

EET Group A/S

Bregnerødvej 133D, 3460 Birkerød

CVR no. 11 78 33 76

Annual report 2021

Approved at the Company's annual general meeting on 9 June 2022

Chair of the meeting:

.....
Jan Holmetoft Iversen

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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 2021.

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 2021 and of the results of the Company's operations for the financial year 1 January - 31 December 2021.

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, 9 June 2022
Executive Board:

.....
Claus Ring
CEO

Board of Directors:

.....
Søren Drewsen
Chair

.....
Jan Holmetoft Iversen

.....
Claus Ring

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 2021, 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 2021 and of the results of the Company's operations for the financial year 1 January - 31 December 2021 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 ethical requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

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.

Independent auditor's report

- ▶ Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- ▶ Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- ▶ Evaluate the overall presentation, structure and contents of the financial statements, including the 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, 9 June 2022
EY Godkendt Revisionspartnerselskab
CVR no. 30 70 02 28

Ole Becker
State Authorised Public Accountant
mne33732

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 | www.eetgroup.com |
| Telephone | +45 45 82 19 19 |
| Board of Directors | Søren Drewsen, Chair Jan Holmetoft Iversen Claus Ring |
| Executive Board | Claus Ring, CEO |
| Auditors | EY Godkendt Revisionspartnerselskab Dirch Passers Allé 36, P.O. Box 250, 2000 Frederiksberg, Denmark |

Management's review

Financial highlights

| DKK'000 | 2021 | 2020 | 2019 | 2018 | 2017 |
|---|------------------|------------------|------------------|------------------|------------------|
| Key figures | | | | | |
| Revenue | 2,853,840 | 2,303,099 | 2,098,316 | 2,153,298 | 1,955,578 |
| Gross profit | 199,023 | 153,468 | 143,442 | 154,133 | 143,367 |
| Operating profit/loss | 33,173 | 10,367 | 7,269 | 17,168 | 36,296 |
| Net financials | -9,138 | -5,465 | -8,252 | -13,204 | -10,656 |
| Profit for the year | 138,024 | 94,703 | 46,290 | 22,348 | 35,286 |
| Fixed assets | 841,178 | 666,023 | 622,931 | 623,626 | 599,142 |
| Non-fixed assets | 852,460 | 758,413 | 618,213 | 583,505 | 466,011 |
| Total assets | 1,693,638 | 1,424,436 | 1,241,144 | 1,207,131 | 1,065,153 |
| Investments in property, plant and equipment | 7,149 | 2,198 | 1,121 | 11,519 | 11,135 |
| Share capital | 1,001 | 1,001 | 1,001 | 1,001 | 1,001 |
| Equity | 684,555 | 575,010 | 485,895 | 440,234 | 421,720 |
| Provisions | 34,164 | 2,750 | 2,750 | 2,000 | 2,000 |
| Non-current liabilities other than provisions | 346,280 | 338,740 | 333,083 | 329,964 | 236,576 |
| Current liabilities other than provisions | 628,639 | 507,936 | 419,416 | 434,933 | 404,857 |
| Financial ratios | | | | | |
| Gross margin | 7.0% | 6.7% | 6.8% | 7.2% | 7.3% |
| Equity ratio | 40.4% | 40.4% | 39.1% | 36.5% | 39.6% |
| Average number of full-time employees | | | | | |
| | 200 | 188 | 187 | 186 | 164 |

The financial ratios stated under "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 | $\frac{\text{Gross profit/loss} \times 100}{\text{Revenue}}$ |
| Equity ratio | $\frac{\text{Equity, year-end} \times 100}{\text{Total equity and liabilities, year-end}}$ |

Management's review

Data ethics

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 and Sandberg. EET A/S is the ultimate parent company of the EET Group at 31 December 2021.

The EET Group is present in 20 countries having more than 25 local sales offices which are marketed under the name EET. EET's ambition is to be the preferred and most efficient value-added IT distributor in the European market with the strongest assortment and the deepest know-how within our lines of business. EET markets more than 1,100 trademarks and more than 1.1 million item numbers spread across 6 primary product areas all focusing on the following product areas:

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

In 2021, EET Group further strengthened its market positions and lines of business through 2 additional acquisitions - Oprema in the UK and CCTV in Spain - both specialized in the fast-growing market for Surveillance and Security solutions.

Since the foundation of EET a total of 46 acquisitions have been made - and 21 of these have been made during the last 5 years.

Financial review

The income statement for 2021 shows a profit of DKK 138,024 thousand against a profit of DKK 94,703 thousand last year, and the balance sheet at 31 December 2021 shows equity of DKK 684,555 thousand.

Revenue in the subsidiaries grew almost 30% - or DKK 979 million - fueled by an organic growth of DKK 676 million (21%) and acquisitive growth of DKK 303 million. The growth was spread across all geographies and across 5 out of 6 product areas thereby cementing the strong market position of the group.

The income statement for 2021 shows a profit of DKK 138,024 thousand against a profit of DKK 94,703 thousand last year, and the balance sheet at 31 December 2021 shows equity of DKK 684,556 thousand.

The results are considered very satisfactory and are contributed to the outstanding EET operating model in which heavily investments have been the last years. The results are better than expected in the outlook for 2020.

All new companies are tapping into the model whereby all entities are operating from a common technology platform. This gives us a unique proposition towards customers and suppliers: More than 400 sales and product specialists across 24 countries can offer outstanding service from a common technology stack providing second-to-none data insights and know how.

The backbone of EET is configured allowing for scaling up the business in a profitable way. EET offers a convenient and professional link between thousands of suppliers and thousands of customers in the quite complex and fast-moving market for value-add distribution

Management's review

Capital resources

At 31 December 2021, the company's capital resources totaled DKK 145 million, including cash and unused credit facilities within the group.

Financial risks and use of financial instruments

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.

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 2021 for EET A/S.

Management's review

Account of the gender composition of Management, cf. §99b

Board of directors

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

EET Group 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. EET Group strives to increase the share of the underrepresented gender by 33% within a 4-year period, but can be challenged due to the current structure. In 2022, the target was not reached, 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.

EET Group'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.

Data ethics

EET Group has not implemented a Data Ethics policy for 2021. The majority of the EET Group's business takes place in the business-to-business segment, and the involvement of personal data is therefore limited.

EET Group has not implemented any technologies that would give rise to concerns regarding data ethics in relation to personal data. The protection of individuals' fundamental rights and freedoms is achieved through compliance with existing data protection laws, especially the requirements relating to data minimization, transparency and security. The use of non-personal data within the EET Group does not involve any technologies that would give rise to ethical concerns.

Events after the balance sheet date

In connection with the change of ownership of the ultimate parent company EET A/S that took place on February 3, 2022, a new financing structure has been implemented whereby all existing bank debt as at 31 December 2021 debt has been replaced.

Furthermore, minority interest in subsidiaries were in connection with the change of ownership also acquired whereby all sales entities hereafter are fully owned by the EET Group.

Today the ultimate owners of EET A/S are the Executive Board. The ownership is exercised through the companies GL1 ApS and Mgt Holdco ApS.

No further events have occurred after the balance sheet date to this date which could influence the evaluation of these financial statements.

Outlook

Continued growth in the EET Group's results is expected for 2022, and the EET Group will in 2022 continue to focus on expansion both through acquisitions and through strengthening of the product portfolio.

The revenue is expected to be in the range of DKK 3.0 - 3.2 billion million and a profit before tax in the range of DKK 150-200 million.

Financial statements 1 January - 31 December

Income statement

| Note | DKK'000 | 2021 | 2020 |
|------|--|------------|------------|
| 2 | Revenue | 2,853,840 | 2,303,099 |
| | Cost of sales | -2,648,156 | -2,139,533 |
| | Other external expenses | -6,661 | -10,098 |
| | Gross profit | 199,023 | 153,468 |
| 3 | Staff costs | -152,037 | -131,761 |
| | Amortisation/depreciation and impairment/gains on intangible assets and property, plant and equipment | -13,813 | -11,340 |
| | Profit before net financials | 33,173 | 10,367 |
| | Income from investments in group enterprises | 126,805 | 90,914 |
| 4 | Financial income | 11,096 | 11,790 |
| 5 | Financial expenses | -20,234 | -17,255 |
| | Profit before tax | 150,840 | 95,816 |
| 6 | Tax for the year | -12,816 | -1,113 |
| | Profit for the year | 138,024 | 94,703 |

Financial statements 1 January - 31 December

Balance sheet

| Note | DKK'000 | 2021 | 2020 |
|------|--|------------------|------------------|
| | ASSETS | | |
| | Fixed assets | | |
| 7 | Intangible assets | | |
| | Acquired intangible assets | 24,885 | 24,373 |
| | Goodwill | 0 | 0 |
| | | <u>24,885</u> | <u>24,373</u> |
| 8 | Property, plant and equipment | | |
| | Fixtures and fittings, other plant and equipment | 23,010 | 22,524 |
| | | <u>23,010</u> | <u>22,524</u> |
| 9 | Investments | | |
| | Investments in group enterprises | 786,009 | 611,865 |
| | Deposits | 7,274 | 7,261 |
| | | <u>793,283</u> | <u>619,126</u> |
| | Total fixed assets | <u>841,178</u> | <u>666,023</u> |
| | Non-fixed assets | | |
| | Inventories | | |
| | Finished goods and goods for resale | 344,555 | 255,304 |
| | | <u>344,555</u> | <u>255,304</u> |
| | Receivables | | |
| | Trade receivables | 4,518 | 3,930 |
| | Receivables from group enterprises | 486,540 | 405,724 |
| 12 | Deferred tax assets | 2,560 | 3,078 |
| | Other receivables | 6,601 | 7,616 |
| 10 | Prepayments | 6,119 | 3,735 |
| | | <u>506,338</u> | <u>424,083</u> |
| | Cash | <u>1,567</u> | <u>79,026</u> |
| | Total non-fixed assets | <u>852,460</u> | <u>758,413</u> |
| | TOTAL ASSETS | <u>1,693,638</u> | <u>1,424,436</u> |

Financial statements 1 January - 31 December

Balance sheet

| Note | DKK'000 | 2021 | 2020 |
|------|--|------------------|------------------|
| | EQUITY AND LIABILITIES | | |
| | Equity | | |
| 11 | Share capital | 1,001 | 1,001 |
| | Hedging reserve | 1,900 | 1,386 |
| | Retained earnings | 681,654 | 538,623 |
| | Dividend proposed | 0 | 34,000 |
| | Total equity | 684,555 | 575,010 |
| | Provisions | | |
| 14 | Other provisions | 34,164 | 2,750 |
| | Total provisions | 34,164 | 2,750 |
| | Liabilities other than provisions | | |
| 13 | Non-current liabilities other than provisions | | |
| | Credit institutions | 329,964 | 329,964 |
| | Other payables | 16,316 | 8,776 |
| | | 346,280 | 338,740 |
| | Current liabilities other than provisions | | |
| | Credit institutions | 30,819 | 8 |
| | Trade payables | 390,447 | 341,031 |
| | Payables to group enterprises | 166,972 | 132,157 |
| | Corporation tax | 6,756 | 5,000 |
| 17 | Other payables | 33,645 | 29,740 |
| | | 628,639 | 507,936 |
| | Total liabilities other than provisions | 974,919 | 846,676 |
| | TOTAL EQUITY AND LIABILITIES | 1,693,638 | 1,424,436 |

- 1 Accounting policies
- 18 Contractual obligations and contingencies, etc.
- 19 Collateral
- 20 Related parties
- 21 Fee to the auditors appointed by the Company in general meeting
- 22 Appropriation of profit

Financial statements 1 January - 31 December

Statement of changes in equity

| Note | DKK'000 | Share capital | Hedging reserve | Retained earnings | Dividend proposed | Total |
|------|--|---------------|-----------------|-------------------|-------------------|----------------|
| | Equity at 1 January 2020 | 1,001 | 1,150 | 483,744 | 0 | 485,895 |
| 22 | Transfer, see "Appropriation of profit" | 0 | 0 | 60,703 | 34,000 | 94,703 |
| | Adjustment of investments through foreign exchange adjustments | 0 | 0 | -5,824 | 0 | -5,824 |
| | Other value adjustments of equity | 0 | 236 | 0 | 0 | 236 |
| | Equity at 1 January 2021 | 1,001 | 1,386 | 538,623 | 34,000 | 575,010 |
| 22 | Transfer, see "Appropriation of profit" | 0 | -1,386 | 139,410 | 0 | 138,024 |
| | Adjustment of investments through foreign exchange adjustments | 0 | 0 | 3,621 | 0 | 3,621 |
| | Other value adjustments of equity | 0 | 1,900 | 0 | 0 | 1,900 |
| | Dividend distributed | 0 | 0 | 0 | -34,000 | -34,000 |
| | Equity at 31 December 2021 | 1,001 | 1,900 | 681,654 | 0 | 684,555 |

Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies

The annual report of EET Group A/S for 2021 has been prepared in accordance with the provisions in the Danish Financial Statements Act applying to large reporting class C entities.

With reference to section 112(1) of the Danish Financial Statements Act, the Company has not prepared consolidated financial statements. The financial statements of EET Group A/S and its group entities are included in the consolidated financial statements of EET A/S.

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 presented as separate items in the balance sheet.

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 and qualifying as hedging of future assets or liabilities are recognised as separate items in the balance sheet and in the hedging reserve under equity. If the 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 forecast transaction results in income or expenses, amounts previously recognised in equity are transferred to the income statement in the period in which the hedged item affects the income statement.

Fair value adjustments of derivative financial instruments that do not qualify for hedge accounting are recognised in the income statement on an ongoing 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 |
|--|------------|

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.

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.

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.

Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

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.

Impairment of fixed assets

The carrying amount of intangible assets, property, plant and equipment and investments in subsidiaries 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).

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.

Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

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

Hedging reserve

The hedging reserve comprises the cumulative net change in the fair value of hedging transactions that qualify for recognition as a cash flow hedge and where the hedged transaction has not yet been realised. The reserve is dissolved when the hedged transaction is realised, if the hedged cash flows are no longer expected to be realised or if the hedging relationship is no longer effective. The reserve does not represent a limitation under company law and may therefore be negative.

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 provisions and earn-out payments. 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.

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.

Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

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.

Fair value

The fair value measurement is based on the principal market. If no principal market exists, the measurement is based on the most advantageous market, i.e. the market that maximises the price of the asset or liability less transaction and/or transport costs.

All assets and liabilities which are measured at fair value, or whose fair value is disclosed, are classified based on the fair value hierarchy, see below:

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

Financial statements 1 January - 31 December

Notes to the financial statements

2 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.

| DKK'000 | 2021 | 2020 |
|---------------------------------------|----------------|----------------|
| 3 Staff costs | | |
| Wages/salaries | 133,794 | 114,739 |
| Pensions | 8,982 | 7,949 |
| Other social security costs | 1,439 | 1,158 |
| Other staff costs | 7,822 | 7,915 |
| | <u>152,037</u> | <u>131,761</u> |
| Average number of full-time employees | <u>200</u> | <u>188</u> |

By reference to section 98b(3), (ii), of the Danish Financial Statements Act, remuneration to Executive Board is not disclosed. No remuneration has been paid to the Board of Directors.

4 Financial income

| | | |
|-------------------------------------|---------------|---------------|
| Interest receivable, group entities | 9,699 | 8,841 |
| Exchange gains, net | 1,397 | 2,916 |
| Other financial income | 0 | 33 |
| | <u>11,096</u> | <u>11,790</u> |

5 Financial expenses

| | | |
|-----------------------------------|---------------|---------------|
| Interest expenses, group entities | 4,254 | 2,382 |
| Other financial expenses | 15,980 | 14,873 |
| | <u>20,234</u> | <u>17,255</u> |

6 Tax for the year

| | | |
|--------------------------------------|---------------|--------------|
| Estimated tax charge for the year | 12,833 | 2,671 |
| Deferred tax adjustments in the year | -17 | -1,558 |
| | <u>12,816</u> | <u>1,113</u> |

Financial statements 1 January - 31 December

Notes to the financial statements

7 Intangible assets

| DKK'000 | Acquired intangible assets | Goodwill | Total |
|---|-------------------------------|-----------------|----------------------|
| Cost at 1 January 2021 | 35,344 | 16,838 | 52,182 |
| Additions | 8,231 | 0 | 8,231 |
| Disposals | -658 | 0 | -658 |
| Transferred | 3,274 | 0 | 3,274 |
| Cost at 31 December 2021 | <u>46,191</u> | <u>16,838</u> | <u>63,029</u> |
| Impairment losses and amortisation at 1 January 2021 | 10,971 | 16,838 | 27,809 |
| Amortisation for the year | 8,213 | 0 | 8,213 |
| Reversal of accumulated amortisation and impairment of assets disposed | -658 | 0 | -658 |
| Transferred | 2,780 | 0 | 2,780 |
| Impairment losses and amortisation at 31 December 2021 | <u>21,306</u> | <u>16,838</u> | <u>38,144</u> |
| Carrying amount at 31 December 2021 | <u><u>24,885</u></u> | <u><u>0</u></u> | <u><u>24,885</u></u> |

8 Property, plant and equipment

| DKK'000 | Fixtures and fittings, other plant and equipment |
|--|---|
| Cost at 1 January 2021 | 46,659 |
| Additions | 7,149 |
| Disposals | -3,908 |
| Transferred | -3,274 |
| Cost at 31 December 2021 | <u>46,626</u> |
| Impairment losses and depreciation at 1 January 2021 | 24,135 |
| Depreciation | 5,985 |
| Reversal of accumulated depreciation and impairment of assets disposed | -3,724 |
| Transferred | -2,780 |
| Impairment losses and depreciation at 31 December 2021 | <u>23,616</u> |
| Carrying amount at 31 December 2021 | <u><u>23,010</u></u> |

Note 19 provides more details on security for loans, etc. as regards property, plant and equipment.

Depreciations in the income statement include gain on sale of DKK 365 thousand (2020: DKK 0 thousand).

Financial statements 1 January - 31 December

Notes to the financial statements

9 Investments

| DKK'000 | Investments in group enterprises | Deposits | Total |
|--|--|--------------|----------------|
| Cost at 1 January 2021 | 1,036,372 | 7,261 | 1,043,633 |
| Additions | 132,493 | 13 | 132,506 |
| Cost at 31 December 2021 | 1,168,865 | 7,274 | 1,176,139 |
| Value adjustments at 1 January 2021 | -424,507 | 0 | -424,507 |
| Foreign exchange and other adjustments | 3,621 | 0 | 3,621 |
| Dividend received | -88,775 | 0 | -88,775 |
| Profit/loss for the year | 166,170 | 0 | 166,170 |
| Amortisations | -39,365 | 0 | -39,365 |
| Value adjustments at 31 December 2021 | -382,856 | 0 | -382,856 |
| Carrying amount at 31 December 2021 | 786,009 | 7,274 | 793,283 |

The carrying amount of investments in subsidiaries includes goodwill of DKK 343,326 thousand (2020: DKK 268,729 thousand).

| Name | Domicile | Interest |
|-----------------------|--------------------|----------|
| Subsidiaries | | |
| EET Danmark A/S | Denmark | 100.00% |
| EET Norge AS | Norway | 100.00% |
| EET Sverige AB | Sweden | 100.00% |
| EET Finland OY | Finland | 100.00% |
| EET France SAS | France | 100.00% |
| EET Italy S.R.L | Italy | 92.50% |
| ETT Spain SA | Spain | 100.00% |
| EET Nederland B.V. | Holland | 100.00% |
| EET UK Ltd | United Kingdom | 100.00% |
| EET Ireland Ltd. | Ireland | 85.00% |
| EET Schweiz GmbH | Switzerland | 100.00% |
| EET Germany GmbH | Germany | 100.00% |
| EET Österreich GmbH | Austria | 80.00% |
| EET Polska Z o.o | Poland | 55.00% |
| EET Czech s r.o | The Czech Republic | 80.00% |
| Lothar Finance Egypt | Egypt | 100.00% |
| EET Egypt Ltd | Egypt | 51.00% |
| EET International A/S | Denmark | 100.00% |
| Sandberg A/S | Denmark | 50.10% |
| Red Fern Road ApS | Denmark | 100.00% |
| Oprema Ltd. | United Kingdom | 100.00% |

10 Prepayments

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

Financial statements 1 January - 31 December

Notes to the financial statements

| DKK'000 | 2021 | 2020 |
|---|--------------|--------------|
| 11 Share capital | | |
| 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 |
| | <u>1,001</u> | <u>1,001</u> |

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.

| | | |
|-------------------------------------|---------------|---------------|
| 12 Deferred tax | | |
| Deferred tax at 1 January | -3,078 | -1,520 |
| Other deferred tax | 518 | -1,558 |
| Deferred tax at 31 December | <u>-2,560</u> | <u>-3,078</u> |
| Deferred tax relates to: | | |
| Intangible assets | 0 | -12 |
| Property, plant and equipment | 2,099 | 2,326 |
| Inventories | -4,612 | -4,801 |
| Other taxable temporary differences | -47 | -591 |
| | <u>-2,560</u> | <u>-3,078</u> |

Adjustment in the year of deferred tax include DKK -17 thousand recognised in the income statement (2020: DKK 1,558 thousand) and DKK 535 thousand recognised in equity (2020: DKK 0).

| DKK'000 | Total debt at 31/12 2021 | Repayment, next year | Long-term portion | Outstanding debt after 5 years |
|---------------------|-----------------------------|-------------------------|----------------------|-----------------------------------|
| Credit institutions | 329,964 | 0 | 329,964 | 0 |
| Other payables | 16,316 | 0 | 16,316 | 0 |
| | <u>346,280</u> | <u>0</u> | <u>346,280</u> | <u>0</u> |

| | | |
|--|---------------|--------------|
| 14 Other provisions | | |
| Opening balance at 1 January | 2,750 | 2,750 |
| Provisions in the year | 34,164 | 2,750 |
| Provisions utilised in the year | -2,750 | -2,750 |
| Other provisions at 31 December | <u>34,164</u> | <u>2,750</u> |

Other provisions related to warranty of DKK 2,500 thousand (2020: DKK 2,750 thousand) and earn-out related to the acquisition of Oprema Ltd. of DKK 31,664 thousand.

Financial statements 1 January - 31 December

Notes to the financial statements

15 Mortgage debt and debt to other credit institutions

The Company's non-current bank loan is due in 2024. At 31 December 2021, the company's capital resources totaled DKK 145 million, including cash unused credit facilities in the Company and its subsidiaries.

As part of the change of ownership in 2022 loans has been repaid and new financing have been obtained.

16 Derivative financial instruments

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 |
|--|------------|-------------------|---------------------------------------|
| | | 2021 | 2021 |
| Market value of forward exchange contracts | 0-4 months | 111,548 | 2,436 |
| | | | |
| DKK'000 | | 2021 | 2020 |
| 17 Other payables | | | |
| VAT, payroll & payroll taxes etc. | | 9,970 | 6,861 |
| Holiday pay liability | | 5,292 | 4,763 |
| Other accrued expenses | | 18,383 | 18,116 |
| | | 33,645 | 29,740 |

18 Contractual obligations and contingencies, etc.

Other financial obligations

Rent and Lease agreements (operational leasing) with a remaining maximum term of 33 months have been entered into. Total rent & leasing liabilities amount to approx. DKK 9,970 thousand (2020: DKK 12,680 thousand)

The Group has a contingent liability which is triggered in case the company cancels a rent agreement before 1 September 2022. The contingent liability amounts to DKK 333 thousand (2020: DKK 833 thousand).

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.

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.

Financial statements 1 January - 31 December

Notes to the financial statements

19 Collateral

The Company is jointly and severally liable for the EET Group's bank loan, which nominally amounts to DKK 994 million. kr. per December 31, 2021.

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.

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 | Parent |
| EET A/S | Bregnerødvej 133 D, 3460 Birkerød | Ultimate parent |

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 | 2021 | 2020 |
|------------------------------------|-----------|-----------|
| Sales to group enterprises | 2,845,317 | 2,290,556 |
| Management fees | 23,268 | 20,265 |
| Interest income, group entities | 9,699 | 8,841 |
| Interest expenses, group entities | 4,254 | -2,382 |
| Receivables from group enterprises | 486,540 | 405,427 |
| Payables to group enterprises | 166,972 | 132,157 |
| Dividends received | 88,775 | 47,235 |

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

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:

| Name | Domicile |
|------------------|-----------------------------------|
| EET Holdings A/S | Bregnerødvej 133 D, 3460 Birkerød |

Financial statements 1 January - 31 December

Notes to the financial statements

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>2021</u> | <u>2020</u> |
|--|----------------|---------------|
| 22 Appropriation of profit | | |
| Recommended appropriation of profit | | |
| Proposed dividend recognised under equity | 0 | 34,000 |
| Other reserves | -1,386 | 0 |
| Retained earnings | <u>139,410</u> | <u>60,703</u> |
| | <u>138,024</u> | <u>94,703</u> |

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"By my signature I confirm all dates and content in this document."

Claus Ring

Executive Board

On behalf of: EET Group A/S

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

IP: 176.22.xxx.xxx

2022-06-11 21:22:13 UTC

NEM ID 

Jan Holmetoft Iversen

Chair of the meeting

On behalf of: EET Group A/S

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

IP: 5.186.xxx.xxx

2022-06-12 06:38:24 UTC

NEM ID 

Jan Holmetoft Iversen

Board of Directors

On behalf of: EET Group A/S

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

IP: 5.186.xxx.xxx

2022-06-12 06:38:24 UTC

NEM ID 

Søren Drewsen

Chair

On behalf of: EET Group A/S

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

IP: 152.115.xxx.xxx

2022-06-13 07:40:53 UTC

NEM ID 

Claus Ring

Board of Directors

On behalf of: EET Group A/S

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

IP: 152.115.xxx.xxx

2022-06-14 06:42:59 UTC

NEM ID 

Ole Becker

State Authorised Public Accountant

On behalf of: EY Godkendt Revisionspartnerselskab

Serial number: CVR:30700228-RID:65669285

IP: 165.225.xxx.xxx

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