

# **EET Group A/S**

Bregnerødvej 133D, 3460 Birkerød

CVR no. 11 78 33 76

## Annual report 2019

Approved at the Company's annual general meeting on 31 March 2020

Chairman:

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## Statement by the Board of Directors and the Executive Board

Today, the Board of Directors and the Executive Board have discussed and approved the annual report of EET Group A/S for the financial year 1 January - 31 December 2019.

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 financial position of the Company at 31 December 2019 and of the results of the Company's operations for the financial year 1 January - 31 December 2019.

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

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

Birkerød, 31 March 2020  
Executive Board:

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Claus Ring  
CEO

Board of Directors:

.....  
Søren Drewsen  
Chairman

.....  
Claus Ring

.....  
Jan Holmetoft Iversen

## Independent auditor's report

To the shareholder of EET Group A/S

### Opinion

We have audited the financial statements of EET Group A/S for the financial year 1 January - 31 December 2019, which comprise income statement, balance sheet, statement of changes in equity and notes, including accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the financial position of the Company at 31 December 2019 and of the results of the Company's operations for the financial year 1 January - 31 December 2019 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 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 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 rules and requirements.

### Management's responsibilities for the financial statements

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

In preparing the financial statements, Management is responsible for assessing the 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 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 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 the financial statements.

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

- ▶ Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.
- ▶ Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- ▶ Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.

## Independent auditor's report

- ▶ 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 note 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 the Management's review

Management is responsible for the Management's review.

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

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

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

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

Copenhagen, 31 March 2020  
ERNST & YOUNG  
Godkendt Revisionspartnerselskab  
CVR no. 30 70 02 28

Ole Becker  
State Authorised Public Accountant  
mne33732

Filip Asmussen  
State Authorised Public Accountant  
mne45921

## Management's review

### Company details

Name	EET Group A/S
Address, Postal code, City	Bregnerødvej 133D, 3460 Birkerød
CVR no.	11 78 33 76
Established	21 December 1987
Registered office	Rudersdal
Financial year	1 January - 31 December
Website	<a href="http://www.eetgroup.com">www.eetgroup.com</a>
Telephone	+45 45 82 19 19
Board of Directors	Søren Drewsen, Chairman Claus Ring Jan Holmetoft Iversen
Executive Board	Claus Ring, CEO
Auditors	Ernst & Young Godkendt Revisionspartnerselskab Dirch Passers Allé 36, P.O. Box 250, 2000 Frederiksberg, Denmark

## Management's review

### Financial highlights

DKK'000	2019	2018	2017	2016	2015
<b>Key figures</b>					
Revenue	2,098,316	2,153,298	1,955,578	1,503,482	1,720,367
Gross profit	143,442	154,133	143,367	118,161	120,487
Operating profit/loss	7,269	17,168	36,296	13,177	-4,675
Net financials	-8,252	-13,204	-10,656	-8,990	-27,374
<b>Profit for the year</b>	<b>46,290</b>	<b>22,348</b>	<b>35,286</b>	<b>38,962</b>	<b>13,141</b>
<b>Balance sheet</b>					
Fixed assets	622,931	623,626	599,142	620,662	644,546
Non-fixed assets	618,213	583,505	466,011	258,096	225,137
<b>Total assets</b>	<b>1,241,144</b>	<b>1,207,131</b>	<b>1,065,153</b>	<b>878,758</b>	<b>869,683</b>
Investment in property, plant and equipment	1,121	11,519	11,135	3,078	26,378
Share capital	1,001	1,001	1,001	1,001	1,001
<b>Equity</b>	<b>485,895</b>	<b>440,234</b>	<b>421,720</b>	<b>393,225</b>	<b>356,073</b>
Provisions	2,750	2,000	2,000	2,000	2,000
Non-current liabilities other than provisions	333,083	329,964	236,576	157,286	161,363
Current liabilities other than provisions	419,416	434,933	404,857	326,247	350,247
<b>Financial ratios</b>					
Gross margin	6.8%	7.2%	7.3%	7.9%	7.0%
Equity ratio	39.1%	36.5%	39.6%	44.7%	40.9%
<b>Average number of employees</b>					
	<b>187</b>	<b>186</b>	<b>164</b>	<b>158</b>	<b>157</b>

The financial ratios stated in the survey of financial highlights have been calculated as follows:

Ordinary operating profit/loss	Profit/loss before financial items adjusted for other operating income and other operating expenses
Gross margin ratio	$\frac{\text{Gross margin} \times 100}{\text{Revenue}}$
Equity ratio	$\frac{\text{Equity, year-end} \times 100}{\text{Total equity and liabilities, year-end}}$

## Management's review

### Business review

The objective of EET Group A/S is to invest in companies carrying on activities within development, sale, marketing and distribution of IT technology products in Europe.

EET Group A/S is the parent company of the Group's sales subsidiaries under the names EET Europarts and Sandberg. EET A/S is the ultimate parent company of the EET Group.

The EET Group is present in 20 countries having more than 25 local sales offices which are marketed under the name EET Europarts, all focusing on the following product areas:

- ▶ Professional Audio Video equipment & Digital Signage products
- ▶ IT components and supplies for computers, servers and printers
- ▶ Network & Storage
- ▶ IT components and supplies for mobile devices
- ▶ Video surveillance and security products
- ▶ Consumer electronics
- ▶ Point of Sale (POS) & AutoID equipment

EET markets a broad range of leading trademarks, including HP, Zebra, Honeywell, Lexmark, Ubiquiti Networks, Bosch, Dell, NEC, Axis, Epson, Samsung, Ernitec, NEC, Sony, B&O and many more. EET markets more than 900 trademarks and more than 1,200,000 item numbers.

### Financial review

The income statement for 2019 shows a profit of DKK 46,290 thousand against a profit of DKK 22,348 thousand last year, and the balance sheet at 31 December 2019 shows equity of DKK 485,895 thousand. In the annual report for 2018, Management expected a positive development. Management considers the Company's financial performance in the year satisfactory.

### Capital resources

At 31 December 2019, the company's capital resources totaled DKK 106 million, including cash and unused credit facilities.

### Special risks

#### General

As a result of its operations and financing, the Company is exposed to financial risks, including market risks (currency, interest rate and credit risks), which may affect the Company's results of operation and financial position.

The Company's risks are managed centrally in the finance function in accordance with the principles adopted and set out by the Board of Directors. It is the Company's policy not to engage in active speculation in financial risks. Thus, the Company's financial management is aimed at managing the financial risks directly attributable to the Company's operations and financing.

## Management's review

### Currency risks

The Group's foreign entities are not immediately affected by exchange rate fluctuations, as income and costs are settled in local currencies. Activities carried out by Danish group entities are affected by exchange rate fluctuations, as part of the sales and goods purchased are settled in foreign currencies, whereas costs, including wages and salaries, are settled in Danish kroner.

Moreover, the Company is affected by changes in exchange rates as the foreign subsidiaries' results at year end are translated to Danish kroner based on average exchange rates.

The Company's currency risks are primarily hedged by means of distribution of income and costs in the same currency and by means of derivative financial instruments. In accordance with policies adopted by the Board of Directors, risks related to recognised financial assets and liabilities are hedged.

### Interest rate risks

In accordance with group policies, interest rate risks related to the Company's loans are hedged. Hedging is primarily made by means of swaps under which floating-rate loans are converted to fixed rate loans.

### Credit risks

The Company has no significant risks relating to one individual customer or cooperator. The Company's policy in respect of credit risks implies that all major customers and other cooperators are credit rated and insured on an on-going basis if possible.

### Statutory CSR report

The Company has not drawn up a separate statutory CSR report in accordance with the Danish Financial Statements Act Section 99(a), as the Parent Company has done so for the entire Group. The report is available in the annual report for 2019 for EET A/S.

### Account of the gender composition of Management

#### *Board of directors*

The Company aims to have a Board of Directors that can perform its duties in terms of strategy, management and control in an efficient manner.

The Company will seek to appoint candidates with the best profiles and qualifications, as this is considered essential to the Company. In this connection, gender is considered when appointing candidates to the Board of Directors. However, recruitment criteria such as professional qualifications, industry experience, educational background, etc., are also taken into account, as it is essential that all members of the Board of Directors possess the necessary competences.

So far, the gender composition of the members of the Board of Directors appointed by the annual general meeting has been 0 females and 3 males

The target to be met by the annual general meeting in 2021 at the latest is 1 female and 3 males. EET did not achieve this target in 2019, as no new board members were elected.

#### *Other management levels*

The current breakdown by gender within other management levels in Denmark is 40% female and 60% male.

The company's goal is to create a good and inclusive workplace that supports equal career opportunities for women and men, among other things through competence development, to increase the number of underrepresented sex at senior management levels in Denmark.

## Management's review

### Events after the balance sheet date

No events materially affecting the Company's financial position have occurred subsequent to the financial year-end.

As a result of the current global outbreak of coronavirus, supply chains and the global transport and logistics markets are currently seeing a substantial negative impact. The situation continues to evolve but EET is well prepared for the challenging task ahead and remains strongly committed to mitigate the potential impact on our customers' supply chains.

Results in the subsidiaries have been above budget for both January 2020 and February 2020 and the result for March 2020 is expected to be around the budgeted level.

### Outlook

Due to the changed outlook for the global supply chains, transport and logistics markets, we cannot rule out a negative impact on our business and financial performance in the coming months. Given the rapid day-to-day developments in many markets, we are however currently unable to accurately assess the magnitude of this short-term impact.

The Management Board does therefore not give guidance for the 2020 financial year as neither the further course of developments nor the economic implications for the Company or the EET Group can be reliably estimated.

## Financial statements 1 January - 31 December

### Income statement

Note	DKK'000	2019	2018
3	<b>Revenue</b>	2,098,316	2,153,298
	Cost of sales	-1,921,738	-1,972,499
	Other external expenses	-33,136	-26,666
	<b>Gross profit</b>	143,442	154,133
4	Staff costs	-127,293	-127,019
	Amortisation/depreciation and impairment/gains on intangible assets and property, plant and equipment	-8,880	-9,946
	<b>Profit before net financials</b>	7,269	17,168
	Income from investments in group enterprises	48,255	20,778
	Income from investments in joint ventures	0	-986
5	Financial income	9,396	5,026
6	Financial expenses	-17,648	-18,230
	<b>Profit before tax</b>	47,272	23,756
7	Tax for the year	-982	-1,408
	<b>Profit for the year</b>	46,290	22,348

## Financial statements 1 January - 31 December

### Balance sheet

Note	DKK'000	2019	2018
	<b>ASSETS</b>		
	<b>Fixed assets</b>		
8	<b>Intangible assets</b>		
	Acquired intangible assets	15,911	8,567
	Goodwill	0	908
		<u>15,911</u>	<u>9,475</u>
9	<b>Property, plant and equipment</b>		
	Fixtures and fittings, other plant and equipment	25,687	31,446
		<u>25,687</u>	<u>31,446</u>
10	<b>Investments</b>		
	Investments in group enterprises	574,150	575,592
	Deposits	7,183	7,113
		<u>581,333</u>	<u>582,705</u>
	<b>Total fixed assets</b>	<u>622,931</u>	<u>623,626</u>
	<b>Non-fixed assets</b>		
	<b>Inventories</b>		
	Finished goods and goods for resale	185,956	239,824
		<u>185,956</u>	<u>239,824</u>
	<b>Receivables</b>		
	Trade receivables	3,976	3,954
	Receivables from group enterprises	415,562	327,513
13	Deferred tax assets	1,520	3,433
	Other receivables	4,760	2,735
11	Prepayments	6,433	6,040
		<u>432,251</u>	<u>343,675</u>
	<b>Cash</b>	<u>6</u>	<u>6</u>
	<b>Total non-fixed assets</b>	<u>618,213</u>	<u>583,505</u>
	<b>TOTAL ASSETS</b>	<u><u>1,241,144</u></u>	<u><u>1,207,131</u></u>

## Financial statements 1 January - 31 December

### Balance sheet

Note	DKK'000	2019	2018
	<b>EQUITY AND LIABILITIES</b>		
	<b>Equity</b>		
12	Share capital	1,001	1,001
	Other reserves	1,150	1,612
	Retained earnings	449,744	437,621
	Dividend proposed	34,000	0
	<b>Total equity</b>	<b>485,895</b>	<b>440,234</b>
	<b>Provisions</b>		
15	Other provisions	2,750	2,000
	<b>Total provisions</b>	<b>2,750</b>	<b>2,000</b>
	<b>Liabilities other than provisions</b>		
14	<b>Non-current liabilities other than provisions</b>		
	Bank debt	329,964	329,964
	Other payables	3,119	0
		<b>333,083</b>	<b>329,964</b>
	<b>Current liabilities other than provisions</b>		
	Bank debt	94,257	49,328
	Trade payables	261,403	314,128
	Payables to group enterprises	39,446	40,652
	Corporation tax payable	5,000	5,000
16	Other payables	19,310	25,825
		<b>419,416</b>	<b>434,933</b>
	<b>Total liabilities other than provisions</b>	<b>752,499</b>	<b>764,897</b>
	<b>TOTAL EQUITY AND LIABILITIES</b>	<b>1,241,144</b>	<b>1,207,131</b>

- 1 Accounting policies
- 2 Events after the balance sheet date
- 17 Contractual obligations and contingencies, etc.
- 18 Collateral
- 19 Currency risks
- 20 Related parties
- 21 Fee to the auditors appointed by the Company in general meeting

## Financial statements 1 January - 31 December

### Statement of changes in equity

Note	DKK'000	Share capital	Other reserves	Retained earnings	Dividend proposed	Total
	Equity at 1 January 2018	1,001	621	420,098	0	421,720
22	Transfer, see "Appropriation of profit"	0	0	22,348	0	22,348
	Adjustment of investments through foreign exchange adjustments	0	0	-4,825	0	-4,825
	Other value adjustments of equity	0	991	0	0	991
	<b>Equity at 1 January 2019</b>	<b>1,001</b>	<b>1,612</b>	<b>437,621</b>	<b>0</b>	<b>440,234</b>
22	Transfer, see "Appropriation of profit"	0	0	12,290	34,000	46,290
	Adjustment of investments through foreign exchange adjustments	0	0	-2,979	0	-2,979
	Other value adjustments of equity	0	-462	0	0	-462
	Adjustments purchase of non-controlling interests	0	0	2,812	0	2,812
	<b>Equity at 31 December 2019</b>	<b>1,001</b>	<b>1,150</b>	<b>449,744</b>	<b>34,000</b>	<b>485,895</b>

## Financial statements 1 January - 31 December

### Notes to the financial statements

#### 1 Accounting policies

The annual report of EET Group A/S for 2019 has been prepared in accordance with the provisions in the Danish Financial Statements Act applying to large reporting class C entities.

In accordance with section 112(1) of the Danish Financial Statements Act, the Company has not prepared consolidated financial statements.

The accounting policies used in the preparation of the financial statements are consistent with those of last year.

#### Omission of a cash flow statement

With reference to section 86(4) of the Danish Financial Statements Act, no cash flow statement has been prepared. The Company's cash flows are reflected in the consolidated cash flow statement for the ultimate parent company EET A/S.

#### Basis of recognition and measurement

Assets are recognized 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 recognized in the balance sheet when it is probable that future financial resources will flow out of the Company and the value of the liability can be measured reliably.

On initial recognition, assets and liabilities are measured at cost. Measurement of assets and liabilities after initial recognition is effected as described below for each item.

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

Income is recognized in the income statement when earned. Furthermore, costs incurred to achieve earnings for the year are recognized in the income statement, including depreciation/amortisation, impairment losses and provisions as well as reversal of entries as a result of changed accounting estimates, which were formerly recognized in the income statement.

#### Foreign currency translation

On initial recognition, transactions denominated in foreign currencies are translated at the exchange rate at the transaction date. Foreign exchange differences arising between the exchange rates at the transaction date and the date of payment are recognised in the income statement as financial income or financial expenses.

Receivables and payables and other monetary items denominated in foreign currencies are translated at the exchange rate at the balance sheet date. The difference between the exchange rates at the balance sheet date and the date at which the receivable or payable arose or was recognised in the most recent financial statements is recognised in the income statement as financial income or financial expenses.

#### Derivative financial instruments

On initial recognition, derivative financial instruments are recognised at cost in the balance sheet and are subsequently measured at fair value. Positive and negative fair values of derivative financial instruments are included in "Other receivables" and "Other payables", respectively.

Fair value adjustments of derivative financial instruments designated as and qualifying for recognition as a hedge of the fair value of a recognised asset or liability are recognised in the income statement along with changes in the fair value of the hedged asset or liability.

## Financial statements 1 January - 31 December

### Notes to the financial statements

#### 1 Accounting policies (continued)

Fair value adjustments of derivative financial instruments designated as and qualifying for hedging of future assets or liabilities are recognised in other receivables or other payables, respectively, and in equity. If the hedged forecast transaction results in the recognition of assets or liabilities, amounts previously recognised in equity are transferred to the cost of the asset or liability, respectively. If the hedged forecast transaction results in income or expenses, amounts previously deferred in equity are transferred to the income statement in the period in which the hedged item affects the profit/loss for the year.

Fair value adjustments of derivative financial instruments that do not qualify for hedge accounting are recognised in the income statement on a current basis.

### Income statement

#### Revenue

The Company has chosen IAS 11/IAS 18 as interpretation for revenue recognition.

Income from the sale of goods for resale and finished goods is recognised in revenue when the most significant rewards and risks have been transferred to the buyer and provided the income can be measured reliably and payment is expected to be received. The date of the transfer of the most significant rewards and risks is based on standardised terms of delivery based on Incoterms® 2010.

Revenue is measured at the fair value of the agreed consideration excluding VAT and taxes charged on behalf of third parties. All discounts and rebates granted are recognised in revenue.

#### Cost of sales

Cost of sales includes the cost of goods used in generating the year's revenue.

#### Other external expenses

Other external expenses include the year's expenses relating to the Company's core activities, including expenses relating 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 pension to the Company's employees, as well as other social security contributions, etc. The item is net of refunds from public authorities.

#### Amortisation/depreciation

The item comprises amortisation/depreciation of intangible assets and property, plant and equipment.

The basis of amortisation, which is calculated as cost less any residual value, is amortised on a straight line basis over the expected useful life. The expected useful lives of the assets are as follows:

Acquired intangible assets	3-5 years
Goodwill	5-20 years

Gains or losses are calculated as the difference between the selling price less selling costs and the carrying amount at the date of disposal. Gains and losses from the disposal of intangible assets and property, plant and equipment are recognised in the income statement in Amortisation/depreciation and impairment/gains on intangible assets and property, plant and equipment.

Where individual components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items, which are depreciated separately.

Fixtures and fittings, other plant and equipment	3-10 years
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## Financial statements 1 January - 31 December

### Notes to the financial statements

#### 1 Accounting policies (continued)

Depreciation is based on the residual value of the asset and is reduced by impairment losses, if any. The depreciation period and the residual value are determined at the acquisition date and are reassessed annually. Where the residual value exceeds the carrying amount of the asset, no further depreciation charges are recognised.

In the case of changes in the depreciation period or the residual value, the effect on the depreciation charges is recognised prospectively as a change in accounting estimates.

#### Profit from investments in subsidiaries

A proportionate share of the underlying entities' profit/loss after tax is recognised in the income statement according to the equity method. Shares of profit/loss after tax in subsidiaries are presented as separate line items in the income statement. Full elimination of intra-group gains/losses is made for equity investments in subsidiaries.

#### Profit from investments in joint ventures

A proportionate share of the underlying entities' profit/loss after tax is recognised in the income statement according to the equity method. Shares of profit/loss after tax in jointly controlled entities are presented a separate line item in the income statement. Only proportionate elimination of intra-group gains/losses is made.

#### Financial income and expenses

Financial income and expenses are recognised in the income statements at the amounts that concern the financial year. Net financials include interest income and expenses as well as allowances and surcharges under the advance-payment-of-tax scheme, etc.

#### Tax

Tax for the year includes current tax on the year's expected taxable income and the year's deferred tax adjustments. The portion of the tax for the year that relates to the profit/loss for the year is recognised in the income statement, whereas the portion that relates to transactions taken to equity is recognised in equity.

The entity is jointly taxed with other group entities. The total Danish income tax charge is allocated between profit/loss-making Danish entities in proportion to their taxable income (full absorption).

Jointly taxed entities entitled to a tax refund are reimbursed by the management company based on the rates applicable to interest allowances, and jointly taxed entities which have paid too little tax pay a surcharge according to the rates applicable to interest surcharges to the management company.

#### Balance sheet

##### Intangible assets

On initial recognition, goodwill is recognised and measured as the difference between cost of the enterprise acquired and the fair value of the assets, liabilities and contingent liabilities acquired.

Goodwill is amortised on a straight-line basis over its estimated useful life, which is fixed based on the experience gained by Management for each business area.

The amortisation period is usually 5 years; however, it may be up to 20 years for strategically acquired enterprises with a strong market position and a long-term earnings profile if the longer amortisation period is considered to better reflect the Company's benefit from the relevant resources.

## Financial statements 1 January - 31 December

### Notes to the financial statements

#### 1 Accounting policies (continued)

The carrying amount of goodwill is assessed on a regular basis and written down to the recoverable amount if the carrying amount exceeds the estimated future net income from the enterprise or activity to which the goodwill is related.

Other intangible assets include acquired intangible rights, including software licences and development projects.

Other intangible assets are measured at cost less accumulated amortisation and impairment losses.

#### Property, plant and equipment

Items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses. Cost includes the acquisition price and costs directly related to the acquisition until the time at which the asset is ready for use.

#### Investments in subsidiaries

Equity investments in subsidiaries and associates are measured according to the equity method.

On initial recognition, equity investments in subsidiaries are measured at cost, i.e. plus transaction costs. The cost is allocated in accordance with the acquisition method; see the accounting policies regarding business combinations.

The cost is adjusted by shares of profit/loss after tax calculated in accordance with the Group's accounting policies less or plus unrealised intra-group gains/losses.

Identified increases in value and goodwill, if any, compared to the underlying entity's net asset value are amortised in accordance with the accounting policies for the assets and liabilities to which they can be attributed. Negative goodwill is recognised in the income statement.

Dividend received is deduced from the carrying amount.

Equity investments in subsidiaries measured at net asset value are subject to impairment test requirements if there is any indication of impairment.

#### Investments in joint ventures

Equity investments in jointly controlled entities are measured according to the equity method.

On initial recognition, equity investments in jointly controlled entities are measured at cost, i.e. plus transaction costs. The cost is allocated in accordance with the acquisition method; see the accounting policies regarding business combinations.

Identified increases in value and goodwill, if any, compared to the underlying entity's net asset value are amortised in accordance with the accounting policies for the assets and liabilities to which they can be attributed. Negative goodwill is recognised in the income statement.

Dividend received is deduced from the carrying amount.

Equity investments in jointly controlled entities measured at net asset value are subject to impairment test requirements if there is any indication of impairment.

#### Impairment of fixed assets

The carrying amount of intangible assets, property, plant and equipment and investments in subsidiaries, associates and joint ventures is assessed for impairment on an annual basis.

Impairment tests are conducted on assets or groups of assets when there is evidence of impairment. The carrying amount of impaired assets is reduced to the higher of the net selling price and the value in use (recoverable amount).

## Financial statements 1 January - 31 December

### Notes to the financial statements

#### 1 Accounting policies (continued)

The recoverable amount is the higher of the net selling price of an asset and its value in use. The value in use is calculated as the present value of the expected net cash flows from the use of the asset or the group of assets and the expected net cash flows from the disposal of the asset or the group of assets after the end of the useful life.

Previously recognised impairment losses are reversed when the reason for recognition no longer exists. Impairment losses on goodwill are not reversed.

#### Inventories

Inventories are measured at cost in accordance with the FIFO method. Where the net realisable value is lower than cost, inventories are written down to this lower value. The net realisable value of inventories is calculated as the sales amount less costs of completion and expenses required to effect the sale and is determined taking into account marketability, obsolescence and development in the expected selling price.

Goods for resale are measured at cost, which comprises the cost of acquisition plus delivery costs as well as other expenses directly attributable to the acquisition.

#### Receivables

Receivables are measured at amortised cost.

The Company has chosen IAS 39 as interpretation for impairment of financial receivables.

An impairment loss is recognised if there is objective evidence that a receivable or a group of receivables is impaired. If there is objective evidence that an individual receivable has been impaired, an impairment loss is recognised on an individual basis.

#### Prepayments

Prepayments recognised under "Assets" comprise prepaid expenses regarding subsequent financial reporting years.

#### Cash

Cash comprise cash and short term securities which are readily convertible into cash and subject only to minor risks of changes in value.

#### Equity

##### *Proposed dividends*

Dividend proposed for the year is recognised as a liability once adopted at the annual general meeting (declaration date). Dividends expected to be distributed for the financial year are presented as a separate item under "Equity".

#### Provisions

Provisions are recognised when the company has a current legal or constructive obligation and include warranty and restoration provisions. Provisions are recognised on the basis of best estimates.

#### Income taxes and deferred tax

Current tax payables and receivables are recognised in the balance sheet as the estimated income tax charge for the year, adjusted for prior-year taxes and tax paid on account.

## Financial statements 1 January - 31 December

### Notes to the financial statements

#### 1 Accounting policies (continued)

Deferred tax is measured according to the liability method on all temporary differences between the carrying amount and the tax base of assets and liabilities. However, deferred tax is not recognised on temporary differences relating to goodwill which is not deductible for tax purposes and on office premises and other items where temporary differences, apart from business combinations, arise at the date of acquisition without affecting either profit/loss for the year or taxable income. 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 is measured according to the tax rules and at the tax rates applicable at the balance sheet date when the deferred tax is expected to crystallise as current tax. Deferred tax assets 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 in the same legal tax entity. Changes in deferred tax due to changes in the tax rate are recognised in the income statement. Joint taxation contributions payable or receivables are recognised in the balance sheet as amounts owed by or to affiliated companies

#### Payables to credit institutions

Payables to credit institutions are initially measured at the proceeds received net of transaction costs incurred. On subsequent recognition, payables to credit institutions are measured at amortised cost, using the effective interest rate method. Borrowing costs, including capital losses, are recognised as financing costs in the income statement over the term of the loan.

#### Other payables

Other payables are measured at net realisable value.

#### 2 Events after the balance sheet date

No events materially affecting the Company's financial position have occurred subsequent to the financial year-end.

As a result of the current global outbreak of coronavirus, supply chains and the global transport and logistics markets are currently seeing a substantial negative impact. The situation continues to evolve but EET is well prepared for the challenging task ahead and remains strongly committed to mitigate the potential impact on our customers' supply chains.

Results in the subsidiaries have been above budget for both January 2020 and February 2020 and the result for March 2020 is expected to be around the budgeted level.

Due to the changed outlook for the global supply chains, transport and logistics markets, we cannot rule out a negative impact on our business and financial performance in the coming months. Given the rapid day-to-day developments in many markets, we are however currently unable to accurately assess the magnitude of this short-term impact. The Management Board does therefore not give guidance for the 2020 financial year as neither the further course of developments nor the economic implications for the Company can be reliably estimated.

#### 3 Segment information

The distribution of net revenue on activities and geographical markets has been left out for competitive reasons pursuant to section 96 (1) of the Danish Financial Statements Act. Management is of the opinion that the company complies with the requirements of the Danish Financial Statement Act.

## Financial statements 1 January - 31 December

### Notes to the financial statements

DKK'000	2019	2018	
<b>4 Staff costs</b>			
Wages/salaries	105,556	102,347	
Pensions	7,498	7,216	
Other social security costs	1,299	1,316	
Other staff costs	12,940	16,140	
	<u>127,293</u>	<u>127,019</u>	
Average number of full-time employees	<u>187</u>	<u>186</u>	
By reference to section 98b(3), (ii), of the Danish Financial Statements Act, remuneration to Management is not disclosed. No remuneration has been paid to the Board of Directors.			
<b>5 Financial income</b>			
Interest receivable, group entities	7,116	4,934	
Exchange gains, net	2,082	0	
Other financial income	198	92	
	<u>9,396</u>	<u>5,026</u>	
<b>6 Financial expenses</b>			
Interest expenses, group entities	939	1,557	
Exchange losses, net	0	2,701	
Other financial expenses	16,709	13,972	
	<u>17,648</u>	<u>18,230</u>	
<b>7 Tax for the year</b>			
Estimated tax charge for the year	-1,061	98	
Deferred tax adjustments in the year	2,043	1,310	
	<u>982</u>	<u>1,408</u>	
<b>8 Intangible assets</b>			
DKK'000	Acquired intangible assets	Goodwill	Total
Cost at 1 January 2019	10,957	19,864	30,821
Additions	10,140	0	10,140
Disposals	0	-3,026	-3,026
Cost at 31 December 2019	<u>21,097</u>	<u>16,838</u>	<u>37,935</u>
Impairment losses and amortisation at 1 January 2019	2,390	18,956	21,346
Amortisation for the year	2,796	0	2,796
Disposals	0	-2,118	-2,118
Impairment losses and amortisation at 31 December 2019	<u>5,186</u>	<u>16,838</u>	<u>22,024</u>
<b>Carrying amount at 31 December 2019</b>	<u>15,911</u>	<u>0</u>	<u>15,911</u>

Amortisations in the income statement include gain on sale of 603 t.DKK.

## Financial statements 1 January - 31 December

### Notes to the financial statements

#### 9 Property, plant and equipment

DKK'000	<u>Fixtures and fittings, other plant and equipment</u>
Cost at 1 January 2019	54,525
Additions	1,118
Disposals	-5,886
Cost at 31 December 2019	<u>49,757</u>
Impairment losses and depreciation at 1 January 2019	23,079
Depreciation	6,727
Depreciation and impairment of disposals	-5,736
Impairment losses and depreciation at 31 December 2019	<u>24,070</u>
<b>Carrying amount at 31 December 2019</b>	<b><u>25,687</u></b>

Note 18 provides more details on security for loans, etc. as regards property, plant and equipment.

Depreciations in the income statement include gain on sale of 40 t.DKK (2018: 120 t.DKK).

#### 10 Investments

DKK'000	<u>Investments in group enterprises</u>	<u>Deposits</u>	<u>Total</u>
Cost at 1 January 2019	1,025,001	7,113	1,032,114
Additions	3,433	70	3,503
Disposals	-435	0	-435
Cost at 31 December 2019	<u>1,027,999</u>	<u>7,183</u>	<u>1,035,182</u>
Value adjustments at 1 January 2019	-449,409	0	-449,409
Foreign exchange and other adjustments	2,831	0	2,831
Dividend received	-52,104	0	-52,104
Profit/loss for the year	79,028	0	79,028
Adjustments purchase of non-controlling interests	-2,812	0	-2,812
Amortisations	-30,773	0	-30,773
Disposals	-749	0	-749
Negative net assets in group entitie set off against receivables, 1 January	-8,374	0	-8,374
Negative net assets in group entitie set off against receivables, 31 December	8,513	0	8,513
Value adjustments at 31 December 2019	<u>-453,849</u>	<u>0</u>	<u>-453,849</u>
<b>Carrying amount at 31 December 2019</b>	<b><u>574,150</u></b>	<b><u>7,183</u></b>	<b><u>581,333</u></b>

The carrying amount of investments in subsidiaries includes goodwill of 299,174 t.DKK (2018: 329,947 t.DKK).

Of the total carrying amount, negative net assets in group entities 8,513 t.DKK (2018: 8,374 t.DKK) have been set off against receivables.

## Financial statements 1 January - 31 December

### Notes to the financial statements

#### 10 Investments (continued)

Name	Domicile	Interest
<b>Subsidiaries</b>		
EET Europarts A/S	Birkerød, Denmark	100.00%
EET Europarts Norway AS	Oslo, Norway	100.00%
-- Avantis Distribution ApS	Birkerød, Denmark	100.00%
EET Europarts AB	Stockholm, Sweden	100.00%
EET Europarts OY	Helsinki, Finland	100.00%
EET Europarts SAS	Paris, France	100.00%
EET Italy S.R.L.	Milano, Italy	92.50%
EET Spain SA	Madrid, Spain	100.00%
EET Europarts BV	Utrecht, Holland	100.00%
EET Europarts Ltd	London, UK	100.00%
-- EET Ireland Ltd.	Dublin, Ireland	85.00%
EET Schweiz GmbH	Zug, Switzerland	100.00%
EET Europarts GmbH	Harrislee, Germany	100.00%
EET Europarts GmbH	Wien, Austria	80.00%
EET Europarts Polska SP. z.o.o.	Gdansk, Poland	55.00%
EET Europarts s.r.o	Praha, Czech	80.00%
Lother Finance Egypt LLC	Cairo, Egypt	100.00%
-- EET Europarts Egypt LLC	Cairo, Egypt	51.00%
EET International A/S	Birkerød, Denmark	100.00%
Sandberg A/S	Birkerød, Denmark	50.10%
Clint Digital ApS	Birkerød, Denmark	100.00%

#### 11 Prepayments

Prepayments include accrual of expenses relating to subsequent financial years, including insurance policies, licenses and other prepayments.

DKK'000	2019	2018
<b>12 Share capital</b>		
Analysis of the share capital:		
1 shares of DKK 500,000.00 nominal value each	500	500
1 shares of DKK 180,000.00 nominal value each	180	180
1 shares of DKK 20,000.00 nominal value each	20	20
2 shares of DKK 90,000.00 nominal value each	180	180
4 shares of DKK 30,000.00 nominal value each	120	120
1 shares of DKK 1,000.00 nominal value each	1	1
	1,001	1,001

The shares have not been divided into classes and no shares have special rights.

The Company's share capital has remained DKK 1,001 thousand over the past 5 years.

## Financial statements 1 January - 31 December

### Notes to the financial statements

DKK'000	2019	2018
<b>13 Deferred tax</b>		
Deferred tax at 1 January	-3,433	-5,022
Adjustments in the year	1,913	1,589
<b>Deferred tax at 31 December</b>	<b>-1,520</b>	<b>-3,433</b>

Adjustment in the year of deferred tax include DKK 2.043 thousand recognised in the income statement and DKK -130 thousand recognised in equity.

### 14 Non-current liabilities other than provisions

DKK'000	Total debt at 31/12 2019	Repayment, next year	Long-term portion	Outstanding debt after 5 years
Bank debt	329,964	0	329,964	0
Other payables	3,119	0	3,119	0
	<b>333,083</b>	<b>0</b>	<b>333,083</b>	<b>0</b>

DKK'000	2019	2018
<b>15 Other provisions</b>		
Opening balance at 1 January	2,000	2,000
Provisions in the year	2,750	2,000
Provisions utilised in the year	-2,000	-2,000
<b>Other provisions at 31 December</b>	<b>2,750</b>	<b>2,000</b>

<b>16 Other payables</b>		
VAT, payroll & payroll taxes etc.	426	6,608
Holiday pay liability	8,252	11,705
Other accrued expenses	10,632	7,512
	<b>19,310</b>	<b>25,825</b>

### 17 Contractual obligations and contingencies, etc.

#### Other financial obligations

Rent and Lease agreements (operational leasing) with a remaining maximum term of 48 months have been entered into.

Total rent & leasing liabilities amount to approx. 14,465 t.DKK (2018: 17,078 t.DKK)

The Group has a contingent liability which is triggered in case the company cancels a rent agreement before 2022. The contingent liability amounts to 333 t.DKK (2018: 833 t.DKK).

The Group has an obligation in respects of the right to return goods sold.

A number of the minority shareholders have a tag-along right, and a corresponding drag-along right for the Group, which will be triggered by way of a sale of the shares to a third party buyer.

The Company is jointly taxed with other Danish subsidiaries within the EET Group. The Company has joint and several unlimited liability for Danish corporation taxes and withholding taxes on dividends, interest and royalties in the joint taxation. Any subsequent corrections of the consolidated taxable income and withholding taxes, etc. could lead to an increased liability for the Company.

## Financial statements 1 January - 31 December

### Notes to the financial statements

The Company is party to a number of pending tax audits. In Management's opinion, apart from the receivables and payables recognised in the statement of financial position, the outcome of these tax audits is not expected to affect the Company's financial position.

#### 18 Collateral

The Company is jointly and severally liable for the EET Group's bank loan, which nominally amounts to DKK 905 million. kr. per December 31, 2019.

Shares in affiliated companies are provided as collateral for bank debt.

Company pledge has been given with security in the company's assets for DKK 19 million.

#### 19 Currency risks

##### Forecast transactions

The Company hedges the estimated currency risks relating to purchased within 3-6 months using forward exchange contracts.

DKK'000	Period	Contractual value	Gains and losses recognised in equity
		2019	2019
Market value of forward exchange contracts	0-6 months	74,391	-462

#### 20 Related parties

EET Group A/S' related parties comprise the following:

##### Parties exercising control

Related party	Domicile	Basis for control
EET Holdings A/S	Bregnerødvej 133 D, 3460 Birkerød	Share holding
EET A/S	Bregnerødvej 133 D, 3460 Birkerød	Share holding

##### Information about consolidated financial statements

Parent	Domicile
EET A/S	Bregnerødvej 133 D, 3460 Birkerød

##### Related party transactions

EET Group A/S was engaged in the below related party transactions:

DKK'000	2019	2018
Sales to group enterprises	2,084,504	2,142,331
Management fees	8,649	9,696
Interest income, group entities	7,116	4,934
Interest expenses, group entities	-939	-1,557
Receivables from group enterprises	415,562	294,824
Payables to group enterprises	39,446	7,984
Dividends received	52,104	76,018

## Financial statements 1 January - 31 December

### Notes to the financial statements

Remuneration of the Board of Directors, Executive Board and key management personnel is disclosed in note 4.

As per 31 December 2019, EET Group A/S has an intra-group receivable of DKK 185 million, which relates to the parent company EET Holdings A/S. The intra-group receivable carry an interest of 3.5 % p.a. EET Group A/S has proposed dividend of DKK 34 million for 2019, which should partially be used to secure external creditors in EET Holdings A/S in 2020 to settled in line with maturity. EET Group A/S remains behind to settle other creditors in EET Holdings A/S.

### Ownership

The following shareholders are registered in the Company's register of shareholders as holding minimum 5% of the votes or minimum 5% of the share capital:

<u>Name</u>	<u>Domicile</u>
EET Holdings A/S	Bregnerødvej 133 D, 3460 Birkerød

### 21 Fee to the auditors appointed by the Company in general meeting

Audit fees are not disclosed with reference to section 96(3) of the Danish Financial Statements Act. The fee is specified in the consolidated financial statements for EET A/S.

DKK'000	<u>2019</u>	<u>2018</u>
<b>22 Appropriation of profit</b>		
<b>Recommended appropriation of profit</b>		
Proposed dividend recognised under equity	34,000	0
Retained earnings	12,290	22,348
	<u>46,290</u>	<u>22,348</u>

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### CFO

On behalf of: EET Group A/S

Serial number: PID:9208-2002-2-811470781868

IP: 91.198.xxx.xxx

2020-04-02 13:40:47Z

NEM ID 

## Claus Ring

### Executive Board

On behalf of: EET Group A/S

Serial number: PID:9208-2002-2-499865921925

IP: 91.198.xxx.xxx

2020-04-02 17:19:12Z

NEM ID 

## Claus Ring

### CEO

On behalf of: EET Group A/S

Serial number: PID:9208-2002-2-499865921925

IP: 91.198.xxx.xxx

2020-04-02 17:19:12Z

NEM ID 

## Jan Holmetoft Iversen

### Chairman

On behalf of: EET Group A/S

Serial number: PID:9208-2002-2-811470781868

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2020-04-02 17:51:21Z

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## Jan Holmetoft Iversen

### Board of Directors

On behalf of: EET Group A/S

Serial number: PID:9208-2002-2-811470781868

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2020-04-02 17:51:21Z

NEM ID 

## Søren Drewsen

### Board of Directors

On behalf of: EET Group A/S

Serial number: PID:9208-2002-2-387626225784

IP: 91.198.xxx.xxx

2020-04-03 06:14:41Z

NEM ID 

## Claus Ring

### Board of Directors

On behalf of: EET Group A/S

Serial number: PID:9208-2002-2-499865921925

IP: 91.198.xxx.xxx

2020-04-04 17:32:30Z

NEM ID 

## Ole Becker

### State Authorised Public Accountant

On behalf of: Ernst & Young P/S

Serial number: CVR:30700228-RID:65669285

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## Filip Asmussen

State Authorised Public Accountant

On behalf of: Ernst & Young P/S

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