

# Arrow Denmark ApS

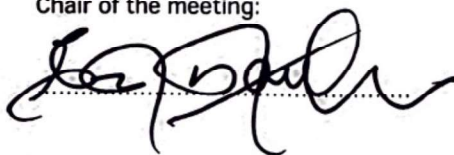
Marielundvej 29, 2730 Herlev

CVR no. 10 61 52 91

## Annual report 2020

Approved at the Company's annual general meeting on 31 May 2021

Chair of the meeting:

A handwritten signature in black ink, written over a dotted line. The signature is stylized and appears to be 'J. S. Sørensen'.

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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 Denmark ApS for the financial year 1 January - 31 December 2020.

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 2020 and of the results of the Company's operations for the financial year 1 January - 31 December 2020.

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.

Herlev, 31 May 2021

Executive Board:

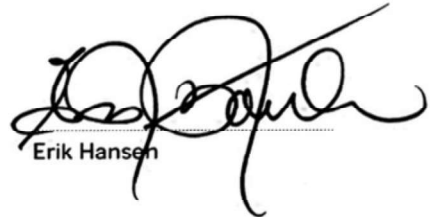


Erik Hansen

Board of Directors:

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Christopher David  
Stansbury  
Chair

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Moa Magnusdotter Eriksson



Erik Hansen

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Herlev, 31 May 2021  
Executive Board:

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Erik Hansen

Board of Directors:



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Christopher David  
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Erik Hansen



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Herlev, 31 May 2021  
Executive Board:

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Erik Hansen

Board of Directors:

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Christopher David  
Stansbury  
Chair

  
.....  
Moa Magnusdotter Eriksson

.....  
Erik Hansen

## Independent auditor's report

To the shareholder of Arrow Denmark ApS

### Opinion

We have audited the financial statements of Arrow Denmark ApS for the financial year 1 January - 31 December 2020, which comprise income statement, balance sheet, statement of changes in equity and notes, including accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the financial position of the Company at 31 December 2020 and of the results of the Company's operations for the financial year 1 January - 31 December 2020 in accordance with the Danish Financial Statements Act.

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the financial statements" section of our report. We 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' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these rules and requirements.

### 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.

## Independent auditor's report

- ▶ 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 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, 31 May 2021  
EY Godkendt Revisionspartnerselskab  
CVR no. 30 70 02 28



Steen Skorstengaard  
State Authorised Public Accountant  
mne19709



Nikolai Holm Pedersen  
State Authorised Public Accountant  
mne45896



## Management's review

### Company details

Name Arrow Denmark ApS  
Address, Postal code, City Marielundvej 29, 2730 Herlev

CVR no. 10 61 52 91  
Established 1 January 1987  
Registered office Herlev  
Financial year 1 January - 31 December

Website [www.arrow.com](http://www.arrow.com)

Board of Directors Christopher David Stansbury, Chairman  
Moa Magnusdotter Eriksson  
Erik Hansen

Executive Board Erik Hansen

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	2020	2019	2018	2017	2016
<b>Key figures</b>					
Revenue	751,563	786,134	833,571	730,344	592,743
Operating profit/loss	28,798	34,217	48,933	30,422	21,787
Net financials	-2,046	-3,361	-725	-1,505	-995
Profit for the year	20,767	23,934	37,520	22,636	16,285
<b>Total assets</b>					
Equity	302,960	273,524	280,389	219,809	175,377
	231,272	210,505	186,571	149,051	126,415
<b>Financial ratios</b>					
Operating margin	3.8%	4.3%	5.9%	4.2%	3.7%
Return on assets	10.0%	12.4%	19.6%	15.4%	13.4%
Equity ratio	76.3%	77.0%	66.5%	67.8%	72.1%
Return on equity	9.4%	12.1%	22.4%	16.4%	13.8%
<b>Average number of employees</b>					
	44	48	47	50	53

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
Operating margin	$\frac{\text{Operating profit/loss (EBIT)} \times 100}{\text{Revenue}}$
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

Arrow Denmark ApS' primary activities are import and wholesale of high-tech electronic components for the professional electronics and PC industry. The Company also sells systems solutions and electric motors and provides technical support. The Company is one of the leading suppliers to the industrial market.

### Financial review

The income statement for 2020 shows a profit of DKK 20,767 thousand against a profit of DKK 23,934 thousand last year, and the balance sheet at 31 December 2020 shows equity of DKK 231,272 thousand.

### Non-financial matters

The Company's key operational risk relates to its ability to maintain a strong market position. It is also crucial that the Company keeps abreast of technological developments and maintains its price competitiveness.

### Financial risks and use of financial instruments

#### Financial risks

Due to its robust equity ratio and strong financial resources, the Company is only moderately exposed to interest rate fluctuations. The Company is, however, exposed to exchange rate risks in relation to its day-to-day operations.

#### Credit risks

Under the Company's credit risk policy, all major customers and other business relations are credit-rated on a current basis. In addition, the Company takes out credit insurance through Euler Hermes.

### Statutory CSR report

#### Labor Conditions

**Risks:** Arrow has identified the potential risks of harassment and discrimination of employees.

**Policy:** Arrow is committed to a work environment in which all individuals are treated with respect and dignity. Such a work environment cannot exist in the presence of harassment or discrimination, which are contrary to Arrow's policies and interests.

**Actions:** Arrow strongly encourages its employees to report any incidents of discrimination, harassment or retaliation to appropriate Company officials. Employees who believe they have experienced conduct that may be contrary to Arrow policy or who have concerns about such matters may report their concerns to their immediate manager or the Human Resources Department. Arrow prohibits retaliation against any employee who reports discrimination or harassment or participates in an investigation of such reports. All reported allegations of harassment, discrimination, and retaliation are investigated promptly, thoroughly and impartially.

**Results:** During 2020, there have not been any reported allegations of harassment, discrimination or retaliation.

#### Human Rights

**Risks:** As one of the largest technology lifecycle solutions providers in the world we realize that our supply chain generates as potential risk of violating human rights.

**Policy:** At Arrow we are committed to ensuring that there is no slavery, servitude, forced or compulsory labor or human trafficking in our supply chain or in any part of our businesses and have a zero-tolerance to such conducts.

## Management's review

**Actions:** Arrow believes in the importance of its business partners adhering to our high ethical and legal standards, and therefore require its business partners to review and comply with our Business Partner Code of Conduct. Arrow also offers training to partners to make certain of their understanding of all applicable laws, rules and regulations while conducting Arrow business. We further expect each entity in our supply chains to have suitable anti-slavery and human trafficking policies and processes, and we conduct third party due diligence in accordance with our procedures. We expect each entity to, at least, adopt "one-up" due diligence on the next link in the chain.

**Results:** During 2020, Arrow has not been aware of any violations to the Business Partner Code of Conduct.

### *Environment and Climate*

**Risks:** Arrow's biggest risks related to the environment and climate are identified as waste in the production and CO2 emissions from business travel.

**Policy:** Arrow is committed to reducing its environmental footprint. Our approach includes amongst other things the use of environmental and climate friendly technologies, avoidance of emissions, reducing waste, and the use of energy-saving solutions.

**Actions:** Arrow voluntarily complies with internationally recognized environmental management quality standards and is ISO 14001-certified. This specifically includes a strong focus on waste management and CO2 emissions. To reduce our CO2 emissions, Arrow has initiated telepresence using Microsoft Teams to reduce business travel, which is our single-largest source of carbon emissions. To reduce the amount of waste, Arrow has increased the focus on recycling of materials in our production facilities.

**Results:** As a result, Arrow has managed to decrease the amount of waste going to landfill and our CO2 emissions during 2020.

### *Anti-corruption*

**Risks:** Arrow has identified the most material risks associated with anti-corruption as related to gifts and entertainment that employees may give or receive.

**Policy:** Employees and Representatives are prohibited from paying, offering, authorizing, or promising, either directly or indirectly, money or anything of value to any individual to secure an improper advantage, obtain or retain business, or direct business to any other person or entity.

**Actions:** The company policy and guidelines on purchasing or acceptance of gifts is communicated to all employees on a continuously basis. Employees must refer to the gift policy prior to the purchase or acceptance of a gift. All gifts to a government official or entity must be reviewed in advance with the CFO and the Law Department.

**Results:** During 2020, Arrow has not been aware of any violations of the guidelines.

### *Account of the gender composition of Management*

The Board of Directors targets a representation of the underrepresented sex of 33%, i.e. 1 out of 3 members. The goal of the Board of Directors is that the target must be achieved before the end of 2022. At present, the Company has 1 female board member out of 3 members which meets the Company's target.

Management has also adopted a group guideline to increase the share of the underrepresented sex at other managerial levels, including department managers and team leaders. The guideline lays down the framework for individual manager's career development, including mentoring schemes, as well as internal targets for the underrepresented gender's share of managerial positions. The guideline also lays down targets for the recruitment and retention of female managers. The Company has launched the following specific measures to increase the share of the underrepresented sex:

- Individual career planning support
- Mentoring schemes
- A staff policy that promotes equal career opportunities for men and women
- Recruitment procedures that contribute to ensuring equal opportunities for men and women.

Based on these measures, the Company expects the share of the underrepresented sex at managerial levels other than the board to increase. The target for other managerial positions is 25-30% by the end of 2023. The share of the underrepresented sex at the end of 2020 is 20% which is below the Company's target and initiatives are therefore planned in the future to live up to the target.



## Management's review

### Non-financial consequences related to COVID-19

**Risks:** Arrow has identified the risks of COVID-19 on the health and psychological well-being of employees and business partners.

**Policy:** Arrow is committed to safeguard the health and psychological well-being of its employees and business partners from the impact of COVID-19.

**Actions:** Arrow has implemented appropriate measures in its offices to ensure a safe working environment for employees (e.g. appropriate physical separation, additional cleaning, availability of face masks and hand sanitizer), and we have closed our offices for visitors during most of 2020. In addition, Arrow has encouraged and facilitated employees to work from home where possible and to meet business partners online (e.g. supplying appropriate all IT-tools). To ensure no employee feels left behind due to Covid, Arrow provided a training for managers how to handle their employees in a crisis and in remote management. Managers have had close contact with their employees through teams meeting and more regular check ins than usual.

**Results:** During 2020, there have not been any serious COVID cases under our employees and illness absence leave was lower than in 2019.

### Outlook

The total revenue for 2021 is estimated to amount to DKK 820 million and the profit is expected to be in the range of DKK 117 million. Management expectations are based on the current market environment and the lesser impact of COVID-19.



## Financial statements 1 January - 31 December

## Income statement

Note	DKK'000	2020	2019
2	Revenue	751,563	786,134
	Cost of sales	-645,501	-656,940
	Other external expenses	-45,540	-56,095
	Gross profit	60,522	73,099
3	Staff costs	-31,070	-38,180
	Depreciation and impairment of property, plant and equipment	-653	-703
	Other operating expenses	-54	-29
	Profit before net financials	28,745	34,187
4	Financial income	162	3,099
5	Financial expenses	-2,208	-6,460
	Profit before tax	26,699	30,826
6	Tax for the year	-5,932	-6,892
	Profit for the year	20,767	23,934

## Financial statements 1 January - 31 December

## Balance sheet

Note	DKK'000	2020	2019
	<b>ASSETS</b>		
	Fixed assets		
7	Property, plant and equipment		
	Land and buildings	3,355	3,558
	Fixtures and fittings, other plant and equipment	350	741
	Leasehold improvements	111	135
		<u>3,816</u>	<u>4,434</u>
	Total fixed assets	<u>3,816</u>	<u>4,434</u>
	Non-fixed assets		
	Inventories		
	Finished goods and goods for resale	4,377	6,711
		<u>4,377</u>	<u>6,711</u>
	Receivables		
	Trade receivables	191,444	163,062
	Receivables from group enterprises	45,916	50,106
8	Deferred tax assets	192	730
	Corporation tax receivable	2,701	3,579
	Other receivables	206	799
9	Prepayments	357	310
		<u>240,816</u>	<u>218,586</u>
	Cash	<u>53,951</u>	<u>43,793</u>
	Total non-fixed assets	<u>299,144</u>	<u>269,090</u>
	<b>TOTAL ASSETS</b>	<u><b>302,960</b></u>	<u><b>273,524</b></u>
	<b>EQUITY AND LIABILITIES</b>		
	Equity		
10	Share capital	10,902	10,902
	Retained earnings	60,370	199,603
	Dividend proposed	160,000	0
	Total equity	<u>231,272</u>	<u>210,505</u>
	Liabilities other than provisions		
	Current liabilities other than provisions		
	Trade payables	1,627	2,235
	Payables to group enterprises	60,425	51,893
	Other payables	9,636	8,891
		<u>71,688</u>	<u>63,019</u>
	Total liabilities other than provisions	<u>71,688</u>	<u>63,019</u>
	<b>TOTAL EQUITY AND LIABILITIES</b>	<u><b>302,960</b></u>	<u><b>273,524</b></u>

- 1 Accounting policies
- 11 Contractual obligations and contingencies, etc.
- 12 Collateral
- 13 Related parties
- 14 Fee to the auditors appointed by the Company in general meeting
- 15 Appropriation of profit

## Financial statements 1 January - 31 December

## Statement of changes in equity

Note	DKK'000	Share capital	Retained earnings	Dividend proposed	Total
	Equity at 1 January 2019	10,902	175,669	0	186,571
15	Transfer, see "Appropriation of profit"	0	23,934	0	23,934
	Equity at 1 January 2020	10,902	199,603	0	210,505
15	Transfer, see "Appropriation of profit"	0	-139,233	160,000	20,767
	Equity at 31 December 2020	10,902	60,370	160,000	231,272

## Financial statements 1 January - 31 December

### Notes to the financial statements

#### 1 Accounting policies

The annual report of Arrow Denmark ApS for 2020 has been prepared in accordance with the provisions in the Danish Financial Statements Act applying to large reporting class C entities.

Effective from the financial year 2020, the Company has implemented amending act no. 1716 of 27 December 2018 to the Danish Financial Statements Act. The implementation of the amending act has not affected the Company's accounting policies on recognition and measurement of assets and liabilities but has solely entailed a requirement for further disclosures. The accounting policies used in the preparation of the financial statements are consistent with those of last year.

#### Omission of a cash flow statement

With reference to section 86(4) of the Danish Financial Statements Act, no cash flow statement has been prepared. The Company's cash flows are reflected in the consolidated cash flow statement for the higher-ranking parent company.

#### 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.

#### Income statement

##### Revenue

Income from the sale of goods for resale and finished goods is recognised in revenue when transfer of the most significant rewards and risks to the buyer has taken place and provided that the income can be reliably measured and payment is expected to be received. The date of the transfer of the most significant rewards and risks is based on standardised terms of delivery based on Incoterms® 2010.

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.

##### Other operating expenses

Other operating expenses comprise items of a secondary nature relative to the Company's core activities, including losses on the sale of fixed assets.

##### Cost of sales

Cost of sales includes the cost of goods used in generating the year's revenue.

##### 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:

Land and buildings	5-50 years
Fixtures and fittings, other plant and equipment	3-10 years
Leasehold improvements	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.

##### 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 entity is jointly taxed with other group entities. 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.

##### 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.

## Financial statements 1 January - 31 December

## Notes to the financial statements

## 1 Accounting policies (continued)

## 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".

## Impairment of fixed assets

The carrying amount of property, plant and equipment 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.

## Inventories

Inventories are measured at cost in accordance with the FIFO method. Where the net realisable value is lower than cost, inventories are written down to this lower value. The net realisable value of inventories is calculated as the sales amount less costs of completion and expenses required to effect the sale and is determined taking into account marketability, obsolescence and development in the expected selling price.

Goods for resale are measured at cost, which comprises the cost of acquisition plus delivery costs as well as other expenses directly attributable to the acquisition.

## 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".

## Financial statements 1 January - 31 December

### Notes to the financial statements

#### 1 Accounting policies (continued)

##### Equity

###### *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".

##### Provisions

Provisions comprise anticipated expenses relating to warranty commitments, onerous contracts, restructurings, etc. Provisions are recognised when the Company has a legal or constructive obligation at the balance sheet date as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation.

Provisions are measured at net realisable value or at fair value if the obligation is expected to be settled far into the future.

Restructuring provisions comprise severance pay to employees, losses incurred due to the termination of contracts, etc. following Management's decision to restructure the Company. Restructuring provisions are recognised when it has been decided to restructure the Company and the restructuring process has been initiated.

##### 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.

##### Segment information

The allocation of revenue to activities and geographical markets is disclosed where these activities and markets differ significantly in the organisation of sales of goods and services.



## Financial statements 1 January - 31 December

## Notes to the financial statements

DKK'000	2020	2019
2 Segment information		
Breakdown of revenue by geographical segment:		
Denmark	466,068	439,342
Other EU countries	41,495	50,713
Non-EU countries	244,000	296,079
	<u>751,563</u>	<u>786,134</u>

The Company has not disclosed the breakdown of revenue by business segment, as Management is of the opinion that its activities constitute one segment.

DKK'000	2020	2019
3 Staff costs		
Wages/salaries	28,515	35,010
Pensions	1,532	1,661
Other social security costs	330	373
Other staff costs	693	1,136
	<u>31,070</u>	<u>38,180</u>
	<u>2020</u>	<u>2019</u>
Average number of full-time employees	<u>44</u>	<u>48</u>

In pursuance of section 98b(3), (ii), of the Danish Financial Statements Act, remuneration to Management is not disclosed.

DKK'000	2020	2019
4 Financial income		
Interest receivable, group entities	162	2,720
Other financial income	0	379
	<u>162</u>	<u>3,099</u>
5 Financial expenses		
Interest expenses, group entities	1,496	5,471
Other financial expenses	712	989
	<u>2,208</u>	<u>6,460</u>
6 Tax for the year		
Estimated tax charge for the year	5,394	7,082
Deferred tax adjustments in the year	538	-190
	<u>5,932</u>	<u>6,892</u>



## Financial statements 1 January - 31 December

## Notes to the financial statements

## 7 Property, plant and equipment

DKK'000	Land and buildings	Fixtures and fittings, other plant and equipment	Leasehold improvements	Total
Cost at 1 January 2020	10,656	6,578	237	17,471
Additions	0	35	0	35
Cost at 31 December 2020	10,656	6,613	237	17,506
Impairment losses and depreciation at 1 January 2020	7,098	5,837	102	13,037
Depreciation	203	426	24	653
Impairment losses and depreciation at 31 December 2020	7,301	6,263	126	13,690
Carrying amount at 31 December 2020	3,355	350	111	3,816

DKK'000	2020	2019
8 Deferred tax		
Deferred tax at 1 January	-730	-540
Deferred tax adjustment in the year, income statement	538	-190
Deferred tax at 31 December	-192	-730
Deferred tax relates to:		
Property, plant and equipment	-102	-73
Inventories	-8	-81
Provisions	-82	-576
	-192	-730

## 9 Prepayments

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

DKK'000	2020	2019
10 Share capital		
Analysis of the share capital:		
10,902 shares of DKK 1,000.00 nominal value each	10,902	10,902
	10,902	10,902

The Company's share capital has remained DKK 10,902 thousand over the past 5 years.

## Financial statements 1 January - 31 December

## Notes to the financial statements

## 11 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 is jointly and severally liable 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	2020	2019
Rent and lease liabilities	2,447	3,093

Rent and lease liabilities include rent obligations totalling DKK 1,305 thousand relating to non-cancellable rent agreements and other contracts concerning maintenance of leases as well as liabilities under operating leases concerning cars and IT equipment totalling DKK 1,142 thousand.

## 12 Collateral

The Company has not provided any security or other collateral in assets at 31 December 2020.

## 13 Related parties

Arrow Denmark ApS' related parties comprise the following:

## Parties exercising control

Related party	Domicile	Basis for control
Arrow Norway AS	Stokkastrandvegen 85, 5578 Nedre Vats, 1160 Vindafjord, Norway	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

## Related party transactions

Arrow Denmark ApS was engaged in the below related party transactions:

DKK'000	2020	2019
Intercompany revenue	838	887
Intercompany cost of sales	34,730	37,035
Cost recharge in	12,545	17,771
Cost recharge out	13,172	14,834
Intercompany receivables	45,916	50,106
Intercompany payables	60,425	51,893

## Financial statements 1 January - 31 December

## Notes to the financial statements

## 14 Fee to the auditors appointed by the Company in general meeting

Audit fees are not disclosed with reference to section 96(3) of the Danish Financial Statements Act.

DKK'000	<u>2020</u>	<u>2019</u>
15 Appropriation of profit		
Recommended appropriation of profit		
Proposed dividend recognised under equity	160,000	0
Retained earnings/accumulated loss	<u>-139,233</u>	<u>23,934</u>
	<u>20,767</u>	<u>23,934</u>