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# ***EMC Computer Systems Danmark A/S***

Arne Jacobsens Allé 17, DK-2300 København S

## **Annual Report for 1. februar 2018 - 31. januar 2019**

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CVR No 18 70 62 45

The Annual Report was  
presented and adopted at  
the Annual General  
Meeting of the Company on  
28/6 2019

Tina Øster Larsen  
Chairman of the General  
Meeting



**pwc**

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# Management's Statement

The Executive Board and Board of Directors have today considered and adopted the Annual Report of EMC Computer Systems Danmark A/S for the financial year 1 February 2018 - 31 January 2019.

The Annual Report is prepared in accordance with the Danish Financial Statements Act.

In our opinion the Financial Statements give a true and fair view of the financial position at 31 January 2019 of the Company and of the results of the Company operations for 2018/19.

In our opinion, Management's Review includes a true and fair account of the matters addressed in the Review.

We recommend that the Annual Report be adopted at the Annual General Meeting.

København, 28 June 2019

## Executive Board

Jaromir Krnac  
Executive Officer

## Board of Directors

Maurice Joseph Barrett  
Chairman

Fiona Margaret Dibley

Jaromir Krnac

# Independent Auditor's Report

To the Shareholder of EMC Computer Systems Danmark A/S

## Opinion

In our opinion, the Financial Statements give a true and fair view of the financial position of the Company at 31 January 2019 and of the results of the Company's operations for the financial year 1 February 2018 - 31 January 2019 in accordance with the Danish Financial Statements Act.

We have audited the Financial Statements of EMC Computer Systems Danmark A/S for the financial year 1 February 2018 - 31 January 2019, which comprise income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies ("the Financial Statements").

## Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the Financial Statements" section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## Statement on Management's Review

Management is responsible for Management's Review.

Our opinion on the Financial Statements does not cover 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 Management's Review and, in doing so, consider whether 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 Management's Review provides the information required under the Danish Financials Statements Act.

Based on the work we have performed, in our view, 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 in Management's Review.

# Independent Auditor's Report

## **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 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 and the additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Financial Statements.

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

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

# Independent Auditor's Report

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.

Hellerup, 28 June 2019

**PricewaterhouseCoopers**

Statsautoriseret Revisionspartnerselskab

*CVR No 33 77 12 31*

Carsten Nielsen  
statsautoriseret revisor  
mne30212

Josephine Kilsgaard Holm  
statsautoriseret revisor  
mne44114

## Company Information

### **The Company**

EMC Computer Systems Danmark A/S  
Arne Jacobsens Allé 17  
DK-2300 København S

CVR No: 18 70 62 45  
Financial period: 1 February - 31 January  
Municipality of reg. office: København

### **Board of Directors**

Maurice Joseph Barrett, Chairman  
Fiona Margaret Dibley  
Jaromir Krnac

### **Executive Board**

Jaromir Krnac

### **Auditors**

PricewaterhouseCoopers  
Statsautoriseret Revisionspartnerselskab  
Strandvejen 44  
DK-2900 Hellerup

### **Lawyers**

Bech-Bruun  
Langelinie Allé 35  
DK-2100 København Ø

## Financial Highlights

Seen over a five-year period, the development of the Company is described by the following financial highlights:

|   | 2018/19<br>TDKK | 2017/18<br>TDKK | 2016/17<br>TDKK | 2015<br>TDKK | 2014<br>TDKK |
|---|-----------------|-----------------|-----------------|--------------|--------------|
| <b>Key figures</b>                          |                 |                 |                 |              |              |
| <b>Profit/loss</b>                          |                 |                 |                 |              |              |
| Revenue                                     | 419.087         | 316.404         | 158.063         | 140.795      | 136.871      |
| Operating profit/loss                       | 7.283           | 4.587           | 7.011           | 6.179        | 6.491        |
| Net financials                              | -109            | 72              | 30              | 201          | 167          |
| Net profit/loss for the year                | 5.923           | 3.565           | 5.357           | 4.715        | 4.810        |
| <b>Balance sheet</b>                        |                 |                 |                 |              |              |
| Balance sheet total                         | 299.009         | 256.465         | 162.685         | 150.902      | 179.520      |
| Equity                                      | 20.061          | 14.138          | 10.572          | 5.215        | 37.005       |
| Investment in property, plant and equipment | 163             | 351             | 320             | 475          | 565          |
| Number of employees                         | 72              | 73              | 86              | 84           | 73           |
| <b>Ratios</b>                               |                 |                 |                 |              |              |
| Profit margin                               | 1,7%            | 1,4%            | 4,4%            | 4,4%         | 4,7%         |
| Return on assets                            | 2,4%            | 1,8%            | 4,3%            | 4,1%         | 3,6%         |
| Solvency ratio                              | 6,7%            | 5,5%            | 6,5%            | 3,5%         | 20,6%        |
| Return on equity                            | 34,6%           | 28,9%           | 67,9%           | 22,3%        | 13,9%        |

The ratios have been prepared in accordance with the recommendations and guidelines issued by the Danish Society of Financial Analysts. For definitions, see under accounting policies.



# Management's Review

## Key activities

Dell Technologies is a strategically aligned family of businesses, that offers a broad range of technology solutions, which is poised to become the essential infrastructure company, from the edge to the core to the cloud, as we continue our mission to advance human progress through technology. We seek to accomplish this by executing two, related, high-level strategic initiatives: helping our customers transform their businesses through digital, IT, workforce, and security transformation, while extending our many leading market positions in client solutions and IT infrastructure.

The company is committed to its customers. As we innovate to make our customers' existing IT increasingly productive, we help them reinvest their savings into the next generation of technologies that they need to succeed in the digital economy. We are positioned to help customers of any size and are differentiated by our practical innovation and efficient, simple, and affordable solutions.

## Development in the year

The income statement of the Company for 2018/19 shows a profit of DKK 5,923,193, and at 31 January 2019 the balance sheet of the Company shows equity of DKK 20,060,738.

EMC Denmark focus on delivering complete infrastructure solutions for government agencies and small and medium businesses has been positively received by our customers. We expect a continued focus on sales of this type of IT solutions and services and thus strengthen our position in the Danish market in the coming years.

In line with the current market development, Management considers the result for the year satisfactory, and in line with expectations.

## Capital resources

The Company's capital resources are considered satisfactory.

## *Special risks - operating risks and financial risks*

There are a number of risks and uncertainties that can impact the performance of the company, some of which are beyond the control of the company and its directors.

## *Market risks*

Risks are resulting from the competitive nature of the IT hardware business, the shift from desktops and notebooks to tablets and smartphones as well as the continuing adoption of public cloud offerings. The development towards an IT solution company with the expansion of the product portfolio especially in the area of storage, services and software will address those market developments.

# Management's Review

## ***Foreign exchange risks***

The objective of company in managing its exposures to foreign currency exchange rate fluctuations is to reduce the impact of adverse fluctuations associated with foreign currency exchange rate changes on earnings and cash flows. The company closely monitors its foreign currency exchange exposures to ensure the overall effectiveness of its foreign currency hedge positions.

## ***Credit risks***

It is the Company's policy that all the customers who wish to trade on credit terms are subject to credit verification procedures. The company only offers these terms to recognized, creditworthy third parties. In addition, receivables balances are monitored on an ongoing basis with the result that the Company's history of bad debt losses is not significant.

The company uses a range of information technology and decision support systems for provision of key services, control procedures and financial management. These systems are constantly reviewed and updated to meet the needs of the company.

## ***Liquidity risks***

The Company has implemented a comprehensive compliance management system to ensure regulatory compliance.

## **Strategy**

The Company's strategy is to distribute products and services developed within the group.

## **The expected development**

Management expects to continue existing business activities in Danish market in subsequent years and will enable the Company to maintain a stable level of performance.

Merger with Dell A/S is proposed in 2019, but no further details are available at this point of time.

## **Research and development**

During the year ended 31st January 2019, the company has not carried out any Research & Development activity. Those R&D activities are carried out at international manufacturing facilities of Dell Technologies Inc.

# Management's Review

## External environment

In its overall operations, the company takes into account laws relating to the protection of the environment (environmental laws). The Company considers that it meets the requirements of such laws and that it carries out procedures designed to encourage compliance and ensure that such requirements are met.

The company has adopted the necessary measures with respect to the protection and improvement of the environment and the minimisation, if applicable, of environmental impact, meeting the requirements of current environmental legislation.

## Intellectual capital resources

People and teams and talent management are an integral part of the company's business and are key to continuing progress. Competition for talent is significant both within the industry and beyond it. The company attracts and retains its people through provision of on-going opportunity for career progression, training initiatives and continually identifying emerging managers and leaders within the company including talent management and graduate recruitment programs.

## Statement of corporate social responsibility

As in the previous year the business model is limited risk distributor resulting in increased turnover and new revenue streams relating to product revenue.

The company participates in Dell group's global guidelines. Dell strive to be a global leader in every aspect of our business and to do so with the utmost integrity and ethics. We are proud to share our progress in the following link, where we demonstrate how we're innovating at Dell to put our technology and expertise to work, creating new possibilities for our customers, partners, neighbors, team and planet:

<https://corporate.delltechnologies.com/en-us/social-impact/reporting/fy19-csr-report.htm>

## Statement on gender composition

It is company's objective that the Executive Board and management represent different educational backgrounds as well as both genders.

EMC Denmark fulfil the requirement for not having an underrepresented gender in the Board.

In the process of recruiting employees, priorities are professional and personal competences in relation to the right candidate for the position. If candidates have a similar level of competences, the candidate whose gender is underrepresented in the management group will be preferred.

## **Management's Review**

EMC Denmark has a great focus on diversity hiring, Unfortunately, there is not many hires on management level and the managerial positions were covered by 18% women and 82% men. We will continue our focus on diversity hiring in next financial years.

It is our policy to increase the number of women in other management levels and we will strive for a more positive attitude towards promoting/hiring women.

The company is committed to developing women across its global operations. We offer formal training, networking, mentoring and other resources to effectively advance our women around the globe. Professional development is important to our team members, which makes it a priority for us. That's why we're focused on preparing our female employees at all levels with the skills they need to advance in the workplace through mentoring, training, networking and more.

Further, we refer to the Dell Group's policy for empowering gender:

<https://corporate.delltechnologies.com/en-us/social-impact/cultivating-inclusion/gender-empowerment.htm>

### **Uncertainty relating to recognition and measurement**

Recognition and measurement in the Annual Report have not been subject to any uncertainty.

### **Unusual events**

The financial position at 31 January 2019 of the Company and the results of the activities of the Company for the financial year for 2018/19 have not been affected by any unusual events.

## Income Statement 1 February - 31 January

|  | Note | 2018/19<br>DKK      | 2017/18<br>DKK      |
|--|------|---------------------|---------------------|
| <b>Revenue</b>                         | 1    | <b>419.086.847</b>  | <b>316.403.539</b>  |
| Cost of sales                          |      | <u>-277.773.728</u> | <u>-199.723.654</u> |
| <b>Gross profit/loss</b>               |      | <b>141.313.119</b>  | <b>116.679.885</b>  |
| Distribution expenses                  | 2    | -118.707.635        | -104.163.100        |
| Administrative expenses                | 2    | <u>-15.322.831</u>  | <u>-7.929.609</u>   |
| <b>Operating profit/loss</b>           |      | <b>7.282.653</b>    | <b>4.587.176</b>    |
| <b>Resultat før finansielle poster</b> |      | <b>7.282.653</b>    | <b>4.587.176</b>    |
| Financial income                       | 3    | 475.060             | 237.598             |
| Financial expenses                     |      | <u>-584.390</u>     | <u>-165.928</u>     |
| <b>Resultat før skat</b>               |      | <b>7.173.323</b>    | <b>4.658.846</b>    |
| Tax on profit/loss for the year        | 4    | <u>-1.250.130</u>   | <u>-1.093.670</u>   |
| <b>Net profit/loss for the year</b>    |      | <b>5.923.193</b>    | <b>3.565.176</b>    |

## Balance Sheet 31 January

### Assets

|  | Note | 2019<br>DKK        | 2018<br>DKK        |
|--|------|--------------------|--------------------|
| Other fixtures and fittings, tools and equipment |      | 427.711            | 413.336            |
| <b>Property, plant and equipment</b>             | 5    | <b>427.711</b>     | <b>413.336</b>     |
| Deposits   |      | 0                  | 1.268.977          |
| <b>Fixed asset investments</b>                   |      | <b>0</b>           | <b>1.268.977</b>   |
| <b>Fixed assets</b>                              |      | <b>427.711</b>     | <b>1.682.313</b>   |
| <b>Inventories</b>                               |      | <b>0</b>           | <b>3.301.109</b>   |
| Trade receivables                                |      | 75.713.146         | 55.109.973         |
| Receivables from group enterprises               |      | 209.552.508        | 187.477.876        |
| Deferred tax asset                               | 6    | 70.755             | 884.157            |
| Corporation tax                                  |      | 1.594.796          | 0                  |
| Prepayments                                      | 7    | 11.634.131         | 7.939.377          |
| <b>Receivables</b>                               |      | <b>298.565.336</b> | <b>251.411.383</b> |
| <b>Cash at bank and in hand</b>                  |      | <b>15.783</b>      | <b>70.356</b>      |
| <b>Currents assets</b>                           |      | <b>298.581.119</b> | <b>254.782.848</b> |
| <b>Assets</b>                                    |      | <b>299.008.830</b> | <b>256.465.161</b> |

# Balance Sheet 31 January

## Liabilities and equity

|  | Note      | 2019<br>DKK        | 2018<br>DKK        |
|--|-----------|--------------------|--------------------|
| Share capital  |           | 500.000            | 500.000            |
| Retained earnings  |           | 19.560.738         | 13.637.545         |
| <b>Equity</b>  | <b>8</b>  | <b>20.060.738</b>  | <b>14.137.545</b>  |
| Deferred income  |           | 118.004.549        | 88.574.330         |
| <b>Long-term debt</b>  | <b>10</b> | <b>118.004.549</b> | <b>88.574.330</b>  |
| Trade payables   |           | 1.231.837          | 6.282.245          |
| Payables to group enterprises                                  |           | 2.154.578          | 8.712.541          |
| Corporation tax  |           | 0                  | 504.810            |
| Other payables   |           | 47.441.507         | 44.037.628         |
| Deferred income and accruals                                   | 10,11     | 110.115.621        | 94.216.062         |
| <b>Short-term debt</b>   |           | <b>160.943.543</b> | <b>153.753.286</b> |
| <b>Debt</b>  |           | <b>278.948.092</b> | <b>242.327.616</b> |
| <b>Liabilities and equity</b>                                  |           | <b>299.008.830</b> | <b>256.465.161</b> |
| Distribution of profit   | 9         |                    |                    |
| Contingent assets, liabilities and other financial obligations | 12        |                    |                    |
| Fee to auditors appointed at the general meeting               | 13        |                    |                    |
| Subsequent events  | 14        |                    |                    |
| Related parties  | 15        |                    |                    |
| Accounting Policies  | 16        |                    |                    |

## Statement of Changes in Equity

|   | Share capital  | Retained<br>earnings | Total             |
|---|----------------|----------------------|-------------------|
|   | DKK            | DKK                  | DKK               |
| Equity at 1 February                        | 500.000        | 13.527.188           | 14.027.188        |
| Net effect from change of accounting policy | 0              | 110.357              | 110.357           |
| Adjusted equity at 1 February               | 500.000        | 13.637.545           | 14.137.545        |
| Net profit/loss for the year                | 0              | 5.923.193            | 5.923.193         |
| <b>Equity at 31 January</b>                 | <b>500.000</b> | <b>19.560.738</b>    | <b>20.060.738</b> |



# Notes to the Financial Statements

|  | 2018/19            | 2017/18            |
|--|--------------------|--------------------|
|  | DKK                | DKK                |
| <b>1 Revenue</b>   |                    |                    |
| <b>Geographical segments</b>   |                    |                    |
| Revenue, Denmark   | 405.641.209        | 315.742.229        |
| Revenue, exports   | 13.445.638         | 661.310            |
|  | <b>419.086.847</b> | <b>316.403.539</b> |
| <b>Business segments</b>   |                    |                    |
| LRD (limited risk distributor)   | 398.636.441        | 315.742.229        |
| Other revenue  | 20.450.406         | 661.310            |
|  | <b>419.086.847</b> | <b>316.403.539</b> |
| <b>2 Staff expenses</b>  |                    |                    |
| Wages and Salaries   | 102.688.903        | 89.362.411         |
| Pensions   | 8.876.081          | 6.957.493          |
| Other social security expenses   | 944.709            | 1.834.699          |
| Other staff expenses   | 0                  | 35.000             |
|  | <b>112.509.693</b> | <b>98.189.603</b>  |
| Wages and Salaries, pensions, other social security expenses and other staff expenses are recognised in the following items: |                    |                    |
| Distribution expenses  | 111.188.980        | 95.255.047         |
| Administrative expenses  | 1.320.713          | 2.934.556          |
|  | <b>112.509.693</b> | <b>98.189.603</b>  |
| <b>Average number of employees</b>   | <b>72</b>          | <b>73</b>          |

Remuneration to the Executive Board has not been disclosed in accordance with section 98 B(3) of the Danish Financial Statements Act.

## Notes to the Financial Statements

|  | <u>2018/19</u>          | <u>2017/18</u>  |
|--|-------------------------|---|
|  | DKK                     | DKK   |
| <b>3 Financial income</b>                              |                         |   |
| Interest received from group enterprises               | 135.231                 | 63.624  |
| Other financial income                                 | <u>339.829</u>          | <u>173.974</u>  |
|  | <b><u>475.060</u></b>   | <b><u>237.598</u></b>                                     |
| <b>4 Tax on profit/loss for the year</b>               |                         |   |
| Current tax for the year                               | 810.218                 | 666.120   |
| Deferred tax for the year                              | 812.763                 | 427.550   |
| Adjustment of tax concerning previous years            | -373.490                | 0   |
| Adjustment of deferred tax concerning previous years   | <u>639</u>              | <u>0</u>  |
|  | <b><u>1.250.130</u></b> | <b><u>1.093.670</u></b>                                   |
| <b>5 Property, plant and equipment</b>                 |                         | Other fixtures<br>and fittings,<br>tools and<br>equipment |
|  |                         | <u>DKK</u>  |
| Cost at 1 February                                     |                         | 630.468   |
| Additions for the year                                 |                         | 162.731   |
| Disposals for the year                                 |                         | <u>-35.181</u>  |
| Cost at 31 January                                     |                         | <u>758.018</u>  |
| Impairment losses and depreciation at 1 February       |                         | 217.132   |
| Depreciation for the year                              |                         | 148.356   |
| Reversal of impairment and depreciation of sold assets |                         | <u>-35.181</u>  |
| Impairment losses and depreciation at 31 January       |                         | <u>330.307</u>  |
| <b>Carrying amount at 31 January</b>                   |                         | <b><u>427.711</u></b>                                     |

## Notes to the Financial Statements

|   | <u>2019</u><br>DKK   | <u>2018</u><br>DKK    |
|---|----------------------|-----------------------|
| <b>6 Deferred tax asset</b>                             |                      |                       |
| Deferred tax asset at 1 February                        | 884.157              | 1.311.707             |
| Amounts recognised in the income statement for the year | <u>-813.402</u>      | <u>-427.550</u>       |
| <b>Deferred tax asset at 31 January</b>                 | <u><b>70.755</b></u> | <u><b>884.157</b></u> |

### 7 Prepayments

Prepayments classified as assets consist of prepaid expenses concerning rent, insurance premiums, subscriptions and interest.

### 8 Equity

The share capital consists of 500 shares of a nominal value of DKK 1,000. No shares carry any special rights.

There have been no changes in the share capital during the last 5 years.

|                                 | <u>2018/19</u><br>DKK   | <u>2017/18</u><br>DKK   |
|---------------------------------|-------------------------|-------------------------|
| <b>9 Distribution of profit</b> |                         |                         |
| Retained earnings               | <u>5.923.193</u>        | <u>3.565.176</u>        |
|                                 | <u><b>5.923.193</b></u> | <u><b>3.565.176</b></u> |

# Notes to the Financial Statements

## 10 Long-term debt

Payments due within 1 year are recognised in short-term debt. Other debt is recognised in long-term debt.

The debt falls due for payment as specified below:

|                        | <u>2019</u><br>DKK        | <u>2018</u><br>DKK        |
|------------------------|---------------------------|---------------------------|
| <b>Deferred income</b> |                           |                           |
| Between 1 and 5 years  | 118.004.549               | 88.574.330                |
| Long-term part         | <u>118.004.549</u>        | <u>88.574.330</u>         |
| Within 1 year          | <u>110.115.621</u>        | <u>94.216.062</u>         |
|                        | <b><u>228.120.170</u></b> | <b><u>182.790.392</u></b> |

## 11 Deferred income and accruals

Deferred income classified as liabilities consists of payments received in respect of income in subsequent years related to license contracts etc.

## 12 Contingent assets, liabilities and other financial obligations

### Rental and lease obligations

Lease obligations under operating leases. Total future lease payments:

|                       |                         |                       |
|-----------------------|-------------------------|-----------------------|
| Within 1 year         | 440.278                 | 426.178               |
| Between 1 and 5 years | <u>703.890</u>          | <u>228.362</u>        |
|                       | <b><u>1.144.168</u></b> | <b><u>654.540</u></b> |

Apart from normal rent and staff obligations, the Company has not undertaken any special or material contractual obligations.

|  |          |                  |
|--|----------|------------------|
| Rent obligatios period of non-terminability 6 months DKK | <u>0</u> | <u>2.340.540</u> |
|--|----------|------------------|

There are no security and contingent liabilities at 31 January 2019.

## Notes to the Financial Statements

|  | <u>2018/19</u>        | <u>2017/18</u>        |
|--|-----------------------|-----------------------|
|  | DKK                   | DKK                   |
| <b>13 Fee to auditors appointed at the general meeting</b> |                       |                       |
| <b>PricewaterhouseCoopers</b>                              |                       |                       |
| Audit fee  | 274.888               | 274.888               |
| Other assurance engagements                                | <u>30.000</u>         | <u>30.000</u>         |
|  | <u><b>304.888</b></u> | <u><b>304.888</b></u> |

### 14 Subsequent events

No events materially affecting the assessment of the Annual Report have occurred after the balance sheet date.

# Notes to the Financial Statements

## 15 Related parties

|                             | <u>Basis</u>            |
|-----------------------------|-------------------------|
| <b>Controlling interest</b> |                         |
| EMC Ireland Holdings        | Immediate Parent        |
| Dell Technologies Inc.      | Ultimate Parent Company |

### Transactions

Transactions with related parties has been made on market terms.

### Consolidated Financial Statements

The company is included in the Group Annual Report of the Parent Company of the largest and smallest group:

| <u>Name</u>            | <u>Place of registered office</u>             |
|------------------------|---|
| Dell Technologies Inc. | One Dell Way, Round Rock,<br>Texas 78682, USA |

The Group Annual Report of Dell Technologies Inc. may be obtained at the following address:

One Dell Way  
Round Rock  
Texas 7868  
USA

# Notes to the Financial Statements

## 16 Accounting Policies

The Annual Report of EMC Computer Systems Danmark A/S for 2018/19 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to large enterprises of reporting class C.

The Financial Statements for 2018/19 are presented in DKK.

### Changes in accounting policies

The Company has decided to change revenue recognition criteria from postponing revenue until final transfer of risks and rewards has taken place, to revenue when a customer obtains control of promised goods or services in an amount that reflects the consideration the entity expects to receive in exchange for those goods or services. As a base for reporting the Company has decided to implement the revenue recognition principles lined out in IFRS 15 Revenue from Contracts with Customer.

Under the new policy, recognition of sales of goods do not include changes in recognition of revenue from sales of standardized products. The effect of the new policy is limited to recognition of costs related to entering new customer contracts and allocation of rebates on goods and services. The change will more accurately reflect the operational performance of revenue relating to these revenue streams.

The change in revenue recognition criteria has besides an effect on revenue and costs (cost of sales, distribution expenses and administrative expenses) had a related effect on receivables from group enterprises, prepayments under assets and deferred income.

The comparative figures for 2017/18 and before have in accordance with IFRS 15 and the Danish Financial Statements Act been changed.

The change in accounting policies has resulted in an increase of revenue for 2017/18 of kDKK 2,651 and in cost of sales of kDKK 9,291. In addition distribution expenses has decreased by kDKK 6,782. Profit for the year for 2017/18 has increased by DKK 110,357. In addition the change has resulted in a decrease in equity as at 1 February 2017 by DKK 110,357. Besides this the change has affected the Company's receivables from group enterprises by kDKK 36,921 and prepayments in assets by kDKK 6,782 and deferred income and accruals by kDKK 43,561. Total assets and total liabilities and equity has increased by kDKK 43,972.

Other than the changes in revenue recognition method above, the accounting policies applied remain unchanged from previous years.

### Cash flow statement

With reference to section 86(4) of the Danish Financial Statements Act and to the cash flow statement included in the consolidated financial statements of Dell Technologies Inc., the Company has not prepared a cash flow statement.

# Notes to the Financial Statements

## 16 Accounting Policies (continued)

### Recognition and measurement

Revenues are recognised in the income statement as earned. Furthermore, value adjustments of financial assets and liabilities measured at fair value or amortised cost are recognised. Moreover, all expenses incurred to achieve the earnings for the year are recognised in the income statement, including depreciation, amortisation, impairment losses and provisions as well as reversals due to changed accounting estimates of amounts that have previously been recognised in the income statement.

Assets are recognised in the balance sheet when it is probable that future economic benefits attributable to the asset will flow to the Company, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when it is probable that future economic benefits will flow out of the Company, and the value of the liability can be measured reliably.

Assets and liabilities are initially measured at cost. Subsequently, assets and liabilities are measured as described for each item below.

Recognition and measurement take into account predictable losses and risks occurring before the presentation of the Annual Report which confirm or invalidate affairs and conditions existing at the balance sheet date.

### Translation policies

Danish kroner is used as the presentation currency. All other currencies are regarded as foreign currencies.

Transactions in foreign currencies are translated at the exchange rates at the dates of transaction. Exchange differences arising due to differences between the transaction date rates and the rates at the dates of payment are recognised in financial income and expenses in the income statement. Where foreign exchange transactions are considered hedging of future cash flows, the value adjustments are recognised directly in equity.

Receivables, payables and other monetary items in foreign currencies that have not been settled at the balance sheet date are translated at the exchange rates at the balance sheet date. Any differences between the exchange rates at the balance sheet date and the rates at the time when the receivable or the debt arose are recognised in financial income and expenses in the income statement.

### Revenue

Information on business segments and geographical segments based on the Company's risks and returns and its internal financial reporting system. Business segments are regarded as the primary segments.



# Notes to the Financial Statements

## 16 Accounting Policies (continued)

### Income Statement

#### Revenue

The net turnover is recognised in the profit and loss account when a customer obtains control of promised goods or services in an amount that reflects the consideration the entity expects to receive in exchange for those goods or services in accordance with IFRS 15 Revenue from Contracts with Customer. The following applies to the elements included in revenue.

#### *Revenue reserves*

EMC make an adjustment on revenue reserves based on material deals recognized.

#### *Costs to obtain*

Incremental costs of obtaining a contract, such as sales commissions, are capitalized if they are expected to be recovered and amortized over a period of time. For those obligations with revenue that are recognized over 12 months or more commissions are recognized as deferred costs. For those obligations with revenue that are recognized 12 months or less commissions are recognized upfront.

#### *Rebates*

Rebates attributable to revenue recognized over more than 12 months are recognized as deferred costs.

#### Cost of sales

Cost of sales comprises costs incurred to achieve revenue for the year. Cost comprises raw materials, consumables, direct labour costs and indirect production costs such as maintenance and depreciation, etc, as well as operation, administration and management of factories.

#### Distribution expenses

Distribution expenses comprise costs in the form of salaries to sales and distribution staff, advertising expenses, travel expenses, insurance etc. including depreciation.

#### Administrative expenses

Administrative expenses comprise expenses for office premises, offices expenses, insurance etc. including depreciation.

#### Financial income and expenses

Financial income and expenses are recognised in the income statement at the amounts relating to the financial year.

# Notes to the Financial Statements

## 16 Accounting Policies (continued)

### Tax on profit/loss for the year

Tax for the year consists of current tax for the year and changes in deferred tax for the year. The tax attributable to the profit for the year is recognised in the income statement, whereas the tax attributable to equity transactions is recognised directly in equity.

The Company is jointly taxed with Danish group enterprises. The total Danish Tax on the taxable income of the Danish companies is provided for and paid by the administration company for tax purposes. The tax effect of joint taxation with Danish group enterprises is allocated to profitable and loss-making enterprises in proportion to their taxable incomes. The jointly taxed enterprises have adopted the on-account taxation scheme. The tax effect of the joint taxation is allocated to enterprises in proportion to their taxable incomes.

## Balance Sheet

### Property, plant and equipment

Property, plant and equipment are measured at cost less accumulated depreciation and less any accumulated impairment losses.

Cost comprises the cost of acquisition and expenses directly related to the acquisition up until the time when the asset is ready for use. No interest is included in the cost price.

Depreciation based on cost reduced by any residual value is calculated on a straight-line basis over the expected useful lives of the assets, which are:

|  |     |       |
|--|-----|-------|
| Other fixtures and fittings, tools and equipment | 3-5 | years |
|--|-----|-------|

Depreciation period and residual value are reassessed annually.

Corporate policy states that anything below DKK 32,494 (\$5,000) is expensed with the exception of Internal Equipment, laptops, desktops & servers.

### Impairment of fixed assets

The carrying amounts of intangible assets and property, plant and equipment are reviewed on an annual basis to determine whether there is any indication of impairment other than that expressed by amortisation and depreciation.

If so, the asset is written down to its lower recoverable amount.

# Notes to the Financial Statements

## 16 Accounting Policies (continued)

### Fixed asset investments

Fixed asset investments consist of deposits.

### Inventories

Inventories are measured at the lower of cost under the FIFO method and net realisable value.

The net realisable value of inventories is calculated at the amount expected to be generated by sale of the inventories in the process of normal operations with deduction of selling expenses. The net realisable value is determined allowing for marketability, obsolescence and development in expected selling price.

The cost of goods for resale equals landed cost.

The cost of finished goods and work in progress comprises the cost of raw materials, consumables and direct labour.

### Receivables

Receivables are measured in the balance sheet at the lower of amortised cost and net realisable value, which corresponds to nominal value less provisions for bad debts.

Debtors are measured at amortised cost which usually corresponds to fair value. In order to meet expected losses, writedown takes place at the net realisable value.

### Prepayments

Prepayments comprise prepaid expenses concerning the following financial year.

### Deferred tax assets and liabilities

Deferred income tax is measured using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes on the basis of the intended use of the asset and settlement of the liability, respectively.

Deferred tax assets are measured at the value at which the asset is expected to be realised, either by elimination in tax on future earnings or by set-off against deferred tax liabilities within the same legal tax entity.

# Notes to the Financial Statements

## 16 Accounting Policies (continued)

Deferred tax is measured on the basis of the tax rules and tax rates that will be effective under the legislation at the balance sheet date when the deferred tax is expected to crystallise as current tax. Any changes in deferred tax due to changes to tax rates are recognised in the income statement or in equity if the deferred tax relates to items recognised in equity.

### Current tax receivables and liabilities

Current tax liabilities and receivables are recognised in the balance sheet as the expected taxable income for the year adjusted for tax on taxable incomes for prior years and tax paid on account. Extra payments and repayment under the on-account taxation scheme are recognised in the income statement in financial income and expenses.

### Financial debts

Debts are measured at amortised cost, substantially corresponding to nominal value.

### Deferred income and accruals

EMC allocates the contract value within the arrangement to the identified performance obligations based on its standalone selling price and recognizes revenue for the performance obligation when the customers obtains control of the promised asset at a point in time.

## Financial Highlights

### Explanation of financial ratios

|                  |  |
|------------------|--|
| Profit margin    | $\frac{\text{Profit before financials} \times 100}{\text{Revenue}}$            |
| Return on assets | $\frac{\text{Profit before financials} \times 100}{\text{Total assets}}$       |
| Solvency ratio   | $\frac{\text{Equity at year end} \times 100}{\text{Total assets at year end}}$ |
| Return on equity | $\frac{\text{Net profit for the year} \times 100}{\text{Average equity}}$      |