Arrow Enterprise Computing Solutions Limited

Report and Financial Statements

31 December 2023

Company number 3952678

Contents

Review of the business

Arrow Enterprise Computing Solutions Limited ("Arrow ECS") generated gross billings of £1,133,328,000 (2022: £1,116,147,000), turnover (after reduction for sales accounted for on an agency basis) of £372,629,000 (2022: £421,131,000) and an operating profit for the year of £24,045,000 (2022: £18,636,000), the increase mainly due to a decrease in net operating expenses followed by an increase in gross profit margins. Profit for the financial year in 2023 was £26,761,000 (2022: £19,990,000). This increase was also due to net interest receivable of £10,738,000 (2022: £5,934,000) largely due to an increase in bank interest received (note 7), offset by the increased tax charge on profit on ordinary activities of £8,022,000 (2022: £4,651,000) largely due to the increase of the standard rate of corporation tax in 2023 of 23.52% (2022: 19%).

Given the recent performance of the company which experienced an increase of its gross billings and operating profit in 2023 along with the expectations for 2024 and 2025, the directors are confident that the company is well placed to continue trading successfully in 2024.

Principal risks and uncertainties facing the company

Described below are certain risks that the company's management believes are applicable to the company's business and the industry in which it operates.

To the extent that the company's significant suppliers are unwilling to continue to do business with the company, the company's business could be materially adversely affected. In addition, to the extent that the company's suppliers modify the terms of their contracts with the company (including, without limitation, the terms regarding price protection, rights of return, rebates, or other terms that are favourable to the company), or extend lead times, limit supplies due to capacity constraints, or other factors, there could be a material adverse effect on the company's business.

In addition, tightening gross profit margins from both customers and suppliers could have a material adverse effect on the company's business. Suppliers may seek to increase their own profitability by reducing the company's gross profit margin on products they sell to the company. Customers seek to reduce their total cost for products. The company weighs the impact of price and margin pressure with expenditures for value creation services required to remain competitive, retain existing business, and gain new customers.

Financial risk management policies and objectives in the use of financial instruments and financial exposure

The company's financial instruments comprise borrowings, cash and liquid resources and various items that arise directly from its operations. The main risks arising from these are interest rate risk, liquidity risk, and foreign currency risk as the company trades in Euro and US dollars. The company operates appropriate hedging instruments to mitigate exchange risks.

The board's statement on s172(1)

This statement on s172(1) of the Companies Act 2006 should be read in conjunction with the strategic report above and the directors' report on pages 7 and 8. Section 172 of the Companies Act 2006 requires directors to take into consideration the interests of stakeholders in their decision making. The directors continue to have regard to the interests of the company's employees and other stakeholders, including the impact of its activities on the wider global Arrow group, the community and the environment when making decisions. Acting in good faith, the directors consider what is most likely to promote the success of the company for its shareholders in the long term.

The board has determined the company's key stakeholder groups to be: Shareholder (Arrow Electronics Inc.), Business Partners (including customers, vendors, suppliers and others in a business relationship with the company) and People (including employees and other key colleagues), together known as stakeholder groups. Each stakeholder group plays an important role in the ability of the company to execute its strategy and to act in the best interests of its members. The company has processes in place to capture and consider the views of its stakeholder groups and share their views at relevant levels within the business, including with the board, to ensure that regard is given to these views in decision making processes. The relevance of each stakeholder group may increase or

The board's statement on s172(1) (continued)

decrease depending on the matter or issue in question, so the board seeks to consider the needs and priorities of each stakeholder group during its discussions and as part of its decision making.

Shareholder

Arrow Electronics Inc., the company's ultimate parent company is responsible for setting the strategy, policy, and procedures for the global group. The company ensures compliance with these requirements through ongoing engagement with the relevant corporate.

The directors of the company actively engage during board meetings and on an ad hoc basis as required in order to discuss any principal decisions made. During the period there were no principal decisions impacting shareholders to report.

Business Partners

The board recognises the need to foster the company's business relationships with customers, vendors, suppliers, and others and ensures that the company has processes in place to engage and consult with its business partners on a regular basis to develop and maintain lasting and meaningful relationships. The company conducts regular strategic reviews with key customers to understand their strategic agenda, key strategic initiatives and identify opportunities for collaboration. Regular market insight and networking events are held with customers and vendors identify key trends that may impact the business over the medium term.

The company also proactively engages and consults with its vendors as required to understand their views and needs. The company is mindful of its payment policies, practices, and performance with respect to its vendors and suppliers and takes steps to ensure that agreed payment terms are adhered to, so as not to adversely affect cash flows and ability to trade.

During the period, key topics of engagement continued to be pricing pressures impacted by the effects of higher inflation, higher interest rates and the impact of volatility in USD and GBP exchange rates. The outcome of this engagement has been considered in our ongoing interactions with our customers, vendors, and suppliers. There were no principal decisions made during the year impacting this group of stakeholders.

People

The company employs various tools to seek and utilise the views of its people including via informal feedback, employee voice forums, periodic employee opinion surveys and formal reporting through the governance framework. At a group level, regular virtual meetings are held to update and inform employees and colleagues on global financial performance and results and business developments.

During the period key topics of engagement were quarterly calls to discuss the financial performance of the group and ongoing consultations around the implementation of the previously agreed restructuring of certain support functions of the business.

Principal decisions

There were no principal decisions made during the year having a significant impact on the company and the various groups of stakeholders.

The board's statement on s172(1) (continued)

Streamlined Energy and Carbon Reporting (SECR)

The company is required to report greenhouse gas ('GHG') emissions in the Directors' report in line with the Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018.

GHG reporting approach

The company approach to reporting is based on the GHG Protocol Corporate Accounting and Reporting Standard. In line with the guidance on SECR, this report includes only the properties where Arrow ECS UK pays the invoices of Electricity, Gas and Oil directly to the provider. The rest of the properties include these expenses in the monthly fee.

The GHG emissions are reported in tonnes of carbon dioxide equivalent (TCO2e). The report was calculated using the latest Defra emissions factors, and the gross emissions total in the table, applies the 'location based' accounting methodology for grid emissions. It was chosen the intensity measure gross scope 1 and 2 emissions in TCO2e per Gross Internal Area in SQM to ensure a similar metric across the various offices.

Arrow ECS UK **Energy Consumption and associated CO2 emissions**	**2023**	**2022**
	Consumption	
Total Energy consumption (Electricity) (kWh)	376,152.95	376,912.10
Total Energy consumption (Nat gas and Oil) (kWh)	660,383.34	554,046.57
Total vehicle fuel consumption (Petrol) (kWh)	791,523.37	706,546.85
	Emissions	
Combustion of fuel - Nat gas and Oil (Scope 1) (TCO2e)	147.41	124.06
Business Fuel - company owned + Grey Mileage (Scope 1+2) (TCO2e)	184.72	168.89
Electricity purchased for own use - company owned (Scope 2) (TCO2e)	77.89	72.89
Total Annual Gross Emissions	**410.02**	**365.84**
	Annual GHG intensity measure (TCO2e/SQM)	
GHG emissions TCO2e/SQM	0.08	0.07
Total SQM (Harrogate + Newmarket)	**5,164.24**	**5,164.24**

Energy Efficiency Improvements

The company is a subsidiary of a large global corporation, Arrow Electronics Inc., who takes a strategic approach to reducing our carbon footprint and lowering energy, water, and material consumption to improve the health and well-being of our planet and its people. Arrow invests strategically, operates responsibly, and set goals to drive improvement.

In 2022, Arrow created a Global Environmental Sustainability Policy that includes guiding principles for environmental sustainability, from steps to reduce the Company's carbon footprint to waste consumption. Our strategy includes three pillars: climate and energy, sustainable operations, and stakeholder engagement. Together, these pillars allow us to measure, manage, and reduce our environmental impact, while educating and empowering our employees and partners to do the same.

In 2023, we expanded our emissions reporting, improve data capture and quality, further evaluate climate risks and opportunities, and augment our commitment to GHG emissions reduction.

The board's statement on s172(1) (continued)

Streamlined Energy and Carbon Reporting (SECR) (continued)

The key global accomplishments in 2023 include:

- Committed to setting near-term science-based targets via the Science-Based Targets initiative (SBTi).
- Completed a baseline of relevant Scope 3 emissions categories.
- Completed a quantitative evaluation of climate risks and opportunities in accordance with TCFD guidance.
- Launched a global emissions management and reporting tool.

Locally, all the locations of the company are accredited under ISO 140001 certification, where direct objectives are set and monitored along with long term targets in energy, water, waste, and carbon reduction set by the global company. Since 2022, all the lighting in one of the locations is now LED. In addition, the company maintained a waste recycling program, the cycle to work scheme, and a paperless work environment.

By order of the board.

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Kieran Cooper
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Kieran Cooper
Director

24/09/2024

DocuSigned by:
Nicholas Bannister
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Nicholas Bannister
Director

24/09/2024

The directors present their report and financial statements for the year ended 31 December 2023.

Results and dividends

The directors do not recommend the payment of a dividend in respect of the year ended 31 December 2023 (2022: £nil). Arrow Enterprise Computing Solutions Limited currently intends to reinvest future earnings to finance the growth of the business.

The profit for the financial year of £26,761,000 (2022: £19,990,000) is dealt with as shown in the Statement of Changes in Equity.

Principal activities

Arrow Enterprise Computing Solutions Limited, a business segment of Arrow Electronics Inc. [NYSE: ARW], provides enterprise and midrange computing products, services and solutions to value-added resellers, system integrators, and independent software vendors. Arrow Electronics Inc. reported $33.11 billion in global sales in 2023.

Future developments

The directors seek to grow Arrow Enterprise Computing Solutions Limited both through increasing revenues of the existing product portfolio revenues and by the introduction of new vendor products.

Directors

The directors of the company who served during the year are shown on page 28.

Disabled employees

The company gives full and fair consideration to applications for employment made by disabled persons. The policy includes, where practicable, the continued employment of those who may become disabled during their employment and the provision of training and career development and promotion, where appropriate.

Employee involvement

The directors recognise that continued and sustained improvement in the performance of the company depends on its ability to attract, motivate, and retain employees of the highest calibre. Furthermore, the directors believe that the company's ability to sustain a competitive advantage over the long term depends in a large part on ensuring that all employees contribute to the maximum of their potential. The company is committed to improving the performance of all employees through development and training.

The company is an equal opportunity employer. The company's policies seek to promote an environment free from discrimination, harassment, and victimisation and to ensure that no employee or applicant is treated less favourably on the grounds of gender, marital status, age, race, colour, nationality or national origin, disability or sexual orientation or is disadvantaged by conditions or requirements that cannot objectively be justified. Entry into, and progression within the company, is solely determined on the basis of work criteria and individual merit.

Going concern

The company delivered an increase of its revenue in 2023 and this is expected again in 2024.

The risks associated to delivery of products are minimal. While there were some residual increased lead times from some suppliers in the first part of 2023 this situation became more normalised in the second half of the year, however Arrow has a wide portfolio of suppliers, so this impact is minimised.

In conclusion, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future given the company's strong cash balance of £309,355,044 at 24th August 2024.

In reaching this conclusion, a review has been undertaken of current and forecast trading, and liquidity stress testing has been performed for the period to 30th September 2025. This testing demonstrated that the entity has adequate liquidity to support the going concern basis of accounting in preparing the annual financial statements.

Risks are mitigated further since the company is a subsidiary of a large global corporation, Arrow Electronics Inc., and both individually and as part of the global group, has significant long-term trading relationships with a significant number of customers and suppliers across different geographic areas and technologies. The business has significant cash and financial resources through the global cash pool arrangement, as part of the global corporation. Management of Arrow Electronics Inc has confirmed that cash availability and the ability to generate future operating cash flows, are sufficient to meet the projected cash flow needs of the business up to 12 months from the date the accounts are signed.

Disclosure of information to the auditors

As at the date of this report, as far as each director is aware, there is no relevant audit information of which the company's auditors are unaware, and each director has taken steps to become aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Auditors

A resolution to reappoint Ernst & Young LLP as auditors will be put to the members at the Annual General Meeting.

By order of the board

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Kieran Cooper	Nicholas Bannister
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Kieran Cooper	Nicholas Bannister
Director	Director
24/09/2024	24/09/2024

Statement of directors' responsibilities in respect of the financial statements

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable United Kingdom 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 United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including Financial Reporting Standard FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland ("FRS 102"). 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 group and the company and of the profit or loss of the group and the company for that period.

In preparing these financial statements the directors are required to:

- select suitable accounting policies in accordance with Section 10 of FRS 102 and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in FRS 102 is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the group and company financial position and financial performance;
- state whether applicable UK Accounting Standards, including FRS 102 have been followed, subject to any material departures disclosed and explained in the financial statements]; and
- prepare the financial statements on the going concern basis unless it is appropriate to presume that the company will not 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 enable them to ensure that the company 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.

Under applicable law and regulations, the directors are also responsible for preparing a strategic report, directors' report, that comply with that law and those regulations. The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website.

Independent auditors' report to the members of Arrow Enterprise Computing Solutions Limited

For the year ended 31 December 2023

Opinion

We have audited the financial statements of Arrow Enterprise Computing Solutions Limited for the year ended 31 December 2023 which comprise the Income Statement, the Statement of Comprehensive Income, the Statement of Financial Position and the Statement of Changes in Equity and the related notes 1 to 23, 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 FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the company's affairs as at 31 December 2023 and of its profit for the year 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.

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 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.

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

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 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. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

Independent auditors' report to the members of Arrow Enterprise Computing Solutions Limited

For the year ended 31 December 2023

Other information (continued)

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 the other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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 year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

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 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.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 7, 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.

Independent auditors' report to the members of Arrow Enterprise Computing Solutions Limited

For the year ended 31 December 2023

Explanation as to what extent the audit was considered 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 irregularities, including fraud. 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 or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management.

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the company and determined that the most significant are those that relate to the reporting framework (FRS102, the Companies Act 2006) and the relevant tax laws and regulations in the UK. In addition, the company must comply with laws and regulations relating to its operations, including employment laws, health and safety regulations, environmental regulations and GDPR.
- We understood how Arrow Enterprise Computing Solutions Limited is complying with those frameworks by making enquiries of management to understand the process in place to maintain and communicate its policies and procedures in these areas. We corroborated our enquiries through our review of board minutes, correspondence with relevant authorities and supporting documentation, and noted that there was no contradictory evidence.
- We assessed the susceptibility of the company's financial statements to material misstatement, including how fraud might occur by considering the risk of management override and by assuming revenue to be a fraud risk. We incorporated data analytics into our testing of manual journals and into our testing of revenue recognition. We performed detailed substantive procedures on cut-off to ensure revenue is recognised in the correct period. We confirmed a sample of transactions back to source documentation, ensuring appropriate authorisation of transactions. We tested controls relating to revenue recognition to test the operating effectiveness of the controls.
- Based on this understanding we designed our audit procedures to identify noncompliance with such laws and regulations. Our procedures involved:
  - Enquiry of management and those charged with governance as to any fraud identified or suspected in the period, any actual or potential litigation or claims or breaches of significant laws or regulations applicable to the company;
  - Auditing the risk of management override, through testing of a sample of journal entries and other adjustments for appropriateness;
  - Enquiry of management, coupled with testing of journal entries, in order to identify and understand any significant transactions outside of the normal course of business;
  - Challenging the judgements made by management through corroborating the basis for those judgments and considering contradicting evidence; and
  - Reading financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at https://www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Independent auditors' report to the members of Arrow Enterprise Computing Solutions Limited

For the year ended 31 December 2023

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.

Ernst & Young LLP

Juliet Thomas (Senior statutory auditor)
for and on behalf of Ernst & Young LLP (Statutory auditor) Luton

Dated: 24 September 2024

Income Statement
For the year ended 31 December 2023

	Note	2023 £'000	2022 £'000
Turnover	2	**372,629**	421,131
Cost of sales		**(308,016)**	(357,851)
Gross profit		**64,613**	63,280
Net operating expenses before depreciation and and amortisation of intangibles		**(38,696)**	(42,668)
Depreciation		**(461)**	(565)
Amortisation of intangibles		**(1,411)**	(1,411)
Net operating expenses		**(40,568)**	(44,644)
Operating profit	3	**24,045**	18,636
Other income	6	**-**	71
Net interest receivable and similar income	7	**10,738**	5,934
Profit on ordinary activities before taxation		**34,783**	24,641
Tax charge on profit on ordinary activities	8	**(8,022)**	(4,651)
Profit for the financial year		**26,761**	19,990
Operating profit before restructuring costs		24,674	21,504
Reconciliation of billings			
Gross billings		1,133,328	1,116,147
Reduction for sales accounted for on an agency basis (as detailed in note 1)		(760,699)	(695,016)
Turnover		372,629	421,131

All operations are continuing operations.

Statement of Comprehensive Income

For the year ended 31 December 2023

Arrow Enterprise Computing Solutions Limited has no comprehensive income other than included in the results above and therefore no separate statement of comprehensive income has been prepared.

Statement of Financial Position
For the year ended 31 December 2023

Arrow ECS

	Note	2023 £'000	2022 £'000
Fixed assets			
Intangible assets	9	**4,381**	5,792
Tangible assets	10	**359**	723
Investments	11	**17,724**	17,724
		22,464	24,239
Current assets			
Stocks	12	**3,883**	8,519
Debtors - amounts falling due within one year	13	**266,159**	444,449
Debtors - amounts falling due after more than one year	14	**25,693**	26,878
Cash at bank and in hand		**309,232**	115,363
		604,967	595,209
Creditors - amounts falling due within one year	15	**(274,800)**	(270,097)
Net current assets		**330,167**	325,112
Total assets less current liabilities		**352,631**	349,351
Creditors - amounts falling due after more than one year	16	**(9,051)**	(32,679)
Net assets		**343,580**	316,672
Capital and reserves			
Called up share capital	18	**0**	0
Share premium account		**22,514**	22,514
Profit and loss account		**319,533**	292,772
Share based payments reserve		**1,533**	1,386
Shareholders' funds		**343,580**	316,672

The financial statements on pages 14 to 27 were approved and authorised for issue by the Board of Directors on 24 September 2024 and were signed on its behalf by:

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Kieran Cooper
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Kieran Cooper
Director

DocuSigned by:
Nicholas Bannister
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Nicholas Bannister
Director

Statement of Changes in Equity
For the year ended 31 December 2023

	Ordinary share capital	Share premium account	Profit & loss account	Share Based payments reserve	Total shareholders' funds
	£'000	£'000	£'000	£'000	£'000
At 1 January 2022	**0**	**22,514**	**272,782**	**1,130**	**296,426**
Profit for the financial year	-	-	19,990	-	19,990
Share Based Payment (note 22)	-	-	-	256	256
At 31 December 2022	**0**	**22,514**	**292,772**	**1,386**	**316,672**
Profit for the financial year	-	-	**26,761**	-	**26,761**
Share Based Payment (note 22)	-	-	-	**147**	**147**
At 31 December 2023	**0**	**22,514**	**319,533**	**1,533**	**343,580**

1 Accounting policies

Statement of Compliance
Arrow Enterprise Computing Solutions Ltd is a limited liability company incorporated in England. The registered office is Nidderdale House, Beckwith Knowle, Harrogate, HG3 1SA.

The company's financial statements have been prepared in compliance with FRS102 as it applies to the financial statements of the company for the year ended 31 December 2023.

Basis of preparation
The financial statements are prepared under the historical cost convention and in accordance with applicable accounting standards.

The directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future given the company's strong cash balance of £309,355,044 at 24th August 2024.

In reaching this conclusion, a review has been undertaken of current and forecast trading, and liquidity stress testing has been performed for the period to 30th September 2025. This testing demonstrated that the entity has adequate liquidity to support the going concern basis of accounting in preparing the annual financial statements.

Risks are mitigated further since the company is a subsidiary of a large global corporation, Arrow Electronics Inc., and both individually and as part of the global group, has significant long-term trading relationships with a significant number of customers and suppliers across different geographic areas and technologies. The business has significant cash and financial resources through the global cash pool arrangement, as part of the global corporation. Management of Arrow Electronics Inc., has confirmed that cash availability and the ability to generate future operating cash flows, are sufficient to meet the projected cash flow needs of the business up to 12 months from the date the accounts are signed.

The financial statements are prepared in sterling which is the functional currency of the company and rounded to the nearest £'000.

The following disclosure exemptions have been adopted:

- The requirement to present a statement of cash flows and related notes (FRS102 s7)
- The requirements relating to certain disclosures in respect of related party transactions (FRS102 s33)
- The requirements relating to certain disclosures in respect of share-based payments (FRS102 s26)
- Financial instrument disclosures (FRS102 s11 and s12), including:
    - Categories of financial instruments
    - Items of income, expenses, gains, or losses relating to financial instruments, and
    - Exposure to and management of financial risks

Consolidated financial statements
The company is a wholly owned subsidiary undertaking of Arrow Electronics Inc., a US parent undertaking and is included in the consolidated financial statements of that company which are publicly available. As such the company has availed itself of the exemption from preparing consolidated financial statements by virtue of s401 of the Companies Act 2006.

1 Accounting policies (continued)

Intangible assets
Intangible assets are measured at cost less accumulated amortisation and any accumulated impairment losses.

Goodwill
Goodwill represents the excess of the fair value of the consideration paid over the fair value of the identifiable net assets acquired and is amortised through the profit and loss account over its useful economic life. The directors have assessed the estimated useful economic life of goodwill at 20 years from date of acquisition based on the strengths of the underlying businesses and projected future market growth. The directors review the level of goodwill for impairment at the end of the first full financial year following acquisition and in other periods if events or changes in circumstances indicate that the carrying value may not be recoverable.

Software
Software that is not directly related to hardware is classified as intangibles and amortised over the useful life of the software. The principal annual rates used for this purpose are:

Externally purchased software	33%
Internally developed software	14% to 33%

The carrying amount of these assets is reviewed for impairment in line with FRS102.18.25.

Tangible assets
The cost of tangible assets is their purchase cost, together with any incidental expenses of acquisition.

Depreciation is calculated so as to write-off the cost of tangible fixed assets less their estimated residual values, on a straight-line basis over the expected useful economic lives of the assets concerned. The principal annual rates used for this purpose are:

Long leasehold and improvements	10% to 20%
Office fixtures and fittings	33% to 50%
Vehicles and computer equipment	25% to 50%

The directors review tangible fixed assets for impairment if events or changes in circumstances indicate that the carrying value may not be recoverable.

Investments
Investments in subsidiary undertakings and businesses acquired are stated at cost less any provision for impairment.

Stocks
Stocks are stated at the lower of cost and net-realisable value. Provisions are made for obsolete, slow-moving, and defective items where appropriate.

1 Accounting policies (continued)

Revenue recognition
The company recognises revenue when there is persuasive evidence of an arrangement, delivery has occurred or services are rendered, the sales price is fixed or determinable, and collectability is reasonable assured. Revenue typically is recognised at time of shipment.

Products sold by the company are generally delivered via shipment from the company's facilities, drop shipment directly from the vendor, or by electronic delivery of keys for software products. The company is the principal in these transactions, as it is principally responsible for fulfilling the order, which includes negotiating price both with the supplier and customer, payment to the supplier, establishing payment terms with the customer, product returns, and has risk of loss if the customer does not make payment. As the principal with the customer, the company recognises the sale and cost of sale of the product upon shipment of the product to the customer or upon receiving notification from the supplier that the product has been shipped for drop shipment transactions.

The company has contracts with certain customers where the company's performance obligation is to arrange for the products or services to be provided by another party. The company is the agent in these arrangements, which relate to the sale of supplier-provided service contracts to customers or the rendering of logistics services for the delivery of inventory for which the company does not assume the risks and rewards of ownership. Sales, where the company is the agent, are reported as the amount billed to the customer net of the cost of the sale.

Foreign currencies
Transactions in foreign currencies are recorded at the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated to sterling at the exchange rates ruling at the balance sheet date. All exchange differences are taken to the income statement.

Taxation
The charge for taxation is based on the profit for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more, or a right to pay less, tax in the future have occurred at the balance sheet date, except that deferred tax assets are recognised only to the extent that the Directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing difference can be deducted.

Deferred tax is measured on a non-discounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

Pension costs
The company operates a defined contribution pension scheme for employees and directors. The assets of the scheme are held separately from those of the company. The annual contributions payable are charged to the income statement. The company provides no other post-retirement benefits to its employees and directors.

Lease agreements
Costs in respect of operating leases are charged to the income statement on a straight-line basis over the term of the lease. Lease incentives are recognised over the lease term on a straight-line basis.

1 Accounting policies (continued)

Share-based payments
Arrow Electronics Inc. maintains the group 2004 Omnibus Incentive Plan, which replaced all prior employee stock plans. The plan permits the grant of cash-based awards, non-qualified stock options, incentive stock options, stock appreciation rights, restricted stock units, performance shares, performance units, covered employee annual incentive awards and other stock-based awards. The cost of equity-settled transactions with employees is measured by reference to the fair value at the date at which they are granted and is recognised as an expense over the vesting period, which ends on the date on which the relevant employees become fully entitled to the award. Fair value is determined by means of Grant price. No expense is recognised for awards that do not ultimately vest.

At each balance sheet date before vesting, the cumulative expense is calculated, representing the extent to which the vesting period has expired. The movement in cumulative expense since the previous balance sheet date is recognised in the income statement with a corresponding entry in equity.

Where the terms of an equity-settled award are modified or a new award is designated as replacing a cancelled or settled award, the cost based on the original award terms continues to be recognised over the original vesting period. In addition, an expense is recognised over the remainder of the new vesting period for the incremental fair value of any modification based on the difference between the fair value of the original award and the fair value of the modified award, both as measured on the date of modification. No reduction is recognised if the difference is negative.

Derivative financial instruments
The company uses forward foreign currency contracts to reduce exposure to foreign exchange rates in respect of operating income and expenses.

Derivative financial instruments are initially measured at fair value on the date on which a derivative contract is entered into and are subsequently measured at fair value through the income statement. Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative.

2 Turnover

All the company's turnover and profits originate in the UK.

Turnover, analysed by category, was as follows:

	2023	2022
	£'000	£'000
Sale of goods	**180,625**	213,298
Rendering of services	**192,004**	207,833
Total	**372,629**	421,131

3 Operating profit

	2023	2022
	£'000	£'000
Operating profit is stated after charging:		
Staff costs (note 5)	**26,956**	26,225
Depreciation of tangible fixed assets (note 10)	**461**	565
Amortisation of intangibles (note 9)	**1,411**	1,411
Land & buildings operating lease rentals	**542**	702
Other operating lease rentals	**229**	196
Net exchange gain on foreign currency transactions	**(2,517)**	(1,780)
Restructuring costs	**629**	2,868
Auditors' remuneration - audit services	**148**	141

4 Directors' emoluments

	2023	2022
	£'000	£'000
Aggregate emoluments	**624**	523
Company contributions to defined contribution pension scheme	**9**	8

During the year, retirement benefits were accruing to 2 (2022: 2) directors under defined contribution pension schemes.

During the year there were no director who exercised share options (2022: nil).

Highest paid Director

	2023	2022
	£'000	£'000
Aggregate emoluments	**384**	312
Company contributions to defined contribution pension scheme	**2**	2

5 Employee information

The average number of persons (including executive directors) employed by the company during the year was:

	2023 No.	2022 No.
Sales	**247**	242
Technical	**16**	18
Operations	**56**	59
Administration	**62**	64
	381	383

Staff costs for the persons above were:

	2023 £'000	2022 £'000
Wages and salaries	**23,501**	22,453
Social security costs	**2,823**	3,036
Pension Costs	**485**	480
Share Based Payments	**147**	256
	26,956	26,225

6 Other income

	2023 £'000	2022 £'000
Other income from fellow group undertakings	**-**	71

7 Net interest receivable and similar income

	2023 £'000	2022 £'000
Interest payable and similar charges:		
Interest payable on bank loans and overdrafts	**(519)**	(180)
Other Interest payable	**(78)**	(270)
	(597)	(450)
Interest receivable and similar income:		
Bank interest receivable	**9,101**	983
Interest receivable from group undertakings	**2,234**	5,399
Other Interest received	**-**	2
Net interest receivable and similar income	**10,738**	5,934

8 Tax on profit on ordinary activities

	2023 £'000	2022 £'000
Tax charge comprises:		
United Kingdom corporation tax at 23.52% (2022 - 19%)		
UK current tax	**8,359**	4,764
Adjustment in respect of prior periods	**(3)**	9
Deferred tax (note 17)	**(334)**	(122)
	8,022	4,651

	2023 £'000	2022 £'000
Profit on ordinary activities before taxation	**34,783**	24,641
At standard rate of corporation tax of 23.52% (2022 - 19%)	**8,181**	4,682
Effects of:		
Expenses not deductible for tax purposes	**159**	169
Adjustment to tax charge in respect of previous periods	**(3)**	9
Adjustment to tax charge in respect of previous periods - deferred tax	**(234)**	(134)
Rate difference	**-**	3
Fixed assets differences	**6**	(19)
Other permanent differences	**-**	(59)
Remeasurement of deferred tax for changes in tax rates	**(20)**	-
Impact of employee shares	**(67)**	-
	8,022	4,651

Factors affecting tax charge

The main rate of corporation tax increased from 19% to 25% from 1 April 2023 on profits in excess of £250,000 according to legislation of UK Budget 2021. A small profits rate of 19% applies to profits of £50,000 or less. Companies with profits between £50,000 and £250,000 pay tax at the main rate reduced by a marginal relief providing a gradual increase in the effective corporation tax rate.

The tax rate applicable for deferred tax is 25%.

In December 2021, the Organisation for Economic Co-operation and Development (OECD) issued model rules for a new global minimum tax framework (Pillar Two) applicable for multinational enterprise groups with global revenue over €750 million. The legislation implementing the rules in the UK was substantively acted on 20th June 2023. The Company has applied the exemption under FRS 102 in relation to accounting for deferred tax assets and liabilities arising from the implementation of the Pillar Two model rates. The Arrow group's assessment of the potential exposure to Pillar Two income taxes is based on the most recent tax findings, country-by-country reporting and financial statements for the constituent entities in the group. Based on the assessment carried out so far and to the extent information is known and reasonably estimable, the group does not expect a significant exposure to Pillar Two income taxes in this Company due to the safe harbour rates applying and in the UK jurisdiction the effective tax rate is above 15%. The group is continuing to review this legislation to assess the full potential impact.

9 Intangible assets

	Goodwill £'000	Software £'000	Total £'000
Cost			
At 1 January 2023	26,708	1,069	27,777
At 31 December 2023	**26,708**	**1,069**	**27,777**
Amortisation			
At 1 January 2023	21,368	617	21,985
Charge for the year	1,335	76	1,411
At 31 December 2023	**22,703**	**693**	**23,396**
Net book amount at 31 December 2023	**4,005**	**376**	**4,381**
Net book amount at 1 January 2023	5,340	452	5,792

10 Tangible assets

	Long leasehold and improve-ments £'000	Office fixtures and fittings £'000	Vehicles and computer equipment £'000	Total £'000
Cost				
At 1 January 2023	1,534	345	2,413	4,292
Additions	-	9	88	97
At 31 December 2023	**1,534**	**354**	**2,501**	**4,389**
Accumulated depreciation				
At 1 January 2023	1,092	330	2,147	3,569
Charge for the year	192	16	253	461
At 31 December 2023	**1,284**	**346**	**2,400**	**4,030**
Net book amount at 31 December 2023	**250**	**8**	**101**	**359**
Net book amount at 1 January 2023	442	15	266	723

11 Investments

	£'000
Cost and net book value	
At 1 January 2023	**17,724**
At 31 December 2023	**17,724**

The investment in the subsidiary undertaking is noted below. The subsidiary is wholly owned.

	Country of Incorporation	Principal Activities
Arrow ECS (Ireland) Limited	Ireland	Computing Distributor

During 2022, the subsidiary undertakings Arrow Capital Solutions (UK) Limited, CSS Computer Security Solutions Ltd., and Arrow ECS (NI) Limited, which was the investment directly held by the subsidiary undertaking Arrow ECS (Ireland) Limited, were dissolved and struck off the register at Companies House as part of a large group restructuring project.

12 Stocks

	2023 £'000	2022 £'000
Goods for re-sale	**3,883**	8,519

There is no material difference between the balance sheet value of stock and its replacement cost.

13 Debtors – amounts falling due within one year

	2023 £'000	2022 £'000
Trade debtors	**244,471**	261,614
Amounts owed by Group undertakings	**3,397**	164,958
Funded multi-year deals debtors	**8,530**	11,026
Other debtors	**7,342**	3,769
Deferred tax asset (note 17)	**629**	295
Deferred cost of sales	**1,790**	2,787
	266,159	444,449

The company entered into a sterling denominated loan agreement with Arrow Central Europe GmbH ("ACE") (before Arrow ECS Central GmbH merged in 2021 to the latter) dated as of June 1st, 2018, for a principal amount of £163,843,977 and with an annual interest rate of 3.25%. The entire outstanding aggregate amount of the loan was received on June 1st, 2023, at the maturity date.

14 Debtors – amounts falling due after more than one year

	2023 £'000	2022 £'000
Amounts owed by fellow Group undertakings:		
Arrow International Holdings Ltd.	**21,409**	21,409
Funded multi-year deals debtors	**4,284**	5,469
	25,693	26,878

On September 17th, 2021, the company received an interim dividend in kind of £21,408,875 from its subsidiary CSS Computer Security Solutions Ltd ("CSS") novating an intercompany loan owed by Arrow International Holdings Limited ("AIH") in the same amount such that the loan shall be owing by AIH to the company.

15 Creditors – amounts falling due within one year

	2023 £'000	2022 £'000
Trade creditors	**215,155**	221,503
Amounts owed to fellow Group undertakings:		
Arrow International Holdings Ltd.	**21,825**	-
Other fellow Group undertakings	**5,974**	4,807
Corporation tax	**1,771**	199
Taxation and social security	**9,582**	16,094
Funded multi-year deals creditors	**9,919**	15,265
Other creditors	**212**	33
Accruals	**9,423**	10,616
Deferred income	**939**	1,580
	274,800	270,097

The intercompany payable of £21,825,412 owed to Arrow International Holdings Ltd. ("AIH") is not expected to be settled in the short-term (note 16).

16 Creditors – amounts falling due after more than one year

	2023 £'000	2022 £'000
Amounts owed to fellow Group undertakings:		
Arrow International Holdings Ltd.	-	21,825
Funded multi-year deals creditors	**9,051**	10,854
	9,051	32,679

On 13th December 2021, Computerlinks (UK) Limited transferred the intercompany payable of £21,825,412 to its immediate parent undertaking Arrow International Holdings Ltd. ("AIH") by declaring a dividend in specie of the same amount. Whilst in 2023 it is reported in the short-term, it is not expected to be settled in the short-term (note 15).

17 Deferred tax asset

	£'000
At 1 January 2023	**295**
Current year credit to the profit and loss account	**334**
At 31 December 2023	**629**

The deferred tax asset arises due to accelerated capital allowances. Full provision is made for deferred tax. Deferred tax has been calculated at 25% which was the tax rate substantively enacted at 31 December 2023.

18 Called up share capital

	2023 £	2022 £
Authorised, allotted, called up and fully paid		
Ordinary shares of €1 each	**3**	3

19 Financial commitments

Future minimum rentals payable under non-cancellable operating leases are as follows:

	2023 £'000	2022 £'000
Expiring within one year	**925**	835
Expiring within two to five years	**1,219**	1,737
	2,144	2,572

20 Pension commitments

The cost of contributions to defined contribution pension schemes amount to £485,000 (2022: £480,000).

21 Parent undertaking and controlling party

The immediate parent undertaking is Arrow ECS GmbH.

The ultimate parent undertaking of the group of undertakings for which group financial statements are drawn up and of which the company is a member is Arrow Electronics, Inc., a company registered in the United States of America, which is also the company's controlling party. Copies of Arrow Electronics, Inc. financial statements can be obtained from Investor Relations, Arrow Electronics, Inc., 9151 E. Panorama Circle, Centennial, CO 80112, USA.

22 Share Based Payments

2004 Omnibus Incentive Plan Awards
Arrow Electronics Inc. maintains the group 2004 Omnibus Incentive Plan, which replaced all prior employee stock plans. The plan permits the grant of cash-based awards, non-qualified stock options, incentive stock options, stock appreciation rights, restricted stock units, performance shares, performance units, covered employee annual incentive awards and other stock-based awards. The exercise price for options cannot be less than the fair market value of Arrow's common stock on the date of grant.

Performance Share Awards
The ultimate parent company has granted a specific number of performance shares to certain key members of management. The employees are able to earn between 0% and 200% of these shares based on the company's financial performance over a 3-year cycle beginning in the January of the year of the award. Performance shares are awarded at the conclusion of the performance period.

Restricted Share Awards
During the year, the ultimate parent company has granted a specific number of restricted stock units to certain key members of management to incentivise them to remain with the Group. These units vest over a four-year period in four equal tranches on the anniversary of the award date. On vesting, each unit is settled by delivery of one share of Common Stock.

23 Financial Instruments

	2023	2022
	£'000	*£'000*
Financial liabilities at fair value through profit or loss		
Forward foreign currency contracts	**(50)**	(18)

The company purchases forward foreign currency contracts to reduce exposure to foreign exchange rates in respect of operating income and expenses. Foreign currency contracts are initially measured at fair value on the date of inception of the foreign currency contract and are subsequently measured at fair value through profit or loss. Foreign currency contracts are carried as assets when the fair value is positive and as liabilities when the fair value is negative.

Corporate Information
For the year ended 31 December 2023

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