

MEMEC GROUP HOLDINGS LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 2 JULY 2022

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MEMEC GROUP HOLDINGS LIMITED

COMPANY INFORMATION

DIRECTORS	D Jackson M McKrell
REGISTERED NUMBER	03985629
REGISTERED OFFICE	Avnet House Rutherford Close Stevenage Hertfordshire SG1 2EF

MEMEC GROUP HOLDINGS LIMITED

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MEMEC GROUP HOLDINGS LIMITED

**STRATEGIC REPORT
FOR THE PERIOD ENDED 2 JULY 2022**

BUSINESS REVIEW

During the current period two of the subsidiaries of the Company declared dividends. These total \$26,834k. On 15 March 2022 Alpha 3 Manufacturing Limited in the UK declared a dividend of £5,250k (\$6,834k) and on 11 May 2022 Avnet Asia Pte Limited in Singapore declared a dividend of \$20,000k. In the prior period Avnet Asia Pte Limited in Singapore declared a dividend of \$30,000k.

On 27 June 2022 the Company settled interest on the three Deep Discount Bonds held with another Avnet group company, with a value of \$6,297k.

During the period the Company has appointed advisors to act in the external trade disposal of the investment in Alpha 3 Manufacturing Limited, including its subsidiary Tekdata Interconnections Limited. The activity of this investment is non-core to the group and this decision reflects the Avnet group strategy of concentrating on the core Electronic Marketing business. As a consequence of this decision, the carrying value of the investment in Alpha 3 Manufacturing Limited has been impaired to reflect the expected sales price for that business.

A review of the carrying value of investments has been conducted and as a result an Increase in impairment provision of \$11,257k has been recorded (2021: Decrease of \$3,351k). This reflects the anticipated loss on the disposal of Alpha3 Manufacturing Limited.

MEMEC GROUP HOLDINGS LIMITED

**STRATEGIC REPORT (CONTINUED)
FOR THE PERIOD ENDED 2 JULY 2022**

PRINCIPAL RISKS AND UNCERTAINTIES

The Directors consider that the principal risks and uncertainties faced by the Company are in the following categories:

Economic risk

The main economic risks are regarded as being changes in the performance and hence valuation of the Company's investments in the form of operating subsidiaries, the adequacy of capital levels of the Company if the ongoing financing costs of the Company are not covered by returns from investments or additional capital or funding.

This risk is managed by the monitoring of the performance and valuation of investments and adjustments to funding and financial arrangement as deemed necessary.

Competition risk

The Directors of the Company and subsidiaries manage competition risk through close attention to alternative sources of financing.

Currency exchange risk

The Directors of the Company use foreign currency hedges each month to attempt to eliminate any exposure of foreign currency denominated asset and liability balances to changes in foreign currency exchange rates after the statement of financial position date.

Financial risk

The Company has budgetary and financial reporting procedures, supported by appropriate key performance indicators, to manage financial risk.

Going concern

The Directors have considered the going concern of the Company and have concluded that it remains appropriate to prepare the financial statements on a going concern basis.

Avnet Inc., the ultimate parent company in the group that owns this company, has provided to the Directors confirmation that Avnet, Inc. undertakes to both provide additional funds as necessary and not to seek repayment, unless adequate funds are available, of existing loans by Avnet Group Companies to the Company, so as to enable the Company to continue to trade normally and meet its liabilities as they fall due for at least one year from the date of signing of these financial statements.

Avnet Holding Europe BV (Avnet Financial Services), the financing and treasury company in the group, has provided to the Directors confirmation that Avnet Holding Europe BV undertakes to both provide additional funds as necessary and not to seek repayment, unless adequate funds are available, of existing loans or current accounts by Avnet Holding Europe BV (Avnet Financial Services) so as to enable the Company to continue to trade normally and meet its liabilities as they fall due for at least one year from the date of signing these financial statements.

MEMEC GROUP HOLDINGS LIMITED

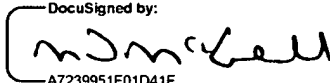
**STRATEGIC REPORT (CONTINUED)
FOR THE PERIOD ENDED 2 JULY 2022**

FINANCIAL KEY PERFORMANCE INDICATORS

The performance of the subsidiaries of the Company is monitored, paying attention to the following Key Performance Indicators:- Profitability (EBITDA); Sales growth and Market share; Bookings vs Billings; Return on investment and Valuation based upon asset values and projected cashflows.

This report was approved by the board on 30 January 2023 and signed on its behalf.

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M McKrell
Director

MEMEC GROUP HOLDINGS LIMITED

**DIRECTORS' REPORT
FOR THE PERIOD ENDED 2 JULY 2022**

The Directors present their report and the financial statements for the period ended 2 July 2022.

DIRECTORS' RESPONSIBILITIES STATEMENT

The Directors are responsible for preparing the Strategic Report, the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

In preparing these financial statements, the Directors are required to:

- select suitable accounting policies for the Company's financial statements and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

PRINCIPAL ACTIVITY

The Company's principal activity during the period continued to be to act as an intermediate holding company with subsidiaries whose principal activities are the marketing and distribution of electronic components.

The Company has no branches outside of the United Kingdom.

RESULTS AND DIVIDENDS

The profit for the period, after taxation, amounted to \$6,865k (2021 - \$18,674k).

The Directors do not recommended the payment of a dividend of in the current period (2021:nil).

DIRECTORS

The Directors who served during the period were:

D Jackson
M McKrell

MEMEC GROUP HOLDINGS LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE PERIOD ENDED 2 JULY 2022**

FUTURE DEVELOPMENTS

The financing of the Company has been secured with the Deep Discounted Bonds. The Company will continue to support the subsidiaries that it holds investments in and the performance of those investments will be monitored.

The Directors have considered the going concern of the Company and have concluded that it remains appropriate to prepare the financial statements on a going concern basis. Avnet Inc., the ultimate parent company in the group that owns this Company, has provided to the Directors confirmation that Avnet, Inc. undertakes to both provide additional funds as necessary and not to seek repayment, unless adequate funds are available, of existing loans by Avnet Group Companies to the Company, so as to enable the Company to continue to trade normally and meet its liabilities as they fall due for at least one year from the date of signing of these financial statements.

Avnet Holding Europe BV (Avnet Financial Services), the financing and treasury company in the group, has provided to the Directors confirmation that Avnet Holding Europe BV undertakes to both provide additional funds as necessary and not to seek repayment, unless adequate funds are available, of existing loans or current accounts by Avnet Holding Europe BV (Avnet Financial Services) so as to enable the Company to continue to trade normally and meet its liabilities as they fall due for at least one year from the date of signing these financial statements.

DISCLOSURE OF INFORMATION TO AUDITORS

Each of the persons who are Directors at the time when this Directors' Report is approved has confirmed that:

- so far as the Director is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- the Director has taken all the steps that ought to have been taken as a Director in order to be aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

POST BALANCE SHEET EVENTS

On 8 September 2022 the fellow group company Avnet Bidco Limited entered into an agreement to provide finance to the immediate subsidiary Alpha 3 Manufacturing Limited, with a value of £1,489k. This loan is for a period of 5 years to provide funding to cover restructuring activity. This loan is guaranteed by the Company.

On 9 September 2022 the Company entered into an agreement to sell the 50% investment held in Alpha 3 Manufacturing Limited to an external party, Inspirit Holdco 15 Limited, for a total consideration of \$1.8m (£1.5m). The resulting loss on disposal was \$12.2m. This investment was non-core to the group and this reflects the Avnet group strategy of concentrating on the core Electronic Marketing business.


On 23 December 2022 the fellow group company Avnet Bidco Limited entered into an additional agreement to provide a further £525k finance to Alpha 3 Manufacturing Limited. The total value of the two loans provided amounts to £2,014k. The term of this additional loan is also a period of 5 years and is also guaranteed by the Company.

There have been no other significant events affecting the Company since the year end.

MEMEC GROUP HOLDINGS LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE PERIOD ENDED 2 JULY 2022**

This report was approved by the board on 30 January 2023 and signed on its behalf.

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M McKrell
Director

MEMEC GROUP HOLDINGS LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF MEMEC GROUP HOLDINGS LIMITED

Opinion on the financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 2 July 2022 and of its profit for the period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of Memec Group Holdings Limited ("the Company") for the period ended 2 July 2022 which comprise the statement of comprehensive income, the statement of financial position, the statement of changes in equity, notes to the financial statements and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards 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 ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Directors with respect to going concern are described in the relevant sections of this report.

MEMEC GROUP HOLDINGS LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF MEMEC GROUP HOLDINGS LIMITED

Other information

The Directors are responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Other Companies Act 2006 reporting

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic report and the Directors' report for the financial period for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic report and the Directors' report have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic report or the Directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

MEMEC GROUP HOLDINGS LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF MEMEC GROUP HOLDINGS LIMITED

Responsibilities of Directors

As explained more fully in the Directors' Responsibilities Statement, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine 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, the Directors are 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 unless the Directors either intend to liquidate the Company or to cease operations, or have 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 (UK) 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.

Extent to which the audit was capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

- We identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and then design and perform audit procedures responsive to those risks, including obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion.
- We have identified and assessed the potential risks related to irregularities, including fraud, by considering the following:
 - Enquiries of management regarding: the compliance with laws and regulations; the detection and response to the risk of fraud and any knowledge of actual, suspected or alleged fraud; and the controls in place to mitigate risks related to fraud or non-compliance with laws and regulations; and
 - Obtaining an understanding of the legal and regulatory framework in which the Company operates. The key laws considered are accounting standards and the Companies Act 2006.
- We have responded to risks identified by performing procedures including the following:
 - Enquiry of in-house management and in-house legal counsel concerning actual and potential litigation and claims;
 - Performing analytical procedures to identify any unusual or unexpected relationships which may indicate risks of misstatement due to fraud;
 - Reading the minutes of meetings of those charged with governance; and
 - Review of financial statements disclosures and testing to supporting documentation.
- We have also considered the risk of fraud through management override of controls by:
 - Testing on a sample basis the appropriateness of journal entries and other adjustments; and
 - Assessing whether the judgements made in making accounting estimates are indicative of potential bias.

MEMEC GROUP HOLDINGS LIMITED

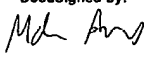
INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF MEMEC GROUP HOLDINGS LIMITED

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

A further description of our responsibilities is available on the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Use of our report

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

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Mark Ayres (Senior Statutory Auditor)
For and on behalf of BDO LLP, Statutory Auditor
London, UK

Date: 30 January 2023

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

MEMEC GROUP HOLDINGS LIMITED

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD ENDED 2 JULY 2022**

	Note	2022 \$000	2021 \$000
(Increase) / Decrease in provision for impairment of fixed asset investments	10	(11,257)	604,888
Administration costs		(64)	-
Other operating income	4	26,919	25,000
Other operating charges		-	(11)
Loss on disposal of fixed asset investments	10	-	(601,537)
Operating profit		15,598	28,340
Interest receivable and similar income	7	149	-
Interest payable and similar expenses	8	(8,882)	(9,666)
Profit before tax		6,865	18,674
Profit for the financial period		6,865	18,674
 Total comprehensive income for the period		 6,865	 18,674

The notes on pages 15 to 28 form part of these financial statements.

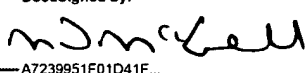
MEMEC GROUP HOLDINGS LIMITED
REGISTERED NUMBER: 03985629

STATEMENT OF FINANCIAL POSITION
AS AT 2 JULY 2022

	Note	2 July 2022 \$000	3 July 2021 \$000
Fixed assets			
Investments	10	1,067,578	1,078,835
		<u>1,067,578</u>	<u>1,078,835</u>
Current assets			
Debtors: amounts falling due within one year	11	19,827	5,281
		<u>19,827</u>	<u>5,281</u>
Creditors: amounts falling due within one year	12	(2,724)	(51)
		<u></u>	<u></u>
Net current assets		<u>17,103</u>	<u>5,230</u>
Total assets less current liabilities		<u>1,084,681</u>	<u>1,084,065</u>
Creditors: amounts falling due after more than one year	13	(307,985)	(314,234)
		<u></u>	<u></u>
Net assets		<u><u>776,696</u></u>	<u><u>769,831</u></u>
Capital and reserves			
Called up share capital	15	185,622	185,622
Share premium account	16	35,575	35,575
Capital redemption reserve	16	174,352	174,352
Profit and loss account	16	381,147	374,282
		<u><u>776,696</u></u>	<u><u>769,831</u></u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 30 January 2023.

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M McKrell
 Director

The notes on pages 15 to 28 form part of these financial statements.

MEMEC GROUP HOLDINGS LIMITED

STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 2 JULY 2022

	Called up share capital	Share premium account	Capital redemption reserve	Profit and loss account	Total equity
	\$000	\$000	\$000	\$000	\$000
At 4 July 2021	185,622	35,575	174,352	374,282	769,831
Comprehensive income for the period					
Profit for the period	-	-	-	6,865	6,865
At 2 July 2022	185,622	35,575	174,352	381,147	776,696

The notes on pages 15 to 28 form part of these financial statements.

MEMEC GROUP HOLDINGS LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 3 JULY 2021**

	Called up share capital	Share premium account	Capital redemption reserve	Profit and loss account	Total equity
	\$000	\$000	\$000	\$000	\$000
At 28 June 2020	185,622	35,575	174,352	355,608	751,157
Comprehensive income for the period					
Profit for the period	-	-	-	18,674	18,674
At 3 July 2021	185,622	35,575	174,352	374,282	769,831

The notes on pages 15 to 28 form part of these financial statements.

MEMEC GROUP HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 2 JULY 2022**

1. GENERAL INFORMATION

MEMEC GROUP HOLDINGS LIMITED is a private company limited by shares, incorporated in the United Kingdom, with its registered office at the same address as the principal place of business, in Stevenage, Hertfordshire.

Throughout the notes to the Financial Statements references are made to the Income Statement. The Income Statement is included within the Statement of Comprehensive Income.

2. ACCOUNTING POLICIES

2.1 BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies (see note 3).

In these financial statements, the Company is considered to be a qualifying entity and has applied the exemptions available under FRS 102 in respect of the following disclosures:

- Cash Flow Statement;
- Key Management Personnel compensation;
- Related party transactions. The Company is exempt under the terms of FRS 102.33 Related Party Disclosures from disclosing related party transactions with entities that are part of the Avnet Inc. group provided that any subsidiary which is party to the transaction is wholly owned by the group.

The following principal accounting policies have been applied:

2.2 GOING CONCERN

The directors have considered the going concern of the company and have concluded that it remains appropriate to prepare the financial statements on a going concern basis.

Avnet Inc., the ultimate parent company in the group that owns this company, has provided to the directors confirmation that Avnet, Inc. undertakes to both provide additional funds as necessary and not to seek repayment, unless adequate funds are available, of existing loans by Avnet Group Companies to the company, so as to enable the company to continue to trade normally and meet its liabilities as they fall due for at least one year from the date of signing of these financial statements.

Avnet Holding Europe BV (Avnet Financial Services), the financing and treasury company in the group, has provided to the directors confirmation that Avnet Holding Europe BV undertakes to both provide additional funds as necessary and not to seek repayment, unless adequate funds are available, of existing loans or current accounts by Avnet Holding Europe BV (Avnet Financial Services) so as to enable the company to continue to trade normally and meet its liabilities as they fall due for at least one year from the date of signing these financial statements.

MEMEC GROUP HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 2 JULY 2022**

2. ACCOUNTING POLICIES (CONTINUED)

2.3 FOREIGN CURRENCY TRANSLATION

Functional and presentation currency

The Company's functional and presentational currency is USD.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss except when deferred in other comprehensive income as qualifying cash flow hedges.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the Statement of Comprehensive Income within 'finance income or costs'. All other foreign exchange gains and losses are presented in profit or loss within 'other operating income'.

2.4 INTEREST INCOME

Interest income is recognised in profit or loss using the effective interest method.

2.5 FINANCE COSTS

Finance costs are charged to profit or loss over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

MEMEC GROUP HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 2 JULY 2022**

2. ACCOUNTING POLICIES (CONTINUED)

2.6 TAXATION

Tax is recognised in profit or loss except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the Company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Statement of Financial Position date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

2.7 VALUATION OF INVESTMENTS

Investments in subsidiaries are measured at cost less accumulated impairment.

Non-financial assets that have been previously impaired are reviewed at each reporting date to assess whether there is any indication that the impairment losses recognised in prior periods may no longer exist or may have decreased.

2.8 DEBTORS

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

2.9 CREDITORS

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

MEMEC GROUP HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 2 JULY 2022**

2. ACCOUNTING POLICIES (CONTINUED)

2.10 FINANCIAL INSTRUMENTS

The Company only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in ordinary shares.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or in case of an out-right short-term loan that is not at market rate, the financial asset or liability is measured, initially at the present value of future cash flows discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost, unless it qualifies as a loan from a director in the case of a small company, or a public benefit entity concessionary loan.

Investments in non-derivative instruments that are equity to the issuer are measured:

- at fair value with changes recognised in the Statement of Comprehensive Income if the shares are publicly traded or their fair value can otherwise be measured reliably;
- at cost less impairment for all other investments.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Statement of Comprehensive Income.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the Company would receive for the asset if it were to be sold at the reporting date.

Financial assets and liabilities are offset and the net amount reported in the Statement of Financial Position when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

MEMEC GROUP HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 2 JULY 2022**

3. JUDGEMENTS IN APPLYING ACCOUNTING POLICIES AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates.

The following judgements and sources of estimation uncertainty have had the most significant effect on amounts recognised in the financial statements:

Fixed asset investments

Management estimation is required to determine any potential impairment of investments held in other group companies, as well as estimating the magnitude of the impairment.

Taxation

Management estimation is required to determine the amount of deferred tax assets that can be recognised, based upon likely timing and level of future profits.

4. OTHER OPERATING INCOME

	2022	2021
	\$000	\$000
Dividend income	26,834	25,000
Foreign exchange difference - gain	85	-
	26,919	25,000

On 11 May 2022 the immediate subsidiary Avnet Asia Pte Ltd declared a dividend of \$20,000k.

On 15 March 2022 the immediate subsidiary Alpha 3 Manufacturing Limited declared a dividend of £5,250k (\$6,834k).

During the prior period the immediate subsidiary Avnet Asia Pte Ltd declared a dividend of \$25,000k.

5. AUDITORS' REMUNERATION

Audit fees for the current period amounting to \$5k (2021: \$4k) are borne by the fellow group company, Memec Group Limited.

6. EMPLOYEES

The Company has no employees other than the Directors, who did not receive any remuneration (2021 - \$NIL).

MEMEC GROUP HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 2 JULY 2022**

7. INTEREST RECEIVABLE AND SIMILAR INCOME

	2022	<i>2021</i>
	\$000	<i>\$000</i>
Interest receivable from group companies	149	<i>-</i>
	149	<i>-</i>

8. INTEREST PAYABLE AND SIMILAR CHARGES

	2022	<i>2021</i>
	\$000	<i>\$000</i>
Interest payable to group companies	8,882	<i>9,666</i>
	8,882	<i>9,666</i>

9. TAXATION

	2022	<i>2021</i>
	\$000	<i>\$000</i>
Total current tax	-	<i>-</i>

MEMEC GROUP HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 2 JULY 2022**

9. TAXATION (CONTINUED)**FACTORS AFFECTING TAX CHARGE FOR THE PERIOD**

The tax assessed for the period is lower than (2021 - *lower than*) the standard rate of corporation tax in the UK of 19.00% (2021 - 19.00%). The differences are explained below:

	2022 \$000	2021 \$000
Profit on ordinary activities before tax	6,865	18,674
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19.00% (2021 - 19.00%)	1,304	3,548
Effects of:		
Non-tax deductible adjustments for fixed asset investment impairment	2,139	(114,929)
Expenses not deductible for tax purposes	12	-
Non-taxable profit on disposal of fixed asset investments	-	114,292
Dividend income not taxable	(5,098)	(4,750)
Unrelieved tax losses carried forward	464	-
Group relief not paid for	1,179	1,839
Total tax charge for the period	-	-

Tax losses amounting to \$56,406,000 are available to relieve future profits of the company (2021: \$53,964,000). There is significant uncertainty over the magnitude of future profits and therefore no deferred tax asset has been recognised (2021: \$Nil). There remains an unrecognised deferred tax asset of \$14,101,000 on losses available (2021: \$10,253,000).

MEMEC GROUP HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 2 JULY 2022

10. FIXED ASSET INVESTMENTS

	Investments in subsidiary companies \$000
COST	
At 4 July 2021	1,085,685
At 2 July 2022	1,085,685
Impairment	
At 4 July 2021	6,850
Charge for the period	11,257
At 2 July 2022	18,107
Net book value	
At 2 July 2022	1,067,578
At 3 July 2021	1,078,835

A review of the carrying value of investments has been conducted and as a result an increase has been made in impairment provision of \$11,257k (2021: decrease of \$3,351k). This reflects the anticipated loss on the disposal of Alpha3 Manufacturing Limited.

MEMEC GROUP HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 2 JULY 2022**

10. FIXED ASSET INVESTMENTS (CONTINUED)**SUBSIDIARY UNDERTAKINGS**

The following were subsidiary undertakings of the Company:

Name	Registered office	Class of shares	Holding
Memec Pty Ltd (1)	Australia	Ordinary	100.0
Avnet Asia Pte Ltd (1)	Singapore	Ordinary	100.0
Avnet (Holdings) Ltd (1)	UK	Ordinary	41.3
Alpha 3 Manufacturing Ltd (1)	UK	Ordinary	50.0
Avnet Logistics Ltd (1) (2)	UK	Ordinary	50.0
Avnet EMG Ltd (1)	UK	Ordinary	100.0
Tekdata Interconnections Ltd	UK	Ordinary	100.0
Avnet Electronics Marketing (Australia) Pty Ltd	Australia	Ordinary	100.0
AVT Holdings LLC	United States of America	Ordinary	100.0
Avnet Abacus Ltd	Hong Kong	Ordinary	100.0
Avnet (Asia Pacific Holdings) Ltd	Hong Kong	Ordinary	100.0
Avnet (NZ)	New Zealand	Ordinary	100.0
Avnet Financial Services Asia Ltd	Hong Kong	Ordinary	100.0
Avnet Japan (Asia) Ltd	Singapore	Ordinary	100.0
Avnet Japan (HK) Ltd	Hong Kong	Ordinary	100.0
Avnet Japan (Singapore) Pte Ltd	Singapore	Ordinary	100.0
Avnet Japan (Malaysia) Sdn Bhd	Malaysia	Ordinary	100.0
Avnet Japan (Thailand) Co Ltd	Thailand	Ordinary	100.0
Avnet Korea Inc	Hong Kong	Ordinary	100.0
Avnet Malaysia Sdn Bhd	Malaysia	Ordinary	100.0
Avnet Sunrise Ltd	Hong Kong	Ordinary	100.0
Avnet Technology Hong Kong Ltd	Hong Kong	Ordinary	100.0
Eastele Technology China Ltd	Hong Kong	Ordinary	100.0
RTI Holdings Ltd	Hong Kong	Ordinary	100.0
RTI Technology China Ltd	Hong Kong	Ordinary	100.0
Pride Well Ltd	Hong Kong	Ordinary	100.0
YEL Electronics Hong Kong Ltd	Hong Kong	Ordinary	100.0
YEL Electronics (China) Ltd	Hong Kong	Ordinary	100.0
YEL Electronics Pte Ltd	Singapore	Ordinary	100.0
Avnet (Shanghai) Limited	Malaysia	Ordinary	100.0
Avnet (Tianjin) Logistics Limited	China	Ordinary	100.0
Avnet Technology Solutions (China) Limited	China	Ordinary	100.0
Avnet Technology Solutions (Tianjin) Limited	China	Ordinary	100.0
Avnet Electronics Technology (China) Limited	China	Ordinary	100.0
Avnet Electronics Technology (Shenzhen) Limited	China	Ordinary	100.0
YEL Electronics Sdn. Bd.	China	Ordinary	100.0
YEL Electronics (Shenzhen) Limited	China	Ordinary	100.0
YEL Electronics (Shanghai) Limited	China	Ordinary	100.0
Vanda Computer System Integration (Shanghai) Company Limited	China	Ordinary	100.0
Beijing Vanda Yunda IT Services Co. Limited	China	Ordinary	100.0
Shanghai FR International Trading Co. Limited	China	Ordinary	100.0

MEMEC GROUP HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 2 JULY 2022**

10. FIXED ASSET INVESTMENTS (CONTINUED)

SUBSIDIARY UNDERTAKINGS (CONTINUED)

(1) These are directly held subsidiary undertakings of the Company. The others are indirectly held.

(2) This company is in liquidation (Solvent members voluntary liquidation).

MEMEC GROUP HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 2 JULY 2022**

11. DEBTORS

	2 July 2022 \$000	<i>3 July 2021 \$000</i>
Amounts owed by group undertakings	19,827	<i>5,281</i>
	19,827	<i>5,281</i>

The amount owed by group undertakings and due within one year consists of a balance of \$19,827k (2021: \$5,281k) due from Avnet Financial Services, a division of Avnet Holdings Europe BV, under an unsecured current account, which was interest bearing and repayable on demand.

Interest on the current account is calculated as follows:- 1 month Libor Base rate + 1.07% for the first half of the year and 1 month Libor Base rate + 1.23% for the second half of the year.

12. CREDITORS: Amounts falling due within one year

	2 July 2022 \$000	<i>3 July 2021 \$000</i>
Amounts owed to group undertakings	2,659	<i>51</i>
Accruals and deferred income	65	<i>-</i>
	2,724	<i>51</i>

The Amounts owed to group undertakings includes \$2,659k (2021: \$nil) which is represented by a balance due from the immediate subsidiary Avnet Logistics Limited which is in a Solvent Members Voluntary Liquidation. This balance is fully recoverable and will be cleared when the liquidator declares the final distribution. This balance is non-interest bearing.

Also included in Amounts owed to group undertakings is \$nil (2021: \$51k) due to Avnet Financial Services, a division of Avnet Holdings Europe BV, under an unsecured current account, which is interest bearing and repayable on demand.

MEMEC GROUP HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 2 JULY 2022**

13. CREDITORS: Amounts falling due after more than one year

	2 July 2022 \$000	3 July 2021 \$000
Amounts owed to group undertakings	307,985	314,234
	<u>307,985</u>	<u>314,234</u>

The Amounts owed to group undertakings includes \$307,985k (2021: \$314,234k) which is represented by three outstanding deep discount security instruments. The three deep outstanding discount security instruments replace three deep outstanding discount security instruments which matured and were repaid in the current period. The terms of the three deep outstanding discount security instruments are unsecured and repayable as set out in the table below.

Deep discount security instruments

	Issue price outstanding bonds \$000	Issue price - repaid bonds \$000	Accreted interest - 2 July 2022 \$000	Accreted interest - 3 July 2021 \$000	Total balance - 2 July 2022 \$000	Total balance - 3 July 2021 \$000
Bond 1:	81,350	81,350	37	2,375	81,387	83,725
Bond 2:	130,383	130,383	63	2,563	130,446	132,946
Bond 3:	96,106	96,106	46	1,457	96,152	97,563
	<u>307,839</u>	<u>307,839</u>	<u>146</u>	<u>6,395</u>	<u>307,985</u>	<u>314,234</u>

The terms of the outstanding Deep discount security instruments (Bonds) are set out below:-

Bond 1 - Issue price: \$81,350k
Issue date / (redemption date): 7 July 2020 / (redemption: 25 June 2025)
Discount rate: 2.7392%

Bond 2 - Issue price: \$130,383k
Issue date / (redemption date): 31 October 2020 / (redemption: 25 June 2025)
Discount rate: 2.8760%

Bond 3 - Issue price: \$96,106k
Issue date / (redemption date): 27 December 2020 / (redemption: 25 June 2025)
Discount rate: 2.8870%

Interest amounting to \$6,297k that had accumulated on these three Bonds was settled in the current period.

MEMEC GROUP HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 2 JULY 2022**

14. FINANCIAL INSTRUMENTS

	2 July 2022 \$000	<i>3 July 2021 \$000</i>
Financial assets		
Financial assets that are debt instruments measured at amortised cost	<u>19,827</u>	<u>5,281</u>
Financial liabilities		
Financial liabilities measured at amortised cost	<u>(310,709)</u>	<u>(314,285)</u>

Financial assets measured at amortised cost comprise intercompany current accounts, credit accounts and time deposits.

Financial liabilities measured at amortised cost comprise intercompany current accounts and formally documented deep discounted security instruments.

15. SHARE CAPITAL

	2 July 2022 \$000	<i>3 July 2021 \$000</i>
Allotted, called up and fully paid		
928,109,084 (2021 - 928,109,084) Ordinary shares of \$0.20 each	<u>185,622</u>	<u>185,622</u>

16. RESERVES**Share premium account**

The share premium account arises as a result of share capital being issued at a premium. Any transactions costs associated with the issuing of shares are deducted from share premium.

Capital redemption reserve

The capital redemption reserve was created as a result of capital restructuring.

Profit and loss account

The profit and loss account consists of all current and prior period retained profits and losses.

MEMEC GROUP HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 2 JULY 2022**

17. POST BALANCE SHEET EVENTS

On 8 September 2022 the fellow group company Avnet Bidco Limited entered into an agreement to provide finance to the immediate subsidiary Alpha 3 Manufacturing Limited, with a value of £1,489k. This loan is for a period of 5 years to provide funding to cover restructuring activity. This loan is guaranteed by the Company.

On 9 September 2022 the Company entered into an agreement to sell the 50% investment held in Alpha 3 Manufacturing Limited to an external party, Inspirit Holdco 15 Limited, for a total consideration of \$1.8m (£1.5m). The resulting loss on disposal was \$12.2m. This investment was non-core to the group and this reflects the Avnet group strategy of concentrating on the core Electronic Marketing business.

On 23 December 2022 the fellow group company Avnet Bidco Limited entered into an additional agreement to provide a further £525k finance to Alpha 3 Manufacturing Limited. The total value of the two loans provided amounts to £2,014k. The term of this additional loan is also a period of 5 years and is also is guaranteed by the Company.

There have been no other significant events affecting the Company since the year end.

18. CONTROLLING PARTY

The ultimate parent company and ultimate controlling party of Memec Group Holdings Limited is Avnet Inc., a company incorporated in the United States of America. The Company's immediate parent and controlling party is Avnet Europe BV, a company registered in Belgium. The financial statements of this company are available to the public and may be obtained from the company's registered office : Kouterveldstraat 20, B-1831 Diegem, Belgium or they are available on the national bank website once published: <https://www.nbb.be/en/central-balance-sheet-office>.

The largest and the smallest group in which the results of Memec Group Holdings Limited are consolidated is that headed by Avnet Inc. The consolidated financial statements of this group are available to the public and may be obtained from Avnet Inc., 2211 South 47th Street, Phoenix, AZ85034, USA or by visiting Avnet Inc.'s Investor Relations website at: www.ir.avnet.com.

The Company is exempt under s.401 of the Companies Act 2006 from producing consolidated accounts since its financial results are included in the consolidated financial statements of Avnet Inc. which is incorporated in the United States of America.