchange rate adjustments	-1,703	-279
	<u>24,377</u>	<u>20,278</u>