

**EET Holdings A/S
Bregnerødvej 133 D
3460 Birkerød
CVR No. 3653 5334**

2nd financial year

Annual report 2016

Annual general meeting

Approved at the Company's annual general meeting on 29 March 2017

Chairman 

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Company details

Company

EET Holdings A/S
Bregnerødvej 133D
3460 Birkerød
Phone: +45 45 82 19 19
Company Reg.No 3653 5334
Date of incorporation: 6 February 2015.
Financial year: 1 January – 31 December

Shareholder

The following shareholder is registered in the Company's register of shareholders as holding minimum 5% of the votes or at least 5% of the share capital:

EET A/S, Birkerød

Board of Directors

Thomas Broe-Andersen
chairman

Lars Denkov

Nicolai Norrbom

Executive Board

John Thomas Jan Holmetoft Iversen

Company auditor

Ernst & Young P/S
Osvold Helmuths Vej 4
Postboks 250
2000 Frederiksberg

Ultimate parent company

EET A/S, Birkerød

Management's review

Activity

The objective of EET Holdings A/S is to have participating interests in subsidiaries with activities within development, sale and marketing of Information, Communication Technology products in Europe.

EET Holdings A/S was established on 6 February 2015 with the purpose of acquiring the pan-European distributor EET Group, headquartered in Birkerød, north of Copenhagen, Denmark. The acquisition of EET Group was closed on 10 April 2015.

EET Group A/S carries out the main operations of the Group, enjoys a leading position in the European market.

EET Group is present in a total of 20 countries having more than 27 local sales offices which are marketed under the name EET Europarts, all focusing on the following product areas:

- IT components and supplies for computers, servers and printers
- IT components and supplies for mobile devices
- Video surveillance and Security products
- Home entertainment and lifestyle electronics
- Professional Audio Video equipment & Digital Signage
- Point of Sale (POS) & AutoID equipment
- Network & Storage

EET markets a broad range of leading trademarks, including HP, IBM, Lexmark, Honeywell, Zebra, Toshiba, Acer, Dell, NEC, Axis, Xerox, Pelco, Ernitec, NEC, Sony and Kensington. EET markets more than 800 trademarks and more than 1,000,000 item numbers.

Development in activities and financial matters

The Company has had a negative result of DKK 65 million. The result is negatively impacted by amortization of intangible assets included as part of the result in subsidiary of DKK 62 million and from financing costs of DKK 54.8 million. The result is as expected and taken the investment into consideration satisfactory.

Events after the balance sheet date

No events have occurred after the balance sheet date to this date, which would influence the evaluation of this annual report.

Statement by the Board of Directors and the Executive Board

The Board of Directors and the Executive Board have today discussed and approved the annual report of EET Holdings A/S for the financial year 1 January – 31 December 2016.

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

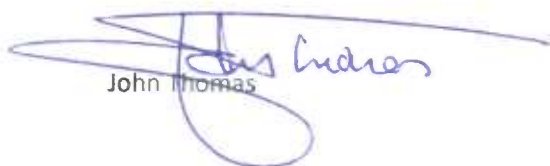
It is our opinion that the financial statements give a true and fair view of the Company's financial position at 31 December 2016 and of the results of the Company's operations for the financial year 1 January – 31 December 2016.

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

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

Birkerød, 29 March 2017

Executive Board

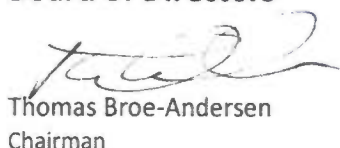


John Thomas



Jan Holmefoet Iversen

Board of Directors



Thomas Broe-Andersen
Chairman



Lars Denkov



Nicolai Norrbom

Independent auditor's report

To the shareholder of EET Holdings A/S

Opinion

We have audited the financial statements of EET Holdings A/S for the financial year 1 January – 31 December 2016, which comprise an accounting policies, income statement, balance sheet and notes. 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 financial position of the Company at 31 December 2016 and of the results of the Company's operations for the financial year 1 January – 31 December 2016 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and 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 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 responsibilities 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 as 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 about 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 additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements can 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 the financial statements.

As part of an audit conducted in accordance with ISAs and additional requirements applicable in Denmark, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the 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.

Independent auditor's report

- 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 conclusion is 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 our procedures, 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.

29 March 2017
ERNST & YOUNG
Godkendt Revisionspartnerselskab
CVR no. 30 70 02 28



Claus Kronbak
State Authorised
Public Accountant



Ole Becker
State Authorised
Public Accountant

Accounting Policies

Basis of accounts

The annual report of EET Holdings A/S for 2016 has been prepared in accordance with the provisions in the Danish Financial Statements Act applying to reporting class B entities with additions notes from class C (middle).

Effective 1 January 2016, the Company has adopted act no. 738 of 1 June 2015. The adoption has not had impact on the figures or changed presentation and disclosure requirements. The accounting policies are consistent with those of last year.

The Company has in accordance with §112.1 in the Danish Financial Statements Act prepared consolidated accounts as the accounts are included in the consolidated accounts for EET A/S.

Recognition and measurement

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

Liabilities are recognized in the balance sheet when it is probable that future financial resources will flow out of the Company, and the value of the liability can be measured reliably.

On initial recognition, assets and liabilities are measured at cost. Measurement of assets and liabilities after initial recognition is effected as described below for each item.

In recognising and measuring assets and liabilities, any gains, losses and risks occurring prior to the presentation of the annual report that evidence conditions existing at the balance sheet date are taken into account.

Income is recognized in the income statement when earned. Furthermore, costs incurred to achieve earnings for the year are recognized in the income statement, including depreciation/ amortisation, impairment losses and provisions as well as reversal of entries as a result of changed accounting estimates, which were formerly recognized in the income statement.

Translation of amounts in foreign currencies

On initial recognition, transactions in currencies different from the company's functional currency are translated applying the transaction date exchange rate.

Receivables, payables and other monetary items denominated in foreign currencies that have not been settled at the balance sheet date are translated using the exchange rate at the balance sheet date.

Exchange differences that arise between the rate at the transaction date and the rate effective at the payment date or the rate at the balance sheet date are recognized in the income statement as financial income or financial expenses.

Financial instruments

On initial recognition in the balance sheet, derivative financial instruments are measured at cost and subsequently at fair value. Derivative financial instruments are recognized under other receivables or other payables.

Changes in the fair value of derivative financial instruments classified as and complying with the requirements for hedging of the fair value of a recognized asset or a recognized liability are recorded in the income statement together with changes in the value of the hedged asset or the hedged liability.

Changes in the fair value of derivative financial instruments classified as and complying with the requirements for hedging future transactions are recognized directly on equity. When the hedged transactions are realized, the changes are recognized in the relevant items.

Accounting Policies

For derivative financial instruments that do not comply with the requirements for being treated as hedging instruments, changes in fair value are recognized currently in the income statement as financial income or financial expenses.

INCOME STATEMENT

Gross Profit

Gross profit consists of other external costs and group allocations.

Other external expenses

Other external expenses include expenses related to administration etc.

Financial income & expenses

Financial income and expenses comprise interest income and expenses, realised and unrealised capital gains and losses on liabilities other than provisions and transactions in foreign currencies etc as well as tax surcharges and repayments under the Danish Tax Prepayment Scheme.

Taxation

Tax for the year, which consists of current tax for the year and changes in deferred tax, is recognized in the income statement by the portion attributable to the profit/loss for the year and recognized directly on equity by the portion attributable to entries directly on equity.

Current taxes are computed on the basis of the pre-tax profit/loss for the year adjusted for non-taxable income and expenditure. Taxes paid on account are offset against taxes payable at year end.

The company is jointly taxed with the parent company and its Danish subsidiaries. Danish corporation taxes are fully allocated among the jointly taxed companies on the basis of the companies' taxable income. (Full allocation with reimbursement of tax losses).

BALANCE SHEET

Investments in subsidiaries

Investments in subsidiaries are recognised and measured under the equity method.

This means that, in the balance sheet, investments are measured at the proportionate share of the enterprises' net asset value plus or minus unamortized positive, or negative, goodwill on consolidation and plus or minus unrealised intra-group profits or losses.

The Parent's share of the enterprises' profits or losses after elimination of unrealised intra-group profits and losses and minus or plus amortisation of positive, or negative, goodwill on consolidation is recognised in the income statement.

Subsidiaries with negative net asset value are measured at zero value, and any receivables from these enterprises are written down by the Parent's share of such negative net asset value if it is deemed irrecoverable.

If the negative net asset value exceeds the amount receivable, the remaining amount is recognised under provisions if the Parent has a legal or constructive obligation to cover the liabilities of the relevant enterprise.

Net revaluation of investments in subsidiaries is taken to the reserve for net revaluation under the equity method if the carrying amount exceeds cost.

Goodwill is calculated as the difference between the cost of investments and the fair value of acquired assets and liabilities.

Accounting Policies

The amortisation period for goodwill on consolidation is up to 20 years for strategically acquired enterprises with a strong market position and long-term earnings profiles if the longer amortisation period is considered better reflect the Group's benefit from the relevant resources.

Receivables

Receivables are measured at amortised cost, which usually equals the nominal value.

Provision for bad debts is made.

Equity - Dividends

Dividend proposed for the year is recognised as a liability at the date when it is adopted at the annual general meeting (declaration date). Dividend expected to be distributed for the financial year is presented as a separate line item under "Equity".

Income tax and deferred tax

The current tax payable and receivable is recognized in the balance sheet as tax calculated on this year's taxable income, adjusted for prior years' taxable income and prepaid taxes.

Joint taxation contributions payable or receivables are recognised in the balance sheet as amounts owed by or to affiliated companies.

Deferred tax is measured applying the liability method on all temporary differences between the carrying amount and tax-based value of assets and liabilities.

Deferred tax is measured according to the tax rules and at the tax rate applicable at the balance sheet date when the deferred tax is expected to crystallise as current tax.

Liabilities

Liabilities are measured at net realisable value.

Income statement

	Note	2016 DKK '000	6 Feb - 31 Dec 2015 DKK '000
Gross profit		35	85
Staff costs	1	0	0
Earnings before Interest and Taxes (EBIT)		35	85
Profit after tax in subsidiary		-22,998	8,794
Financial income	2	7,804	4,487
Financial expenses	3	-54,839	-31,838
Profit/loss before tax (PBT)		-69,998	-18,472
Tax from ordinary loss	4	5,305	3,550
Loss for the period		-64,693	-14,922
Profit appropriation			
Retained earnings		-64,693	-14,922
		-64,693	-14,922

Balance sheet at 31 December

	Note	2016 DKK '000	2015 DKK '000
Assets			
Non-current assets			
Investment in subsidiary		919,380	943,935
Deferred taxes		2,288	1,157
Amounts owed by affiliated companies		56,257	120,975
Total financial assets		977,925	1,066,067
Total non-current assets		977,925	1,066,067
Current assets			
Amounts owed by affiliated companies		76,354	95,069
Total receivables		76,354	95,069
Total current assets		76,354	95,069
Total assets		1,054,279	1,161,136
Equity and liabilities			
Equity			
Share capital		24,806	24,806
Retained earnings		371,521	436,901
Equity		396,327	461,707
Liabilities other than provisions			
Amounts owed to credit institutions		592,910	626,597
Long term debt	5	592,910	626,597
Short term portion of long term liabilities	5	37,980	27,093
Amounts owed to credit institutions		0	2
Trade payables		0	122
Amounts owed to affiliated companies		8,664	35,890
Other payables		18,398	9,725
Current liabilities		65,042	72,832
Total liabilities		657,952	699,429
Total equity and liabilities		1,054,279	1,161,136
Mortgages, collaterals and contingent liabilities	6		
Parent Company	7		

Noter/Notes

Note 1 - staff costs

Note 1 - staff costs

The company has not had similar to last year any employees in 2016.
No remuneration has been paid to the Board of Directors in 2015 and 2016.

Note 2 - Financial income

	2016 DKK '000	2015 DKK '000
Interest income from affiliated companies	5,273	4,487
Gain on foreign currency exchange	2,531	0
	7,804	4,487

Note 3 - Financial expenses

	2016 DKK '000	2015 DKK '000
Interest expenses to affiliated companies	0	209
Loss on foreign currency exchange	0	512
Interest on debts and borrowings, etc.	37,591	23,398
Amortisation of borrowing costs	7,105	5,260
In-effectiveness interest rate swap	10,143	2,459
	54,839	31,838

Note 4 - Tax on ordinary loss

	2016 DKK '000	2015 DKK '000
Current tax for the year	-4,174	-4,707
Change in deferred tax	-1,131	1,157
	-5,305	-3,550

Note 5 - Amounts owed to credit institutions

	2016 DKK '000	2015 DKK '000
Debt amount consists of:		
Loans amount owed to credit institutions	660,919	690,509
Loan costs	-30,029	-36,819
Total	630,890	653,690
Loan amounts falling due in 2017	37,980	27,093
Loan amounts falling due 2018-2021	222,157	221,932
Loan amounts falling due 2022	400,782	441,484
Total	660,919	690,509

The debt falls due and becomes payable until 2022

The debt facilities are subject to customary obligations, provisions and other restrictions. Financial covenants include debt, interest coverage ratios, cash flow and investment ratios.

Interest rate hedging

The Company has entered into interest rate swap agreement to hedge interest rate risk on its senior debt facilities. As of 31 December 2016 the interest rate hedges were tested ineffective. The effective amount recognised in equity as of 30 September 2015 will be recycled to profit and loss over the period until March 2022. All future changes in the derivative will be recognised in profit and loss. The amount recognised in equity as of 31 December 2016 is DKK 4,392 thousand.

Noter/Notes

Note 6 - Mortgages, collaterals and contingent liabilities

The company has provided guarantee for the group's bank debt of DKK 762,951 thousand at 31.12.2016

The company is jointly taxed with other Danish subsidiaries within the EET Group. The company has joint and several unlimited liability for Danish corporation taxes and withholding taxes on dividends, interest and royalties in the joint taxation. Any subsequent corrections of the consolidated taxable income and withholding taxes, etc. could lead to an increased liability for the company.

Shares in subsidiary with a net book value of DKK 919,380 thousand at 31.12.2016 have been pledged as security for bank loans.

Note 7 - Parent company

EET Holdings A/S is included in the consolidated financial statements of EET A/S, cvr. 3653 5326 Bregnerødvej 133 D, 3460 Birkerød, Denmark.