TTI Electronics Denmark ApS

Ringager 4 C, st.

2605 Brøndby

CVR No. 25510259

Annual Report 2017

17. financial year

The Annual Report was presented and
adopted at the Annual General Meeting of
the Company on 15 June 2018

Kenneth Koch
Chairman

Contents

Management's Statement

Today, Management has considered and adopted the Annual Report of TTI Electronics Denmark ApS for the financial year 1 January 2017 - 31 December 2017.

The Annual Report is presented in accordance with the Danish Financial Statements Act.

In our opinion, the Financial Statements give a true and fair view of the assets, liabilities and financial position of the Company at 31 December 2017 and of the results of the Company's operations for the financial year 1 January 2017 - 31 December 2017.

In our opinion, the Management's Review includes a true and fair account of the matters addressed in the review.

We recommend that the Annual Report be adopted at the Annual General Meeting.

Brøndby, 15 June 2018

Executive Board

Lars Håkan Dahlström
Manager

Supervisory Board

Kenneth Koch

Christopher H. Goodman

Independent Auditor's Report

To the shareholders of TTI Electronics Denmark ApS

Opinion
We have audited the financial statements of TTI Electronics Denmark ApS for the financial year 1 January 2017 - 31 December 2017, which comprise an income statement, balance sheet and notes. 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 Company's financial position at 31 December 2017 and of the results of its operations for the financial year 1 January 2017 - 31 December 2017 in accordance with the Danish Financial Statements Act.

Basis of opinion
We conducted our audit in accordance with International Standards on Auditing (ISAs) and additional requirements applicable in Denmark. Our responsibility under those standards and requirements are further described in our auditors' report under “Auditors' responsibility for the audit of the financial statements”. As required by the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and additional requirements applicable in Denmark, we are independent of the Company, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Management's responsibility 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 considers 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 either liquidate the Company or suspend operations, or has no realistic alternative but to do so.

The auditor's responsibility for the audit of the financial statements
Our responsibility is to obtain reasonable assurance as to whether the financial statements are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is no guarantee that an audit conducted in accordance with ISAs and additional requirements applicable in Denmark will always detect material misstatements. Misstatements can arise from fraud or error and can be considered material if it would be reasonable to expect that these - either individually or collectively - could influence the economic decisions taken by the users of financial statements on the basis of these financial statements.

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

* Identify and assess the risk of material misstatements in 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 a material misstatement resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or 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 whether the accounting policies used are appropriate and whether the accounting estimates and the related disclosures made by Management are reasonable.

* Conclude on whether Management's use of the going concern basis of accounting in preparing the financial statements is appropriate and, based on the audit evidence obtained, conclude on whether a material uncertainty exists relating to events or conditions, which could 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 auditors' 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 auditors' report. However, future events or conditions may imply that the Company can no longer remain a going concern.

* Evaluate the overall presentation, structure and contents of the financial statements, including note disclosures, and whether the financial statements reflect 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 which we identify during our audit.

Statement on 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 opinion providing assurance regarding the Management's review.

Our responsibility in connection with our audit of the financial statements 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 with the knowledge we have gained during the audit, or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether the Management's review meets the disclosure requirements in the Danish Financial Statements Act.

Based on our procedures, we are of the opinion that the Management's review is in accordance with the financial statements and has been prepared in accordance with the requirements in the Danish Financial Statements Act. In our opinion, the Management's review is not materially misstated.

Søborg, 15 June 2018

inforevision
Statsautoriseret Revisionsaktieselskab
CVR-no. 19263096

Sten Pedersen
State Authorised Public Accountant
mne23408

Management's Review

The Company's principal activities
The Company's principal activities comprise trading in passive components and inter-connects

Development in activities and financial matters
The Company's Income Statement of the financial year 1 January 2017 - 31 December 2017 shows a result of DKK 512.869 and the Balance Sheet at 31 December 2017 a balance sheet total of DKK 34.066.025 and an equity of DKK 32.779.693.

Accounting Policies

Reporting Class
The Annual Report of TTI Electronics Denmark ApS for 2017 has been presented in accordance with the provisions of the Danish Financial Statements Act applying to enterprises of reporting class B.

The accounting policies applied remain unchanged from last year.

Reporting currency
The Annual Report is presented in Danish kroner.

Transactions in foreign currencies
Transactions in foreign currencies are translated into DKK at the exchange rate prevailing at the date of transaction. Monetary assets and liabilities in foreign currencies are translated into DKK based on the exchange rates prevailing at the balance sheet day. Realised and unrealised foreign exchange gains and losses are included in the Income Statement under Financial Income and Expenses.

General Information

Basis of recognition and measurement
Income is recognised in the Income Statement as it is earned, including value adjustments of financial assets and liabilities that are measured at fair value or amortised cost. Moreover, all expenses incurred to achieve the earnings for the year are recognised in the Income Statement, including depreciation, amortisation, impairment losses and provisions as well as reversals due to changed accounting estimates of amounts that have previously been recognised in the Income Statement.

Assets are recognised in the Balance Sheet when it is probable that future economic benefits attributable to the asset will accrue to the Company, and the value of the asset can be measured reliably.

Liabilities are recognised in the Balance Sheet when it is probable that future economic benefits attributable to the asset will flow out of the Company, and the value of the liability can be measured reliably.

At initial recognition, assets and liabilities are measured at cost. Subsequently, assets and liabilities are measured as described for each item below.

Certain financial assets and liabilities are measured at amortised cost, which involves the recognition of a constant effective interest rate over the term. Amortised cost is calculated as original cost less repayments and with the addition/deduction of the accumulated amortisation of the difference between the cost and the nominal amount. This way, exchange losses and gains are allocated over the term.

In connection with recognition and measurement, consideration is given to predictable losses and risks occurring prior to the presentation of the Annual Report, i.e. losses and risks which prove or disprove matters which exist at the balance sheet date.

The accounting value of Intangible and tangible assets are examined on a yearly basis to determine if there are any indications of impairment, other than what has been declared by regular depreciations. If this is the case, an impairment will be done to the lowest recuperation value.

Accounting Policies

Income Statement

Revenue
Income from the sale of goods is recognised in the Income Statement from the date of delivery and when the risk has passed to the buyer if it is possible to calculate the income reliably. The revenue is calculated exclusive of VAT, charges and discounts.

Other external expenses
Other external expenses comprise expenses regarding sale and administration.

Staff expenses
Staff expenses comprise wages and salaries, pensions and social security costs.

Other staff expenses are recognised in other external expenses.

Depreciation and amortisation of tangible assets
Amortisation and impairment of tangible assets has been performed based on a continuing assessment of the useful life of the assets in the Company. Non-current assets are amortised on a straight line basis, based on cost, on the basis of the following assessment of useful life and residual values:

	Useful life	Residual value
Other fixtures and fittings, tools and equipment	4 years	0%

Profit or loss resulting from the sale of tangible assets is determined as the difference between the selling price less selling costs and the carrying amount at the date of sale, and is recognised in the Income Statement under other operating income or expenses.

Financial income and expenses
Financial income and expenses are recognised in the Income Statement with the amounts that concern the financial year. Financial income and expenses include interest income and expenses, realised and unrealised capital gains and losses regarding debt and foreign currency transactions as well as surcharges and allowances under the tax repayment scheme.

Tax on net profit/loss for the year
Tax on net profit/loss for the year comprises current tax on expected taxable income of the year and the year's adjustment of deferred tax less the part of the tax of the year that relates to changes in equity. Current and deferred tax regarding changes in equity is recognised directly in equity.

The company is under the Danish Coporation Tax Act. section 2 A from 1 January 2015. According to the Danish Financial Statements Act. the company shall include conditions which is reality instead of formalities which is why the tax is included in the Financial Statement for the company.

Accounting Policies

Balance Sheet

Tangible assets
Tangible assets are measured at cost plus revaluations, if any, and less accumulated amortisation and impairment losses. Cost comprises the purchase price and costs directly attributable to the purchase until the date when the asset is available for use.

An impairment test of tangible assets is performed in the event of indications of a decrease in value. The impairment test is performed for each individual asset and group of assets, respectively. The assets are written down to the higher of the asset's or asset group's value in use and the net selling price (recoverable amount) in the event that this one is lower than the carrying amount.

Receivables
Receivables are measured at amortised cost which usually corresponds to the nominal value. The value is reduced by write-downs for expected bad debts.

Accrued income, assets
Accrued income recognised in assets comprises prepaid costs regarding subsequent financial years.

Cash and cash equivalents
Cash and cash equivalents comprise cash at bank and in hand.

Deferred tax
Deferred tax and the associated adjustments for the year are determined according to the balance-sheet liability method as the tax base of all temporary differences between carrying amounts and the tax bases of assets and liabilities.

Deferred tax assets, including the tax base of tax losses allowed for carryforward, are recognised at the value at which they are expected to be used, either by elimination in tax on future earnings or by set-off against deferred tax liabilities in enterprises within the same legal entity and jurisdiction.

Deferred tax is measured on the basis of the tax rules and tax rates that will be effective under the legislation applicable at the balance sheet date when the deferred tax is expected to crystallise as current tax.

Current tax liabilities
Current tax liabilities and current tax receivables are recognised in the Balance Sheet as calculated tax on the expected taxable income for the year, adjusted for tax on taxable income for previous years as well as for tax prepaid.

The company is under the Danish Coporation Tax Act. section 2 A from 1 January 2015. The company has chosen to pay the calculated tax for their mother company which is why the calculated tax is included in the Financial Statement as a tax liability.

Payables
Paybles are measured at amortised cost which usually corresponds to the nominal value.

Contingent assets and liabilities
Contingent assets and liabilities are not recognised in the Balance Sheet but appear only in the notes.

Income Statement

	Note	2017 kr.	2016 kr.
Commissions		8.960.610	8.014.126
Other operating income		0	9.109
Other external expenses		-2.095.697	-1.615.992
Gross profit		**6.864.913**	**6.407.243**
Employee benefits expense	1	-6.288.889	-5.818.371
Depreciation and impairment of Property, plant and equipment assets		-10.755	-5.969
Profit from ordinary operating activities		**565.269**	**582.903**
Other finance income		142.330	1.242
Other finance expenses		-43.920	-2.404
Profit from ordinary activities before tax		**663.679**	**581.741**
Tax expense on ordinary activities		-150.810	-129.118
Profit		**512.869**	**452.623**
Distribution of profit			
Retained earnings		512.869	452.623
Distribution of profit		**512.869**	**452.623**

Balance Sheet as of 31 December

	Note	2017 kr.	2016 kr.
Assets			
Fixtures, fittings, tools and equipment		68.240	8.008
Property, plant and equipment		**68.240**	**8.008**
Deposits, investments		108.612	142.972
Investments		**108.612**	**142.972**
Fixed assets		**176.852**	**150.980**
Short-term receivables from group enterprises		33.483.293	31.878.320
Short-term tax receivables		0	570.960
Other short-term receivables		97.450	95.599
Deferred income		30.709	29.779
Receivables		**33.611.452**	**32.574.658**
Cash and cash equivalents		**277.721**	**721.869**
Current assets		**33.889.173**	**33.296.527**
Assets		**34.066.025**	**33.447.507**

Balance Sheet as of 31 December

	Note	2017 kr.	2016 kr.
Liabilities and equity			
Contributed capital		125.000	125.000
Retained earnings		32.654.693	32.141.824
Equity		**32.779.693**	**32.266.824**
Trade payables		123.619	177.616
Tax payables		150.810	129.329
Other payables		995.573	873.738
Deferred income, liabilities		16.330	0
Short-term liabilities other than provisions		**1.286.332**	**1.180.683**
Liabilities other than provisions within the business		**1.286.332**	**1.180.683**
Liabilities and equity		**34.066.025**	**33.447.507**
Contingent liabilities	2		
Related parties	3		

Notes

	2017	2016

1. Employee benefits expense

	2017	2016
Wages and salaries	5.881.892	5.446.797
Post-employement benefit expense	337.142	329.537
Social security contributions	69.855	42.037
	6.288.889	**5.818.371**
Average number of employees	11	11

2. Contingent liabilities

Leasing obligation XXXX

The company has not undertaken other further liabilities, excess of liabilities pursuants to its ordinary business exist at the balance sheet day.

3. Related parties

TTI Denmark's financials are included in the consolidated financials of TTI, Inc;2441 Northeast Parkway, Fort Worth, Texas, USA.