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# ***Danoffice IT ApS***

Englandsvej 14, DK-5700 Svendborg

## **Annual Report for 1 January - 31 December 2019**

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CVR No 21 37 07 38

The Annual Report was  
presented and adopted at  
the Annual General  
Meeting of the Company on  
5 /3 2020

Kevin Kristoffer Ehnhuus  
Iermiin  
Chairman of the General  
Meeting



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## **Management's Statement**

The Executive Board has today considered and adopted the Annual Report of Danoffice IT ApS for the financial year 1 January - 31 December 2019.

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

In our opinion the Financial Statements and the Consolidated Financial Statements give a true and fair view of the financial position at 31 December 2019 of the Company and the Group and of the results of the Company and Group operations and of consolidated cash flows for 2019.

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.

Svendborg, 21 February 2020

### **Executive Board**

Lars Baun Jensen  
CEO

Allan Malmos Jeppesen  
CFO

# Independent Auditor's Report

To the Shareholder of Danoffice IT ApS

## Opinion

In our opinion, the Consolidated Financial Statements and the Parent Company Financial Statements give a true and fair view of the financial position of the Group and the Parent Company at 31 December 2019 and of the results of the Group's and the Parent Company's operations and of consolidated cash flows for the financial year 1 January - 31 December 2019 in accordance with the Danish Financial Statements Act.

We have audited the Consolidated Financial Statements and the Parent Company Financial Statements of Danoffice IT ApS for the financial year 1 January - 31 December 2019, which comprise income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies, for both the Group and the Parent Company, as well as consolidated statement of cash flows ("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 Group 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 Consolidated Financial Statements and the Parent Company 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 consolidated financial statements and parent company 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 Group's and 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 Group or 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 and the Group'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 Group's and 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

## Independent Auditor's Report

audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and 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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the Consolidated Financial Statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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.

Odense, 21 February 2020

**PricewaterhouseCoopers**

Statsautoriseret Revisionspartnerselskab

*CVR No 33 77 12 31*

Line Hedam  
State Authorised Public Accountant  
mne27768

Claus Damhave  
State Authorised Public Accountant  
mne34166

## **Company Information**

### **The Company**

Danoffice IT ApS  
Englandsvej 14  
DK-5700 Svendborg

CVR No: 21 37 07 38  
Financial period: 1 January - 31 December  
Municipality of reg. office: Svendborg

### **Executive Board**

Lars Baun Jensen  
Allan Malmos Jeppesen

### **Auditors**

PricewaterhouseCoopers  
Statsautoriseret Revisionspartnerselskab  
Rytterkasernen 21  
DK-5000 Odense C

# Financial Highlights

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

	<b>Group</b>				
	2019 TDKK	2018 TDKK	2017 TDKK	2016 TDKK	2015 TDKK
<b>Key figures</b>					
<b>Profit/loss</b>					
Revenue	1,044,438	650,554	600,428	499,713	690,465
Operating profit/loss	48,697	35,558	40,529	41,957	45,238
Profit/loss before financial income and expenses	48,697	35,558	40,496	40,221	44,123
Net financials	723	3,885	-11,658	2,787	4,828
Net profit/loss for the year	38,630	29,733	21,812	32,279	36,167
<b>Balance sheet</b>					
Balance sheet total	421,122	264,663	248,355	190,649	190,048
Equity	133,940	96,500	68,231	67,858	62,107
<b>Cash flows</b>					
Cash flows from:					
- operating activities	32,668	120,354	4,691	13,322	11,183
- investing activities	-68,877	-917	-1,356	-2,467	-3,276
including investment in property, plant and equipment	-437	-448	-1,020	-135	-3,283
- financing activities	-37,274	-16,539	22,862	-30,397	-29,694
Change in cash and cash equivalents for the year	-73,483	102,898	26,197	-19,542	-21,787
Number of employees	117	61	59	60	63
<b>Ratios</b>					
Gross margin	11.5%	10.8%	12.5%	15.7%	11.0%
Profit margin	4.7%	5.5%	6.7%	8.0%	6.4%
Return on assets	11.6%	13.4%	16.3%	21.1%	23.2%
Solvency ratio	31.8%	36.5%	27.5%	35.6%	32.7%
Return on equity	33.5%	36.1%	32.1%	49.7%	59.0%

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

The Group's principal activities comprise of providing IT infrastructure and other high-technology solutions to international institutions and international B2B customers.

## Development in activities and financial matters

Danoffice IT Groups revenue increased by 60.5% to DKK 1,044 billion in 2019 (2018: DKK 650.5 million).

The positive trend in revenue derives from an increasing sale within the groups established markets and from the newly acquired Datacon Enterprise Solution A/S. The acquisition of Datacon Enterprise Solution in June 2019 strengthens the position of Danoffice IT on national/international B2B customers and major governmental institutions in Denmark and added hosting and managed services to the company product portfolio.

In 2019, Danoffice IT Group realized a profit of TDKK 38,630 (2018: TDKK 29,733), which is line with management's expectations.

Adjusted for non-recurring costs according to group policy, the 2019 EBITDA is DKK 61.7 million. (2018: DKK 43.1 million)

At 31 December 2019 the Equity amounts to TDKK 133,940 compared to an equity of TDKK 96,500 31 December 2018.

## Outlook

The company expects a positive development in 2020 and a profit level above the level achieved in 2019.

## Risks

### *Currency risks*

The majority of the Group's sales are invoiced in USD. The goods sold in USD are, however, also purchased in USD resulting in a natural hedge to some extent. The Group does currently not hedge the resulting net exposure arising from the sales being higher than the purchases and the different payment terms for sales and purchases in USD.

### *Trade receivables*

The Group is exposed to credit risk from the sale of goods. The majority of the Group's trade receivables are UN organizations, NGO's and large corporate organizations. UN is funded by national states and the credit risk is therefore considered very limited. The remaining trade receivable arise from sale to various corporates and IGO's.

# Management's Review

## Research and development

The Group does not have any research and development activities.

## Statutory statement in accordance with section 99 a of the Danish Financial Statements Act

### *Business model*

The Group's principal activities comprise of providing IT infrastructure and other high-technology solutions to international institutions and international B2B customers. Consultancy services include tailored solutions within procurement, data-protection, internal audit and financial regulations to ensure global compliance.

We work with leading global businesses, organisations, government departments and NGO's from our global presence. We have forged close relationships with our suppliers and manufacturers, and we deal with the major brands in IT hardware, software and solutions. It means we can deliver a prompt, reliable and competitive service to our customers – wherever they are in the world.

### *Risk assessment*

Danoffice IT complies with all relevant legislation in the markets where we are present. As signatories to the UN Global Compact, we take our responsibility towards the surrounding society very seriously and maintain policies and efforts to minimize our negative impact and amplify our positive.

Our employees are our most important resource and being able to attract and maintain the right employees is of key importance.

When we assess climate change, environmental issues and human rights, no material risks appear with reference to our business and services, but as a responsible company and the values our company are built upon and due to our commitment to the UN Global Compact, we have decided to maintain policies for all three areas and work accordingly with them during the year.

At Danoffice IT we consider corruption as a substantial obstacle to economic and social development around the world. It has negative impacts on sustainable development and predominantly sustains poverty.

### *Regarding climate change and environmental issues*

We strive to minimize our negative impact on the environment and on climate change.

Since 2009 Danoffice IT has executed on our "Protect Mother Earth" recycling program. In partnership with our United Nations clients and our vendors, we collect used toners and cartridges from the UN missions all over the world and recycle them in Europe. Our combined efforts have reached several tens of thousands of units collected so far and still counting.

Internally, we have in 2019 continued to minimize our consumption of energy and resources through

## **Management's Review**

setting requirements for equipment and suppliers and by intelligent solutions in our head office including the use of thermostats and shades to block the sun.

### ***Regarding human rights***

At Danoffice IT we believe that all human beings are born free and equal in dignity and rights. We respect all people regardless of nationality, race, religion, class or political opinions. Danoffice IT promote social interaction between people and cultures and aim at a mix organisational culture. We embrace culture and have employees from 10 different nationalities, coming from South America, USA, Europe and Middle East. Our organisation mix is balanced with 34% women & 66% men and we span over various religions. Moreover, we have employees who came to Denmark as refugees.

Also in 2019, we bought coffee beans through the NGO NGUVU who buys directly from local female farmers cutting all the middlemen giving the women higher yield. The women agree on a contract where the NGO secures education of their children and other necessities. This way we can support the women and their children with food, clean water, medical treatment and education.

In 2019 all new partners and vendors have undergone initial screening to ensure they share our values especially on issues like child labor and forced labor.

### ***Regarding social and employee conditions***

Our staff is our most important resource wherefore we strive at keeping our staff mentally and physically fit. We have implemented a "healthy diet" program, with natural foods, organic foods, whole foods and vegetarian foods, in our daily cantina and follow WHO recommendations on healthy diet to maintain health and prevent risk of obesity, heart disease and diabetes. This initiative continued in 2019.

During the year we all "RUN for a purpose!". Danoffice IT finds a project we wish to support and thereafter all employees have the possibility to run once or twice a week and end year Danoffice IT donates a fixed \$ amount per km.

Danoffice IT has a work-life balance policy encouraging flexible working hours and tolerance for personal and family issues and or needs.

Also in 2019 we have strived to educate and develop our employees professionally and personally through seminars, workshops and through daily coaching.

### ***Regarding anti-corruption***

Danoffice IT position on corruption is not take part, or to accept, any form of fraud or corruption.

The company defines bribery as an act on offering or receiving money, goods or other forms of recompense from a business associate in exchange for an alteration of their behavior to the benefit or interest of the giver that the recipient would otherwise not alter.

The company is determined to prevent, detect and deter any form thereof. This has been our position

## **Management's Review**

since our foundation in 1995 and we are proud to say that our company has never been involved, accused or convicted of any form of fraud or corruption, neither in 2019.. To ensure constant focus on preventing any form of fraud and corruption the company began the implementation of ISO 37001 in 2019 with the aim to be certified early 2020. Our whistleblower hotline has been in place for many years, and also in 2019, no cases have been reported.

### **Goal and policies regarding gender quotation**

The Group has no Board of Directors and the Executive Board consists of 2 members. The two members of the Executive Board are both males.

In the day-to-day Management of the Group, 36% are female and 64% are male. The Group has implemented a policy to have continues focus on the underrepresented gender in the management.

It is our policy, that the underrepresented gender should represent 50% of the Group's total members of the Executive Board and Day-to-day business management.

To balance the gender, the Group strive at having minimum one of each gender represented among the last three candidates in the hiring process.

According to the latest guidance from the Danish Business Authority, we consider that we have achieved equal distribution in top management, as our Executive Board consists of two persons only.

### **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 December 2019 of the Group and the results of the activities and cash flows of the Group for the financial year for 2019 have not been affected by any unusual events.

## Income Statement 1 January - 31 December

	Note	Group		Parent	
		2019 TDKK	2018 TDKK	2019 TDKK	2018 TDKK
<b>Revenue</b>	1	<b>1,044,438</b>	<b>650,554</b>	<b>686,701</b>	<b>579,187</b>
Expenses for raw materials and consumables		-890,460	-551,358	-580,413	-489,160
Other external expenses		-33,718	-28,872	-30,238	-25,967
<b>Gross profit/loss</b>		<b>120,260</b>	<b>70,324</b>	<b>76,050</b>	<b>64,060</b>
Staff expenses	2	-63,941	-32,990	-34,927	-29,552
<b>EBITDA</b>		<b>56,319</b>	<b>37,334</b>	<b>41,123</b>	<b>34,508</b>
Depreciation, amortisation and impairment of intangible assets and property, plant and equipment		-7,622	-1,776	-1,705	-1,581
<b>Profit/loss before financial income and expenses</b>		<b>48,697</b>	<b>35,558</b>	<b>39,418</b>	<b>32,927</b>
Income from investments in subsidiaries		0	0	5,058	-317
Financial income	3	5,791	7,325	8,608	9,160
Financial expenses	4	-5,068	-3,440	-4,979	-3,390
<b>Profit/loss before tax</b>		<b>49,420</b>	<b>39,443</b>	<b>48,105</b>	<b>38,380</b>
Tax on profit/loss for the year	5	-10,790	-9,710	-9,475	-8,647
<b>Net profit/loss for the year</b>		<b>38,630</b>	<b>29,733</b>	<b>38,630</b>	<b>29,733</b>

# Balance Sheet 31 December

## Assets

	Note	Group		Parent	
		2019 TDKK	2018 TDKK	2019 TDKK	2018 TDKK
Software		3,607	4,308	3,607	4,308
Customer relations		37,583	0	0	0
Goodwill		49,290	0	0	0
<b>Intangible assets</b>	<b>6</b>	<b>90,480</b>	<b>4,308</b>	<b>3,607</b>	<b>4,308</b>
Other fixtures and fittings, tools and equipment		3,423	876	564	809
<b>Property, plant and equipment</b>	<b>7</b>	<b>3,423</b>	<b>876</b>	<b>564</b>	<b>809</b>
Investments in subsidiaries	8	0	0	74,532	4,000
Other receivables	9	328	0	0	0
<b>Fixed asset investments</b>		<b>328</b>	<b>0</b>	<b>74,532</b>	<b>4,000</b>
<b>Fixed assets</b>		<b>94,231</b>	<b>5,184</b>	<b>78,703</b>	<b>9,117</b>
<b>Inventories</b>	<b>10</b>	<b>72,859</b>	<b>51,938</b>	<b>62,670</b>	<b>51,472</b>
Trade receivables		196,870	82,676	79,954	62,441
Receivables from group enterprises		0	0	45,796	5,277
Other receivables		22,738	17,728	20,506	17,352
Prepayments	11	789	19	63	19
<b>Receivables</b>		<b>220,397</b>	<b>100,423</b>	<b>146,319</b>	<b>85,089</b>
<b>Cash at bank and in hand</b>		<b>33,635</b>	<b>107,118</b>	<b>8,922</b>	<b>105,145</b>
<b>Currents assets</b>		<b>326,891</b>	<b>259,479</b>	<b>217,911</b>	<b>241,706</b>
<b>Assets</b>		<b>421,122</b>	<b>264,663</b>	<b>296,614</b>	<b>250,823</b>

# Balance Sheet 31 December

## Liabilities and equity

	Note	Group		Parent	
		2019 TDKK	2018 TDKK	2019 TDKK	2018 TDKK
Share capital		250	250	250	250
Retained earnings		133,690	96,250	133,690	96,250
<b>Equity</b>		<b>133,940</b>	<b>96,500</b>	<b>133,940</b>	<b>96,500</b>
Provision for deferred tax	13	9,493	1,584	763	956
<b>Provisions</b>		<b>9,493</b>	<b>1,584</b>	<b>763</b>	<b>956</b>
Payables to group enterprises		17,239	27,635	17,239	27,635
Other payables		2,512	0	1,242	0
<b>Long-term debt</b>	14	<b>19,751</b>	<b>27,635</b>	<b>18,481</b>	<b>27,635</b>
Trade payables		225,668	122,126	127,400	112,590
Payables to group enterprises	14	2,117	3,386	2,117	0
Corporation tax		0	121	0	0
Payables to group enterprises relating to corporation tax		11,281	8,788	9,668	8,788
Other payables	14	17,337	4,523	4,245	4,354
Deferred income	15	1,535	0	0	0
<b>Short-term debt</b>		<b>257,938</b>	<b>138,944</b>	<b>143,430</b>	<b>125,732</b>
<b>Debt</b>		<b>277,689</b>	<b>166,579</b>	<b>161,911</b>	<b>153,367</b>
<b>Liabilities and equity</b>		<b>421,122</b>	<b>264,663</b>	<b>296,614</b>	<b>250,823</b>
Distribution of profit	12				
Contingent assets, liabilities and other financial obligations	18				
Related parties	19				
Fee to auditors appointed at the general meeting	20				
Subsequent events	21				
Accounting Policies	22				

## Statement of Changes in Equity

### Group

	Share capital TDKK	Retained earnings TDKK	Total TDKK
Equity at 1 January	250	96,250	96,500
Exchange adjustments relating to foreign entities	0	-1,190	-1,190
Net profit/loss for the year	0	38,630	38,630
<b>Equity at 31 December</b>	<b>250</b>	<b>133,690</b>	<b>133,940</b>

### Parent

Equity at 1 January	250	96,250	96,500
Exchange adjustments relating to foreign entities	0	-1,190	-1,190
Net profit/loss for the year	0	38,630	38,630
<b>Equity at 31 December</b>	<b>250</b>	<b>133,690</b>	<b>133,940</b>



## Cash Flow Statement 1 January - 31 December

	Note	Group	
		2019 TDKK	2018 TDKK
Net profit/loss for the year		38,630	29,733
Adjustments	16	17,689	7,601
Change in working capital	17	-16,586	86,361
<b>Cash flows from operating activities before financial income and expenses</b>		<b>39,733</b>	<b>123,695</b>
Financial income		5,791	7,324
Financial expenses		-5,070	-3,450
<b>Cash flows from ordinary activities</b>		<b>40,454</b>	<b>127,569</b>
Corporation tax paid		-7,786	-7,215
<b>Cash flows from operating activities</b>		<b>32,668</b>	<b>120,354</b>
Purchase of intangible assets		-568	-469
Purchase of property, plant and equipment		-437	-448
Business acquisition		-67,872	0
<b>Cash flows from investing activities</b>		<b>-68,877</b>	<b>-917</b>
Repayment of payables to group enterprises		-11,665	-16,539
Repayment of other debt		-25,609	0
<b>Cash flows from financing activities</b>		<b>-37,274</b>	<b>-16,539</b>
<b>Change in cash and cash equivalents</b>		<b>-73,483</b>	<b>102,898</b>
Cash and cash equivalents at 1 January		107,118	4,220
<b>Cash and cash equivalents at 31 December</b>		<b>33,635</b>	<b>107,118</b>
Cash and cash equivalents are specified as follows:			
Cash at bank and in hand		33,635	107,118
<b>Cash and cash equivalents at 31 December</b>		<b>33,635</b>	<b>107,118</b>

# Notes to the Financial Statements

	Group		Parent	
	2019 TDKK	2018 TDKK	2019 TDKK	2018 TDKK
<b>1 Revenue</b>				
<b>Geographical segments</b>				
Asia Pacific	62,465	29,696	61,270	29,696
Europe, Middle East and Africa	836,459	533,428	605,324	533,428
North and South America	145,514	87,430	20,107	16,063
	<b>1,044,438</b>	<b>650,554</b>	<b>686,701</b>	<b>579,187</b>
<b>2 Staff expenses</b>				
Wages and salaries	57,487	29,204	31,370	26,343
Pensions	2,725	1,601	1,916	1,585
Other social security expenses	858	519	418	347
Other staff expenses	2,871	1,666	1,223	1,277
	<b>63,941</b>	<b>32,990</b>	<b>34,927</b>	<b>29,552</b>
Including remuneration of:				
Executive Board	4,368	4,119	4,368	4,119
	<b>4,368</b>	<b>4,119</b>	<b>4,368</b>	<b>4,119</b>
<b>Average number of employees</b>	<b>117</b>	<b>61</b>	<b>56</b>	<b>56</b>

## Notes to the Financial Statements

	Group		Parent	
	2019 TDKK	2018 TDKK	2019 TDKK	2018 TDKK
<b>3 Financial income</b>				
Interest received from group enterprises	0	0	2,718	1,816
Other financial income	454	165	447	160
Exchange adjustments	5,337	7,160	5,443	7,184
	<b>5,791</b>	<b>7,325</b>	<b>8,608</b>	<b>9,160</b>
<b>4 Financial expenses</b>				
Interest paid to group enterprises	758	1,309	812	1,313
Other financial expenses	4,310	2,131	4,167	2,077
	<b>5,068</b>	<b>3,440</b>	<b>4,979</b>	<b>3,390</b>
<b>5 Tax on profit/loss for the year</b>				
Current tax for the year	11,997	9,851	9,668	8,788
Deferred tax for the year	-691	-200	-193	-200
Adjustment of tax concerning previous years	-516	59	0	59
	<b>10,790</b>	<b>9,710</b>	<b>9,475</b>	<b>8,647</b>

# Notes to the Financial Statements

## 6 Intangible assets

### Group

	Software TDKK	Acquired pa- tents TDKK	Goodwill TDKK	Total TDKK
Cost at 1 January	5,979	0	0	5,979
Net effect from merger and acquisition	0	39,100	52,348	91,448
Additions for the year	589	0	0	589
Cost at 31 December	<u>6,568</u>	<u>39,100</u>	<u>52,348</u>	<u>98,016</u>
Impairment losses and amortisation at 1 January	1,671	0	0	1,671
Amortisation for the year	1,290	1,517	3,058	5,865
Impairment losses and amortisation at 31 December	<u>2,961</u>	<u>1,517</u>	<u>3,058</u>	<u>7,536</u>
<b>Carrying amount at 31 December</b>	<b><u>3,607</u></b>	<b><u>37,583</u></b>	<b><u>49,290</u></b>	<b><u>90,480</u></b>

### Parent

	Software TDKK
Cost at 1 January	5,979
Additions for the year	589
Cost at 31 December	<u>6,568</u>
Impairment losses and amortisation at 1 January	1,671
Amortisation for the year	1,290
Impairment losses and amortisation at 31 December	<u>2,961</u>
<b>Carrying amount at 31 December</b>	<b><u>3,607</u></b>

# Notes to the Financial Statements

## 7 Property, plant and equipment

### Group

	Other fixtures and fittings, tools and equipment TDKK
Cost at 1 January	5,184
Net effect from merger and acquisition	3,867
Additions for the year	437
Disposals for the year	-33
Cost at 31 December	<u>9,455</u>
Impairment losses and depreciation at 1 January	4,308
Depreciation for the year	1,757
Impairment and depreciation of sold assets for the year	-33
Impairment losses and depreciation at 31 December	<u>6,032</u>
<b>Carrying amount at 31 December</b>	<b><u>3,423</u></b>

### Parent

	Other fixtures and fittings, tools and equipment TDKK	Total TDKK
Cost at 1 January	2,017	2,017
Additions for the year	170	170
Disposals for the year	-33	-33
Kostpris at 31 December	<u>2,154</u>	<u>2,154</u>
Impairment losses and depreciation at 1 January	1,208	1,208
Depreciation for the year	415	415
Impairment and depreciation of sold assets for the year	-33	-33
Impairment losses and depreciation at 31 December	<u>1,590</u>	<u>1,590</u>
<b>Carrying amount at 31 December</b>	<b><u>564</u></b>	<b><u>564</u></b>

## Notes to the Financial Statements

	Parent	
	2019 TDKK	2018 TDKK
<b>8 Investments in subsidiaries</b>		
Cost at 1 January	666	764
Exchange adjustment	22	35
Additions for the year	69,488	0
Disposals for the year	0	-133
Cost at 31 December	<u>70,176</u>	<u>666</u>
Value adjustments at 1 January	-34,247	-32,445
Disposals for the year	-3,325	10
Exchange adjustment	-1,212	-1,495
Net profit/loss for the year	5,599	-317
Amortisation of goodwill and other intangible assets	-2,158	0
Value adjustments at 31 December	<u>-35,343</u>	<u>-34,247</u>
Equity investments with negative net asset value amortised over receivables	<u>39,699</u>	<u>37,581</u>
<b>Carrying amount at 31 December</b>	<b><u>74,532</u></b>	<b><u>4,000</u></b>
Positive differences arising on initial measurement of subsidiaries at net asset value	<u>64,693</u>	<u>0</u>

Investments in subsidiaries are specified as follows:

Name	Place of registered office	Share capital	Votes and ownership
Datacon Enterprise Solutions A/S	Allerød, Denmark	1,000	100%
Danoffice IT SA	Rolle, Switzerland	692	100%
Danoffice IT Inc.	Sterling, Virginia, USA	1	100%

# Notes to the Financial Statements

## 9 Other fixed asset investments

	<u>Group</u>
	Other receiv- ables
	TDKK
Cost at 1 January	0
Net effect from merger and acquisition	<u>328</u>
Cost at 31 December	<u>328</u>
<b>Carrying amount at 31 December</b>	<b><u>328</u></b>

	<u>Group</u>		<u>Parent</u>	
	2019	2018	2019	2018
	TDKK	TDKK	TDKK	TDKK
<b>10 Inventories</b>				
Finished goods and goods for resale	38,310	21,380	28,121	20,914
Goods in transit	<u>34,549</u>	<u>30,558</u>	<u>34,549</u>	<u>30,558</u>
	<b><u>72,859</u></b>	<b><u>51,938</u></b>	<b><u>62,670</u></b>	<b><u>51,472</u></b>

## 11 Prepayments

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

	<u>Parent</u>	
	2019	2018
	TDKK	TDKK
<b>12 Distribution of profit</b>		
Retained earnings	<u>38,630</u>	<u>29,733</u>
	<b><u>38,630</u></b>	<b><u>29,733</u></b>

## Notes to the Financial Statements

	Group		Parent	
	2019 TDKK	2018 TDKK	2019 TDKK	2018 TDKK
<b>13 Provision for deferred tax</b>				
Provision for deferred tax at 1 January	1,584	728	956	1,156
Amounts recognised in the income statement for the year	-691	856	-193	-200
Net effect from merger and acquisition	8,600	0	0	0
<b>Provision for deferred tax at 31 December</b>	<b>9,493</b>	<b>1,584</b>	<b>763</b>	<b>956</b>

### 14 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:

#### Payables to group enterprises

Between 1 and 5 years	17,239	27,635	17,239	27,635
Long-term part	17,239	27,635	17,239	27,635
Other short-term debt to group enterprises	2,117	3,386	2,117	0
	<b>19,356</b>	<b>31,021</b>	<b>19,356</b>	<b>27,635</b>

#### Other payables

Between 1 and 5 years	2,512	0	1,242	0
Long-term part	2,512	0	1,242	0
Other short-term payables	17,337	4,523	4,245	4,354
	<b>19,849</b>	<b>4,523</b>	<b>5,487</b>	<b>4,354</b>

### 15 Deferred income

Deferred income consists of payments received in respect of income in subsequent years.



## Notes to the Financial Statements

	<b>Group</b>	
	<u>2019</u>	<u>2018</u>
	TDKK	TDKK
<b>16 Cash flow statement - adjustments</b>		
Financial income	-5,791	-7,325
Financial expenses	5,068	3,440
Depreciation, amortisation and impairment losses, including losses and gains on sales	7,622	1,776
Tax on profit/loss for the year	10,790	9,710
	<u><b>17,689</b></u>	<u><b>7,601</b></u>
<b>17 Cash flow statement - change in working capital</b>		
Change in inventories	-18,743	19,378
Change in receivables	-57,351	58,380
Change in trade payables, etc	59,508	8,603
	<u><b>-16,586</b></u>	<u><b>86,361</b></u>

# Notes to the Financial Statements

	Group		Parent	
	2019	2018	2019	2018
	TDKK	TDKK	TDKK	TDKK
<b>18 Contingent assets, liabilities and other financial obligations</b>				
<b>Rental and lease obligations</b>				
Lease obligations under operating leases. Total future lease payments:				
Within 1 year	1,015	140	356	140
Between 1 and 5 years	580	103	251	103
	<b>1,595</b>	<b>243</b>	<b>607</b>	<b>243</b>
Rental obligations between 6 to 13 months	2,461	6,877	1,875	6,877

## Other contingent liabilities

As part of the company's ordinary business procedures, bank guarantees have been provided to third parties. At 31 December 2019, bank guarantees amounted to TDKK 29,441 (2018: TDKK 27,544)

The company is jointly and severally liable for group enterprises credit facility within Nykredit Bank. At 31 December 2019, credit facilities amounted to TDKK 126,820 (2018: TDKK 130,388)

The group companies are jointly and severally liable for tax on the jointly taxed incomes etc of the Group. The total amount of corporation tax payable is disclosed in the Annual Report of Belgravia Topco ApS, which is the management company of the joint taxation purposes. Moreover, the group companies are jointly and severally liable for Danish withholding taxes by way of dividend tax, tax on royalty payments and tax on unearned income. Any subsequent adjustments of corporation taxes and withholding taxes may increase the Company's liability.

## 19 Related parties

### Basis

#### Controlling interest

Belgravia Bidco ApS  
Agilitas 2015 Private Equity Fund L.P.

Majority owner  
Ultimate ownership

# Notes to the Financial Statements

## 19 Related parties (continued)

### Consolidated Financial Statements

The Group Annual report of Belgravia Topco ApS may be obtained by contacting Belgravia Topco ApS

Name	Place of registered office
Belgravia Topco ApS	Englandsvej 14, DK-5700 Svendborg

	Group		Parent	
	2019 TDKK	2018 TDKK	2019 TDKK	2018 TDKK
<b>20 Fee to auditors appointed at the general meeting</b>				
Audit fee	205	102	105	102
Tax advisory services	31	31	31	31
Non-audit services	830	624	735	624
	<b>1,066</b>	<b>757</b>	<b>871</b>	<b>757</b>

## 21 Subsequent events

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

# Notes to the Financial Statements

## 22 Accounting Policies

The Annual Report of Danoffice IT ApS for 2019 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to large enterprises of reporting class C .

The accounting policies applied remain unchanged from last year.

The Consolidated and Parent Company Financial Statements for 2019 are presented in TDKK.

### 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.

### Basis of consolidation

The Consolidated Financial Statements comprise the Parent Company, Danoffice IT ApS, and subsidiaries in which the Parent Company directly or indirectly holds more than 50% of the votes or in which the Parent Company, through share ownership or otherwise, exercises control. Enterprises in which the Group holds between 20% and 50% of the votes and exercises significant influence but not control are classified as associates.

On consolidation, items of a uniform nature are combined. Elimination is made of intercompany income and expenses, shareholdings, dividends and accounts as well as of realised and unrealised profits and losses on transactions between the consolidated enterprises.

The Parent Company's investments in the consolidated subsidiaries are set off against the Parent Company's share of the net asset value of subsidiaries stated at the time of consolidation.

# Notes to the Financial Statements

## 22 Accounting Policies (continued)

### Business combinations

#### *Business acquisitions carried through on or after 1 July 2018*

Acquisitions of subsidiaries are accounted for using the purchase method under which the identifiable assets and liabilities of the entity acquired are measured at fair value at the time of acquisition. Acquired contingent liabilities are recognised at fair value in the Consolidated Financial Statements to the extent that the value can be measured reliably.

The time of acquisition is the time when the Group obtains control of the entity acquired.

The cost of the entity acquired is the fair value of the consideration agreed, including consideration contingent on future events. Transaction costs directly attributable to the acquisition of subsidiaries are recognised in the income statement as incurred.

Positive differences between the cost of the entity acquired and identifiable assets and liabilities are recognised as goodwill in intangible assets in the balance sheet and are amortised in the income statement on a straight-line basis over their estimated useful lives. Amortisation of goodwill is allocated in the Consolidated Financial Statements to the operations to which goodwill is related. Where the differences are negative, they are recognised immediately in the income statement.

Where the purchase price allocation is not final, positive and negative differences from acquired subsidiaries due to changes to the recognition and measurement of identifiable net assets may be adjusted for up to 12 months after the time of acquisition. These adjustments are also reflected in the value of goodwill or negative goodwill, including in amortisation already made.

Where cost includes contingent consideration, this is measured at fair value at the time of acquisition. Contingent consideration is subsequently measured at fair value. Any value adjustments are recognised in the income statement.

In respect of step acquisitions, any previously held investments in the entity acquired are remeasured at fair value at the time of acquisition. The difference between the carrying amount of the investment previously held and the fair value is recognised in the income statement.

### Leases

All leases are considered operating leases. Payments made under operating leases are recognised in the income statement on a straight-line basis over the lease term.

# Notes to the Financial Statements

## 22 Accounting Policies (continued)

### Translation policies

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.

Fixed assets acquired in foreign currencies are measured at the transaction date rates.

### Revenue

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

## Income Statement

### Revenue

Revenue from the sale of goods is recognised when the risks and rewards relating to the goods sold have been transferred to the purchaser, the revenue can be measured reliably and it is probable that the economic benefits relating to the sale will flow to the Group.

Revenue is measured at the consideration received and is recognised exclusive of VAT and net of discounts relating to sales.

### Expenses for raw materials and consumables

Expenses for raw materials and consumables comprise the raw materials and consumables consumed to achieve revenue for the year.

### Other external expenses

Other external expenses comprise indirect production costs and expenses for premises, sales and distribution as well as office expenses, etc.

# Notes to the Financial Statements

## 22 Accounting Policies (continued)

### Staff expenses

Staff expenses comprise wages and salaries as well as payroll expenses.

### Amortisation, depreciation and impairment losses

Amortisation, depreciation and impairment losses comprise amortisation, depreciation and impairment of intangible assets and property, plant and equipment.

### Income from investments in subsidiaries

The item "Income from investments in subsidiaries" in the income statement includes the proportionate share of the profit for the year.

### Financial income and expenses

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

### 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 wholly owned Danish and foreign subsidiaries. The tax effect of the joint taxation is allocated to enterprises in proportion to their taxable incomes.

## Balance Sheet

### Intangible assets

Goodwill acquired is measured at cost less accumulated amortisation. Goodwill is amortised on a straight-line basis over its useful life, which is assessed at 10 years.

Customer relations is measured at cost less accumulated amortisation. Customer relations is amortised on a straight-line basis over its useful life, which is assessed at 15 years.

Software that are recognised in the balance sheet are measured at cost less accumulated depreciation.

The expected useful life is 3-5 years.

# Notes to the Financial Statements

## 22 Accounting Policies (continued)

### 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.

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:

Plant and machinery	2-10 years
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Depreciation period and residual value are reassessed annually.

### 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.

### Investments in subsidiaries

Investments in subsidiaries are recognised and measured under the equity method.

The item "Investments in subsidiaries" in the balance sheet include the proportionate ownership share of the net asset value of the enterprises calculated on the basis of the fair values of identifiable net assets at the time of acquisition.

The total net revaluation of investments in subsidiaries is transferred upon distribution of profit to "Reserve for net revaluation under the equity method" under equity. The reserve is reduced by dividend distributed to the Parent Company and adjusted for other equity movements in the subsidiaries.

Subsidiaries with a negative net asset value are recognised at DKK 0. Any legal or constructive obligation of the Parent Company to cover the negative balance of the enterprise is recognised in provisions.

### Other fixed asset investments

Other fixed asset investments consist of deposit.



# Notes to the Financial Statements

## 22 Accounting Policies (continued)

### 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 amortised cost, which substantially corresponds to nominal value. Provisions for estimated bad debts are made.

### Prepayments

Prepayments comprise prepaid expenses concerning rent, insurance premiums, subscriptions and interest.

### 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.

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.

# Notes to the Financial Statements

## 22 Accounting Policies (continued)

### **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**

Loans, such as loans from credit institutions, are recognised initially at the proceeds received net of transaction expenses incurred. Subsequently, the loans are measured at amortised cost; the difference between the proceeds and the nominal value is recognised as an interest expense in the income statement over the loan period.

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

### **Deferred income**

Deferred income comprises payments received in respect of income in subsequent years.

## **Cash Flow Statement**

The cash flow statement shows the Group's cash flows for the year broken down by operating, investing and financing activities, changes for the year in cash and cash equivalents as well as the Group's cash and cash equivalents at the beginning and end of the year.

### **Cash flows from operating activities**

Cash flows from operating activities are calculated as the net profit/loss for the year adjusted for changes in working capital and non-cash operating items such as depreciation, amortisation and impairment losses, and provisions. Working capital comprises current assets less short-term debt excluding items included in cash and cash equivalents.

### **Cash flows from investing activities**

Cash flows from investing activities comprise cash flows from acquisitions and disposals of intangible assets, property, plant and equipment as well as fixed asset investments.

### **Cash flows from financing activities**

Cash flows from financing activities comprise cash flows from the raising and repayment of long-term debt as well as payments to and from shareholders.

# Notes to the Financial Statements

## 22 Accounting Policies (continued)

### Cash and cash equivalents

Cash and cash equivalents comprise "Cash at bank and in hand" and "Overdraft facilities".

The cash flow statement cannot be immediately derived from the published financial records.

### Financial Highlights

#### Explanation of financial ratios

Gross margin	$\frac{\text{Gross profit} \times 100}{\text{Revenue}}$
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	$\frac{\text{Net profit for the year} \times 100}{\text{Average equity}}$