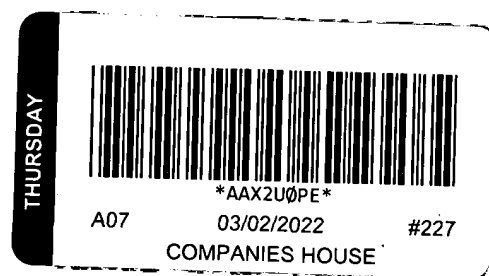


Registered number: 03985629

**MEMEC GROUP HOLDINGS LIMITED**

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE PERIOD ENDED 3 JULY 2021**



MEMEC GROUP HOLDINGS LIMITED

COMPANY INFORMATION

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

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**MEMEC GROUP HOLDINGS LIMITED**

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**MEMEC GROUP HOLDINGS LIMITED**

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**STRATEGIC REPORT  
FOR THE PERIOD ENDED 3 JULY 2021**

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**BUSINESS REVIEW**

On 12 April 2021 the liquidation of the directly held subsidiary Memec Holdings Limited concluded with a distribution in-specie of the intercompany balance due from the Company with a value of \$251,734. This resulted in the recording of a loss on disposal amounting to \$601,537k. Since the investment in Memec Holdings Limited has already been previously impaired, the impairment provision amounting to \$601,537k was reversed. The result is a position with no net gain or loss.

On 25 May 2021 the Company received a dividend distribution from the subsidiary Avnet Asia Pte Ltd amounting to \$30,000k.

On 7 July 2020 the Company entered into a new loan agreement with another Avnet group company with a value of \$81,350,000, repayable in June 2025, with an interest rate of 2.7392% per annum. The Company used this and \$30,000,000 from existing intercompany current account balances to repay the existing group financing under a Bond with a value of \$111,350,000, as detailed in note 13 and 14 to these financial statements.

On 31 October 2020 the Company entered into a new loan agreement with another Avnet group company with a value of \$130,383,314, repayable in June 2025, with an interest rate of 2.876% per annum. The Company used this to repay the existing group financing under a Bond with a value of \$112,734,000, as detailed in note 13 and 14 to these financial statements.

On 27 December 2020 the Company entered into a new loan agreement with another Avnet group company with a value of \$96,105,897, repayable in June 2025, with an interest rate of 2.887% per annum. The Company used this to repay the existing group financing under a Bond with a value of \$80,837,000, as detailed in note 13 and 14 to these financial statements.

A review of the carrying value of investments has been conducted and as a result a decrease in impairment provision of \$3,351k has been recorded (2020: Increase of \$2,786k).

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**MEMEC GROUP HOLDINGS LIMITED**

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**STRATEGIC REPORT (CONTINUED)  
FOR THE PERIOD ENDED 3 JULY 2021**

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**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 balance sheet date.

**Financial risk**

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

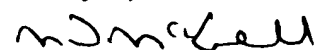
**Going concern**

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.

This report was approved by the board on 1 February 2022 and signed on its behalf.

DocuSigned by:



A7239951F01D41F...  
**M McKrell**  
Director

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**MEMEC GROUP HOLDINGS LIMITED**

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**DIRECTORS' REPORT  
FOR THE PERIOD ENDED 3 JULY 2021**

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The Directors present their report and the financial statements for the period ended 3 July 2021.

**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 \$18,674k (2020 - \$62,609k).

The Directors do not recommended the payment of a dividend of in the current period (2020: dividend declared of \$456,949k).

**DIRECTORS**

The Directors who served during the period were:

D Jackson  
M McKrell

**MEMEC GROUP HOLDINGS LIMITED**

**DIRECTORS' REPORT (CONTINUED)  
FOR THE PERIOD ENDED 3 JULY 2021**

**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.

**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**

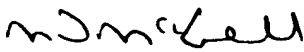
There have been no significant events affecting the Company since the year end.

**AUDITORS**

The auditors, BDO LLP, statutory auditor, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board on 1 February 2022 and signed on its behalf.

DocuSigned by:



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M McKrell  
Director

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**MEMEC GROUP HOLDINGS LIMITED**

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

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**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 03 July 2021 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 03 July 2021 which comprise the statement of comprehensive income, the statement of financial position, the statement of changes in equity 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 remain 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.



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**MEMEC GROUP HOLDINGS LIMITED**

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**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF MEMEC GROUP HOLDINGS LIMITED  
(CONTINUED)**

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**Other information**

The directors are responsible for the other information. The other information comprises the information included in the directors' 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 year 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.

**Responsibilities of Directors**

As explained more fully in the Statement of Directors' Responsibilities, 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.

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**MEMEC GROUP HOLDINGS LIMITED**

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**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF MEMEC GROUP HOLDINGS LIMITED  
(CONTINUED)**

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**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;
  - 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 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; and
  - Reading the minutes of meetings of those charged with governance.
  - 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  
(CONTINUED)**

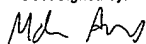
Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, 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.

DocuSigned by:



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

Date: 01 February 2022

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

<b>MEMEC GROUP HOLDINGS LIMITED</b>
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**STATEMENT OF COMPREHENSIVE INCOME  
FOR THE PERIOD ENDED 3 JULY 2021**

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	Note	2021 \$000	2020 \$000
Decrease / (Increase) in provision for impairment of fixed asset investments		604,888	(2,786)
Other operating income	4	25,000	73,116
Other operating charges		(11)	2
Loss on disposal of fixed asset investments		(601,537)	-
<b>OPERATING PROFIT</b>		<b>28,340</b>	<b>70,332</b>
Interest receivable and similar income	7	-	3,325
Interest payable and similar charges	8	(9,666)	(11,048)
<b>PROFIT BEFORE TAX</b>		<b>18,674</b>	<b>62,609</b>
<b>PROFIT FOR THE FINANCIAL PERIOD</b>		<b>18,674</b>	<b>62,609</b>
 <b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>		 <b>18,674</b>	 <b>62,609</b>

The notes on pages 13 to 27 form part of these financial statements.

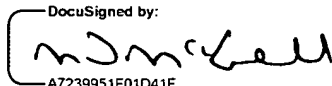
**MEMEC GROUP HOLDINGS LIMITED**  
**REGISTERED NUMBER: 03985629**

**STATEMENT OF FINANCIAL POSITION**  
**AS AT 3 JULY 2021**

	Note	3 July 2021 \$000	27 June 2020 \$000
<b>FIXED ASSETS</b>			
Investments	11	1,078,835	1,075,736
		<u>1,078,835</u>	<u>1,075,736</u>
<b>CURRENT ASSETS</b>			
Debtors: amounts falling due within one year	12	5,281	29,939
		<u>5,281</u>	<u>29,939</u>
Creditors: amounts falling due within one year	13	(51)	(354,518)
		<u>(51)</u>	<u>(354,518)</u>
<b>NET CURRENT ASSETS/(LIABILITIES)</b>		<b>5,230</b>	<b>(324,579)</b>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b>1,084,065</b>	<b>751,157</b>
Creditors: amounts falling due after more than one year	14	(314,234)	-
		<u>(314,234)</u>	<u>-</u>
<b>NET ASSETS</b>		<b>769,831</b>	<b>751,157</b>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	16	185,622	185,622
Share premium account	17	35,575	35,575
Capital redemption reserve	17	174,352	174,352
Profit and loss account	17	374,282	355,608
		<u>769,831</u>	<u>751,157</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 1 February 2022.

DocuSigned by:



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**M McKrell**  
 Director

The notes on pages 13 to 27 form part of these financial statements.

<b>MEMEC GROUP HOLDINGS LIMITED</b>
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**STATEMENT OF CHANGES IN EQUITY  
FOR THE PERIOD ENDED 3 JULY 2021**

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	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
<b>COMPREHENSIVE INCOME FOR THE PERIOD</b>					
Profit for the period	-	-	-	18,674	18,674
<b>AT 3 JULY 2021</b>	<b>185,622</b>	<b>35,575</b>	<b>174,352</b>	<b>374,282</b>	<b>769,831</b>

The notes on pages 13 to 27 form part of these financial statements.

<b>MEMEC GROUP HOLDINGS LIMITED</b>
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**STATEMENT OF CHANGES IN EQUITY  
FOR THE PERIOD ENDED 27 JUNE 2020**

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	Called up share capital	Share premium account	Capital redemption reserve	Profit and loss account	Total equity
	\$000	\$000	\$000	\$000	\$000
At 30 June 2019	185,622	35,575	174,352	749,948	1,145,497
<b>COMPREHENSIVE INCOME FOR THE PERIOD</b>					
Profit for the period	-	-	-	62,609	62,609
<b>CONTRIBUTIONS BY AND DISTRIBUTIONS TO OWNERS</b>					
Dividends: Equity capital	-	-	-	(456,949)	(456,949)
<b>TOTAL TRANSACTIONS WITH OWNERS</b>	-	-	-	(456,949)	(456,949)
<b>AT 27 JUNE 2020</b>	<b>185,622</b>	<b>35,575</b>	<b>174,352</b>	<b>355,608</b>	<b>751,157</b>

The notes on pages 13 to 27 form part of these financial statements.

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**MEMEC GROUP HOLDINGS LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 3 JULY 2021**

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**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.



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**MEMEC GROUP HOLDINGS LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 3 JULY 2021**

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**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 3 JULY 2021**

**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.

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**MEMEC GROUP HOLDINGS LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 3 JULY 2021**

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**2. ACCOUNTING POLICIES (CONTINUED)**

**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.

**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

<b>MEMEC GROUP HOLDINGS LIMITED</b>
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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 3 JULY 2021**

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**2. ACCOUNTING POLICIES (CONTINUED)****2.10 FINANCIAL INSTRUMENTS (continued)**

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.

**2.11 DIVIDENDS**

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting.

**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**

	<b>2021</b>	<b>2020</b>
	<b>\$000</b>	<b>\$000</b>
Income from shares in group undertakings	<b>25,000</b>	<b>30,000</b>
Profit on disposal of fixed asset investments	-	43,115
Foreign exchange gain	-	1
	<u><b>25,000</b></u>	<u><b>73,116</b></u>

On 19th May 2021 the immediate subsidiary Avnet Asia Pte Ltd declared a dividend of \$25,000k.

During the prior period, on 25th June 2020, the immediate subsidiary Avnet Asia Pte Ltd declared a dividend of \$30,000k. And also on 25th September 2019 the company sold the shares held in Avnet EMG Limited to another group company, located in Belgium, with a total profit on disposal of \$43,115k.

<b>MEMEC GROUP HOLDINGS LIMITED</b>
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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 3 JULY 2021**

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**5. AUDITORS' REMUNERATION**

Audit fees for the current period amounting to \$4k (2020: \$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 (2020 - \$NIL).

**7. INTEREST RECEIVABLE AND SIMILAR INCOME**

	2021 \$000	2020 \$000
Interest receivable from group companies	-	3,325
	<u>-</u>	<u>3,325</u>
	<u>-</u>	<u>3,325</u>

**8. INTEREST PAYABLE AND SIMILAR CHARGES**

	2021 \$000	2020 \$000
Interest payable to group companies	9,666	11,048
	<u>9,666</u>	<u>11,048</u>
	<u>9,666</u>	<u>11,048</u>

**9. TAXATION**

	2021 \$000	2020 \$000
<b>TOTAL CURRENT TAX</b>	<u>-</u>	<u>-</u>
	<u>-</u>	<u>-</u>

<b>MEMEC GROUP HOLDINGS LIMITED</b>
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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 3 JULY 2021**

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

The tax assessed for the period is lower than (2020 - *lower than*) the standard rate of corporation tax in the UK of 19.00% (2020 - 19.00%). The differences are explained below:

	2021 \$000	2020 \$000
Profit on ordinary activities before tax	<u>18,674</u>	<u>62,609</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19.00% (2020 - 19.00%)	3,548	11,896
<b>EFFECTS OF:</b>		
Non taxable / tax-deductible movement in impairment of fixed asset investments	(114,929)	529
Profit on disposal of investments not taxable income	-	(8,192)
Loss on disposal of fixed asset investments not deductible for tax purposes	114,292	-
Non taxable dividend income from subsidiary companies	(4,750)	(5,700)
Unrelieved tax losses carried forward	920	1,467
Group relief surrendered but not paid for	<u>919</u>	<u>-</u>
<b>TOTAL TAX CHARGE FOR THE PERIOD</b>	<u>-</u>	<u>-</u>

Tax losses amounting to \$58,805,000 are available to relieve future profits of the company (2020: \$46,294,000). There is significant uncertainty over the magnitude of future profits and therefore no deferred tax asset has been recognised (2020: \$Nil). There remains an unrecognised deferred tax asset of \$11,173,000 on losses available (2020: \$9,366,000).

**10. DIVIDENDS**

	3 July 2021 \$000	27 June 2020 \$000
Dividend declared 30 October 2019, \$0.49234 per share	<u>-</u>	<u>456,949</u>
	<u>-</u>	<u>456,949</u>

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 3 JULY 2021**

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**11. FIXED ASSET INVESTMENTS**

	<b>Investments in subsidiary companies \$000</b>
<b>COST</b>	
At 28 June 2020	1,687,474
Disposals	(601,789)
At 3 July 2021	<u>1,085,685</u>
<b>IMPAIRMENT</b>	
At 28 June 2020	611,738
Credit (reversal) for the year	(604,888)
At 3 July 2021	<u>6,850</u>
<b>NET BOOK VALUE</b>	
At 3 July 2021	<u><u>1,078,835</u></u>
At 27 June 2020	<u><u>1,075,736</u></u>

A review of the carrying value of investments has been conducted and as a result a decrease has been made in impairment provision of \$3,351k (2020: increase of \$2,786k).

On 12th April 2021 the liquidation of the directly held subsidiary Memec Holdings Limited concluded with a distribution in specie of the intercompany balance due from the company with a value of \$251,734. This resulted in the recording of a loss on disposal amounting to \$601,537k. Since the investment in Memec Holdings Limited has already been previously impaired, the impairment provision amounting to \$601,537k was reversed. The result is a position with no net gain or loss.

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 3 JULY 2021**

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

The following were subsidiary undertakings of the Company:

<b>Name</b>	<b>Registered office</b>	<b>Class of shares</b>	<b>Holding</b>
Memec Holdings Ltd (1) (*)	UK	Ordinary	100.0%
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)	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%



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**11. FIXED ASSET INVESTMENTS (CONTINUED)**

**SUBSIDIARY UNDERTAKINGS (CONTINUED)**

(\*) The liquidation of the directly held subsidiary Memec Holdings Limited concluded on 12th April 2021.

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

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 3 JULY 2021**

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**12. DEBTORS**

	<b>3 July 2021 \$000</b>	<i>27 June 2020 \$000</i>
Amounts owed by group undertakings	<b>5,281</b>	29,939
	<b>5,281</b>	29,939

The amount owed by group undertakings and due within one year consists of a balance of \$5,281k (2020: \$29,939k) 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.

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 3 JULY 2021**

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**13. CREDITORS: Amounts falling due within one year**

	<b>3 July 2021 \$000</b>	<i>27 June 2020 \$000</i>
Amounts owed to group undertakings	<u>51</u>	<u>354,518</u>
	<u><b>51</b></u>	<u><b>354,518</b></u>

The Amounts owed to group undertakings includes \$nil (2020: \$354,518k) which is represented by three deep discount security instruments.

Also included in Amounts owed to group undertakings is \$51k (2020: \$nil) 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.

The three deep discount security instruments are unsecured and repayable as set out in the table below.

	<b>3 July 2021 \$000</b>	<i>27 June 2020 \$000</i>
<b>Deep discount security instruments</b>		
Bond 1:	-	130,937
Bond 2:	-	129,104
Bond 3:	-	94,477
	<u>-</u>	<u>354,518</u>

The terms of the Deep discount security instruments (Bonds) are set out below. Note that these three bonds were all repaid during the current period:

Bond 1 - Issue price: \$111,350k  
Issue date / (redemption date): 7 July 2015 / (redemption: 6 July 2020)  
Discount rate: 3.3065%  
This bond was repaid on 7 July 2020.

Bond 2 - Issue price: \$112,734k  
Issue date / (redemption date): 1 November 2015 / (redemption: 31 October 2020)  
Discount rate: 2.9500%  
This bond was repaid on 31 October 2020.

Bond 3 - Issue price: \$80,837k  
Issue date / (redemption date): 28 December 2015 / (redemption: 27 December 2020)  
Discount rate: 3.5190%  
This bond was repaid on 27 December 2020.

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 3 JULY 2021**

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**14. CREDITORS: Amounts falling due after more than one year**

	<b>3 July 2021 \$000</b>	<b>27 June 2020 \$000</b>
Amounts owed to group undertakings	<b>314,234</b>	-
	<b>314,234</b>	-

The Amounts owed to group undertakings includes \$314,234k (2020: \$nil) 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**

	<b>Issue price outstanding bonds \$000</b>	<b>Issue price - repaid bonds \$000</b>	<b>Accreted interest - 3 July 2021 \$000</b>	<b>Accreted interest - 27 June 2020 \$000</b>	<b>Total balance - 3 July 2021 \$000</b>	<b>Total balance - 27 June 2020 \$000</b>
Bond 1:	-	111,350	-	19,587	-	130,937
Bond 2:	-	112,734	-	16,370	-	129,104
Bond 3:	-	80,837	-	13,640	-	94,477
Bond 4:	81,350	-	2,375	-	83,725	-
Bond 5:	130,383	-	2,563	-	132,946	-
Bond 6:	96,106	-	1,457	-	97,563	-
	<b>307,839</b>	<b>304,921</b>	<b>6,395</b>	<b>49,597</b>	<b>314,234</b>	<b>354,518</b>

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

Bond 4 - Issue price: \$81,350k

Issue date / (redemption date): 7 July 2020 / (redemption: 25 June 2025)

Discount rate: 2.7392%

Bond 5 - Issue price: \$130,383k

Issue date / (redemption date): 31 October 2020 / (redemption: 25 June 2025)

Discount rate: 2.8760%

Bond 6 - Issue price: \$96,106k

Issue date / (redemption date): 27 December 2020 / (redemption: 25 June 2025)

Discount rate: 2.8870%

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**NOTES TO THE FINANCIAL STATEMENTS  
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**15. FINANCIAL INSTRUMENTS**

	<b>3 July 2021 \$000</b>	<i>27 June 2020 \$000</i>
<b>FINANCIAL ASSETS</b>		
Financial assets that are debt instruments measured at amortised cost	<u><b>5,281</b></u>	<u><i>29,939</i></u>
<b>FINANCIAL LIABILITIES</b>		
Financial liabilities measured at amortised cost	<u><b>(314,285)</b></u>	<u><i>(354,518)</i></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.

**16. SHARE CAPITAL**

	<b>3 July 2021 \$000</b>	<i>27 June 2020 \$000</i>
<b>Allotted, called up and fully paid</b>		
928,109,084 (2020 - 928,109,084) Ordinary shares of \$0.20 each	<u><b>185,622</b></u>	<u><i>185,622</i></u>

**17. 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.

**18. POST BALANCE SHEET EVENTS**

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

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**MEMEC GROUP HOLDINGS LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 3 JULY 2021**

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**19. 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 Holding Europe BVBA, 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](http://www.ir.avnet.com).

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