

# Arrow ECS Nordic A/S


Jens Juuls Vej 42, 8260 Viby J

CVR no. 12 27 41 81

## Annual report 2021

Approved at the Company's annual general meeting on 24 June 2022

Chair of the meeting:

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Eric Claude Nowak

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## Statement by the Board of Directors and the Executive Board

Today, the Board of Directors and the Executive Board have discussed and approved the annual report of Arrow ECS Nordic A/S for the financial year 1 January - 31 December 2021.

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

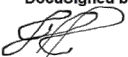
In our opinion, the financial statements give a true and fair view of the financial position of the Company at 31 December 2021 and of the results of the Company's operations and cash flows for the financial year 1 January - 31 December 2021.

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 financial position.


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

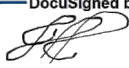
Aarhus, 24 June 2022


Executive Board:

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Henrik Resting-Jepesen

Board of Directors:

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Frederik Petrus Antonius  
Cornelis Stolwijk  
Chair

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Henrik Resting-Jepesen

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Eric Claude Nowak

## Independent auditor's report

To the shareholder of Arrow ECS Nordic A/S

### Opinion

We have audited the financial statements of Arrow ECS Nordic A/S for the financial year 1 January - 31 December 2021, which comprise income statement, balance sheet, statement of changes in equity, cash flow statement 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 financial position of the Company at 31 December 2021 and of the results of the Company's operations as well as the cash flows for the financial year 1 January - 31 December 2021 in accordance with the Danish Financial Statements Act.

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the financial statements" section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Independence

We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (IESBA Code) and the additional ethical requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

### 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 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 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 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.

## Independent auditor's report

- ▶ 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 note 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 the work we have performed, we conclude that the Management's review is in accordance with the financial statements and has been prepared in accordance with the requirements of the Danish Financial Statement Act. We did not identify any material misstatement of the Management's review.

Aarhus, 24 June 2022  
EY Godkendt Revisionspartnerselskab  
CVR no. 30 70 02 28



Steen Skorstengaard  
State Authorised Public Accountant  
mne19709

## Management's review

### Company details

Name	Arrow ECS Nordic A/S
Address, Postal code, City	Jens Juuls Vej 42, 8260 Viby J
CVR no.	12 27 41 81
Established	1 June 1988
Registered office	Aarhus
Financial year	1 January - 31 December
Board of Directors	Frederik Petrus Antonius Cornelis Stolwijk, Chair Henrik Resting-Jeppesen Eric Claude Nowak
Executive Board	Henrik Resting-Jeppesen
Auditors	EY Godkendt Revisionspartnerselskab Værkmestergade 25, P.O. Box 330, 8100 Aarhus C, Denmark
Bankers	Danske Bank A/S Bank Mendes Gans N.V.

## Management's review

### Financial highlights

DKK'000	2021	2020	2019	2018	2017
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#### Key figures

Gross profit	5,776	8,798	9,186	9,687	12,924
Operating profit/loss	812	1,475	958	319	982
Net financials	3,110	3,623	2,863	1,030	3,975
<b>Profit for the year</b>	<b>143,558</b>	<b>112,402</b>	<b>78,862</b>	<b>52,138</b>	<b>67,895</b>

Total assets	1,128,241	981,964	879,549	986,096	952,121
<b>Equity</b>	<b>1,100,445</b>	<b>953,894</b>	<b>844,256</b>	<b>765,714</b>	<b>716,642</b>

#### Financial ratios

Return on assets	0.1%	0.2%	0.1%	0.0%	0.1%
Equity ratio	97.5%	97.1%	96.0%	77.7%	75.3%
Return on equity	14.0%	12.5%	9.8%	7.0%	9.8%

<b>Average number of full-time employees</b>	<b>8</b>	<b>9</b>	<b>13</b>	<b>15</b>	<b>16</b>
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The financial ratios stated under "Financial highlights" have been calculated as follows:

Ordinary operating profit/loss	Profit/loss before financial items adjusted for other operating income and other operating expenses
Return on assets	$\frac{\text{Profit/loss from operating activities} \times 100}{\text{Average assets}}$
Equity ratio	$\frac{\text{Equity, year-end} \times 100}{\text{Total equity and liabilities, year-end}}$
Return on equity	$\frac{\text{Profit/loss after tax} \times 100}{\text{Average equity}}$

## Management's review

### Business review

As in prior years, the Company's main activity is to act as a parent company.

### Financial review

The income statement for 2021 shows a profit of DKK 143,558 thousand against a profit of DKK -112,402 thousand last year, and the balance sheet at 31 December 2021 shows equity of DKK 1,100,445 thousand.

Income from investments and profit for the year in Arrow ECS Nordic A/S for 2021 is in line with the expectations of management at the start of the year. Impact of the COVID-19 pandemic on consolidated results for 2021 was limited.

### *Non-financial matters*

#### Knowledge resources

Massive investments have been made to create one of the country's most powerful competence centres within IT products, market conditions, support and training.

Ongoing training and competence development ensure that we always hold cutting-edge competences within all areas.

#### Financial risks and use of financial instruments

The Company's foreign activities mean that results, cash flows and equity are affected by exchange and interest rate developments for a number of currencies. It is part of the Company's policy to hedge commercial currency risks, and forward exchange contracts were entered into from time to time for such purposes.

Interest bearing net debts are insignificant and moderate interest rate changes will therefore not have any significant direct effect on earnings. Accordingly, the Company does not hedge interest rate risks.

#### Outlook

For 2022, revenue and profit are expected to grow by 3-7% compared to 2021 as we expect continued demand growth for IT products and services and we expect the economy to further recover from the impact of the COVID-19 pandemic.

Uncertainties in the global economy and our markets remain significant however (a.o. possible impact of Russia-Ukraine war and/or Covid-19 and/or other factors on macro-economy, inflation and/or growth) and these uncertainties may impact our results during the year ahead.



## Management's review

### Safe Harbor Statement

This report includes "forward-looking statements," as the term is defined under U.S. federal securities laws. Forward-looking statements are those statements which are not statements of historical fact. These forward-looking statements can be identified by forward-looking words such as "expects," "anticipates," "intends," "plans," "may," "will," "believes," "seeks," "estimates," and similar expressions. These forward-looking statements are subject to numerous assumptions, risks, and uncertainties, which could cause actual results or facts to differ materially from such statements for a variety of reasons, including, but not limited to: potential adverse effects of the ongoing global COVID-19 pandemic, including actions taken to contain or mitigate the impact of COVID-19, impacts of the conflict in Ukraine, industry conditions, changes in product supply, pricing and customer demand, competition, other vagaries in the global components and the global enterprise computing solutions ("ECS") markets, changes in relationships with key suppliers, increased profit margin pressure, changes in legal and regulatory matters, non-compliance with certain regulations, such as export, antitrust, and anti-corruption laws, foreign tax and other loss contingencies, and the company's ability to generate cash flow. For a further discussion of these and other factors that could cause the company's future results to differ materially from any forward-looking statements, please see the section entitled "Risk Factors" in Arrow Electronic, Inc.'s, most recent Quarterly Report on Form 10-Q and the company's most recent Annual Report on Form 10-K, as well as in other filings the company makes with the U.S. Securities and Exchange Commission. Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date on which they are made. The company undertakes no obligation to update publicly or revise any of the forward-looking statements.

**Financial statements 1 January - 31 December****Income statement**

Note	DKK'000	<u>2021</u>	<u>2020</u>
	<b>Gross profit</b>	5,776	8,798
2	Staff costs	-4,865	-7,230
	Depreciation of property, plant and equipment	-99	-93
	<b>Profit before net financials</b>	812	1,475
	Income from investments in group entities	140,499	108,429
3	Financial income	3,422	3,739
4	Financial expenses	-312	-116
	<b>Profit before tax</b>	144,421	113,527
5	Tax for the year	-863	-1,125
	<b>Profit for the year</b>	<u>143,558</u>	<u>112,402</u>

## Financial statements 1 January - 31 December

## Balance sheet

Note	DKK'000	2021	2020
	<b>ASSETS</b>		
	<b>Fixed assets</b>		
6	<b>Property, plant and equipment</b>		
	Other fixtures and fittings, tools and equipment	16	40
	Leasehold improvements	136	48
		<u>152</u>	<u>88</u>
7	<b>Investments</b>		
	Investments in group entities	974,246	830,754
		<u>974,246</u>	<u>830,754</u>
	<b>Total fixed assets</b>	<u>974,398</u>	<u>830,842</u>
	<b>Non-fixed assets</b>		
	<b>Receivables</b>		
	Receivables from group entities	153,573	150,807
	Deferred tax assets	94	203
8	Prepayments	176	112
		<u>153,843</u>	<u>151,122</u>
	<b>Total non-fixed assets</b>	<u>153,843</u>	<u>151,122</u>
	<b>TOTAL ASSETS</b>	<u>1,128,241</u>	<u>981,964</u>
	<b>EQUITY AND LIABILITIES</b>		
	<b>Equity</b>		
9	Share capital	1,500	1,500
	Net revaluation reserve according to the equity method	423,359	279,867
	Retained earnings	675,586	672,527
	<b>Total equity</b>	<u>1,100,445</u>	<u>953,894</u>
	<b>Liabilities other than provisions</b>		
	<b>Non-current liabilities other than provisions</b>		
	Other payables	0	482
		<u>0</u>	<u>482</u>
	<b>Current liabilities other than provisions</b>		
	Bank debt	0	20,870
	Trade payables	113	145
	Payables to group entities	277	215
	Payables to group entities, cash-pool	26,283	3,472
	Joint taxation contribution payable	754	1,243
	Other payables	369	1,643
		<u>27,796</u>	<u>27,588</u>
	<b>Total liabilities other than provisions</b>	<u>27,796</u>	<u>28,070</u>
	<b>TOTAL EQUITY AND LIABILITIES</b>	<u>1,128,241</u>	<u>981,964</u>

- 1 Accounting policies
- 10 Contractual obligations and contingencies, etc.
- 11 Collateral
- 12 Related parties
- 13 Appropriation of profit

## Financial statements 1 January - 31 December

## Statement of changes in equity

Note	DKK'000	Share capital	Net revaluation reserve according to the equity method	Retained earnings	Total
	Equity at				
	1 January 2020	1,500	174,129	668,627	844,256
13	Transfer, see				
	"Appropriation of profit"	0	108,429	3,973	112,402
	Exchange adjustment	0	-2,691	-73	-2,764
	<b>Equity at</b>				
	<b>1 January 2021</b>	1,500	279,867	672,527	953,894
13	Transfer, see				
	"Appropriation of profit"	0	140,499	3,059	143,558
	Exchange adjustment	0	2,993	0	2,993
	<b>Equity at</b>				
	<b>31 December 2021</b>	1,500	423,359	675,586	1,100,445

**Financial statements 1 January - 31 December****Cash flow statement**

Note	DKK'000	2021	2020
	Profit for the year	143,558	112,402
14	Adjustments	-142,648	-110,908
	Cash generated from operations (operating activities)	910	1,494
15	Changes in working capital	-4,074	-468
	Cash generated from operations (operating activities)	-3,164	1,026
	Interest received, etc.	3,422	3,739
	Interest paid, etc.	-312	-116
	Income taxes paid	-1,243	-664
	<b>Cash flows from operating activities</b>	<b>-1,297</b>	<b>3,985</b>
	Additions of property, plant and equipment	-162	0
	<b>Cash flows to investing activities</b>	<b>-162</b>	<b>0</b>
	Repayments, long-term liabilities	-482	0
	Cash-pool displacements	22,811	3,568
	Raising of loan in the Employees' Fund for Residual Holiday Funds	0	194
	<b>Cash flows from financing activities</b>	<b>22,329</b>	<b>3,762</b>
	<b>Net cash flow</b>	<b>20,870</b>	<b>7,747</b>
	Cash and cash equivalents at 1 January	-20,870	-28,617
16	<b>Cash and cash equivalents at 31 December</b>	<b>0</b>	<b>-20,870</b>

## Financial statements 1 January - 31 December

### Notes to the financial statements

#### 1 Accounting policies

The annual report of Arrow ECS Nordic A/S for 2021 has been prepared in accordance with the provisions in the Danish Financial Statements Act applying to medium-sized reporting class C entities.

In accordance with section 112(1) of the Danish Financial Statements Act, the Company has not prepared consolidated financial statements. The financial statements of Arrow ECS Nordic A/S and its group entities are included in the consolidated financial statements of Arrow Electronic Inc.

The accounting policies used in the preparation of the financial statements are consistent with those of last year.

#### Reporting currency

The financial statements are presented in Danish kroner (DKK'000).

#### Foreign currency translation

On initial recognition, transactions denominated in foreign currencies are translated at the exchange rate 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 and payables and other monetary items denominated in foreign currencies are translated at the exchange rate 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 most recent financial statements is recognised in the income statement as financial income or financial expenses.

#### *Foreign group entities*

Foreign subsidiaries and associates are considered separate entities. Items in such entities' income statements are translated at an average exchange rate for the month, and balance sheet items are translated at closing rates. Foreign exchange differences arising on translation of the opening equity of foreign subsidiaries to closing rates and on translation of the income statements from average exchange rates to closing rates are taken directly to equity.

### Income statement

#### Revenue

Income from the rendering of services is recognised as revenue as the services are rendered. Accordingly, revenue corresponds to the market value of the services rendered during the year (percentage-of-completion method).

Revenue is measured at the fair value of the agreed consideration excluding VAT and taxes charged on behalf of third parties. All discounts and rebates granted are recognised in revenue.

#### Gross profit

The items revenue and external expenses have been aggregated into one item in the income statement called gross profit in accordance with section 32 of the Danish Financial Statements Act.

#### Other external expenses

Other external expenses include the year's expenses relating to the Company's core activities, including expenses relating to distribution, sale, advertising, administration, premises, bad debts, payments under operating leases, etc.

## Financial statements 1 January - 31 December

### Notes to the financial statements

#### 1 Accounting policies (continued)

##### Staff costs

Staff costs include wages and salaries, including compensated absence and pension to the Company's employees, as well as other social security contributions, etc. The item is net of refunds from public authorities.

##### Depreciation

The item comprises depreciation of property, plant and equipment.

The basis of depreciation, which is calculated as cost less any residual value, is depreciated on a straight line basis over the expected useful life. The expected useful lives of the assets are as follows:

Other fixtures and fittings, tools and equipment	3-5 years
Leasehold improvements	3-10 years

Depreciation is based on the residual value of the asset and is reduced by impairment losses, if any. The depreciation period and the residual value are determined at the acquisition date and are reassessed annually. Where the residual value exceeds the carrying amount of the asset, no further depreciation charges are recognised.

In the case of changes in the depreciation period or the residual value, the effect on the depreciation charges is recognised prospectively as a change in accounting estimates.

##### Profit/loss from investments in subsidiaries

A proportionate share of the underlying entities' profit/loss after tax is recognised in the income statement according to the equity method. Shares of profit/loss after tax in subsidiaries are presented as separate line items in the income statement. Full elimination of intra-group gains/losses is made for equity investments in subsidiaries.

##### Financial income and expenses

Financial income and expenses are recognised in the income statements at the amounts that concern the financial year. Net financials include interest income and expenses as well as allowances and surcharges under the advance-payment-of-tax scheme, etc.

##### Tax

Tax for the year includes current tax on the year's expected taxable income and the year's deferred tax adjustments. The portion of the tax for the year that relates to the profit/loss for the year is recognised in the income statement, whereas the portion that relates to transactions taken to equity is recognised in equity.

The Company and its Danish group entities are jointly taxed. The total Danish income tax charge is allocated between profit/loss-making Danish entities in proportion to their taxable income (full absorption).

Jointly taxed entities entitled to a tax refund are reimbursed by the management company based on the rates applicable to interest allowances, and jointly taxed entities which have paid too little tax pay a surcharge according to the rates applicable to interest surcharges to the management company.

## Financial statements 1 January - 31 December

### Notes to the financial statements

#### 1 Accounting policies (continued)

##### Balance sheet

##### Property, plant and equipment

Items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses. Cost includes the acquisition price and costs directly related to the acquisition until the time at which the asset is ready for use.

##### Leases

Leases that do not transfer substantially all the risks and rewards incident to the ownership to the Company are classified as operating leases. Payments relating to operating leases and any other rent agreements are recognised in the income statement over the term of the lease. The Company's aggregate liabilities relating to operating leases and other rent agreements are disclosed under "Contingent liabilities".

##### Investments in subsidiaries

Equity investments in subsidiaries are measured according to the equity method.

On initial recognition, equity investments in subsidiaries are measured at cost, i.e. plus transaction costs. The cost is allocated in accordance with the acquisition method; see the accounting policies regarding business combinations.

The cost is adjusted by shares of profit/loss after tax calculated in accordance with the Group's accounting policies less or plus unrealised intra-group gains/losses.

Identified increases in value and goodwill, if any, compared to the underlying entity's net asset value are amortised in accordance with the accounting policies for the assets and liabilities to which they can be attributed. Negative goodwill is recognised in the income statement.

Dividend received is deducted from the carrying amount.

Equity investments in subsidiaries measured at net asset value are subject to impairment test requirements if there is any indication of impairment.

Consolidated goodwill is amortised over its estimated economic life, determined on the basis of Management's assessment that the assets are strategic investments and its expectations as to future cash flows. The amortisation period is 10-20 years.

##### Impairment of fixed assets

The carrying amount of plant and equipment and investments in subsidiaries is assessed for impairment on an annual basis.

Impairment tests are conducted on assets or groups of assets when there is evidence of impairment. The carrying amount of impaired assets is reduced to the higher of the net selling price and the value in use (recoverable amount).

The recoverable amount is the higher of the net selling price of an asset and its value in use. The value in use is calculated as the present value of the expected net cash flows from the use of the asset or the group of assets and the expected net cash flows from the disposal of the asset or the group of assets after the end of the useful life.

Previously recognised impairment losses are reversed when the reason for recognition no longer exists. Impairment losses on goodwill are not reversed.



## Financial statements 1 January - 31 December

### Notes to the financial statements

#### 1 Accounting policies (continued)

##### Receivables

Receivables are measured at amortised cost.

An impairment loss is recognised if there is objective evidence that a receivable or a group of receivables is impaired. If there is objective evidence that an individual receivable has been impaired, an impairment loss is recognised on an individual basis.

##### Prepayments

Prepayments recognised under "Assets" comprise prepaid expenses regarding subsequent financial reporting years.

##### Cash

Cash comprise cash and short term securities which are readily convertible into cash and subject only to minor risks of changes in value.

Given the nature of the Group's cash pool arrangement, cash pool balances are not considered cash, but are recognised under "Receivables from group entities" and "Payables to group entities".

##### Equity

###### *Reserve for net revaluation according to the equity method*

The net revaluation reserve according to the equity method includes net revaluations of investments in subsidiaries relative to cost. The reserve can be eliminated in case of losses, realisation of investments or a change in accounting estimates. The reserve cannot be recognised at a negative amount.

###### *Proposed dividends*

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

##### Income taxes

Current tax payables and receivables are recognised in the balance sheet as the estimated income tax charge for the year, adjusted for prior-year taxes and tax paid on account.

Deferred tax is measured according to the liability method on all temporary differences between the carrying amount and the tax base of assets and liabilities. However, deferred tax is not recognised on temporary differences relating to goodwill which is not deductible for tax purposes and on office premises and other items where temporary differences, apart from business combinations, 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 intended use of the asset or settlement of the liability, respectively.

Deferred tax is measured according to 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. Deferred tax assets are recognised at the expected value of their utilisation; either as a set-off against tax on future income or as a set-off against deferred tax liabilities in the same legal tax entity. Changes in deferred tax due to changes in the tax rate are recognised in the income statement.

##### Other payables

Other payables are measured at net realisable value.

**Financial statements 1 January - 31 December****Notes to the financial statements****1 Accounting policies (continued)****Cash flow statement**

The cash flow statement shows the Company's net cash flows broken down according to operating, investing and financing activities, the year's changes in cash and cash equivalents as well as the cash and cash equivalents at the beginning and the end of the year.

Cash flows from operating activities are calculated as the profit/loss for the year adjusted for non cash operating items, changes in working capital and paid corporate income tax.

Cash flows from investing activities comprise payments in connection with acquisitions and disposals of entities and activities and of intangible assets, property, plant and equipment and investments.

Cash flows from financing activities comprise changes in the size or composition of the Company's share capital and related expenses as well as raising of loans, repayment of interest bearing debt and payment of dividends to shareholders.

Cash and cash equivalents comprise cash, short term bank loans and short term securities which are readily convertible into cash and which are subject only to insignificant risks of changes in value.

DKK'000	<u>2021</u>	<u>2020</u>
<b>2 Staff costs</b>		
Wages/salaries	4,407	6,707
Pensions	179	205
Other social security costs	57	64
Other staff costs	222	254
	<u>4,865</u>	<u>7,230</u>
	<u>2021</u>	<u>2020</u>
Average number of full-time employees	<u>8</u>	<u>9</u>

The Company did not pay any remuneration to Management during the financial year.

DKK'000	<u>2021</u>	<u>2020</u>
<b>3 Financial income</b>		
Interest receivable, group entities	3,422	3,431
Other financial income	0	308
	<u>3,422</u>	<u>3,739</u>
<b>4 Financial expenses</b>		
Exchange losses	174	0
Other financial expenses	138	116
	<u>312</u>	<u>116</u>
<b>5 Tax for the year</b>		
Estimated tax charge for the year	754	1,243
Deferred tax adjustments in the year	109	-118
	<u>863</u>	<u>1,125</u>

## Financial statements 1 January - 31 December

## Notes to the financial statements

## 6 Property, plant and equipment

DKK'000	Other fixtures and fittings, tools and equipment	Leasehold improvements	Total
Cost at 1 January 2021	11,207	471	11,678
Additions in the year	0	162	162
Cost at 31 December 2021	11,207	633	11,840
Impairment losses and depreciation at 1 January 2021	11,167	423	11,590
Depreciation in the year	24	74	98
Impairment losses and depreciation at 31 December 2021	11,191	497	11,688
<b>Carrying amount at 31 December 2021</b>	<b>16</b>	<b>136</b>	<b>152</b>

## 7 Investments

DKK'000	Investments in group entities
Cost at 1 January 2021	550,887
Cost at 31 December 2021	550,887
Value adjustments at 1 January 2021	279,867
Exchange adjustment	2,993
Share of the profit/loss for the year	142,514
Goodwill amortisation, investments	-2,015
Value adjustments at 31 December 2021	423,359
<b>Carrying amount at 31 December 2021</b>	<b>974,246</b>

Name	Legal form	Domicile	Interest
<b>Subsidiaries</b>			
Arrow ECS Denmark A/S	Private limited company	Aarhus, Denmark	100.00%
- IPVista A/S*	Private limited company	Aarhus, Denmark	100.00%
Arrow ECS Sweden AB	Private limited company	Stockholm, Sweden	100.00%
Arrow ECS Finland OY	Private limited company	Helsinki, Finland	100.00%
Arrow ECS Norge AS	Private limited company	Oslo, Norway	100.00%
Arrow ECS Baltic OÜ	Private limited company	Tallinn, Estonia	100.00%

\*Subsidiary of Arrow ECS Denmark A/S.

## 8 Prepayments

Prepayments include accrual of expenses relating to subsequent financial years, including rent and insurance policies.

**Financial statements 1 January - 31 December****Notes to the financial statements**

DKK'000	2021	2020
<b>9 Share capital</b>		
Analysis of the share capital:		
1,500,000 A shares of DKK 1.00 nominal value each	1,500	1,500
	1,500	1,500

The Company's share capital has remained DKK 1,500 thousand over the past 5 years.

**10 Contractual obligations and contingencies, etc.****Other contingent liabilities**

The Company is jointly taxed with Arrow Electronics Danish Holdings ApS, which acts as management company, and has limited and alternative liability together with other jointly taxed group entities for payment of income taxes as well as withholding taxes on interest, royalties and dividends.

**Other financial obligations**

Other rent and lease liabilities:

DKK'000	2021	2020
Rent and lease liabilities	524	927
	524	927

**11 Collateral**

The Company has not provided any security or other collateral in assets at 31 December 2021.

**12 Related parties**

Arrow ECS Nordic A/S' related parties comprise the following:

**Significant influence**

Related party	Domicile	Basis for significant influence
Arrow ECS SAS	Courbevoie, Paris, France	Parent company
Arrow Electronics Inc.	Centennial, Colorado, USA	Ultimate parent company

**Information about consolidated financial statements**

Parent	Domicile	Requisitioning of the parent company's consolidated financial statements
Arrow Electronics Inc.	Centennial, Colorado, USA	<a href="https://investor.arrow.com/financials/financial-results/default.aspx">https://investor.arrow.com/financials/financial-results/default.aspx</a>
Arrow Electronics EMAESA S.r.l	Milan, Italy	Viale Fulvio Testi, 280, Milan, 20126, Italy

**Financial statements 1 January - 31 December****Notes to the financial statements****12 Related parties (continued)****Related party transactions**

Arrow ECS Nordic A/S was engaged in the below related party transactions:

DKK'000	<u>2021</u>	<u>2020</u>
Staff allocation in	2,222	3,543
Staff allocation out	3,873	4,109
Cost recharge in	1,342	1,500
Cost recharge out	9,104	12,551
Intercompany receivables	153,573	150,807
Intercompany payables	277	215
DKK'000	<u>2021</u>	<u>2020</u>
<b>13 Appropriation of profit</b>		
<b>Recommended appropriation of profit</b>		
Net revaluation reserve according to the equity method	140,499	108,429
Retained earnings	3,059	3,973
	<u>143,558</u>	<u>112,402</u>
<b>14 Adjustments</b>		
Amortisation/depreciation and impairment losses	98	93
Income from investments in group entities	-140,499	-108,429
Financial income	-3,422	-3,739
Financial expenses	312	116
Tax for the year	863	1,125
Other adjustments	0	-74
	<u>-142,648</u>	<u>-110,908</u>
<b>15 Changes in working capital</b>		
Change in receivables	-2,830	3,252
Change in trade and other payables	-1,244	-3,720
	<u>-4,074</u>	<u>-468</u>
<b>16 Cash and cash equivalents at year-end</b>		
Short-term debt to banks	0	-20,870
	<u>0</u>	<u>-20,870</u>