

EET Group A/S

Bregnerødvej 133D, 3460 Birkerød

CVR no. 11 78 33 76

Annual report 2022

Approved at the Company's annual general meeting on 6 June 2023

Chair of the meeting:

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Jan Hometoft 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 2022.

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 2022 and of the results of the Company's operations for the financial year 1 January - 31 December 2022.

Further, in our opinion, the Management's review gives a fair review of the matters discussed in the Management's review.

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

Birkerød, 6 June 2023

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 2022, 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 2022 and of the results of the Company's operations for the financial year 1 January - 31 December 2022 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' International Code of Ethics for Professional Accountants (IESBA Code) and the additional ethical requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

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, 6 June 2023
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	2022	2021	2020	2019	2018
Key figures					
Revenue	3,127,425	2,927,822	2,363,644	2,145,749	2,198,677
Gross profit	194,279	199,023	153,468	143,442	154,133
Operating profit/loss	-32,236	33,173	10,367	7,269	17,168
Net financials	101,766	117,667	-5,465	-8,252	-13,204
Profit for the year	65,375	138,024	94,703	46,290	22,348
Fixed assets	1,289,860	841,178	666,023	622,931	623,626
Non-fixed assets	721,974	852,460	758,413	618,213	583,505
Total assets	2,011,834	1,693,638	1,424,436	1,241,144	1,207,131
Investments in property, plant and equipment	3,946	7,149	2,198	1,118	1,595
Share capital	1,001	1,001	1,001	1,001	1,001
Equity	799,777	684,555	575,010	485,895	440,234
Provisions	25,377	34,164	2,750	2,750	2,000
Non-current liabilities other than provisions	505,534	346,280	338,740	333,083	329,964
Current liabilities other than provisions	681,146	628,639	507,936	419,416	434,933
Financial ratios					
Gross margin	6.2%	6.8%	6.5%	6.7%	7.0%
Equity ratio	39.8%	40.4%	40.4%	39.1%	36.5%
Average number of full-time employees					
	221	200	188	187	186

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	$\frac{\text{Equity, year-end} \times 100}{\text{Total equity and liabilities, year-end}}$
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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, Oprema and Sandberg. Today the ultimate owners of the company are the Executive Board. The ownership is exercised through the companies EET Group Holdings ApS and Mgt Holdco ApS.

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 2022, EET Group further strengthened its market positions and lines of business through 2 additional acquisitions –Olprint in Poland and Config in France.

Financial review

The income statement for 2022 shows a profit of DKK 65,375 thousand against a profit of DKK 138,024 thousand last year, and the balance sheet at 31 December 2022 shows equity of DKK 799,777 thousand. The result is negatively impacted by transaction related costs in the company and subsidiaries of DKK 97 million.

Despite a challenging year for EET, where especially the last tertial was significantly impacted by geopolitical and macro-economic headwinds, revenues of the EET Group A/S grew 7%- or DKK 197 million –to DKK 3.1 billion.

The revenue is in line with the expectation from last year and the result is below, but adjusted for transaction related costs on the expected level and considered satisfactory given the current market situation.

Management's review

Capital resources

At 31 December 2022, the company's capital resources totaled DKK 130 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 Company'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 whenever possible.

Interest rate risks

As at 31 December 2022, the Company had interest-bearing debt of DKK 214 million. The company's results will be affected by any change in interest rates.

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 statutory report on corporate responsibility, cf. Danish FSA §99a (and §99b) is present in EET A/S's ESG report, which can be accessed through the following link: <http://esg.eetgroup.com>.

Management's review

Account of the gender composition of Management

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 20% female and 80% male.

The other managerial positions consist of leaders with employee responsibilities.

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 in 2022, to increase the number of underrepresented gender at senior management levels in Denmark.

Data ethics

EET Group has not implemented a Data Ethics policy for 2022. 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

On April 11, 2023, the EET Group acquired the shares of Belgian company Tridis B.V. which is a dedicated distributor of IT accessories, security products and network components in Belgium and Luxembourg, to further strengthen and accelerate growth in the Benelux region.

On 23 May 2023, EET Group A/S closed an agreement to acquire 100% of Convena Distribution A/S. The initial accounting for the business combination is not yet completed, and the assessment of acquisition date fair values are still ongoing.

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 2023, and the EET Group will in 2023 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 and a profit before tax in the range of DKK 150-200 million.

Financial statements 1 January - 31 December

Income statement

Note	DKK'000	2022	2021
3 Revenue		3,127,425	2,927,822
Cost of sales		-2,888,931	-2,697,398
4 Other external expenses		-44,215	-31,401
Gross profit		194,279	199,023
5 Staff costs		-210,056	-152,037
Amortisation/depreciation and impairment/gains on intangible assets and property, plant and equipment		-16,459	-13,813
Profit/loss before net financials		-32,236	33,173
Income from investments in group enterprises		100,068	126,805
6 Financial income		23,633	11,096
7 Financial expenses		-21,935	-20,234
Profit before tax		69,530	150,840
8 Tax for the year		-4,155	-12,816
Profit for the year		65,375	138,024

Financial statements 1 January - 31 December

Balance sheet

Note	DKK'000	2022	2021
ASSETS			
Fixed assets			
9 Intangible assets			
Acquired intangible assets		26,004	24,885
Goodwill		0	0
		<u>26,004</u>	<u>24,885</u>
10 Property, plant and equipment			
Fixtures and fittings, other plant and equipment		19,850	23,009
		<u>19,850</u>	<u>23,009</u>
11 Investments			
Investments in group enterprises		796,364	786,010
Loan to group enterprises		440,010	0
Deposits		7,632	7,274
		<u>1,244,006</u>	<u>793,284</u>
Total fixed assets		<u>1,289,860</u>	<u>841,178</u>
Non-fixed assets			
Inventories			
Finished goods and goods for resale		317,331	344,555
		<u>317,331</u>	<u>344,555</u>
Receivables			
Trade receivables		4,896	4,518
Receivables from group enterprises		247,017	486,540
14 Deferred tax assets		4,886	2,560
Other receivables		3,186	6,601
12 Prepayments		5,821	6,119
		<u>265,806</u>	<u>506,338</u>
Cash		<u>138,837</u>	<u>1,567</u>
Total non-fixed assets		<u>721,974</u>	<u>852,460</u>
TOTAL ASSETS		<u>2,011,834</u>	<u>1,693,638</u>

Financial statements 1 January - 31 December

Balance sheet

Note	DKK'000	2022	2021
EQUITY AND LIABILITIES			
Equity			
13 Share capital		1,001	1,001
Other reserves		-30,428	1,900
Retained earnings		829,204	681,654
Dividend proposed		0	0
Total equity		799,777	684,555
Provisions			
16 Other provisions		25,377	34,164
Total provisions		25,377	34,164
Liabilities other than provisions			
15 Non-current liabilities other than provisions			
Credit institutions		0	329,964
Payables to group entities		94,613	0
Other payables		9,076	16,316
Deferred income		401,845	0
Current liabilities other than provisions		505,534	346,280
Credit institutions		118,984	30,819
Trade payables		325,274	390,447
Payables to group enterprises		194,380	166,972
Corporation tax		6,756	6,756
19 Other payables		35,752	33,645
Total liabilities other than provisions		681,146	628,639
TOTAL EQUITY AND LIABILITIES		1,186,680	974,919
		2,011,834	1,693,638

- 1 Accounting policies
- 2 Events after the balance sheet date
- 20 Contractual obligations and contingencies, etc.
- 21 Collateral
- 22 Related parties
- 23 Appropriation of profit

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 2021	1,001	1,386	538,623	34,000	575,010
23	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 adjustment of equity	0	1,900	0	0	1,900
	Dividend distributed	0	0	0	-34,000	-34,000
	Equity at 1 January 2022	1,001	1,900	681,654	0	684,555
	Adjustment from minority shareholders of investments	0	0	-80,069	0	-80,069
23	Transfer, see "Appropriation of profit"	0	0	65,375	0	65,375
	Adjustment of investments through foreign exchange adjustments	0	-30,428	-12,756	0	-43,184
	Other value adjustment of equity	0	-1,900	175,000	0	173,100
	Equity at 31 December 2022	1,001	-30,428	829,204	0	799,777

Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies

The annual report of EET Group A/S for 2022 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 and EET Group Holdings ApS.

Changes in accounting policies

Change in presentation

In 2018-2021 part of freight income were off-set in freight costs and group charges were off-set in other external expenses. In 2022 freight income and group charges were reclassified to revenue and comparative figures adjusted. Gross profit are unchanged in the period.

Before change in presentation	2021	2020	2019	2018
DKK'000				
Revenue	2.853.840	2.303.099	2.098.316	2.153.298
Other external expenses	-2.648.156	-2.139.533	-1.921.738	-1.972.499
Cost of sales	-6.661	-10.098	-33.136	-26.666
Gross Profit	199.023	153.468	143.442	154.133
After change in presentation	2021	2020	2019	2018
Revenue	2.927.822	2.363.644	2.145.749	2.198.677
Cost of sales	-2.697.398	-2.178.448	-1.960.164	-2.007.929
Other external expenses	-31.401	-31.728	-42.143	-36.615
Gross Profit	199.023	153.468	143.442	154.133

Except for the above, 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 company EET A/S and EET Group Holdings ApS.

Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

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.

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.

Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

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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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.

Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

Profit/loss from investments in group entities and associates

The income statement includes the proportional share of the underlying companies' profit or loss after elimination of internal profit/loss and after tax. In group entities, the full elimination of internal profit and loss is carried out without regard to ownership shares. In associates, only proportional elimination of profit and loss is carried out, taking into account ownership shares.

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.

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.

Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

Investments in group entities and associates

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

On initial recognition, equity investments in group entities and associates 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 deducted from the carrying amount.

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

Loans considered as part of the investments are currency adjusted on equity directly.

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

The Company has chosen IAS 39 as interpretation for impairment write-down of financial receivables. Receivables are measured at amortised cost.

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.

Deferred income

Deferred income recognised as a liability comprises payments received concerning income in subsequent financial reporting years.

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.

If a reliable fair value cannot be stated according to the above levels, the asset or liability is measured at cost.

Financial statements 1 January - 31 December

Notes to the financial statements

2 Events after the balance sheet date

On April 11, 2023, the EET Group acquired the shares of Belgian company Tridis B.V. which is a dedicated distributor of IT accessories, security products and network components in Belgium and Luxembourg, to further strengthen and accelerate growth in the Benelux region.

On 23 May 2023, EET Group A/S closed an agreement to acquire 100% of Convena Distribution A/S. The initial accounting for the business combination is not yet completed, and the assessment of acquisition date fair values are still ongoing.

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

3 Segment information

Breakdown of revenue by business segment:

Sale of IT technology products	2,965,510	2,778,629
Group charges	161,915	149,193
	<hr/>	<hr/>
	3,127,425	2,927,822

Breakdown of revenue by geographical segment:

Nordic	1,665,548	1,604,605
Rest of Europe	1,460,765	1,322,712
Rest of world	1,112	505
	<hr/>	<hr/>
	3,127,425	2,927,822

Financial statements 1 January - 31 December

Notes to the financial statements

4 Fee to the auditors appointed 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	2022	2021
5 Staff costs		
Wages/ salaries	189,608	133,794
Pensions	9,574	8,982
Other social security costs	1,668	1,439
Other staff costs	9,206	7,822
	210,056	152,037
Average number of full-time employees	221	200

Remuneration to the Executive Board and Board of Directors amount to DKK 28,762 thousand including pension cost of DKK 168 thousand and transaction bonus of DKK 24,814 thousand.

The company has in 2022 held cost to transaction bonus of total DKK 49.877 thousand.

By reference to section 98b(3), (ii), of the Danish Financial Statements Act, remuneration to Executive Board in 2021 is not disclosed.

6 Financial income

Interest receivable, group entities	23,505	9,699
Exchange gains, net	0	1,397
Other financial income	128	0
	23,633	11,096

7 Financial expenses

Interest expenses, group entities	17,250	4,254
Exchange adjustments, net	1,156	0
Other financial expenses	3,529	15,980
	21,935	20,234

8 Tax for the year

Estimated tax charge for the year	6,481	12,833
Deferred tax adjustments in the year	-2,326	-17
	4,155	12,816

Financial statements 1 January - 31 December

Notes to the financial statements

9 Intangible assets

DKK'000	Acquired intangible assets	Goodwill	Total
Cost at 1 January 2022	46,191	16,838	63,029
Additions	10,473	0	10,473
Disposals	-252	0	-252
Cost at 31 December 2022	<u>56,412</u>	<u>16,838</u>	<u>73,250</u>
Impairment losses and amortisation at 1 January 2022	21,306	16,838	38,144
Amortisation for the year	9,354	0	9,354
Reversal of accumulated amortisation and impairment of assets disposed	-252	0	-252
Impairment losses and amortisation at 31 December 2022	<u>30,408</u>	<u>16,838</u>	<u>47,246</u>
Carrying amount at 31 December 2022	<u>26,004</u>	<u>0</u>	<u>26,004</u>

10 Property, plant and equipment

DKK'000	Fixtures and fittings, other plant and equipment
Cost at 1 January 2022	46,626
Additions	3,946
Disposals	-2,244
Cost at 31 December 2022	<u>48,328</u>
Impairment losses and depreciation at 1 January 2022	23,617
Depreciation	7,105
Reversal of accumulated depreciation and impairment of assets disposed	-2,244
Impairment losses and depreciation at 31 December 2022	<u>28,478</u>
Carrying amount at 31 December 2022	<u>19,850</u>

Note 21 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 0 thousand (2021: DKK 365 thousand).

Financial statements 1 January - 31 December

Notes to the financial statements

11 Investments

DKK'000	Investments in group enterprises	Loan to group enterprises	Deposits	Total
Cost at 1 January 2022	1,168,866	0	7,274	1,176,140
Additions	140,371	470,438	358	611,167
Disposals	-18,291	0	0	-18,291
Cost at 31 December 2022	<u>1,290,946</u>	<u>470,438</u>	<u>7,632</u>	<u>1,769,016</u>
Value adjustments at 1 January 2022	-382,856	0	0	-382,856
Foreign exchange and other adjustments	-12,218	-30,428	0	-42,646
Dividend received	-88,205	0	0	-88,205
Profit/loss for the year	139,672	0	0	139,672
Amortisations	-39,604	0	0	-39,604
Reversal of prior year revaluations	-31,406	0	0	-31,406
Adjustments purchase of non-controlling interests	-79,965	0	0	-79,965
Value adjustments at 31 December 2022	<u>-494,582</u>	<u>-30,428</u>	<u>0</u>	<u>-525,010</u>
Carrying amount at 31 December 2022	796,364	440,010	7,632	1,244,006

The carrying amount of investments in subsidiaries includes goodwill of DKK 331,017 thousand (2021: DKK 343,326 thousand).

Results in subsidiaries are impacted in 2022 by transaction bonuses of DKK 40,676 thousand.

Group entities

Name	Domicile	Interest
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	100.00%
ETT Spain SA	Spain	100.00%
EET Nederland B.V.	Holland	100.00%
EET UK Ltd	United Kingdom	100.00%
EET Ireland Ltd.	Ireland	100.00%
EET Schweiz GmbH	Switzerland	100.00%
EET Germany GmbH	Germany	100.00%
EET Österreich GmbH	Austria	100.00%
EET Polska Z o.o	Poland	100.00%
EET Czech s.r.o	The Czech Republic	100.00%
Lothar Finance Egypt	Egypt	100.00%
EET International A/S	Denmark	100.00%
Sandberg A/S	Denmark	100.00%
Red Fern Road ApS	Denmark	100.00%
Oprema Ltd.	United Kingdom	100.00%

Financial statements 1 January - 31 December

Notes to the financial statements

12 Prepayments

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

DKK'000	2022	2021
13 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
	<hr/>	<hr/>
	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.

14 Deferred tax

Deferred tax at 1 January	-2,560	-3,078
Change in deferred tax	-2,326	518
Deferred tax at 31 December	-4,886	-2,560
	<hr/>	<hr/>

Deferred tax relates to:

Property, plant and equipment	1,129	2,099
Inventories	-5,432	-4,612
Other taxable temporary differences	-583	-47
	<hr/>	<hr/>
	-4,886	-2,560

Adjustment in the year of deferred tax include DKK 2.326 thousand recognised in the income statement (2021: DKK -17 thousand) and DKK 0 thousand recognised in equity (2021: DKK 535 thousand).

15 Non-current liabilities other than provisions

DKK'000	Total debt at 31/12 2022	Repayment, next year	Long-term portion	Outstanding debt after 5 years
Payables to group entities	94,613	0	94,613	0
Other payables	9,076	0	9,076	0
Deferred income	401,845	0	401,845	0
	<hr/>	<hr/>	<hr/>	<hr/>
	505,534	0	505,534	0

Long-term debt to the parent company of DKK 94,613 thousand is only expected to be fully repaid as part of a future sale of EET A/S, which is not expected within one year but before 5 year.

In 2022 EET Group A/S sold EET Norway AS to a newly established holding company EET Norway Holding AS. The sale results in a gain of DKK 401,845 thousand, which is deferred and will only be recognised in the income statement when an external sale of EET Norway Holding AS is made. This will not have any cash impact.

Financial statements 1 January - 31 December

Notes to the financial statements

DKK'000	2022	2021
16 Other provisions		
Opening balance at 1 January	34,164	2,750
Provisions in the year	17,420	34,164
Provisions utilised in the year	-26,207	-2,750
Other provisions at 31 December	25,377	34,164

Other provisions related to warranty of DKK 2,500 thousand (2021: DKK 2,500 thousand) and earnout related to the acquisition of Oprema Ltd. and minorities for Sandberg A/S in 2022 of DKK 22,477 thousand (2021: DKK 34,164 thousand)

17 Mortgage debt and debt to other credit institutions

At 31 December 2022, the company's capital resources totaled DKK 130 million, including cash unused credit facilities in the Company and its subsidiaries.

18 Derivative financial instruments

Forecast transactions

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

No hedges are made at 31 December 2022.

DKK'000	2022	2021
19 Other payables		
VAT, payroll & payroll taxes etc.	6,890	9,970
Holiday pay liability	5,510	5,292
Other accrued expenses	23,352	18,383
	35,752	33,645

20 Contractual obligations and contingencies, etc.

Other financial obligations

Rent and Lease agreements (operational leasing) with a remaining maximum term of 36 months have been entered into. Total rent & leasing liabilities amount to approx. DKK 9,873 thousand (2021: DKK 9,970 thousand)

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 thereceivables 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.

21 Collateral

The Company is jointly and severally liable for the EET Group's bank loan, which nominally amounts to DKK 2,469 million. per December 31, 2022.

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

Financial statements 1 January - 31 December

Notes to the financial statements

22 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
Mgt Holding ApS	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	2022	2021
Sales to group enterprises	2,946,598	2,760,768
Management fees and group charges	161,916	149,194
Interest income, group entities	23,505	9,699
Interest expenses, group entities	17,250	4,254
Receivables from group enterprises, non current	440,010	0
Receivables from group enterprises, current	247,017	486,540
Payables from group enterprises, non current	94,613	0
Payables from group enterprises, current	194,380	166,972
Dividends received	88,205	88,774
Dividends paid	0	34,000

In 2022 EET Group A/S sold EET Norway AS to a newly established holding company EET Norway Holding AS. The sale results in a gain of DKK 451,542 thousand, which is deferred and will only be recognised in the income statement when an external sale is made of EET Norway Holding AS is made. This will not have any cash impact.

Remission of debt of DKK 175,000 thousand related to EET Group Holdings ApS is recognised in equity.

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

DKK'000	2022	2021
23 Appropriation of profit		
Recommended appropriation of profit		
Other reserves	0	-1,386
Retained earnings	65,375	139,410
	65,375	138,024

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Claus Ring

CEO

På vegne af: EET Group A/S

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IP: 176.22.xxx.xxx

2023-06-06 18:25:17 UTC



Jan Holmetoft Iversen

Dirigent

På vegne af: EET Group A/S

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2023-06-06 18:36:58 UTC



Søren Drewsen

Bestyrelsesformand

På vegne af: EET Group A/S

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Claus Ring

Bestyrelse

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Jan Holmetoft Iversen

Bestyrelse

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Ole Becker

Statsautoriseret revisor

På vegne af: EY Godkendt Revisionspartnerselskab

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