

EBV Elektronik ApS

Ved Lunden 10-12, 1.
DK-8230 Åbyhøj

CVR no. 28 31 16 56

Annual report for the period 1 July 2020 – 30 June 2021

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

18 October 2021

Thomas Staudinger
Chairman

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EBV Elektronik ApS
Annual report 2020/21
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 2020 – 30 June 2021.

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 2021 and of the results of the Company's operations for the financial year 1 July 2020 – 30 June 2021.

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, 18 October 2021
Executive Board:

Thomas Ludaescher

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 2020 – 30 June 2021 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 2021 and of the results of the Company's operations for the financial year 1 July 2020 – 30 June 2021 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

Independent auditor's report

- 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.

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.



Independent auditor's report

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, 18 October 2021

KPMG

Statsautoriseret Revisionspartnerselskab
CVR no. 25 57 81 98

Mikkel Trabjerg Knudsen
State Authorised
Public Accountant
mne34459

EBV Elektronik ApS
Annual report 2020/21
CVR no. 28 31 16 56

Management's review

Company details

EBV Elektronik ApS
Ved Lunden 10-12, 1.
DK-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 Ludaescher
Slobodan Puljarevic

Auditor

KPMG
Statsautoriseret Revisionspartnerselskab
Bredskifte Allé 13
DK-8210 Aarhus V
CVR no. 25 57 81 98

Management's review

Financial highlights

DKK'000	2020/21	2019/20	2018/19	2017/18	2016/17
Key figures					
Gross profit	17,907	15,091	23,723	28,589	25,652
Operating profit	4,483	2,015	8,978	11,568	8,031
Profit/loss from financial income and expenses	417	-1,440	-1,105	580	254
Profit for the year	3,828	409	6,179	9,345	6,423
Balance sheet					
Total assets	70,911	81,949	106,329	143,679	130,810
Equity	58,615	54,787	92,379	124,200	114,855
Investment in property, plant and equipment	2	66	94	87	95
Ratios					
Return on invested capital	5.9%	2.1%	7.2%	8.4%	6.1%
Return on equity	6.8%	0.6%	5.7%	7.8%	5.8%
Solvency ratio	82.7%	66.9%	86.9%	86.4%	87.8%
Employees					
Average number of full-time employees	17	17	19	19	20

The financial ratios have been calculated as follows:

Return on invested capital
$$\frac{\text{Operating profit/loss} * 100}{\text{Average invested capital}}$$

Return on equity
$$\frac{\text{Profit/loss from ordinary activities after tax} * 100}{\text{Average equity}}$$

Solvency ratio
$$\frac{\text{Equity at year-end} * 100}{\text{Total equity and liabilities at year-end}}$$

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's income statement for 2020/21 shows a profit of DKK 3,828 thousand as against DKK 409 thousand in 2019/20, which is considered as satisfactory seen in relation to the last fiscal year and the general market development. Equity in the Company's balance sheet at 30 June 2021 stood at DKK 58,615 thousand as against DKK 54,787 thousand at 30 June 2020.

Against all expectations the loss of some big suppliers has still affected EBV Denmark sales growth in FY21 as it could not been fully compensated by increasing sales with the remaining suppliers or winning some new suppliers for the EBV portfolio. Moreover Covid-19 reduced customer activities and led to a decreased customer demand in the 1st half of FY21. We saw improvements in the 2nd half of FY21, but the increase was not enough to compensate for the loss of revenue in the 1st half of FY21. Covid-19 also disrupted the global supply chain in the 2nd half of FY21, which led to shortage of components globally and also affecting our sales negatively.

Still, 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 2020/21 financial year was 16.6% as against 15.5% in the 2019/20 financial year. The highest market share, 17.4%, was recorded in the fourth quarter of CY 2020 (source: DMASS). <https://dmass.com/>.

Outlook

Even though the industry still sees a high degree of "outsourcing" to Eastern Europe and Asia, the Company expects to generate positive results for the coming financial year in line with 2020/21. Based on the level of order intake in the second half of the FY21 and the volume of orders, Management expects that revenue will continue to increase in the coming financial year under consideration that there is no more lock downs caused by Covid-19. Due to Covid-19 the market outlook is unclear but we expect the business' activity to grow by 4-6% during the course of FY21/22. Subsequently we expect the Company profit for 2021/22 to be in the range between DKK 3,980 and DKK 4,060 thousand.

Environmental matters

EBV Elektronik ApS is governed by the environmental policies of the Avnet Group, which can be accessed through the following link:

<https://www.avnet.com/wps/portal/us/about-avnet/corporate-social-responsibility/environmental-sustainability/>

Intellectual property

As EBV Elektronik ApS is a trading company in a group structure, all intellectual property belongs to the Headquarter.

Management's review

Operating review

Financial instruments

The Company's risk exposure

The Company is not faced with any particular risks other than increasing market competition and Covid-19.

The Company's goals and policies for management of financial risks

In general the Company's invoices to customers are in DKK and purchase invoices are in DKK, EUR and USD. Financial hedging / purchase of financial instruments is used to reduce the financial risks.

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 2020/21.

Financial statements 1 July – 30 June

Income statement

DKK'000	Note	2020/21	2019/20
Gross profit		17,907	15,091
Staff costs	2	-13,350	-12,995
Depreciation	3	<u>-74</u>	<u>-81</u>
Profit before financial income and expenses		4,483	2,015
Financial income	4	704	307
Financial expenses	5	<u>-287</u>	<u>-1,747</u>
Profit before tax		4,900	575
Tax on profit for the year		<u>-1,072</u>	<u>-166</u>
Profit for the year	6	<u><u>3,828</u></u>	<u><u>409</u></u>

Financial statements 1 July – 30 June

Balance sheet

DKK'000	Note	30/6 2021	30/6 2020
ASSETS			
Fixed assets			
Property, plant and equipment	3		
Fixtures and fittings, tools and equipment		58	119
Leasehold improvements		0	11
		<u>58</u>	<u>130</u>
Total fixed assets		<u>58</u>	<u>130</u>
Current assets			
Inventories			
Prepayments for goods		332	0
Receivables			
Trade receivables		48,413	59,970
Receivables from group entities		21,681	21,496
Other receivables		96	87
Deferred tax asset	7	46	54
Prepayments	8	284	209
		<u>70,520</u>	<u>81,816</u>
Cash at bank and in hand		1	3
Total current assets		<u>70,853</u>	<u>81,819</u>
TOTAL ASSETS		<u><u>70,911</u></u>	<u><u>81,949</u></u>

Financial statements 1 July – 30 June

Balance sheet

DKK'000	Note	30/6 2021	30/6 2020
EQUITY AND LIABILITIES			
Equity			
Contributed capital	9	125	125
Retained earnings		<u>58,490</u>	<u>54,662</u>
Total equity		<u>58,615</u>	<u>54,787</u>
Liabilities			
Current liabilities			
Banks		26	43
Prepayments received from customers		996	0
Trade payables		657	415
Payables to group entities		2,415	13,457
Corporation tax		1,089	1,845
Other payables		<u>7,113</u>	<u>11,402</u>
		<u>12,296</u>	<u>27,162</u>
Total liabilities		<u>12,296</u>	<u>27,162</u>
TOTAL EQUITY AND LIABILITIES		<u>70,911</u>	<u>81,949</u>
Contractual obligations, contingencies, etc.	10		
Related party disclosures	11		

Financial statements 1 July – 30 June

Statement of changes in equity

DKK'000	Contributed capital	Retained earnings	Total
Equity at 1 July 2020	125	54,662	54,787
Transferred over the profit appropriation	0	3,828	3,828
Equity at 30 June 2021	125	58,490	58,615

Financial statements 1 July – 30 June

Notes

1 Accounting policies

The annual report of EBV Elektronik ApS for 2020/21 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.

Minor reclassifications in the comparative figures for 2019/20 have been incorporated to enhance 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.

Derivative financial instruments

On initial recognition, derivative financial instruments are recognised in the balance sheet at cost and subsequently measured at fair value. Positive and negative fair values of derivative financial instruments are recognised as other receivables and other payables, respectively.

Changes in the fair value of derivative financial instruments designated as and qualifying for recognition as a fair value hedge of a recognised asset or liability are recognised in the income statement together with changes in the fair value of the hedged asset or liability.

Changes in the fair value of derivative financial instruments designated as and qualifying for recognition as a hedge of future transactions are recognised as other receivables or other payables and in equity until the realisation of the hedged transactions. If the future transaction results in the recognition of assets or liabilities, amounts that were previously recognised in equity are transferred to the cost of the asset or liability. If the future transaction results in income or costs, amounts that were previously recognised in equity are transferred to the income statement for the period when the hedged item affects the income statement.

Financial statements 1 July – 30 June

Notes

1 Accounting policies (continued)

Income statement

Gross profit

Pursuant to section 32 of the Danish Financial Statements Act, the Company has decided only to disclose gross profit.

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.

Staff costs

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

Financial income and expenses

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

Tax on profit 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 for the year is recognised in the income statement at the amount attributable to the profit 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 entities.

Avnet Nortec ApS 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 – 30 June

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

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

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 comprise prepayment of goods.

Prepayments of goods are measured at cost, comprising purchase price plus delivery costs. Where the net realisable value is lower than cost, inventories are written down to this lower value.

Financial statements 1 July – 30 June

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 prepayment of costs incurred relating to subsequent financial years.

Equity

Dividends

Proposed dividends are recognised as a liability at the date on which 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

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.

Prepayments received from customers

Prepayments received from customers are measured at net amortised cost and comprise advance invoicing regarding income in subsequent years.

Liabilities

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

Financial statements 1 July – 30 June

Notes

2 Staff costs

DKK'000	2020/21	2019/20
Wages and salaries	11,980	11,483
Pensions	1,231	1,318
Other social security costs	139	194
	<u>13,350</u>	<u>12,995</u>
Average number of full-time employees	<u>17</u>	<u>17</u>

In accordance with section 98b (3) of the Danish Financial Statements Act, remuneration of the Executive Board is not disclosed.

3 Property, plant and equipment

DKK'000	Fixtures and fittings, tools and equipment	Leasehold improvements	Total
Cost at 1 July 2020	1,174	122	1,296
Additions for the year	2	0	2
Disposals for the year	-49	0	-49
Cost at 30 June 2021	<u>1,127</u>	<u>122</u>	<u>1,249</u>
Depreciation and impairment losses at 1 July 2020	-1,055	-111	-1,166
Depreciation for the year	-63	-11	-74
Reversed depreciation and impairment losses on assets sold	49	0	49
Depreciation and impairment losses at 30 June 2021	<u>-1,069</u>	<u>-122</u>	<u>-1,191</u>
Carrying amount at 30 June 2021	<u>58</u>	<u>0</u>	<u>58</u>

DKK'000	2020/21	2019/20
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4 Financial income

Interest income from group entities	58	305
Other financial income	646	2
	<u>704</u>	<u>307</u>

5 Financial expenses

Interest expense to group entities	247	1,591
Other financial expenses	40	156
	<u>287</u>	<u>1,747</u>

Financial statements 1 July – 30 June

Notes

6 Proposed profit appropriation

DKK'000	2020/21	2019/20
Retained earnings	<u>3,828</u>	<u>409</u>

7 Deferred tax asset

DKK'000	30/6 2021	30/6 2020
Deferred tax asset	<u>46</u>	<u>54</u>

Deferred tax of DKK 46 thousand recognised at 30 June 2021 relates to timing differences on property, plant and equipment and is expected to be realised as current tax along with the depreciation period over the next coming years.

8 Prepayments

DKK'000	30/6 2021	30/6 2020
Prepayments for insurance, rent, etc.	<u>284</u>	<u>209</u>

9 Equity

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

All shares rank equally.

10 Contractual obligations, contingencies, etc.

Operating lease obligations

The Company has operating leases with a total remaining lease payment of DKK 750 thousand (2019/20: DKK 407 thousand). The leases will mature in 38 months.

The Company has entered into one property lease. The lease can be terminated after six months. The total liability amounts to DKK 209 thousand (2019/20: DKK 576 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 subsequent corrections of the taxable joint taxation income or withholding taxes may entail an increase in the Company's liability.

Financial statements 1 July – 30 June

Notes

11 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 the US.

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

DKK'000	<u>2020/21</u>
Sale of services to group entities	9,438
Purchase of goods from group entities	147,969
Purchase of services from group entities	<u>2,077</u>
	<u><u>159,484</u></u>

Financial income and expenses to/from group entities are disclosed in notes 4 and 5.

In accordance with section 98b (3) of the Danish Financial Statements Act, remuneration of the Executive Board is not disclosed.