

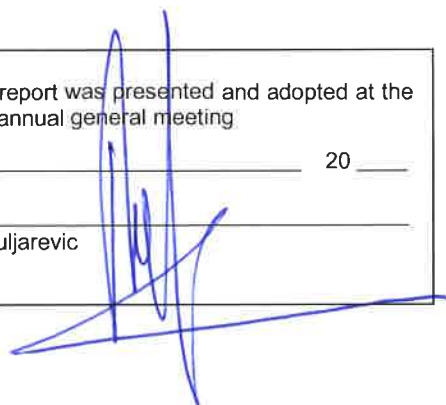
EBV Elektronik

ApS

Annual report 2015/16

1 July 2015 – 30 June 2016

The annual report was presented and adopted at the
Company's annual general meeting
on _____ 20____
Slobodan Puljarevic
chairman



CVR no. 28 31 16 56

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Statement by the Executive Board

The Executive Board have today discussed and approved the annual report of EBV Elektronik ApS for the financial year 1 July 2015 – 30 June 2016 2015/16.

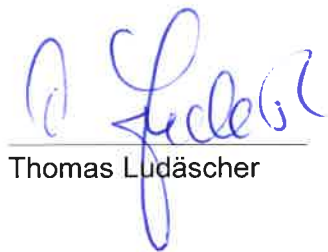
The annual report has been prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Company's assets, liabilities and financial position at 30 June 2016 and of the results of the Company's operations for the financial year 1 July 2015 – 30 June 2016.

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 should be approved at the annual general meeting.

Åbyhøj, 25 November 2016
Executive Board:



Thomas Ludäscher



Slobodan Puljarevic



Independent auditor's report

To the shareholder of EBV Elektronik ApS

Conclusion

We have audited the financial statements of EBV Elektronik ApS for the financial year 1 July 2015 – 30 June 2016 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 2016 and of the results of the Company's operations and cash flows for the financial year 1 July 2015 – 30 June 2016 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, 25 November 2016

KPMG

Statsautoriseret Revisionspartnerselskab
CVR no. 25 57 31 98

A handwritten signature in black ink, appearing to read 'ME', is written over the printed name 'Martin Eiler'.

Martin Eiler
State Authorised
Public Accountant

EBV Elektronik ApS
Annual report 2015/16
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 2015 – 30 June 2016

Executive Board

Thomas Ludäscher
Slobodan Puljarevic

Auditor

KPMG
Statsautoriseret Revisionspartnerselskab
Dampfærgevej 28
2100 København Ø
Denmark

Management's review

Financial highlights

DKKm	2015/16	2014/15	2013/14	2012/13	2011/12
Key figures					
Revenue	231	217	207	161	222
Gross profit	35	36	33	28	28
Ordinary operating profit	9	12	8	5	5
Profit for the year	7	9	6	4	4
Total assets	130	117	108	97	98
Equity	108	101	92	85	81

Financial ratios

Operating margin	4.3%	5.5%	3.9%	3.3%	3.0%
Return on invested capital	14.3%	19.7%	13.9%	11.1%	9.5%
Gross margin	15.2%	16.6%	16.1%	17.4%	17.2%
Solvency ratio	83.1%	86.6%	84.7%	88.0%	83.4%
Return on equity	6.7%	9.8%	6.8%	4.9%	4.8%
Average number of full-time employees					
	21	19	21	22	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 7,462 thousand (2014/15: DKK 9,397 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 2015/2016 was 28,14% compared to 27,35 % in the calendar year 2015. The highest market share, 29,97%, 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 2015/16. 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 2015 – 30 June 2016

Accounting policies

The annual report of EBV Elektronik ApS for 2015/16 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 2015 – 30 June 2016

Accounting policies

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 2015 – 30 June 2016

Accounting policies

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.

Receivables

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

Financial statements 1 July 2015 – 30 June 2016

Accounting policies

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.

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.

Financial statements 1 July 2015 – 30 June 2016

Accounting policies

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 2015 – 30 June 2016

Income statement

DKK'000	Note	2015/16	2014/15
Revenue	1	230,920	216,536
Cost of sales		-196,411	-180,641
Gross profit		34,509	35,895
Distribution costs		-19,126	-18,125
Administrative expenses		-5,969	-5,587
Ordinary operating profit		9,414	12,183
Financial income	2	249	191
Financial expenses	3	-29	-20
Profit from ordinary activities before tax		9,634	12,354
Tax on loss from ordinary activities	4	-2,172	-2,957
Profit for the year		7,462	9,397
Proposed profit appropriation			
Retained earnings		7,462	9,397
		7,462	9,397

Financial statements 1 July 2015 – 30 June 2016

Balance sheet

DKK'000	Note	2015/16	2014/15
ASSETS			
Non-current assets			
Property, plant and equipment			
	5		
Fixtures and fittings, tools and equipment		10	100
Leasehold improvements		83	13
		<u>93</u>	<u>113</u>
Total non-current assets		<u>93</u>	<u>113</u>
Current assets			
Inventories			
Goods for resale		1,857	2,061
		<u>1,857</u>	<u>2,061</u>
Receivables			
Trade receivables		75,997	59,551
Receivables from group entities		51,980	54,310
Deposits		91	74
Deferred tax assets		99	67
Other receivables		49	53
Prepayments		295	298
		<u>128,511</u>	<u>114,353</u>
Cash at bank and in hand		<u>7</u>	<u>6</u>
Total current assets		<u>130,375</u>	<u>116,420</u>
TOTAL ASSETS		<u>130,468</u>	<u>116,533</u>

Financial statements 1 July 2015 – 30 June 2016

Balance sheet

DKK'000	Note	2015/16	2014/15
EQUITY AND LIABILITIES			
Equity	6		
Share capital		125	125
Retained earnings, etc.		108,308	100,846
Total equity		<u>108,433</u>	<u>100,971</u>
Liabilities			
Trade payables		311	436
Payables to parent company		12,289	4,725
Joint taxation contribution		1,275	2,604
Other payables	7	8,159	7,797
		<u>22,034</u>	<u>15,562</u>
Total liabilities		<u>22,034</u>	<u>15,562</u>
TOTAL EQUITY AND LIABILITIES		<u>130,468</u>	<u>116,533</u>
Contingencies	8		
Staff costs	9		
Related party disclosures	10		

Financial statements 1 July 2015 – 30 June 2016

Statement of changes in equity

DKK'000	Share capital	Retained earnings	Total
Equity at 1 July 2014	125	91,449	91,574
Transferred; see the profit appropriation	0	9,397	9,397
Equity at 30 June 2015	125	100,846	100,971
Transferred; see the profit appropriation	0	7,462	7,462
Equity at 30 June 2016	125	108,308	108,433

Financial statements 1 July 2015 – 30 June 2016

Notes

	2015/16	2014/15
DKK'000		
1 Revenue		
Sales, the Nordic countries	230,369	215,182
Sales, the EU	551	144
Sales, other countries	0	1,210
	<u>230,920</u>	<u>216,536</u>
2 Financial income		
Interest income from group entities	249	191
	<u>249</u>	<u>191</u>
3 Financial expenses		
Other interest expenses	29	20
	<u>29</u>	<u>20</u>
4 Tax on profit for the year		
Current tax for the year	2,204	2,957
Change for the year in deferred tax	-32	0
	<u>2,172</u>	<u>2,957</u>

Financial statements 1 July 2015 – 30 June 2016

Notes

5 Property, plant and equipment

DKK'000	Tools and equipment	Leasehold improvements
Cost at 1 July 2015	920	239
Additions	224	97
Disposals	-131	-214
Cost at 30 June 2016	1,013	122
Depreciation and impairment losses at 1 July 2015	820	226
Depreciation	314	27
Depreciation, divested assets	-131	-214
Depreciation and impairment losses at 30 June 2016	1,003	39
Carrying amount at 30 June 2016	10	83

6 Equity

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.

7 Other payables

DKK'000	2015/16	2014/15
VAT payables	4,191	3,633
Bonus payable	746	1,035
A tax, general supplementary pension scheme, etc.	40	36
Holiday allowance	2,716	2,629
Other costs payable	466	464
	8,159	7,797

Financial statements 1 July 2015 – 30 June 2016

Notes

8 Contingencies

Operating leases

The Company has entered into operating leases with an average annual lease payment of DKK 519 thousand (2014/15: DKK 501 thousand). The time to maturity of the leases is 5-23 months, respectively, with a total residual lease payment of DKK 1,038 thousand (2014/15: DKK 1,503 thousand).

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 248 thousand (2014/15: DKK 247 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.

9 Staff costs

DKK'000	2015/16	2014/15
Wages and salaries	14,125	13,800
Pensions	1,355	1,354
Other social security costs	606	379
	<u>16,086</u>	<u>15,533</u>
Staff costs are recognised as follows in the financial statements:		
Distribution	<u>16,086</u>	<u>15,533</u>
Average number of full-time employees	<u>21</u>	<u>19</u>

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.

Financial statements 1 July 2015 – 30 June 2016

Notes

10 Related party disclosures (continued)

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.