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# ***Ingram Micro A/S***

Kolding Åpark 1, 1. sal, DK-6000 Kolding

## **Annual Report for 2019**

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CVR No 77 16 49 28

The Annual Report was  
presented and adopted at  
the Annual General  
Meeting of the Company on  
29/05 2020

Björn Jonas Elmgren  
Chairman of the General  
Meeting



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## **Management's Statement**

The Executive Board and Board of Directors have today considered and adopted the Annual Report of Ingram Micro A/S for the financial year 1 January - 31 December 2019.

The Annual Report is 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 at 31 December 2019 of the Company and of the results of the Company operations for 2019.

In our opinion, Management's Review includes a true and fair account of the matters addressed in the Review.

We recommend that the Annual Report be adopted at the Annual General Meeting.

Kolding, 29 May 2020

### **Executive Board**

Anders Alby Ravn

### **Board of Directors**

Björn Jonas Elmgren  
Chairman

Karel Victor Everaet

Kris Emile Paul Mees

# Independent Auditor's Report

To the Shareholder of Ingram Micro A/S

## Opinion

In our opinion, the Financial Statements give a true and fair view of the financial position of the Company at 31 December 2019 and of the results of the Company's operations for the financial year 1 January - 31 December 2019 in accordance with the Danish Financial Statements Act.

We have audited the Financial Statements of Ingram Micro A/S for the financial year 1 January - 31 December 2019, which comprise income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies ("the Financial Statements").

## 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 requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## Statement on Management's Review

Management is responsible for Management's Review.

Our opinion on the Financial Statements does not cover 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 Management's Review and, in doing so, consider whether 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 Management's Review provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, in our view, 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 in Management's Review.

## 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 misstate-

# Independent Auditor's Report

ment, 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 the 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 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 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

# Independent Auditor's Report

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.

Hellerup, 29 May 2020

**PricewaterhouseCoopers**

Statsautoriseret Revisionspartnerselskab

*CVR No 33 77 12 31*

Torben Jensen

State Authorized Public Accountant

mne18651

Henrik Forthoft Lind

State Authorized Public Accountant

mne34169

## Company Information

### **The Company**

Ingram Micro A/S  
Kolding Åpark 1, 1. sal  
DK-6000 Kolding

CVR No: 77 16 49 28  
Financial period: 1 January - 31 December  
Municipality of reg. office: Kolding

### **Board of Directors**

Björn Jonas Elmgren, Chairman  
Karel Victor Everaet  
Kris Emile Paul Mees

### **Executive Board**

Anders Alby Ravn

### **Auditors**

PricewaterhouseCoopers  
Statsautoriseret Revisionspartnerselskab  
Strandvejen 44  
DK-2900 Hellerup

### **Bankers**

Nordea Bank A/S

# Financial Highlights

Seen over a five-year period, the development of the Company is described by the following financial highlights:

|  | 2019<br>TDKK | 2018<br>TDKK | 2017<br>TDKK | 2016<br>TDKK | 2015<br>TDKK |
|--|--------------|--------------|--------------|--------------|--------------|
| <b>Key figures</b>                               |              |              |              |              |              |
| <b>Profit/loss</b>                               |              |              |              |              |              |
| Revenue  | 1.362.224    | 1.393.551    | 1.677.183    | 1.855.966    | 1.508.786    |
| Gross profit/loss                                | 36.773       | 40.522       | 55.407       | 45.816       | 29.694       |
| Profit/loss before financial income and expenses | 6.169        | 8.144        | 19.214       | 22.492       | 9.442        |
| Net financials                                   | -2.765       | -3.083       | -5.296       | -5.855       | -7.138       |
| Net profit/loss for the year                     | 2.560        | 3.826        | 11.061       | 12.830       | 3.458        |
| <b>Balance sheet</b>                             |              |              |              |              |              |
| Balance sheet total                              | 327.989      | 322.574      | 408.043      | 476.412      | 362.561      |
| Equity   | 116.884      | 114.324      | 110.497      | 99.436       | 86.606       |
| Investment in property, plant and equipment      | 853          | 30           | 214          | 1.591        | 316          |
| Number of employees                              | 44           | 51           | 54           | 41           | 34           |
| <b>Ratios</b>                                    |              |              |              |              |              |
| Gross margin                                     | 2,7%         | 2,9%         | 3,3%         | 2,5%         | 2,0%         |
| Profit margin                                    | 0,5%         | 0,6%         | 1,1%         | 1,2%         | 0,6%         |
| Return on assets                                 | 1,9%         | 2,5%         | 4,7%         | 4,7%         | 2,6%         |
| Solvency ratio                                   | 35,6%        | 35,4%        | 27,1%        | 20,9%        | 23,9%        |
| Return on equity                                 | 2,2%         | 3,4%         | 10,5%        | 13,8%        | 4,1%         |

For definitions, see under accounting policies.



## **Management's Review**

Financial Statements of Ingram Micro A/S for 2019 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to large enterprises of reporting class C .

The Annual Report has been prepared under the same accounting policies as last year.

### **Main activity**

The Company's main activity is wholesale of mobile phones and similar items. In Denmark the Company has its sales, purchasing, product management and back-office functions while the warehouse and logistics is operated by a group company out of Sweden.

Our business model is to distribute and market products and services from the largest mobile phone- and accessories brands to support Danish customers at retail and resale level using Ingram Micro's global positions as the leading supplier of technology products and services. The Company adds value to its vendors by providing access and efficient distribution to the Danish market and to customers the Company offers a full range of mobility products at high quality with efficient delivery and logistics solutions.

### **Development in the year**

The income statement of the Company for 2019 shows a profit of TDKK 2,560, and at 31 December 2019 the balance sheet of the Company shows equity of TDKK 116,884.

### **The past year and follow-up on development expectations from last year**

The Danish market is mature and stable. Competition among the different product manufacturers is fierce and has led to minor changes in their market shares compared to 2019, but with two to three brands dominating the market. The overall market for mobile devices decreased in both volume and value in 2019 compared to 2018.

Ingram Micro A/S has in 2019 managed to protect and slightly grow its market share through 2019 and continued to strengthen its market position by meeting the growing demands from its customers and vendors. The overall decrease in the market has impacted the Company's revenues and profits.

The financial result of the year 2019 is below expectation.

# Management's Review

## Special risks - operating risks and financial risks

### *Operating risks*

The company does not see environment or climate changes, human rights nor anti-bribery as a major risk to our activity in Denmark, and we therefore do not have any specific actions other than what is described below in the sections; Environmental Stewardship, Our Code of Conduct and human rights.

Loosing talent is a potential risk for the company. We have a genuine interest in having satisfied and motivated associates. In section "Our Workplace" Ingram Micros promise to its associates is described. In Ingram Micro A/S we use an employee satisfaction survey to measure this. The management team discuss the results and uses this to improve the employee satisfaction.

### *Market risks*

Ingram Micro A/S is influenced by the risks that apply in the market in particular any changes in consumer confidence.

The Company's revenues, profitability, financial position and cash flows are highly dependent on the broader movements in the market and macroeconomics environment.

### *Foreign exchange risks*

The Company is exposed to risks related to foreign currencies, in particular to the changes in the value of DKK versus EUR, USD and SEK as the Company makes purchase of goods and services in these currencies. To reduce or minimize the FX risks, the Company is hedging against FX changes.

A conservative strategy is followed to anticipate possible risks including depreciation of trade receivables and aging inventories.

### *Credit risks*

Ingram Micro A/S is exposed to credit risks on customers and loss on bad debt. To manage these risks the Company maintains a credit insurance and its own risk through the group's Nordic Credit department located in Stockholm, Sweden. Ingram Micro A/S follows the Ingram Micro corporate policies on credit and accruals on bad debt and the aging of receivables.

# Management's Review

## ***Covid 19 risk***

Like any other company Ingram Micro A/S is impacted by Corona virus. In the 1st quarter of 2020 there was no negative impact on results or revenue. Employees have been working from home following the Danish government's recommendations, and the Company has been able to supply and support its customers by employees working from home and shipments from the warehouse in Sweden, which was not impacted by severe restrictions. The Company has been following the market developments and customer behavior closely and will continue to do so to mitigate the risk posed by the virus. The Company will apply for any governments special Covid-19 help packages that it may be eligible for.

## **Targets and expectations for the year ahead**

Ingram Micro A/S expects an increase in profits in 2020 compared to 2019 unless the Covid-19 developments will negatively impact revenue from sales.

## **Statement of corporate social responsibility**

Ingram Micro A/S is part of the Ingram Micro group whose vision is "With Ingram Micro, the world will realize the promise of technology. At group level, Ingram Micro has adopted the "Tenets of our Success", which are a dedicated set of shared principles that unites and guides employees to better decisions and behaviors and the enabling and focus on achieving success. The six Tenets of Success are Results, Integrity, Imagination, Courage, Responsibility and Talent.

Ingram Micro A/S follows these six Tenets along with Ingram Micro's group policies concerning social responsibility, which is covering five areas at Ingram Micro:

Environmental Stewardship.

Based on the nature of the Company's operations in Denmark as a purchase, marketing and sales organizations and certain back office functions (see "Main Activity" above) it has assessed its negative environmental impact of its operations to be minimal. The Company has not implemented specific environmental policies or KPIs for its office operations.

The Company's general actions are to reduce waste of electronic and electrical equipment (WEEE) waste by offering buyback/recycling service for certain products under which customers can dispose of used devices and the Company (directly or through its resellers) can refurbish the devices for reuse. The Company is a member of El- Retur to comply the EU's WEEE and Batteries directives for handling of waste from EEE and batteries.

Our Workplace.

Ingram Micro A/S offers a dynamic workplace inspired by the pace of technology. Its culture is shaped by Ingram Micros' core values and the exceptional employees who integrate them into daily decisions and activities. The Company strives to create an equitable and inclusive work environment that fosters the

## Management's Review

well-being of its employees, promotes teamwork and rewards performance. Diversity is a key contributor to its success and support is given to personal growth and professional advancement of employees with diverse backgrounds.

Ingram Micro A/S is committed to provide a safe work environment for all employees. It is committed to a workplace free of harassment and discrimination based on race, colour, age, gender, sexual orientation, gender identity and expression, ethnicity or national origin, disability, pregnancy, religion, political affiliation, union membership, covered veteran status, protected genetic information or marital status. This policy applies to hiring and employment practices, including wage payments, promotions, rewards, and access to training, among others.

In 2016, Ingram Micro launched the Women's Leadership Initiative, an internal effort to champion women in their pursuit of leadership roles. Through a support network, workshops and forums, Ingram Micro encourages its female employees to take the next step in their careers.

The focus of Ingram Micro A/S in Denmark has been on employee satisfaction in 2019. The Company measures the employee's satisfaction by having quarterly surveys. The employee satisfaction has increased year over year but can still be improved.

The risk we see, is that we as an organization fail to react to dissatisfaction or psychical related illness, we will not be able to create the workplace we strive to as mentioned above and risk the well being of our employees. That is why this an important priority at Ingram Micro to offer a great workplace and carry out employee satisfaction surveys and react upon these.

Our Code of Conduct.

Ingram Micro's standards for ethical and legal conduct are outlined in the Code of Conduct. The Code of Conduct explains the responsibilities and sets the expectation for all employees to conform to the highest standard of legal and ethical conduct, including compliance with laws and regulations of the countries in which Ingram Micro operates. The Code of Conduct incorporates key company policies in areas like conflicts of interest, gifts and entertainment, anti-bribery, competition laws, protection of proprietary information, export laws, social networking and corporate social responsibility. :

Anti-Boycott. As a US based company Ingram Micro complies with all U.S. Anti-Boycott laws.

Anti-Bribery. We have strict rules that Bribery in any form is prohibited and a detailed Anti Bribery Policy. To ensure all associates are aware a mandatory online training and test was carried out in July 2019.

Anti-Trust and Competition Laws. Ingram Micro anti-trust or competition laws including the prohibitions on fixing prices or margins with our competitors. Employees are given regular training on the Code of Conduct and company policies.

Ingram Micro has adopted a Non-Retaliation Policy to ensure that employees can feel secure when reporting concerns or become aware of any violation of laws or policies. Ingram Micro A/S has in 2019

## **Management's Review**

not received any reports with respect to concerns or violations and will continue to make employees aware of the rules, laws and company policies. Therefore, we see the risk of violating as very low.

### **Human Rights**

Ingram Micro A/S works diligently to ensure its operations and employees respect human rights. As we operate in Denmark, a highly regulated market, local law is followed on working hours, wages and benefits and humane working conditions and the freedom of association. Ingram Micro's commitment to social responsibility encompasses corporate governance, labor practices, human rights, environmental stewardship, investment into local communities, customer protection, and fair operating practices, and it aims to work with suppliers who share this commitment, as outlined in the Supplier Code of Ethics.

Ingram Micro employees are required to complete the annual certificate on legal and ethical compliance to confirm their acknowledgement and understanding of the Ingram Micro Code of Conduct. In 2019 all Ingram Micro A/S employees participated in the annual Ingram Micro Code of Conduct again and there has not been identified any breaches of the Ingram Micro Code of Conducts in 2019.

It is important for the Company as a business and employer that its values and ethical standards are high to attract and retain employees and perceived as a reliable and trustworthy partner for vendors and customers. Failure to maintain focus on values and the Code of Conduct may result in losing talents and business.

### **Share of the underrepresented gender**

The Board has adopted a target that by the end of 2020 to have one woman on the board out of four elected board members. This includes a realization that Ingram Micro A/S operates in an industry that is dominated by men at senior and executive level. There are currently no women on the Company's board of directors. In 2019 one director was replaced among the three elected board members.

The management team of Ingram Micro A/S consists of four persons, three men and one woman. For the management team the target is to have an equal number of men and women in the management team by the end of 2020.

The goal is to have a balanced leadership team with equal members of both genders, even though the industry and own staff is dominated by men. To succeed in this, the Company encourages its female employees and its managers to discuss if they are interested in jobs that would involve leadership and to define what is needed to achieve this, and as mentioned earlier when recruiting we strive to assure diversity.

### **Uncertainty relating to recognition and measurement**

Recognition and measurement in the Annual Report have not been subject to any uncertainty.

## **Management's Review**

### **Unusual events**

The financial position at 31 December 2019 of the Company and the results of the activities of the Company for the financial year for 2019 have not been affected by any unusual events.

### **Subsequent events**

No events materially affecting the assessment of the Annual Report have occurred after the balance sheet date.

## Income Statement 1 January - 31 December

|  | Note | 2019<br>TDKK     | 2018<br>TDKK     |
|--|------|------------------|------------------|
| <b>Revenue</b>   | 2    | <b>1.362.224</b> | <b>1.393.551</b> |
| Other operating income   |      | 10.806           | 0                |
| Expenses for goods for resale  |      | -1.316.184       | -1.338.906       |
| Other external expenses  |      | -20.073          | -14.123          |
| <b>Gross profit/loss</b>   |      | <b>36.773</b>    | <b>40.522</b>    |
| Staff expenses   | 3    | -28.861          | -30.730          |
| Depreciation, amortisation and impairment of intangible assets and property, plant and equipment |      | -1.743           | -1.648           |
| <b>Profit/loss before financial income and expenses</b>  |      | <b>6.169</b>     | <b>8.144</b>     |
| Financial income   | 4    | 4                | 489              |
| Financial expenses   | 5    | -2.769           | -3.572           |
| <b>Profit/loss before tax</b>  |      | <b>3.404</b>     | <b>5.061</b>     |
| Tax on profit/loss for the year  | 6    | -844             | -1.235           |
| <b>Net profit/loss for the year</b>  |      | <b>2.560</b>     | <b>3.826</b>     |

## Distribution of profit

### Proposed distribution of profit

|                   |              |              |
|-------------------|--------------|--------------|
| Retained earnings | 2.560        | 3.826        |
|                   | <b>2.560</b> | <b>3.826</b> |

# Balance Sheet 31 December

## Assets

|  | Note | 2019<br>TDKK   | 2018<br>TDKK   |
|--|------|----------------|----------------|
| Software   |      | 2              | 132            |
| Goodwill   |      | 178            | 1.246          |
| <b>Intangible assets</b>                         | 7    | <b>180</b>     | <b>1.378</b>   |
| Other fixtures and fittings, tools and equipment |      | 1.279          | 937            |
| Leasehold improvements                           |      | 0              | 42             |
| <b>Property, plant and equipment</b>             | 8    | <b>1.279</b>   | <b>979</b>     |
| <b>Fixed assets</b>                              |      | <b>1.459</b>   | <b>2.357</b>   |
| <b>Inventories</b>                               |      | <b>109.512</b> | <b>96.942</b>  |
| Trade receivables                                |      | 192.996        | 197.113        |
| Receivables from group enterprises               |      | 11.009         | 9.849          |
| Other receivables                                |      | 6.775          | 13.985         |
| Deferred tax asset                               | 11   | 1.317          | 1.354          |
| Prepayments                                      | 9    | 4.921          | 242            |
| <b>Receivables</b>                               |      | <b>217.018</b> | <b>222.543</b> |
| <b>Cash at bank and in hand</b>                  |      | <b>0</b>       | <b>732</b>     |
| <b>Currents assets</b>                           |      | <b>326.530</b> | <b>320.217</b> |
| <b>Assets</b>                                    |      | <b>327.989</b> | <b>322.574</b> |



# Balance Sheet 31 December

## Liabilities and equity

|  | Note | 2019<br>TDKK   | 2018<br>TDKK   |
|--|------|----------------|----------------|
| Share capital  |      | 20.001         | 20.001         |
| Retained earnings  |      | 96.883         | 94.323         |
| <b>Equity</b>  | 10   | <b>116.884</b> | <b>114.324</b> |
| Prepayments received from customers                            |      | 716            | 0              |
| Trade payables   |      | 102.285        | 53.107         |
| Payables to group enterprises                                  |      | 90.641         | 148.434        |
| Other payables   |      | 17.463         | 6.709          |
| <b>Short-term debt</b>   |      | <b>211.105</b> | <b>208.250</b> |
| <b>Debt</b>  |      | <b>211.105</b> | <b>208.250</b> |
| <b>Liabilities and equity</b>                                  |      | <b>327.989</b> | <b>322.574</b> |
| Subsequent events  | 1    |                |                |
| Contingent assets, liabilities and other financial obligations | 12   |                |                |
| Related parties  | 13   |                |                |
| Fee to auditors appointed at the general meeting               | 14   |                |                |
| Accounting Policies  | 15   |                |                |

## Statement of Changes in Equity

|                              | Share capital | Retained earnings | Total          |
|------------------------------|---------------|-------------------|----------------|
|                              | TDKK          | TDKK              | TDKK           |
| Equity at 1 January          | 20.001        | 94.323            | 114.324        |
| Net profit/loss for the year | 0             | 2.560             | 2.560          |
| <b>Equity at 31 December</b> | <b>20.001</b> | <b>96.883</b>     | <b>116.884</b> |

# Notes to the Financial Statements

## 1 Subsequent events

The implications of COVID-19 with many governments across the world deciding to "close down their countries" will have great impact on the global economy. Management considers the implications of COVID-19 a subsequent event occurred after the balance sheet date (31 December 2019), which is therefore a non-adjusting event to the Company.

|                                      | 2019<br>TDKK     | 2018<br>TDKK     |
|--------------------------------------|------------------|------------------|
| <b>2 Revenue</b>                     |                  |                  |
| <b>Geographical segments</b>         |                  |                  |
| Revenue, Denmark                     | 1.362.224        | 1.393.551        |
|                                      | <b>1.362.224</b> | <b>1.393.551</b> |
| <b>Business segments</b>             |                  |                  |
| Mobile handsets & mobile accessories | 1.362.224        | 1.393.551        |
|                                      | <b>1.362.224</b> | <b>1.393.551</b> |

Ingram Micro Mobility Denmark A/S distributes mobile handsets & mobile accessories, customization services (device configuration software/application loading), customized packaging and flashing, repair, refurbishment & regeneration.

## 3 Staff expenses

|                                |               |               |
|--------------------------------|---------------|---------------|
| Wages and salaries             | 24.808        | 26.215        |
| Pensions                       | 3.086         | 3.266         |
| Other social security expenses | 442           | 394           |
| Other staff expenses           | 525           | 855           |
|                                | <b>28.861</b> | <b>30.730</b> |

|                                    |           |           |
|------------------------------------|-----------|-----------|
| <b>Average number of employees</b> | <b>44</b> | <b>51</b> |
|------------------------------------|-----------|-----------|

Remuneration to the Executive Board has not been disclosed in 2019 in accordance with section 98 B(3) of the Danish Financial Statements Act.

# Notes to the Financial Statements

|   | 2019<br>TDKK     | 2018<br>TDKK     |
|---|------------------|------------------|
| <b>4 Financial income</b>                               |                  |                  |
| Interest received from group enterprises                | 1                | 1                |
| Other financial income                                  | 3                | -17              |
| Exchange gains  | 0                | 505              |
|   | <b>4</b>         | <b>489</b>       |
| <b>5 Financial expenses</b>                             |                  |                  |
| Interest paid to group enterprises                      | 1.426            | 1.766            |
| Other financial expenses                                | 888              | 659              |
| Exchange loss   | 455              | 1.147            |
|   | <b>2.769</b>     | <b>3.572</b>     |
| <b>6 Tax on profit/loss for the year</b>                |                  |                  |
| Current tax for the year                                | 807              | 790              |
| Deferred tax for the year                               | 37               | 445              |
|   | <b>844</b>       | <b>1.235</b>     |
| <b>7 Intangible assets</b>                              |                  |                  |
|   | Software<br>TDKK | Goodwill<br>TDKK |
| Cost at 1 January                                       | 641              | 3.204            |
| Disposals for the year                                  | -600             | 0                |
| Cost at 31 December                                     | 41               | 3.204            |
| Impairment losses and amortisation at 1 January         | 509              | 1.958            |
| Amortisation for the year                               | 38               | 1.068            |
| Impairment and amortisation of sold assets for the year | -508             | 0                |
| Impairment losses and amortisation at 31 December       | 39               | 3.026            |
| <b>Carrying amount at 31 December</b>                   | <b>2</b>         | <b>178</b>       |

# Notes to the Financial Statements

## 8 Property, plant and equipment

|   | Other fixtures<br>and fittings,<br>tools and<br>equipment<br>TDKK | Leasehold<br>improvements<br>TDKK |
|---|---|-----------------------------------|
| Cost at 1 January                                       | 1.855   | 232                               |
| Additions for the year                                  | 853   | 0                                 |
| Disposals for the year                                  | -20   | -231                              |
| Cost at 31 December                                     | 2.688   | 1                                 |
| Revaluations at 1 January                               | 0   | 0                                 |
| Revaluations at 31 December                             | 0   | 0                                 |
| Impairment losses and depreciation at 1 January         | 918   | 190                               |
| Depreciation for the year                               | 511   | 28                                |
| Impairment and depreciation of sold assets for the year | -20   | -217                              |
| Impairment losses and depreciation at 31 December       | 1.409   | 1                                 |
| <b>Carrying amount at 31 December</b>                   | <b>1.279</b>  | <b>0</b>                          |

## 9 Prepayments

Prepayments consist of prepaid expenses concerning rent and insurance etc.

## 10 Equity

The share capital consists of 20,001 shares of a nominal value of TDKK 1,000. No shares carry any special rights.

There have been no changes in the share capital during the last 5 years.

# Notes to the Financial Statements

|   | 2019<br>TDKK | 2018<br>TDKK |
|---|--------------|--------------|
| <b>11 Deferred tax asset</b>                            |              |              |
| Deferred tax asset at 1 January                         | 1.354        | 1.799        |
| Amounts recognised in the income statement for the year | -37          | -445         |
| <b>Deferred tax asset at 31 December</b>                | <b>1.317</b> | <b>1.354</b> |
| Intangible assets                                       | -780         | -826         |
| Property, plant and equipment                           | -395         | -470         |
| Trade receivables                                       | -142         | -38          |
| Tax loss carry-forward                                  | 0            | -20          |
| Transferred to deferred tax asset                       | 1.317        | 1.354        |
|   | <b>0</b>     | <b>0</b>     |

Deferred tax has been provided at 22% corresponding to the current tax rate.

## Deferred tax asset

|                        |              |              |
|------------------------|--------------|--------------|
| Calculated tax asset   | 1.317        | 1.354        |
| <b>Carrying amount</b> | <b>1.317</b> | <b>1.354</b> |

## 12 Contingent assets, liabilities and other financial obligations

### Contingent liabilities

Ingram Micro A/S has total contingent liabilities of DKK 5,993k that comprise rent payments DKK 4,468k (2018: DKK 3,449k) and payments under operating leases of operating equipment and cars DKK 1,765k (2018: DKK 1,930k).

The Danish group companies are jointly and severally liable for tax of the Group's jointly taxed income etc. The total amount is stated in the Annual Report of Brightpoint Europe ApS, which is the administration company in relation to joint taxation.

# Notes to the Financial Statements

## 13 Related parties

|                             | <u>Basis</u>            |
|-----------------------------|-------------------------|
| <b>Controlling interest</b> |                         |
| HNA Technology Co., Ltd     | Ultimate parent company |

### Ownership

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

Brightpoint Europe ApS  
Kolding Åpark 1, 1. sal  
DK-6000 Kolding  
Denmark

### Consolidated Financial Statements

The company is included in the Group Annual Report of

| <u>Name</u>              | <u>Place of registered office</u> |
|--------------------------|-----------------------------------|
| HNA Technology Co., Ltd. | China                             |

## 14 Fee to auditors appointed at the general meeting

|                                     | <u>2019</u><br>TDKK | <u>2018</u><br>TDKK |
|-------------------------------------|---------------------|---------------------|
| Audit fee to PricewaterhouseCoopers | 297                 | 291                 |
| Other services                      | <u>47</u>           | <u>46</u>           |
|                                     | <u><b>344</b></u>   | <u><b>337</b></u>   |

# Notes to the Financial Statements

## 15 Accounting Policies

The Annual Report of Ingram Micro A/S for 2019 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to large enterprises of reporting class C .

The accounting policies applied remain unchanged from last year.

The Financial Statements for 2019 are presented in DKK thousand.

### Cash flow statement

With reference to section 86(4) of the Danish Financial Statements Act and to the cash flow statement included in the consolidated financial statements of HNA Technology Co., Ltd., the Company has not prepared a cash flow statement.

### Recognition and measurement

Revenues are recognised in the income statement as earned. Furthermore, value adjustments of financial assets and liabilities measured at fair value or amortised cost are recognised. Moreover, all expenses incurred to achieve the earnings for the year are recognised in the income statement, including depreciation, amortisation, impairment losses and provisions as well as reversals due to changed accounting estimates of amounts that have previously been recognised in the income statement.

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

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

Assets and liabilities are initially measured at cost. Subsequently, assets and liabilities are measured as described for each item below.

### Leases

All leases are considered operating leases. Payments made under operating leases are recognised in the income statement on a straight-line basis over the lease term.

### Translation policies

Danish kroner is used as the presentation currency. All other currencies are regarded as foreign currencies.

Transactions in foreign currencies are translated at the exchange rates at the dates of transaction. Exchange differences arising due to differences between the transaction date rates and the rates at the dates of payment are recognised in financial income and expenses in the income statement. Where



# Notes to the Financial Statements

## 15 Accounting Policies (continued)

foreign exchange transactions are considered hedging of future cash flows, the value adjustments are recognised directly in equity.

Receivables, payables and other monetary items in foreign currencies that have not been settled at the balance sheet date are translated at the exchange rates at the balance sheet date. Any differences between the exchange rates at the balance sheet date and the rates at the time when the receivable or the debt arose are recognised in financial income and expenses in the income statement.

Fixed assets acquired in foreign currencies are measured at the transaction date rates.

### Segment information on revenue

Information on business segments and geographical segments based on the Company's risks and returns and its internal financial reporting system. Business segments are regarded as the primary segments.

## Income Statement

### Revenue

Revenue from the sale of goods is recognised when the risks and rewards relating to the goods sold have been transferred to the purchaser, the revenue can be measured reliably and it is probable that the economic benefits relating to the sale will flow to the Company.

Revenue is measured at the consideration received and is recognised exclusive of VAT and net of discounts relating to sales.

### Expenses for goods for resale

Expenses for goods for resale comprise the raw materials and consumables consumed to achieve revenue for the year.

### Other external expenses

Other external expenses comprise indirect production costs and expenses for premises, sales and distribution as well as the Company's administration, etc.

### Staff expenses

Staff expenses comprise wages and salaries as well as payroll expenses.

# Notes to the Financial Statements

## 15 Accounting Policies (continued)

### Amortisation, depreciation and impairment losses

Amortisation, depreciation and impairment losses comprise amortisation, depreciation and impairment of intangible assets and property, plant and equipment.

### Financial income and expenses

Financial income and expenses are recognised in the income statement at the amounts relating to the financial year.

### Tax on profit/loss for the year

Tax for the year consists of current tax for the year and changes in deferred tax for the year. The tax attributable to the profit for the year is recognised in the income statement, whereas the tax attributable to equity transactions is recognised directly in equity.

The Company is jointly taxed with Danish group enterprises. The tax effect of the joint taxation is allocated to Danish enterprises in proportion to their taxable incomes.

## Balance Sheet

### Intangible assets

Goodwill acquired is measured at cost less accumulated amortisation. Goodwill is amortised on a straight-line basis over its useful life, which is assessed at 3 years.

### Property, plant and equipment

Property, plant and equipment are measured at cost less accumulated depreciation and less any accumulated impairment losses.

Cost comprises the cost of acquisition and expenses directly related to the acquisition up until the time when the asset is ready for use.

Depreciation based on cost reduced by any residual value is calculated on a straight-line basis over the expected useful lives of the assets, which are:

|  |     |       |
|--|-----|-------|
| Other fixtures and fittings, tools and equipment | 3-5 | years |
| Leasehold improvements                           | 8   | years |

Depreciation period and residual value are reassessed annually.

# Notes to the Financial Statements

## 15 Accounting Policies (continued)

### Impairment of fixed assets

The carrying amounts of intangible assets and property, plant and equipment are reviewed on an annual basis to determine whether there is any indication of impairment other than that expressed by amortisation and depreciation.

If so, the asset is written down to its lower recoverable amount.

### Inventories

Inventories are measured at the lower of cost under the FIFO method and net realisable value.

The net realisable value of inventories is calculated at the amount expected to be generated by sale of the inventories in the process of normal operations with deduction of selling expenses. The net realisable value is determined allowing for marketability, obsolescence and development in expected selling price.

The cost of goods for resale, raw materials and consumables equals landed cost.

### Receivables

Receivables are measured in the balance sheet at the lower of amortised cost and net realisable value, which corresponds to nominal value less provisions for bad debts.

### Prepayments

Prepayments comprise prepaid expenses concerning subsequent reporting years.

Prepayments are measured at cost.

### Deferred tax assets and liabilities

Deferred income tax is measured using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes on the basis of the intended use of the asset and settlement of the liability, respectively.

Deferred tax assets are measured at the value at which the asset is expected to be realised, either by elimination in tax on future earnings or by set-off against deferred tax liabilities within the same legal tax entity.

Deferred tax is measured on the basis of the tax rules and tax rates that will be effective under the legislation at the balance sheet date when the deferred tax is expected to crystallise as current tax. Any changes in deferred tax due to changes to tax rates are recognised in the income statement or in equity if the de-

# Notes to the Financial Statements

## 15 Accounting Policies (continued)

ferred tax relates to items recognised in equity.

### Current tax receivables and liabilities

Current tax liabilities and receivables are recognised in the balance sheet as the expected taxable income for the year adjusted for tax on taxable incomes for prior years and tax paid on account. Extra payments and repayment under the on-account taxation scheme are recognised in the income statement in financial income and expenses.

### Financial debts

Debts are measured at amortised cost, substantially corresponding to nominal value.

## Financial Highlights

### Explanation of financial ratios

|                  |  |
|------------------|--|
| Gross margin     | $\frac{\text{Gross profit} \times 100}{\text{Revenue}}$                        |
| Profit margin    | $\frac{\text{Profit before financials} \times 100}{\text{Revenue}}$            |
| Return on assets | $\frac{\text{Profit before financials} \times 100}{\text{Total assets}}$       |
| Solvency ratio   | $\frac{\text{Equity at year end} \times 100}{\text{Total assets at year end}}$ |
| Return on equity | $\frac{\text{Net profit for the year} \times 100}{\text{Average equity}}$      |