

EBV Elektronik ApS

Ved Lunden 10-12, 1.
8230 Åbyhøj

CVR no. 28 31 16 56

Annual report for the period 1 July 2019 – 30 June 2020

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

3 December 2020

chairman

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EBV Elektronik ApS
Annual report 2019/20
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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 2019 – 30 June 2020.

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 2020 and of the results of the Company's operations for the financial year 1 July 2019 – 30 June 2020.

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, 3 December 2020
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 2019 – 30 June 2020 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 2020 and of the results of the Company's operations for the financial year 1 July 2019 – 30 June 2020 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, 3 December 2020

KPMG

Statsautoriseret Revisionspartnerselskab
CVR no. 25 57 81 98

Mikkel Trabjerg Knudsen
State Authorised
Public Accountant
mne34459

EBV Elektronik ApS
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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 Ludaescher
Slobodan Puljarevic

Auditor

KPMG
Statsautoriseret Revisionspartnerselskab
Bredskifte Allé 13
DK-8210 Aarhus V

Management's review

Financial highlights

DKK'000	2019/20	2018/19	2017/18	2016/17	2015/16
Key figures					
Gross profit	14,200	23,723	28,589	25,652	34,509
Operating profit	1,124	8,978	11,568	8,031	9,414
Result from financial income and expenses	-550	-1,105	580	254	220
Profit for the year	408	6,179	9,345	6,423	7,462
Balance sheet					
Total assets	81,949	106,329	143,679	130,810	130,468
Equity	54,787	92,379	124,200	114,855	108,433
Investment in property, plant and equipment	66	94	87	95	321
Ratios					
Return on invested capital	1.2%	7.2%	8.4%	6.1%	7.6%
Return on equity	0.6%	5.7%	7.8%	5.4%	6.7%
Solvency ratio	66.9%	86.9%	86.5%	87.9%	83.1%
Other					
Average number of full-time employees	17	19	19	20	21

The financial ratios have been calculated as follows:

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 $\frac{\text{Equity at year end} \times 100}{\text{Total equity and liabilities at year end}}$

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 408 thousand (2018/19: DKK 6,179 thousand) for the year under review, which is considered unsatisfactory seen in relation to general market development. Accordingly, profit for the year is not in line with the forecast for the year.

Against all expectations, the transition of some major suppliers and the related sale could not be fully compensated for by increasing sales from the remaining suppliers in EBV's supply chain and positive sales generation from new supply chains. Moreover, COVID-19 prevented customer activity and customer contact from March 2020, which caused a natural decrease in revenue compared to the expectations for the year. It will take some time to recover lost revenue and gross profit.

Still, EBV Elektronik ApS is well positioned and has been able to further strengthen its market presence and improve its service quality. 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 2019/20 financial year was 15.5% as against 21.76% in the 2018/19 financial year. The highest market share, 26.25%, was recorded in the first quarter of 2019 (source: Dmass - <https://dmass.com/>).

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 2019/20.

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 2019/20. Based on the level of order intake in the last months of the FY20 and the volume of orders, Management expects that revenue will continue to increase in the coming financial year on the condition that there will be no more lock-downs caused by COVID-19. Due to COVID-19, market outlook is uncertain, but we expect the business to grow by 4% in the second half of FY21.

Particular risks

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

Financial risks

In general the Company's invoices to customers are in DKK and purchase invoices are in DKK, EUR and USD. Beginning in January 2019, the Company now engages in hedging to minimise currency risks.

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Management's review

Operating review

Environmental matters

EBV Elektronik ApS is governed by the environmental policies of the Avnet Group's, which can be accessed through the following link: <https://www.avnet.com/wps/portal/us/about-avnet/corporate-social-responsibility/environmental-sustainability/>.

Financial statements 1 July – 30 June

Income statement

DKK'000	Note	2019/20	2018/19
Gross profit		14,200	23,723
Staff costs	2	-12,995	-14,679
Depreciation, amortisation and impairment losses	3	-81	-66
Operating profit		1,124	8,978
Other financial income	4	1,287	425
Other financial expenses	5	-1,837	-1,530
Profit before tax		574	7,873
Tax on profit for the year		-166	-1,694
Profit for the year	6	408	6,179

Financial statements 1 July – 30 June

Balance sheet

DKK'000	Note	30/6 2020	30/6 2019
ASSETS			
Fixed assets			
Property, plant and equipment			
Property, plant and equipment	3	119	118
Fixtures and fittings, tools and equipment		11	27
Leasehold improvements		130	145
Total fixed assets		130	145
Current assets			
Receivables			
Trade receivables		59,970	64,196
Receivables from group entities		21,496	41,619
Other receivables		87	84
Deferred tax asset	7	54	54
Prepayments	8	209	230
		81,816	106,183
Cash at bank and in hand		3	1
Total current assets		81,819	106,184
TOTAL ASSETS		81,949	106,329

Financial statements 1 July – 30 June

Balance sheet

DKK'000	Note	30/6 2020	30/6 2019
EQUITY AND LIABILITIES			
Equity			
Contributed capital	9	125	125
Retained earnings		<u>54,662</u>	<u>92,254</u>
Total equity		<u>54,787</u>	<u>92,379</u>
Liabilities			
Current liabilities			
Banks		43	0
Trade payables		415	526
Payables to group entities		13,457	5,490
Corporation tax		1,845	1,703
Other payables		<u>11,402</u>	<u>6,231</u>
		<u>27,162</u>	<u>13,950</u>
Total liabilities		<u>27,162</u>	<u>13,950</u>
TOTAL EQUITY AND LIABILITIES		<u>81,949</u>	<u>106,329</u>
Contractual obligations, contingencies, etc.	10		
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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 2019	125	92,254	92,379
Transferred over the profit appropriation	0	408	408
Extraordinary dividends paid	0	-38,000	-38,000
Equity at 30 June 2020	<u>125</u>	<u>54,662</u>	<u>54,787</u>

Financial statements 1 July – 30 June

Notes

1 Accounting policies

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.

Changes in the fair value of derivative financial instruments used for hedging of net investments in independent foreign subsidiaries or associates are recognised directly in equity.

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 securities, 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/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 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.

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 – 30 June

Notes

1 Accounting policies (continued)

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.

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

2 Staff costs

DKK'000	2019/20	2018/19
Wages and salaries	11,483	13,043
Pensions	1,318	1,159
Other social security costs	194	477
	<u>12,995</u>	<u>14,679</u>
Average number of full-time employees	<u>17</u>	<u>19</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 2019	1,191	122	1,313
Additions for the year	66	0	66
Disposals for the year	<u>-83</u>	<u>0</u>	<u>-83</u>
Cost at 30 June 2020	<u>1,174</u>	<u>122</u>	<u>1,296</u>
Depreciation and impairment losses at 1 July 2019	-1,073	-95	-1,168
Depreciation for the year	-65	-16	-81
Reversed depreciation and impairment losses on assets sold	<u>83</u>	<u>0</u>	<u>83</u>
Depreciation and impairment losses at 30 June 2020	<u>-1,055</u>	<u>-111</u>	<u>-1,166</u>
Carrying amount at 30 June 2020	<u>119</u>	<u>11</u>	<u>130</u>

DKK'000	2019/20	2018/19
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4 Other financial income

Interest income from group entities	1,285	425
Other financial income	<u>2</u>	<u>0</u>
	<u>1,287</u>	<u>425</u>

5 Other financial expenses

Interest expense to group entities	1,795	1,490
Other financial expenses	<u>42</u>	<u>40</u>
	<u>1,837</u>	<u>1,530</u>

Financial statements 1 July – 30 June

Notes

6 Proposed profit appropriation

DKK'000	2019/20	2018/19
Retained earnings	408	6,179

7 Deferred tax asset

DKK'000	30/6 2020	30/6 2019
Deferred tax asset	54	54

Deferred tax of DKK 54 thousand recognised at 31 December 2020 relates to timing differences of 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 2020	30/6 2019
Prepayments for insurance, rent, etc.	209	230

9 Equity

The 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 407 thousand (2018/19: DKK 791 thousand). The leases will mature in 1-18 months.

The Company has entered into one property lease. The lease can be terminated after 17 months. The total liability amounts to DKK 576 thousand (2018/19: DKK 922 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 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. and the consolidated financial statements of Avnet Inc. can be obtained by contacting the companies at the address above.

Related party transactions

DKK'000	<u>2019/20</u>
Sale of services to group enterprises	6,567
Purchase of goods from group enterprises	158,873
Purchase of services from group enterprises	<u>1,465</u>
	<u><u>166,905</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.