


# EBV Elektronik ApS

**Annual report 2016/17**

**1 July 2016 – 30 June 2017**

The annual report was presented and adopted at the  
Company's annual general meeting  
on 30 November 2017  
  
Slobodan Puljarevic  
chairman

CVR no. 28 31 16 56

EBV Annual report 201617

## **Contents**

Statement by the Executive Board	2
Independent auditor's report	3
Management's review	6
Company details	6
Financial highlights	7
Operating review	8
Financial statements 1 July 2016 – 30 June 2017	9
Income statement	9
Balance sheet	10
Statement of changes in equity	12
Notes	13

## Statement by the Executive Board

The Executive Board has today discussed and approved the annual report of EBV Elektronik ApS for the financial year 1 July 2016 – 30 June 2017.


The annual report has been 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 assets, liabilities and financial position at 30 June 2017 and of the results of the Company's operations for the financial year 1 July 2016 – 30 June 2017.

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.

Åbyhøj, 30 November 2017  
Executive Board:



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Thomas Ludäscher



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Slobodan Puljarevic



## **Independent auditor's report**

### **To the shareholders of EBV Elektronik ApS**

#### **Conclusion**

We have audited the financial statements of EBV Elektronik ApS for the financial year 1 July 2016 – 30 June 2017 comprising 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 Company's assets, liabilities and financial position at 30 June 2017 and of the results of the Company's operations and cash flows for the financial year 1 July 2016 – 30 June 2017 in accordance with the Danish Financial Statements Act.

#### **Basis for opinion**

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



## Independent auditor's report

### 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 in Denmark will always detect a material misstatement when it exists. Misstatements may 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 these 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 company financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- 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 disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.



## Independent auditor's report

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, 30 November 2017

**KPMG**

Statsautoriseret Revisionspartnerselskab  
CVR no. 25 57 81 98

A handwritten signature in black ink, appearing to read 'ME' or similar initials, written in a cursive style.

Martin Eiler  
State Authorised  
Public Accountant

**EBV Elektronik ApS**  
Annual report 2016/17  
CVR no. 28 31 16 56

## **Management's review**

### **Company details**

EBV Elektronik ApS  
Ved Lunden 10 - 12, 1.  
8230 Åbyhøj

Telephone:	+45 86 25 04 66
Website:	<a href="http://www.ebv.com">www.ebv.com</a>
CVR no.:	28 31 16 56
Established:	23 December 2004
Registered office:	Åbyhøj
Financial year:	1 July 2016 – 30 June 2017

### **Executive Board**

Thomas Ludäscher  
Slobodan Puljarevic

### **Auditor**

KPMG  
Statsautoriseret Revisionspartnerselskab  
Dampfærgevej 28  
2100 København Ø  
Denmark

## Management's review

### Financial highlights

DKKm	2016/17	2015/16	2014/15	2013/14	2012/13
<b>Key figures</b>					
Revenue	288	231	217	207	161
Gross profit	34	35	36	33	28
Ordinary operating profit	8	9	12	8	5
Profit for the year	<b>6</b>	<b>7</b>	<b>9</b>	<b>6</b>	<b>4</b>
Total assets	131	130	117	108	97
<b>Equity</b>	115	108	101	92	85
<b>Financial ratios</b>					
Operating margin	2.8%	4.3%	5.5%	3.9%	3.3%
Return on invested capital	8.7%	12.9%	19.7%	13.9%	11.1%
Gross margin	11.8%	15.2%	16.6%	16.1%	17.4%
Solvency ratio	87.9%	83.1%	86.6%	84.7%	88.0%
Return on equity	<b>5.4%</b>	<b>6.7%</b>	<b>9.8%</b>	<b>6.8%</b>	<b>4.9%</b>
<b>Average number of full-time employees</b>					
	20	21	19	21	22

For terms and definitions, please see the accounting policies.



## Management's review

### Operating review

#### Principal activities

EBV Elektronik ApS engages in trading with electronic components to the Danish electronics industry.

#### Development in activities and financial position

The Company reported a profit of DKK 6,422 thousand (2015/16: DKK 7,462 thousand) for the year under review, which is considered satisfactory seen in relation to the general market development. Accordingly, the profit for the year is in line with the forecast for the year.

EBV Elektronik ApS is well positioned and has been able to strengthen its market presence and improve its service quality further. A low level of staff turnover generates trust from our customers and makes us a reliable business partner. Industrial customers in Denmark also benefit from global networking structures within the Avnet Group.

The average market share held during the financial year 2016/17 was 30,04% compared to 28,14% in the financial year 2015/16. The highest market share, 31,34%, was recorded in the first quarter (source: DMASS).

#### Outlook

Even though the industry still sees a high degree of "outsourcing" to Eastern Europe and China, the Company expects to generate positive results for the coming financial year in line with 2016/17. Based on the high level of order intake in the final months of the year and the improved order book situation, Management expects that sales revenue will continue to increase in the coming financial year.

#### Particular risks

The Company is not faced with any particular risks other than increasing market competition.

## Financial statements 1 July 2016 – 30 June 2017

### Income statement

DKK'000	Note	2016/17	2015/16
<b>Revenue</b>	2	288,069	230,920
Cost of sales		-254,088	-196,411
<b>Gross profit</b>		33,981	34,509
Distribution costs	3	-19,947	-19,126
Administrative expenses		-6,004	-5,969
<b>Ordinary operating profit</b>		8,030	9,414
Financial income	4	288	249
Financial expenses		-34	-29
<b>Profit from ordinary activities before tax</b>		8,284	9,634
Tax on loss from ordinary activities	5	-1,862	-2,172
<b>Profit for the year</b>	6	6,422	7,462

## Financial statements 1 July 2016 – 30 June 2017

### Balance sheet

DKK'000	Note	2016/17	2015/16
<b>ASSETS</b>			
<b>Non-current assets</b>			
<b>Property, plant and equipment</b>	7		
Fixtures and fittings, tools and equipment		5	10
Leasehold improvements		62	83
		<u>67</u>	<u>93</u>
<b>Total non-current assets</b>		<u>67</u>	<u>93</u>
<b>Current assets</b>			
<b>Inventories</b>			
Goods for resale		1,706	1,857
		<u>1,706</u>	<u>1,857</u>
<b>Receivables</b>			
Trade receivables		103,452	75,997
Receivables from group entities		24,857	51,980
Deposits		79	91
Deferred tax assets		91	99
Other receivables		56	49
Prepayments		498	295
		<u>129,033</u>	<u>128,511</u>
<b>Cash at bank and in hand</b>		<u>4</u>	<u>7</u>
<b>Total current assets</b>		<u>130,743</u>	<u>130,375</u>
<b>TOTAL ASSETS</b>		<u>130,810</u>	<u>130,468</u>

## Financial statements 1 July 2016 – 30 June 2017

### Balance sheet

DKK'000	Note	2016/17	2015/16
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital		125	125
Retained earnings, etc.		114,730	108,308
<b>Total equity</b>		<u>114,855</u>	<u>108,433</u>
<b>Liabilities</b>			
Trade payables		344	311
Payables to parent company		2,359	12,289
Joint taxation contribution		1,280	1,275
Other payables	8	11,972	8,160
		<u>15,955</u>	<u>22,035</u>
<b>Total liabilities</b>		<u>15,955</u>	<u>22,035</u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u>130,810</u>	<u>130,468</u>
<b>Contingencies</b>	9		
<b>Related party disclosures</b>	10		

## Financial statements 1 July 2016 – 30 June 2017

### Statement of changes in equity

DKK'000	Share capital	Retained earnings	Total
<b>Equity at 1 July 2015</b>	125	100,846	100,971
Transferred; see the profit appropriation	0	7,462	7,462
<b>Equity at 30 June 2016</b>	125	108,308	108,433
Transferred; see the profit appropriation	0	6,422	6,422
<b>Equity at 30 June 2017</b>	125	114,730	114,855

The Company's share capital consists of 125 shares of nominally DKK 1,000. All shares rank equally.

There have not been changes to the share capital in the previous four years.

## Financial statements 1 July 2016 – 30 June 2017

### Notes

#### 1 Accounting policies

The annual report of EBV Elektronik ApS for 2016/17 has been prepared in accordance with the provisions applying to reporting class C medium-sized entities under the Danish Financial Statements Act.

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

#### Recognition and measurement

Assets are recognised in the balance sheet when it is probable that future economic benefits will flow to the Company and when the value of the asset can be reliably measured.

Liabilities are recognised in the balance sheet when an outflow of economic benefits is probable and when the value of the liability can be reliably measured.

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

Income is recognised in the income statement as earned, including value adjustments of financial assets and liabilities measured at fair value or amortised cost. Equally, costs incurred to generate the year's earnings are recognised, including depreciation, amortisation, impairment losses and provisions as well as reversals as a result of changes in accounting estimates of amounts that were previously recognised in the income statement.

#### Foreign currency translation

On initial recognition, transactions denominated in foreign currencies are translated at the exchange rates 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, payables and other monetary items denominated in foreign currencies are translated at the exchange rates 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 latest financial statements is recognised in the income statement as financial income or financial expenses.

## Financial statements 1 July 2016 – 30 June 2017

### Notes

#### 1 Accounting policies (continued)

##### Income statement

##### Revenue

Revenue from the sale of goods for resale and finished goods is recognised in the income statement provided that transfer of risk to the buyer has taken place before year end and provided that the income can be reliably measured and is expected to be received. Revenue is measured ex. VAT.

##### Cost of sales

Cost of sales comprises costs incurred in generating revenue for the year, including any direct costs or indirect production overheads relating to freight and duties as well as value adjustments regarding revenue.

##### Distribution costs

Costs incurred in distributing goods sold during the year and in conducting sales campaigns etc. during the year are recognised as distribution costs. Also, costs relating to sales staff, advertising, and exhibitions are recognised as distribution costs.

##### Administrative expenses

Administrative expenses comprise expenses incurred during the year for company management and administration, including expenses for office premises and office expenses as well as depreciation and gains/losses on the disposal of property, plant and equipment.

##### Financial income and expenses

Financial items comprise interest income and interest expense as well as gains and losses on securities, payables and transactions in foreign currencies as well as surcharges and refunds under the on-account tax scheme, etc.

##### Tax for the year

The Company is comprised by the Danish rules on joint taxation of the Avnet Group's Danish companies.

Avnet Nortec A/S serves as the administrative company for the joint taxation and accordingly settles all payments of corporation tax to the tax authorities.

## Financial statements 1 July 2016 – 30 June 2017

### Notes

#### 1 Accounting policies (continued)

Current Danish corporation tax is allocated by the settlement of joint taxation contributions among the jointly taxed companies in proportion to their taxable income. In this relation, companies with tax losses receive joint taxation contributions from companies that have been able to use this loss to reduce their own tax profits.

Tax for the year comprising current tax for the year and changes in deferred tax for the year is recognised in the income statement.

#### Balance sheet

##### Property, plant and equipment

Tools and equipment are measured at cost less accumulated depreciation and impairment losses.

Cost comprises the purchase price and any costs directly attributable to the acquisition until the date when the asset is available for use.

Depreciation is made on a straight-line basis over the estimated useful life. The estimated useful lives are as follows:

Tools and equipment	3-5 years
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The useful life and residual value are reassessed annually. Changes are treated as accounting estimates, and the effect on depreciation is recognised prospectively.

Depreciation is recognised in the income statement as administrative expenses.

Gains and losses on the disposal of property, plant and equipment are determined as the difference between the selling price less selling costs and the carrying amount at the date of disposal. Gains or losses are recognised in the income statement as administration expenses.

##### Inventories

Inventories are measured at average cost in accordance with the FIFO method. Where the net realisable value is lower than cost, inventories are written down to this lower value.

Goods for resale and raw materials and consumables are measured at cost, comprising purchase price plus delivery costs.



## Financial statements 1 July 2016 – 30 June 2017

### Notes

#### 1 Accounting policies (continued)

##### Receivables

Receivables are measured at amortised cost. Write-down is made for expected bad debt losses after an individual assessment of receivables.

##### Prepayments

Prepayments comprise costs incurred concerning subsequent financial years.

##### Equity – dividends

Proposed dividends are recognised as a liability at the date when they are adopted at the annual general meeting (declaration date). The expected dividend payment for the year is disclosed as a separate item under equity.

##### Corporation tax and deferred tax

The rules on joint taxation stipulate that the companies' liability for the payment of corporation tax to the tax authorities is to cease in line with the payment of joint taxation contributions to the administrative company.

Current tax payable and receivable is recognised in the balance sheet as tax computed on the taxable income for the year, adjusted for tax on the taxable income of prior years and for tax paid on account.

Deferred tax is measured using the balance sheet liability method on all temporary differences between the carrying amount and the tax value of assets and liabilities. However, deferred tax is not recognised on temporary differences where temporary differences 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 planned use of the asset or settlement of the liability, respectively.

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

Deferred tax is measured in accordance with 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. The change in deferred tax as a result of changes in tax rates is recognised in the income statement.

## Financial statements 1 July 2016 – 30 June 2017

### Notes

#### 1 Accounting policies (continued)

##### Other provisions

Provisions comprise anticipated costs related to warranties. Provisions are recognised when, as a result of past events, the Company has a legal or a constructive obligation, and it is probable that there may be an outflow of resources embodying economic benefits to settle the obligation.

##### Liabilities other than provisions

Other liabilities are measured at net realisable value.

##### Cash flow statement

In accordance with section 86(4) of the Danish Financial Statements Act, no cash flow statement is prepared as it is incorporated into the cash flow statement in the consolidated financial statements of EBV Elektronik GmbH & co. KG, in which the annual report of the Company is included.

##### Financial ratios

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

Operating margin	$\frac{\text{Operating profit/loss} \times 100}{\text{Revenue}}$
Return on invested capital	$\frac{\text{Operating profit/loss} \times 100}{\text{Average invested capital}}$
Invested capital	Assets less cash at bank and in hand, other interest-bearing assets (incl. shares) and investments in associates
Gross margin	$\frac{\text{Gross profit/loss} \times 100}{\text{Revenue}}$
Return on equity	$\frac{\text{Profit/loss from ordinary activities after tax} \times 100}{\text{Average equity}}$

## Financial statements 1 July 2016 – 30 June 2017

### Notes

DKK'000	2016/17	2015/16
<b>2 Revenue</b>		
Sales, the Nordic countries	286,970	230,369
Sales, the EU	1,099	551
	<u>288,069</u>	<u>230,920</u>
<b>3 Staff costs</b>		
Wages and salaries	15,351	14,125
Pensions	1,428	1,355
Other social security costs	722	606
	<u>17,501</u>	<u>16,086</u>
Staff costs are recognised as follows in the financial statements:		
Distribution	<u>17,501</u>	<u>16,086</u>
Average number of full-time employees	<u>20</u>	<u>21</u>
<b>4 Financial income</b>		
Interest income from group entities	288	249
	<u>288</u>	<u>249</u>
<b>5 Tax on profit for the year</b>		
Current tax for the year	1,854	2,204
Change for the year in deferred tax	8	-32
	<u>1,862</u>	<u>2,172</u>

## Financial statements 1 July 2016 – 30 June 2017

### Notes

DKK'000	2016/17	2015/16
<b>6 Proposed profit appropriation</b>		
Retained earnings	6,422	7,462
	<u>6,422</u>	<u>7,462</u>
<b>7 Property, plant and equipment</b>		
DKK'000		
Cost at 1 July 2016	1,013	122
Additions	95	0
Disposals	-26	0
Cost at 30 June 2017	<u>1,082</u>	<u>122</u>
Depreciation and impairment losses at 1 July 2016	1,003	39
Depreciation	100	21
Depreciation, divested assets	-26	0
Depreciation and impairment losses at 30 June 2017	<u>1,077</u>	<u>60</u>
<b>Carrying amount at 30 June 2017</b>	<u>5</u>	<u>62</u>
<b>8 Other payables</b>		
VAT payables	6,707	4,191
Bonus payable	890	746
A tax, general supplementary pension scheme, etc.	17	40
Holiday allowance	2,829	2,716
Other costs payable	1,529	467
	<u>11,972</u>	<u>8,160</u>

## Financial statements 1 July 2016 – 30 June 2017

### Notes

#### 9 Contingencies

##### Operating leases

The Company has operating leases with a total residual lease payment of DKK 559 thousand (2015/16: DKK 1,038 thousand). The maturity of the leases is 5-25 months.

The Company has entered into two property leases. The leases can be terminated at a notice of 3 months and 6 months, respectively. The total liability amounts to DKK 269 thousand (2015/16: DKK 248 thousand), including an annual adjustment of 3%.

The Company is jointly taxed with the other Danish subsidiaries in the Avnet Group. The Company has unlimited joint and several liability together with the subsidiaries for Danish corporation taxes and withholding taxes on dividends, interest and royalties within the jointly taxed entity. Any consequent corrections of the taxable jointly taxed income or withholding taxes may entail an increase in the Company's liability.

#### 10 Related party disclosures

EBV Elektronik ApS' related parties comprise the companies in the Avnet Inc. Group and the CEO and board members in the Avnet Inc. Group' companies.

##### Ownership

The Company is wholly-owned by EBV Elektronik GmbH & Co. KG in Poing, Deutschland. The ultimate parent company is Avnet Inc. in the USA.

The consolidated financial statements of Avnet Inc. can be requested by contacting the Company.