Quadient Danmark A/S

Valhøjs Alle 176, 2610 Rødovre

Company reg. no. 16 27 50 34

Annual report

1 February 2022 - 31 January 2023

The annual report was submitted and approved by the general meeting on the 11 July 2023.

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Niklas Karl Lunden
Chairman of the meeting

Contents

Notes:
- To ensure the greatest possible applicability of this document, IAS/IFRS English terminology has been used.
- Please note that decimal points have not been used in the usual English way. This means that for instance DKK 146.940 means the amount of DKK 146,940, and that 23,5 % means 23.5 %.

Management's statement

Today, the Board of Directors and the Managing Director have approved the annual report of Quadient Danmark A/S for the financial year 1 February 2022 - 31 January 2023.

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

We consider the chosen accounting policy to be appropriate, and in our opinion, the financial statements give a true and fair view of the financial position of the Company at 31 January 2023 and of the results of the Company's operations for the financial year 1 February 2022 – 31 January 2023.

Further, in our opinion, the Management's review gives a true and fair review of the matters discussed in the Management's review.

We recommend that the annual report be approved at the Annual General Meeting.

Rødovre, 11 July 2023

Managing Director

Niklas Karl Lunden

Board of directors

Laurent Marie Philippe du PASSAGE chairman	Jerome Vigier	Niklas Karl Lunden

Independent auditor's report

To the Shareholder of Quadient Danmark A/S

Opinion

We have audited the financial statements of Quadient Danmark A/S for the financial year 1 February 2022 – 31 January 2023, which comprise income statement, balance sheet, statement of changes in equity and notes, including accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the financial position of the Company at 31 January 2023 and of the results of the Company's operations for the financial year 1 February 2022 – 31 January 2023 in accordance with the Danish Financial Statements Act.

Basis for Opinion

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

Independence

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

Management's Responsibilities for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the Danish Financial Statements Act and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, Management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting in preparing the financial statements unless Management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance as to whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

Independent auditor's report

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company’s internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.

- Conclude on the appropriateness of Management’s use of the going concern basis of accounting in preparing the financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor’s report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor’s report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and contents of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Statement on Management’s Review

Management is responsible for Management’s Review.

Our opinion on the financial statements does not cover the Management's review, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the Management's review and, in doing so, consider whether the Management's review is materially inconsistent with the financial statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether the Management's review provides the information required under the Danish Financial Statements Act.

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

Copenhagen, 11 July 2023

EY
Godkendt Revisionspartnerselskab
Company reg. no. 30 70 02 28

Peter Jensen
State Authorised Public Accountant
mne33246

Company information

The company	Quadient Danmark A/S Valhøjs Alle 176 2610 Rødovre	
	Company reg. no.	16 27 50 34
	Established:	1 July 1992
	Domicile:	Rødovre
	Financial year:	1 February - 31 January
Board of directors	Laurent Marie Philippe du PASSAGE, chairman Jerome Vigier Niklas Karl Lunden	
Managing Director	Niklas Karl Lunden	
Auditors	EY Godkendt Revisionspartnerselskab	
Subsidiary	Quadient Finans ApS, Rødovre	

Description of key activities of the company

Since the beginning of 1964, Quadient Danmark A/S has been a market leader within sale and service of equipment for the handling of mail and paper and related business.

Quadient Danmark A/S is part of the Quadient Group, which is a global enterprise with focus on solution designs to support and provide additional value to all processes related to incoming and outgoing mail, including stamping, enveloping, adressing and track tracing solutions for parcel post.

Quadient Danmark A/S has, in addition to the delivery of services, similar to the Quadient Group´s core services, also had great focus on delivery of total solutions for industrial production and handling of mail on a wide supply of products concerning graphic revision, both for the small enterprise as well as the industrial solution. Quadient Danmark A/S represents the most important products on the market within the Company's area of activity with products from almost all over the world. It is Quadient Danmark A/S' vision to be the market leader within supply of intelligent solutions for document management.

Development in activities and financial matters

The gross profit for the year totals T.DKK 14.590 against T.DKK 24.474 last year. Income or loss from ordinary activities after tax totals T.DKK 197 against T.DKK 3.912 last year. Management considers the net profit or loss for the year satisfactory.

On 15 June 2022, the company sold the graphics segment to Ricoh. Please refer to footnote 1, special items, for further description of the impact on the results for 2022.

Events occurring after the end of the financial year

No events have occurred after the balance sheet date which could significantly affect the company's financial position.

Income statement 1 February - 31 January

All amounts in DKK.

Note		2022/23	2021/22
	Gross profit	**14.590.125**	**24.473.621**
2	Staff costs	-14.611.419	-19.935.684
	Depreciation and impairment of property, land, and equipment	-87.947	-229.603
	Other operating expenses	-246.580	-85.000
	Operating profit	**-355.821**	**4.223.334**
	Income from investments in group enterprises	242.788	457.278
	Other financial income from group enterprises	283.751	133.849
	Other financial income	73.383	46.134
3	Other financial expenses	-57.221	-99.663
	Pre-tax net profit or loss	**186.880**	**4.760.932**
4	Tax on net profit or loss for the year	9.974	-848.947
	Net profit or loss for the year	**196.854**	**3.911.985**
	Proposed distribution of net profit:		
	Reserves for net revaluation according to the equity method	242.788	457.278
	Dividend for the financial year	0	12.000.000
	Allocated from retained earnings	-45.934	-8.545.293
	Total allocations and transfers	**196.854**	**3.911.985**

Balance sheet at 31 January

All amounts in DKK.

Note	Assets	2023	2022
	Non-current assets		
	Other fixtures, fittings, tools and equipment	165.059	131.104
	Total property, plant, and equipment	165.059	131.104
	Investments in group enterprises	4.138.108	3.895.843
	Total investments	4.138.108	3.895.843
	Total non-current assets	**4.303.167**	**4.026.947**
	Current assets		
	Raw materials and consumables	1.223.468	4.919.124
	Total inventories	1.223.468	4.919.124
	Trade receivables	1.830.040	4.627.674
5	Receivables from group enterprises	25.469.950	39.607.642
	Income tax receivables	144.552	0
	Tax receivables from group enterprises	68.310	128.976
	Other receivables	286.953	70.935
	Prepayments	760.450	793.453
	Total receivables	28.560.255	45.228.680
	Cash and cash equivalents	89.347	378.952
	Total current assets	**29.873.070**	**50.526.756**
	Total assets	**34.176.237**	**54.553.703**

Balance sheet at 31 January

All amounts in DKK.

Note	Equity and liabilities	2023	2022
	Equity		
	Contributed capital	6.000.000	6.000.000
	Reserve for net revaluation according to the equity method	3.957.363	3.714.575
	Retained earnings	16.069.124	16.115.058
	Proposed dividend for the financial year	0	12.000.000
	Total equity	**26.026.487**	**37.829.633**
	Provisions		
	Provisions for deferred tax	87.000	101.088
	Total provisions	**87.000**	**101.088**
	Liabilities other than provisions		
	Bank loans	5.664	0
	Trade payables	1.095.100	3.019.133
	Payables to group enterprises	1.101.239	2.530.784
	Income tax payable	0	142.274
	Other payables	2.069.095	4.664.802
	Deferred income	3.791.652	6.265.989
	Total short term liabilities other than provisions	8.062.750	16.622.982
	Total liabilities other than provisions	**8.062.750**	**16.622.982**
	Total equity and liabilities	**34.176.237**	**54.553.703**

1 Special items

6 Contingencies

7 Related parties

Statement of changes in equity

All amounts in DKK.

	Contributed capital	Reserve for net revalua-tion according to the eq-uity method	Retained earnings	Proposed dividend for the financial year	Total
Equity 1 February 2021	6.000.000	3.257.297	24.660.351	0	33.917.648
Share of profit or loss	0	457.278	-8.545.293	12.000.000	3.911.985
Equity 1 February 2022	6.000.000	3.714.575	16.115.058	12.000.000	37.829.633
Distributed dividend	0	0	0	-12.000.000	-12.000.000
Share of profit or loss	0	242.788	-45.934	0	196.854
	6.000.000	**3.957.363**	**16.069.124**	**0**	**26.026.487**

Notes

All amounts in DKK.

	2022/23	2021/22

1. Special items

Special items include significant income and expenses of a special nature relative to the enterprise's ordinary operating activities, such as the cost of extensive structuring of processes and fundamental structural adjustments and any related gains on disposal and losses which, over time, have a significant impact. Special items also include other significant amounts of a nonrecurring nature.

As mentioned in the management commentary, on 15 June 2022, the company sold the graphics segment to Ricoh, which differs from what management considers part of operating activities.

Special items for the year are specified below, indicating where they are recognised in the income statement.

	2022/23	2021/22
Expenses:		
Disposal of activities	230.820	0
	230.820	0
Special items are recognised in the following items in the financial statements:		
Other operating expenses	-230.820	0
Profit of special items, net	**-230.820**	**0**

2. Staff costs

	2022/23	2021/22
Salaries and wages	13.626.766	18.480.261
Pension costs	813.750	1.220.736
Other costs for social security	170.903	234.687
	14.611.419	**19.935.684**
Average number of employees	18	29

3. Other financial expenses

	2022/23	2021/22
Other financial costs	57.221	99.663
	57.221	**99.663**

Notes

All amounts in DKK.

		2022/23	2021/22
4.	**Tax on net profit or loss for the year**		
	Tax on net profit or loss for the year	4.114	105.217
	Adjustment of deferred tax for the year	-14.088	743.730
		-9.974	**848.947**

5. Receivables from group enterprises

Due to the nature of the group's cash pool scheme, the balance is recognized as receivables from group enterprises and not cash and cash equivalents.

6. Contingencies

Contingent liabilities

	DKK in thousands
Total contingent liabilities	2.483

Joint taxation

The company acts as administration company for the group of companies subject to the Danish scheme of joint taxation and is unlimitedly, jointly, and severally liable, along with the other jointly taxed companies, to pay the total corporation tax.

The company is unlimitedly, jointly, and severally liable, along with the other jointly taxed companies, for any obligations to withhold tax on interest, royalties, and dividends.

Any subsequent adjustments of corporate taxes or withholding taxes, etc., may result in changes in the company's liabilities.

7. Related parties

Controlling interest

Quadient S.A., 42-46, avenue Aristide Briand, 92220 Bagneux, France	Majority shareholder

Consolidated financial statements

The company is included in the consolidated financial statements of Quadient S.A., 42-46, avenue Aristide Briand, 92220 Bagneux, France.

Accounting policies

The annual report for Quadient Danmark A/S has been presented in accordance with the Danish Financial Statements Act regulations concerning reporting class B enterprises. Furthermore, the company has decided to comply with certain rules applying to reporting class C enterprises.

The accounting policies are unchanged from last year, and the annual report is presented in DKK.

Pursuant to sections §110 subsection 1, of the Danish Financial Statements Act, the company has not prepared consolidated financial statements.

As part of preparing the financial statements for 2022/23, certain adjustments have been made regarding the income statement and balance sheet presentation. The changes in classifications due to misstatements in prior years have no effect on the net profit or loss for the year, nor on the statement of financial position, neither for the current financial year nor the previous financial year. The comparative figures have been adjusted in accordance with the reclassifications.

Recognition and measurement in general

Income is recognised in the income statement concurrently with its realisation, including the recognition of value adjustments of financial assets and liabilities. Likewise, all costs are recognised in the income statement, including depreciations amortisations, write-downs for impairment, provisions, and reversals due to changes in estimated amounts previously recognised in the income statement.

Assets are recognised in the statement of financial position when it seems probable that future economic benefits will flow to the company and the value of the asset can be reliably measured.

Liabilities are recognised in the statement of financial position when it is seems probable that future economic benefits will flow out of the company and the value of the liability can be reliably measured.

Assets and liabilities are measured at cost at the initial recognition. Hereafter, assets and liabilities are measured as described below for each individual accounting item.

Certain financial assets and liabilities are measured at amortised cost, allowing a constant effective interest rate to be recognised during the useful life of the asset or liability. Amortised cost is recognised as the original cost less any payments, plus/less accrued amortisations of the difference between cost and nominal amount. In this way, capital losses and gains are allocated over the useful life of the liability.

Upon recognition and measurement, allowances are made for such predictable losses and risks which may arise prior to the presentation of the annual report and concern matters that exist on the reporting date.

Foreign currency translation

Transactions in foreign currency are translated by using the exchange rate prevailing at the date of the transaction. Differences in the rate of exchange arising between the rate at the date of transaction and the rate at the date of payment are recognised in the profit and loss account as an item under net financials. If currency positions are considered to hedge future cash flows, the value adjustments are recognised directly in equity in a fair value reserve.

Receivables, payables, and other foreign currency monetary items are translated using the closing rate. The difference between the closing rate and the rate at the time of the occurrence or initial recognition in the latest financial statements of the receivable or payable is recognised in the income statement under financial income and expenses.

Fixed assets acquired and paid for in foreign currency are measured at the exchange rate prevailing at the date of the transaction.

Income statement

Gross profit

In pursuance of section 32 of the Danish Financial Statements Act, the company does not disclose its revenue.

Gross profit comprises the revenue, cost of sales, other operating income, and external costs.

The enterprise will be applying IAS 11 and IAS 18 as its basis of interpretation for the recognition of revenue.

Income from the sale of manufactured goods and goods for resale is recognised in the income statement, when delivery is made and and risk has passed to the buyer. Revenue is recognised net of VAT, duties and sales discounts and measured at fair value of the consideration fixed.

Income from supply of services is recognised as revenue with reference to the stage of completion.

Cost of sales comprises costs concerning purchase of raw materials and consumables less discounts and changes in inventories.

Other operating income comprises items of a secondary nature as regards the principal activities of the enterprise, including profit from the disposal of intangible and tangible assets, operating loss and conflict compensation as well as salary reimbursements received. Compensation is recognized when it is overwhelmingly probable that the company will receive the compensation.

Other external expenses comprise expenses incurred for distribution, sales, advertising, administration, premises, loss on receivables, and operational leasing costs.

Staff costs

Staff costs include salaries and wages, including holiday allowances, pensions, and other social security costs, etc., for staff members.

Depreciation, amortisation, and write-down for impairment

Depreciation, amortisation, and write-down for impairment comprise depreciation on, amortisation of, and write-down for impairment of tangible assets.

Other operating expenses

Other operating expenses comprise items of secondary nature as regards the principal activities of the enterprise, including losses on the disposal of intangible and tangible assets.

Financial income and expenses

Financial income and expenses are recognised in the income statement with the amounts concerning the financial year. Financial income and expenses comprise interest income and expenses, financial expenses from financial leasing, realised and unrealised capital gains and losses relating to securities, debt and transactions in foreign currency, amortisation of financial assets and liabilities as well as surcharges and reimbursements under the advance tax scheme, etc.

Results from investments in group enterprises

After full elimination of intercompany profit or loss less amortised consolidated goodwill, the investment in the individual entities are recognised in the income statement as a proportional share of the entities' post-tax profit or loss.

Tax on net profit or loss for the year

Tax for the year comprises the current income tax for the year and changes in deferred tax and is recognised in the income statement with the share attributable to the net profit or loss for the year and directly in equity with the share attributable to entries directly in equity.

The company is subject to Danish rules on compulsory joint taxation of Danish group enterprises. The company acts as an administration company in relation to the joint taxation. This means that the total Danish tax payable by the Danish consolidated companies is paid to the tax authorities by the company.

The current Danish income tax is allocated among the jointly taxed companies proportional to their respective taxable income (full allocation with reimbursement of tax losses).

Statement of financial position

Property, plant, and equipment

Property, plant, and equipment are measured at cost less accrued depreciation and write-down for impairment. Land is not subject to depreciation.

The depreciable amount is cost less any expected residual value after the end of the useful life of the asset. The amortisation period and the residual value are determined at the acquisition date and reassessed annually. If the residual value exceeds the carrying amount, the depreciation is discontinued.

If the amortisation period or the residual value is changed, the effect on amortisation will, in future, be recognised as a change in the accounting estimates.

The cost comprises acquisition cost and costs directly associated with the acquisition until the time when the asset is ready for use.

The cost of a total asset is divided into separate components. These components are depreciated separately, the useful lives of each individual components differing, and the individual component representing a material part of the total cost.

Depreciation is done on a straight-line basis according to an assessment of the expected useful life and the residual value of the individual assets:

	Useful life	Residual value
Other fixtures and fittings, tools and equipment	3-5 years	0 %

Minor assets with an expected useful life of less than 1 year are recognised as costs in the income statement in the year of acquisition.

Profit or loss derived from the disposal of property, land, and equipment is measured as the difference between the sales price less selling costs and the carrying amount at the date of disposal. Profit or loss is recognised in the income statement as other operating income or other operating expenses.

Leases

Leases are regarded as operating leases. Payments in connection with operating leases and other lease agreements are recognised in the income statement for the term of the contract. The company's total liabilities concerning operating leases and lease agreements are recognised under contingencies, etc.

Investments

Investments in group enterprises

Investments in group enterprises are recognised and measured by applying the equity method. The equity method is used as a method of consolidation.

Investments in group enterprises are recognised in the statement of financial position at the proportionate share of the enterprise's equity value. This value is calculated in accordance with the parent's accounting policies with deductions or additions of unrealised intercompany gains and losses as well as with additions or deductions of the remaining value of positive or negative goodwill calculated in accordance with the acquisition method. Negative goodwill is recognised in the income statement at the time of acquisition of the equity investment. If the negative goodwill relates to contingent liabilities acquired, negative goodwill is not recognised until the contingent liabilities have been settled or lapsed.

Consolidated goodwill is amortised over its estimated useful life, which is determined on the basis of the management's experience with the individual business areas. Consolidated goodwill is amortised on a straight-line basis over the amortisation period, which represent 5-20 years. The depreciation period is determined on the basis of an assessment that these are strategically acquired enterprises with a strong market position and a long-term earnings profile.

In relation to material assets and liabilities recognised in group enterprises but are not represented in the parent, the following accounting policies have been applied.

Investments in group enterprises with a negative equity value are measured at DKK 0, and any accounts receivable from these enterprises are written down to the extent that the account receivable is uncollectible. To the extent that the parent has a legal or constructive obligation to cover an negative balance that exceeds the account receivable, the remaining amount is recognised under provisions.

To the extent the equity exceeds the cost, the net revaluation of equity investments in group enterprises transferred to the reserve under equity for net revaluation according to the equity method. Dividends from group enterprises expected to be adopted before the approval of this annual report are not subject to a limitation of the revaluation reserve. The reserve is adjusted by other equity movements in group enterprises.

Newly acquired or newly established companies are recognised in the financial statement as of the time of acquisition. Sold or liquidated companies are recognised until the date of disposal.

On the acquisition of enterprises, the acquisition method, the uniting-of-interests method or the book value method is applied, cf. the above description under Business combinations.

Impairment loss relating to non-current assets

The carrying amount of tangible fixed assets as well as equity investments in group enterprises are subject to annual impairment tests in order to disclose any indications of impairment beyond those expressed by amortisation and depreciation respectively.

If indications of impairment are disclosed, impairment tests are carried out for each individual asset or group of assets, respectively. write-down for impairment is done to the recoverable amount if this value is lower than the carrying amount.

The recoverable amount is the higher value of value in use and selling price less expected selling cost. The value in use is calculated as the present value of the expected net cash flows from the use of the asset or the asset group and expected net cash flows from the sale of the asset or the asset group after the end of their useful life.

Previously recognised impairment losses are reversed when conditions for impairment no longer exist.

Inventories

Inventories are measured at cost according to the FIFO method. In cases when the net realisable value of the inventories is lower than the cost, the latter is written down for impairment to this lower value.

Costs of goods for resale, raw materials, and consumables comprise acquisition costs plus delivery costs.

Costs of manufactured goods and work in progress comprise the cost of raw materials, consumables, direct wages, and indirect production costs. Indirect production costs comprise indirect materials and wages, maintenance and depreciation of machinery, factory buildings, and equipment used in the production process, and costs for factory administration and factory management. Borrowing expenses are not recognised in cost.

The net realisable value for inventories is recognised as the estimated selling price less costs of completion and selling costs. The net realisable value is determined with due consideration of negotiability, obsolescence, and the development of expected market prices.

Receivables

Receivables are measured at amortised cost, which usually corresponds to nominal value.

In order to meet expected losses, impairment takes place at the net realisable value. The company has chosen to use IAS 39 as a basis for interpretation when recognising impairment of financial assets, which means that impairments must be made to offset losses where an objective indication is deemed to have occurred that an account receivable or a portfolio of accounts receivable is impaired. If an objective indication shows that an individual account receivable has been impaired, an impairment takes place at individual level.

Accounts receivable for which there is no objective indication of impairment at the individual level are evaluated at portfolio level for objective indication of impairment. The portfolios are primarily based on the debtors' domicile and credit rating in accordance with the company's and the group's credit risk management policy. Determination of the objective indicators applied for portfolios are based on experience with historical losses.

Impairment losses are calculated as the difference between the carrying amount of accounts receivable and the present value of the expected cash flows, including the realisable value of any securities received. The effective interest rate for the individual account receivable or portfolio is used as the discount rate.

Prepayments

Prepayments recognised under assets comprise incurred costs concerning the following financial year.

Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand.

Equity

Reserve for net revaluation according to the equity method

The reserve for net revaluation according to the equity method comprises net revaluation of equity investments in subsidiaries, associates and equity interests proportional to cost.

The reserve may be eliminated in the event of losses, realisation of equity investments, or changes in the accounting estimates.

The reserve cannot be recognised by a negative amount.

Dividend

Dividend expected to be distributed for the year is recognised as a separate item under equity.

Income tax and deferred tax

As administration company, Quadient Danmark A/S is liable to the tax authorities for the subsidiaries' corporate income taxes.

Current tax liabilities and current tax receivable are recognised in the statement of financial position as calculated tax on the taxable income for the year, adjusted for tax of previous years' taxable income and for tax paid on account.

The company is jointly taxed with consolidated Danish companies. The current corporate income tax is distributed between the jointly taxed companies in proportion to their taxable income and with full distribution with reimbursement as to tax losses. The jointly taxed companies are comprised by the Danish tax prepayment scheme.

Joint taxation contributions payable and receivable are recognised in the statement of financial position as ”Tax receivables from group enterprises" or "Income tax payable to group enterprises"

Deferred tax is measured on the basis of temporary differences in assets and liabilities with a focus on the statement of financial position. Deferred tax is measured at net realisable value.

Adjustments take place in relation to deferred tax concerning elimination of unrealised intercompany gains and losses.

Deferred tax is measured based on the tax rules and tax rates applying under the legislation prevailing in the respective countries on the reporting date when the deferred tax is expected to be released as current tax. Changes in deferred tax due to changed tax rates are recognised in the income statement, except for items included directly in the equity.

Deferred tax assets, including the tax value of tax losses allowed for carryforward, are recognised at the value at which they are expected to be realisable, either by settlement against tax of future earnings or by set-off in deferred tax liabilities within the same legal tax unit. Any deferred net tax assets are measured at net realisable value.

Liabilities other than provisions

Financial liabilities other than provisions related to borrowings are recognised at the received proceeds less transaction costs incurred. In subsequent periods, the financial liabilities are recognised at amortised cost, corresponding to the capitalised value when using the effective interest rate. The difference between the proceeds and the nominal value is recognised in the income statement during the term of the loan.

Mortgage loans and bank loans are thus measured at amortised cost which, for cash loans, corresponds to the outstanding payables. For bond loans, the amortised cost corresponds to an outstanding payable calculated as the underlying cash value at the date of borrowing, adjusted by amortisation of the market value on the date of the borrowing effectuated over the repayment period.

Other liabilities concerning payables to suppliers, group enterprises, and other payables are measured at amortised cost which usually corresponds to the nominal value.

Deferred income

Payments received concerning future income are recognised under deferred income.