

EBV Elektronik ApS

Ved Lunden 10-12, 1
8230 Åbyhøj

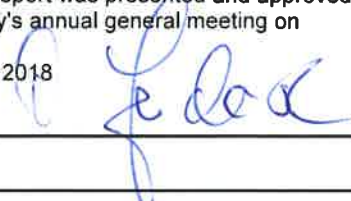
CVR no. 28 31 16 56

Annual report for the period 1 July 2017 – 30 June 2018

The annual report was presented and approved at
the Company's annual general meeting on

6 December 2018

chairman



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EBV Elektronik ApS
Annual report 2017/18
CVR no. 28 31 16 56

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 2017 – 30 June 2018.

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 2018 and of the results of the Company's operations for the financial year 1 July 2017 – 30 June 2018.

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

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

Åbyhøj, 6 December 2018
Executive Board:

Thomas Ludäscher

Slobodan Puljarevic

Independent auditor's report

To the shareholder of EBV Elektronik ApS

Opinion

We have audited the financial statements of EBV Elektronik ApS for the financial year 1 July 2017 – 30 June 2018 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 2018 and of the results of the Company's operations for the financial year 1 July 2017 – 30 June 2018 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 are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these rules and requirements. 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.

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 made 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.

Independent auditor's report

- 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.

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 Statements Act. We did not identify any material misstatement of the Management's review.

Aarhus, 6 December 2018

KPMG

Statsautoriseret Revisionspartnerselskab

CVR no. 25 57 81 98

Michael Stenskrog
State Authorised
Public Accountant
mne26819

EBV Elektronik ApS
Annual report 2017/18
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: www.ebv.com

CVR no.: 28 31 16 56
Established: 23 December 2004
Registered office: Åbyhøj
Financial year: 1 July – 30 June

Executive Board

Thomas Ludäscher
Slobodan Puljarevic

Auditor

KPMG
Statsautoriseret Revisionspartnerselskab
Bredskifte Allé 13
DK-8210 Aarhus V

Management's review

Financial highlights

DKK'000	2017/18	2016/17	2015/16	2014/15	2013/14
Key figures					
Revenue	266,507	288,069	230,920	216,536	206,953
Gross profit/loss	28,589	25,652	34,509	35,895	33,312
Operating profit	11,568	8,031	9,414	12,354	8,298
Profit from financial income and expenses	580	254	220	171	402
Profit for the year	9,345	6,423	7,462	9,397	6,220
Balance sheet					
Total assets	143,679	130,810	130,468	116,420	108,151
Equity	124,200	114,855	108,433	100,971	91,574
Investment in property, plant and equipment	87	95	321	66	69
Ratios					
Gross margin	10.7%	8.9%	14.9%	16.6%	16.1%
Operating margin	4.3%	2.8%	4.3%	5.5%	3.9%
Return on invested capital	13.0%	8.7%	12.9%	19.7%	13.9%
Return on equity	7.8%	5.4%	6.7%	9.8%	6.8%
Solvency ratio	86.5%	87.9%	83.1%	86.6%	84.7%
Employees					
Average number of full-time employees	19	20	21	19	21

Financial ratios are calculated in accordance with the Danish Society of Financial Analysts' guidelines on the calculation of financial ratios "Recommendations and Ratios". The financial ratios have been calculated as follows:

With reference to the Danish Financial Statements Act section 101(3) the comparative figures for 2013/14, 2014/15 and 2015/16 have not been restated to reflect the changes in accounting policies. Refer to the thorough description under Accounting Policies in note 1.

Gross margin	$\frac{\text{Gross profit/loss} \times 100}{\text{Revenue}}$
Operating margin	$\frac{\text{Operating profit/loss} \times 100}{\text{Revenue}}$
Return on invested capital	$\frac{\text{Operating profit/loss} \times 100}{\text{Average invested capital}}$
Return on equity	$\frac{\text{Profit/loss from ordinary activities after tax} \times 100}{\text{Average equity}}$
Solvency ratio	$\frac{\text{Equity ex. non-controlling interests at year end} \times 100}{\text{Total equity and liabilities at year end}}$

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 9,345 thousand (2016/17: DKK 6,423 thousand) for the year under review, which is considered satisfactory seen in relation to general market development. Accordingly, 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 2017/18 financial year was 25.52% as against 30.04% in the 2016/17 financial year. The highest market share, 29.58%, was recorded in the first quarter (source: DMASS).

Events after the balance sheet date

No events have occurred after the balance sheet date that may influence the assessment of the annual report for 2017/18.

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 2017/18. Based on the high level of order intake in the last months of the year and the improved volume of orders, Management expects that 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 – 30 June

Income statement

DKK'000	Note	2017/18	2016/17
Revenue		266,507	288,069
Cost of sales		-229,178	-254,088
Other external costs		<u>-8,740</u>	<u>-8,329</u>
Gross profit		28,589	25,652
Staff costs	2	-16,984	-17,501
Depreciation and impairment		<u>-37</u>	<u>-120</u>
Operating profit		11,568	8,031
Financial income	3	660	288
Financial expenses	4	<u>-80</u>	<u>-34</u>
Profit before tax		12,148	8,285
Tax on profit for the year	5	<u>-2,803</u>	<u>-1,862</u>
Profit for the year	6	<u><u>9,345</u></u>	<u><u>6,423</u></u>

Financial statements 1 July – 30 June

Balance sheet

DKK'000	Note	1/7-30/6 2018	1/7-30/6 2017
ASSETS			
Fixed assets			
Property, plant and equipment	7		
Fixtures and fittings, tools and equipment		74	5
Leasehold improvements		<u>43</u>	<u>62</u>
		<u>117</u>	<u>67</u>
Total fixed assets		<u>117</u>	<u>67</u>
Current assets			
Inventories			
Finished goods and goods for resale		<u>0</u>	<u>1,706</u>
Receivables			
Trade receivables		91,943	103,452
Receivables from group entities		51,144	24,857
Other receivables		81	135
Deferred tax asset	8	68	91
Prepayments	9	<u>319</u>	<u>498</u>
		<u>143,555</u>	<u>129,033</u>
Cash at bank and in hand		<u>7</u>	<u>4</u>
Total current assets		<u>143,562</u>	<u>130,743</u>
TOTAL ASSETS		<u><u>143,679</u></u>	<u><u>130,810</u></u>

Financial statements 1 July – 30 June

Balance sheet

DKK'000	Note	1/7-30/6 2018	1/7-30/6 2017
EQUITY AND LIABILITIES			
Equity			
Contributed capital	10	125	125
Retained earnings		<u>124,075</u>	<u>114,730</u>
Total equity		<u>124,200</u>	<u>114,855</u>
Liabilities			
Current liabilities			
Trade payables		320	344
Payables to group entities		8,437	2,359
Corporation tax		1,172	1,280
Other payables		<u>9,550</u>	<u>11,972</u>
		<u>19,479</u>	<u>15,955</u>
Total liabilities		<u>19,479</u>	<u>15,955</u>
TOTAL EQUITY AND LIABILITIES		<u>143,679</u>	<u>130,810</u>
Contractual obligations, contingencies, etc.	11		
Related party disclosures	12		

Financial statements 1 July – 30 June

Statement of changes in equity

DKK'000	<u>Contributed capital</u>	<u>Retained earnings</u>	<u>Total</u>
Equity at 1 July 2017	125	114,730	114,855
Transferred over the profit appropriation	<u>0</u>	<u>9,345</u>	<u>9,345</u>
Equity at 30 June 2018	<u><u>125</u></u>	<u><u>124,075</u></u>	<u><u>124,200</u></u>

Financial statements 1 July – 30 June

Notes

1 Accounting policies

The annual report of EBV Elektronik ApS for 2017/18 has been prepared in accordance with the provisions applying to reporting class C medium-sized entities under the Danish Financial Statements Act.

Changes in accounting policies:

The Company has changed its income statement presentation from classified by function to classified by nature.

The change in accounting policies has no effect on profit for the year or equity. Gross profit for 2016/17 was reduced by DKK 8,329 thousand due to the change in presentation.

Omission of cash flow statement

Pursuant to section 86(4) of the Danish Financial Statements Act, no cash flow statement has been prepared. The Company's cash flows are included in the cash flow statement in the consolidated financial statements of Avnet Inc.

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.

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.

Other external costs

Other external costs comprise distribution costs and costs related to sales, sales campaigns, administration, office premises, etc.

Financial statements 1 July – 30 June

Notes

1 Accounting policies (continued)

Staff costs

Staff costs comprise wages and salaries, including holiday allowance, pension and other social security costs, etc., to the Company's employees, excluding reimbursements from public authorities.

Financial income and expenses

Financial income and expenses comprise interest income and expense, gains and losses on securities, payables and transactions denominated in foreign currencies, amortisation of financial assets and liabilities as well as surcharges and refunds under the on-account tax scheme, etc.

Tax on profit/loss for the year

Tax for the year comprises current tax for the year and changes in deferred tax, including changes in tax rates. The tax expense relating to the profit/loss for the year is recognised in the income statement at the amount attributable to the profit/loss for the year and directly in equity at the amount attributable to entries directly in equity.

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.

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

Fixtures and fittings, tools and equipment and leasehold improvements 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 on which the asset is available for use.

The basis of depreciation is cost less any projected residual value after the end of the useful life. Depreciation is provided on a straight-line basis over the estimated useful life. The estimated useful lives are as follows:

Fixtures and fittings, tools and equipment	3-5 years
Leasehold improvements	5-7 years

Financial statements 1 July – 30 June

Notes

1 Accounting policies (continued)

The useful life and residual value are reassessed annually. Changes are accounted for as accounting estimates, and the effect on depreciation is recognised prospectively.

Depreciation is recognised in the income statement.

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

Impairment of fixed assets

The carrying amount of property, plant and equipment is subject to an annual test for indications of impairment other than the decrease in value reflected by depreciation or amortisation.

Impairment tests are conducted of individual assets or groups of assets when there is an indication that they may be impaired. Write-down is made to the recoverable amount if this is lower than the carrying amount.

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.

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

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 prepayment of costs incurred relating to 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.

Financial statements 1 July – 30 June

Notes

1 Accounting policies (continued)

Corporation tax and deferred tax

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.

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.

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 within the foreseeable future; 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. Any deferred net assets are measured at net realisable value.

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.

Liabilities

Other liabilities are measured at net amortised cost, which usually corresponds to nominal value.

Financial statements 1 July – 30 June

Notes

	<u>2017/18</u>	<u>2016/17</u>
DKK'000		
2 Staff costs		
Wages and salaries	14,798	15,351
Pensions	1,440	1,428
Other social security costs	<u>746</u>	<u>722</u>
	<u>16,984</u>	<u>17,501</u>
Average number of full-time employees	<u>19</u>	<u>20</u>
In accordance with section 98b (3) of the Danish Financial Statements Act, remuneration of the Executive Board is not presented.		
DKK'000	<u>2017/18</u>	<u>2016/17</u>
3 Financial income		
Interest income from group entities	<u>660</u>	<u>288</u>
4 Financial expenses		
Other financial expenses	<u>80</u>	<u>34</u>
5 Tax on profit for the year		
Current tax for the year	2,780	1,854
Deferred tax for the year	<u>23</u>	<u>8</u>
	<u>2,803</u>	<u>1,862</u>
6 Proposed profit appropriation		
Retained earnings	<u>9,345</u>	<u>6,423</u>

Financial statements 1 July – 30 June

Notes

7 Property, plant and equipment

DKK'000	Fixtures and fittings, tools and equipment	Leasehold improvements
Cost at 1 July 2017	1,082	122
Additions for the year	87	0
Disposals for the year	-39	0
Cost at 30 June 2018	1,130	122
Depreciation and impairment losses at 1 July 2017	-1,077	-60
Depreciation for the year	-18	-19
Depreciation and impairment losses for the year on assets sold	39	0
Depreciation and impairment losses at 30 June 2018	-1,056	-79
Carrying amount at 30 June 2018	74	43

DKK'000	2017/18	2016/17
Deferred tax asset	68	91
	68	91

8 Deferred tax asset

Deferred tax asset	68	91
	68	91

9 Prepayments

Prepayments for insurance, rent, etc.	319	498
	319	498

10 Equity

The contributed capital consists of 125 shares of a nominal value of DKK 1,000 each.

All shares rank equally.

11 Contractual obligations, contingencies, etc.

Operating lease obligations

The Company has operating leases with a total residual lease payment of DKK 1,739 thousand (2016/17: DKK 559 thousand). The leases will mature in 5-25 months.

The Company has entered into two property leases. The leases can be terminated at a notice of three months and six months, respectively. The total liability amounts to DKK 275 thousand (2016/17: DKK 269 thousand).

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.

Financial statements 1 July – 30 June

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12 Related party disclosures

EBV Elektronik ApS' related parties comprise the following:

Control

The Company is fully owned by EBV Elektronik GmbH & Co. KG in Poing, Germany. The ultimate parent company is Avnet Inc. in USA.

EBV Elektronik ApS is part of the consolidated financial statements of Avnet Inc., 2211 South 47th Street Phoenix, AZ USA, which is the smallest and largest group, respectively, in which the Company is included as a subsidiary.

The consolidated financial statements of Avnet Inc. can be obtained by contacting the company at the address above.

Related party transactions

In accordance with section 98 c(7) of the Danish Financial Statements Act, the Company has not disclosed any related party transactions as they were conducted on an arm's length basis.