# *Danoffice IT ApS*

Englandsvej 14, DK-5700 Svendborg

Annual Report for 2023

CVR No. 21 37 07 38

The Annual Report was presented and adopted at the Annual General Meeting of the company on 27/2 2024

Kevin Kristoffer Ehnhuus Iermiin
Chairman of the general meeting

# Contents

# 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 2023.

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 2023 of the Company and the Group and of the results of the Company and Group operations and of consolidated cash flows for 2023.

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, 27 February 2024

**Executive Board**

| | |
|---|---|
| Lars Baun Jensen<br>CEO | Allan Malmos Jeppesen<br>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 2023 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 2023 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 2023, 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' International Code of Ethics for Professional Accountants (IESBA Code) and the additional ethical requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. 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 Financial 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.

**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 Parent 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 Parent Company or to cease operations, or has no realistic alternative but to do so.

# Independent Auditor's report

**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 Group´s and the Parent 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 Group´s and the Parent 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 Group and the Parent 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, 27 February 2024

**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<br>Englandsvej 14<br>DK-5700 Svendborg<br><br>CVR No: 21 37 07 38<br>Financial period: 1 January - 31 December<br>Incorporated: 31 December 1999<br>Financial year: 26th financial year<br>Municipality of reg. office: Svendborg |
| **Executive Board** | Lars Baun Jensen<br>Allan Malmos Jeppesen |
| **Auditors** | PricewaterhouseCoopers<br>Statsautoriseret Revisionspartnerselskab<br>Munkebjergvænget 1, 3. og 4. sal<br>DK-5230 Odense M |

# Financial Highlights

Seen over a 5-year period, the development of the Group is described by the following financial highlights:

| | Group | | | | |
|---|---|---|---|---|---|
| | 2023 | 2022 | 2021 | 2020 | 2019 |
| | TDKK | TDKK | TDKK | TDKK | TDKK |
| **Key figures** | | | | | |
| **Profit/loss** | | | | | |
| Revenue | 3,349,506 | 2,862,164 | 2,000,239 | 1,119,754 | 1,044,438 |
| Gross profit | 308,975 | 298,877 | 240,134 | 126,555 | 120,260 |
| Profit/loss of ordinary primary operations | 60,753 | 76,597 | 78,767 | 34,156 | 48,697 |
| Profit/loss of financial income and expenses | -11,712 | -3,532 | 1,128 | -12,960 | 723 |
| Net profit/loss for the year | 33,247 | 52,872 | 56,473 | 14,907 | 38,630 |
| **Balance sheet** | | | | | |
| Balance sheet total | 997,787 | 1,562,070 | 842,625 | 394,774 | 421,120 |
| Investment in property, plant and equipment | 2,493 | 3,984 | -13,016 | -467 | -436 |
| Equity | 356,233 | 358,265 | 266,898 | 148,362 | 133,940 |
| **Cash flows** | | | | | |
| Cash flows from: | | | | | |
| - operating activities | 146,735 | -9,565 | 60,287 | 52,966 | 32,667 |
| - investing activities | -120,654 | -5,527 | -154,508 | -2,134 | -68,876 |
| - financing activities | 68,167 | -23,050 | 88,679 | -7,058 | -37,274 |
| Change in cash and cash equivalents for the year | 94,248 | -38,142 | -5,542 | 43,774 | -73,483 |
| Number of employees | 279 | 250 | 187 | 127 | 117 |
| **Ratios** | | | | | |
| Gross margin | 9.2% | 10.4% | 12.0% | 11.3% | 11.5% |
| Profit margin | 1.8% | 2.7% | 3.9% | 3.1% | 4.7% |
| Return on assets | 6.1% | 4.9% | 9.3% | 8.7% | 11.6% |
| Solvency ratio | 35.7% | 22.9% | 31.7% | 37.6% | 31.8% |
| Return on equity | 9.3% | 16.9% | 27.2% | 10.6% | 33.5% |

See the description under accounting policies.

# Management's review

## Key activities

The Group's principal activities comprise of providing IT infrastructure, consultancy, managed service and other high technology solutions to international institutions and B2B customers both local and international.

## Development in activities and financial matters

**Growth and earnings**
The revenue of Danoffice IT group increased by 17% to DKK 3,349 million (2022: DKK 2,862 million) in 2023. The growth derived from a combination of organic expansion within the Group's established markets and offerings (share of growth: DKK 437 million) and the September 2023 acquisition of Conecto A/S (share of growth: DKK 50 million).

The growth in sales was split on all 3 geographical segments with the Asia Pacific region increasing by 0.6% to a total revenue of DKK 148 million, North- and South America by 59.6% to DKK 992 million and Europe, Middle East and Africa by 5.5% to DKK 2,210 million.

The operating costs (staff expenses and other external costs) in 2023 has been impacted by various non-recurring factors intended to improve the future earnings of the Group, including initial investments in a new ERP group system, external assistance in exploring the use of continuation vehicles and one-time costs related to harvesting synergies in relation to the acquisition of Conecto A/S.

Adjusted for non-recurring costs according to group policy, the 2023 EBITDA was DKK 110 million. (2022: DKK 113.5 million).

Danoffice IT Group realized a profit of TDKK 33,247 in 2023 (2022: TDKK 52,872), which was below the range of the initial expectations for the year.

**Strategic initiatives**
In 2023 essential initiatives have been initiated and implemented to further improve Danoffice IT's position as a leading global IT infrastructure Powerhouse.

With the acquisition of Conecto A/S in the fall of 2023 the Group continued the strategical path with focus on increasing the level of service offerings and further strengthening the technical capacity of the business.

As part of supporting our global customers and our ESG focus Danoffice IT has expanded the local presence in Asia with two additional hubs in Bangalore, India and Shanghai, China. In expanding our global operations by establishing companies in multiple countries, Danoffice IT will continue to pursue this strategy in the coming years to best support our customers and meet our ESG goals.

The consolidation and upgrade of the Groups central warehouse and production facilities in Denmark was finalized early 2023. The centralized warehouse facility combined with initiated implementation of a new consolidated ERP system will both be part of improving the overall efficiency and ensuring the scalability needed when expanding as the planned the coming years.

**Balance and equity**
At 31 December 2023 the equity amounts to TDKK 356,233 compared to an equity of TDKK 358,265 at 31 December 2022. As expected, the level of goods in transit and stock normalized in the beginning of 2023 resulting in a positive decrease in current assets of TDKK 661,700.

**Outlook**
The company expects a neutral to positive development in 2024 with a net profit for the year in the range of DKK 50-60 million.

**Currency risks**
Main currency are DKK, EUR, and USD.

A part of the Group's sales is 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.

**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 consultancy, service, and other high technology solutions to international institutions and B2B customers both local and international.

We work with leading global businesses, organizations, 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 seriously and 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 and environmental issues, the most material risks are the risks related to product shortages in the supply chain due to lack of mineral resources as well as our impact on the climate through energy consumption from our operations.

While there are risks related to human rights when it comes to working conditions in the supply chain, e.g. sourcing of minerals, we have limited impact on those risks due to size etc. Our main focus for human rights is therefore ensuring a diverse workplace free from harassment in our own organization.

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.

For further information on Danoffice CSR/ESG related subjects please visit www.danofficeit.com/responsibility/ where you also find the latest UN Global Compact COP report.

**Regarding climate change and environmental issues**
At Danoffice IT we strive to minimize our negative impact on the environment and on climate change. We are committed to the Science-based Targets initiative SBTi in order to build a sustainable business with minimal negative impact on the climate. Our approved target is to reduce our emissions of greenhouse gases by a minimum of 50% for scope 1 and scope 2, and to reduce the emissions in scope 3 as much as possible from 2020 to2030.

As a result of our goal to reduce our greenhouse gas emissions, we entered into an agreement in 2023 to receive renewable energy from a newly established solar park to help accelerate the green transition. Via The 0-mission, we subscribe to solar energy that covers 50% of our total electricity consumption at all our locations. The solar park is financed by the users - and not by the taxpayers, as are the commonly available Renewable Energy Credits (RECs) on the market. With this agreement, we contribute with MORE green power to the Danish electricity grid, rather than buying credits (RECs) that cover already established green power and which are financed by taxpayers.

In 2023 we expanded into two new markets: Shanghai, China, and Bangalore, India. Two new divisions which underline our global ambitions, and which further strengthen our wishes of being closer to our clients and creating more sustainable operations for our organization. Our expansion into Asia will reduce our CO2 footprint from transporting and shipping products to our customers in Asia significantly.

Many of the components and products we use in our business are manufactured in Asia and by having a presence there, we will reduce the length of transportation, and are also able to make use of transportation emitting less CO2.

At the end of 2023 we became a member of the Danish IT industry's Policy Board for Green Transition. Digitization and new technology play a key role in the solution to the climate challenges, and the digital technologies and services of the Danish IT companies are decisive for creating green development and growth in Denmark and abroad. The Policy Board for Green Transition aims to create good framework conditions for data and digitization to support and accelerate a green transition of Danish society. This includes, among other things, an effort to increase the demand for sustainable, digital solutions in the public sector and to inspire Danish companies to integrate technology and sustainability in their business. The Policy Board for Green Transition has a number of updated recommendations on the way to help companies with the transition to a more sustainable IT use.

Since 2020 we have resold used IT equipment for our customers worldwide – prolonging the lifecycle of the products and saving the environment for greenhouse gas emissions from the production of new products. We primarily reuse mobile phones, tablets, computers, networking, servers and storage systems. We reuse thousands of units every year.

Since 2009 we have executed on the “HP Planet Partner” recycle program in collaboration with HP. In partnership with our United Nations customers and HP, we collect used toners and cartridges from UN missions all over the world and recycle them in Europe. Through our combined efforts we have recycled several thousands of units so far and still counting. In 2023 we recycled 10.930 units.

We plan to continue the work on improving and reducing our consumption of energy and resources in general in 2024.

**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. We promote social interaction between people and cultures and aims at a mixed organizational culture.

We embrace culture and have employees of more than 10 different nationalities, coming from South America, USA, Europe, and Middle East. Our organization mix is balanced with 28% (2022; 30%) women & 72% (2022; 70%) men and we span over various religions.

In 2023, we continued buying 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.

We plan to continue the work and focus on Human rights in 2024.

**Regarding social and employee conditions**
Danoffice IT has a work life balance policy encouraging flexible working hours and tolerance for personal and family issues and or needs.

Our staff is our most important resource wherefore we strive to keep our staff mentally and physically fit. To support an active and healthy lifestyle, We encourage employees to participate in Run for a Purpose as well as supporting local sports clubs in Denmark where employees can nominate relevant local projects/ clubs. In 2023 we supported both a social cause and an environmental cause via the Run for a Purpose program:

- Sport’n Charity, which helps children affected by cancer in Denmark back to life through sport. They make a difference for more than 600 children who are treated for cancer each year.

- The Ocean Cleanup, which is an NGO that drives the largest ocean cleanup in history. They develop and scale technologies that can remove plastic and other waste from the oceans, and at the same time they focus on closing the "holes" that cause the waste to end up in the oceans. Their goal is to remove 90% of plastic from the oceans by 2040.

As part of ensuring the best possible working conditions for our employees, individual employee interviews, workplace assessments and employee surveys are carried out on a regularly basis.

Efforts on social and employee conditions will continue in 2024.

**Regarding anti-corruption**
Danoffice ‘s position on corruption is not to take part, or to accept, any form of fraud or corruption. We define 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 behaviour to the benefit or interest of the giver that the recipient would otherwise not alter.

We are determined to prevent, detect and deter any form thereof. This has been our position since our foundation in 1995 and we are proud to say that Danoffice IT has never been involved, accused, or convicted of any form of fraud or corruption, neither in 2023. To ensure constant focus on preventing any form of fraud and corruption ISO 37001 (Anti bribery management system) is implemented and certified by Bureau Veritas.

The Company whistleblower program has been in place for several years.

We plan to continue with the current efforts in 2024 including ensuring a constant focus in the organization on preventing corruption.

## Goal and policies regarding gender quotation in accordance with section 99 b of the Danish Financial Statements Act

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.

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. In the day to day Management of the Group, 21% are female and 79% are male. The group strives to increase the level of female representation in the management of the day to day business to 40% by end of 2030.

| | 2023 |
|---|---|
| **Executive Board** | |
| Members of Executive Board, number | 2 |
| Underrepresented gender in Executive Board, % | 0 |
| Target, % | 0 |
| Fulfilment year | 0 |
| **Leadership Team in Danoffice IT ApS** | |
| Members of Leadership Team Danoffice IT ApS, number | 43 |
| Underrepresented gender in Leadership Team Danoffice IT ApS, % | 21% |
| Target, % | 40% |
| Fulfilment year | 2030 |

The Leadership Team in Danoffice IT ApS includes members of the Executive Management (first level) and persons with managerial responsibility who report directly to the members of the first level (second level).

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

It is Danoffice IT's ambition to promote gender diversity and obtain an reasonable gender distribution in the Leadership Team and day to day business management, with the aim of enhancing the Group's overall competencies.

We plan to continue our work and efforts in 2024 to increase the level of female representation in the management of the day to day business to reach our target of 40% in 2030.

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

We comply with legal requirements and acknowledge and respect that our use of data (both personal data and non personal data) may create risks for the users that applicable laws do not cover. We manage these risks by adhering to the principles described in our Data Ethics Policy which can be found here: www.danofficeit.com.

We have standards in relation to where we collect data and how we use the data:
• We refrain from extensive collection of data which may be characterised as data driven surveillance.
• We set standards on ourselves in collecting data from our assets and other sources

We will develop additional policies and procedures to ensure that we comply with the above mentioned principles.

**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 on 31 December 2023 of the Group and the results of the activities and cash flows of the Group for the financial year for 2023 has not been affected by any unusual events.

# Income statement 1 January - 31 December

| | Note | Group | | Parent company | |
|---|---|---|---|---|---|
| | | 2023 | 2022 | 2023 | 2022 |
| | | TDKK | TDKK | TDKK | TDKK |
| Revenue | 1 | 3,349,506 | 2,862,164 | 3,127,246 | 2,739,153 |
| Expenses for raw materials and consumables | | -2,968,353 | -2,503,846 | -2,787,338 | -2,402,306 |
| Other external expenses | | -72,178 | -59,441 | -65,328 | -57,620 |
| **Gross profit** | | **308,975** | **298,877** | **274,580** | **279,227** |
| Staff expenses | 2 | -220,581 | -196,467 | -193,258 | -181,593 |
| **Earnings Before Interest Taxes Depreciation and Amortization** | | **88,394** | **102,410** | **81,322** | **97,634** |
| Amortisation, depreciation and impairment losses of intangible assets and property, plant and equipment | | -27,632 | -25,763 | -19,906 | -22,224 |
| Other operating expenses | | -9 | -50 | 0 | 0 |
| **Profit/loss before financial income and expenses** | | **60,753** | **76,597** | **61,416** | **75,410** |
| Income from investments in subsidiaries | | 0 | 0 | -1,346 | -787 |
| Financial income | 3 | 1,997 | 4,169 | 2,529 | 4,841 |
| Financial expenses | 4 | -13,709 | -7,701 | -15,188 | -7,608 |
| **Profit/loss before tax** | | **49,041** | **73,065** | **47,411** | **71,856** |
| Tax on profit/loss for the year | 5 | -15,794 | -20,193 | -14,164 | -18,984 |
| **Net profit/loss for the year** | 6 | **33,247** | **52,872** | **33,247** | **52,872** |

# Balance sheet 31 December

## Assets

| | Note | Group 2023 | Group 2022 | Parent company 2023 | Parent company 2022 |
|---|---|---|---|---|---|
| | | TDKK | TDKK | TDKK | TDKK |
| Software | | 2,739 | 1,895 | 2,198 | 1,366 |
| Customer relations | | 116,554 | 83,965 | 68,078 | 74,167 |
| Goodwill | | 159,732 | 95,145 | 69,045 | 79,706 |
| **Intangible assets** | 7 | **279,025** | **181,005** | **139,321** | **155,239** |
| Land and buildings | | 11,983 | 12,022 | 11,983 | 12,022 |
| Other fixtures and fittings, tools and equipment | | 3,658 | 4,544 | 2,730 | 3,956 |
| Leasehold improvements | | 1,382 | 569 | 1,303 | 550 |
| **Property, plant and equipment** | 8 | **17,023** | **17,135** | **16,016** | **16,528** |
| Investments in subsidiaries | 9 | 0 | 0 | 155,826 | 41,306 |
| Deposits | 10 | 2,284 | 2,775 | 1,895 | 2,405 |
| **Fixed asset investments** | | **2,284** | **2,775** | **157,721** | **43,711** |
| **Fixed assets** | | **298,332** | **200,915** | **313,058** | **215,478** |
| **Inventories** | 11 | **223,858** | **735,883** | **221,071** | **692,990** |
| Trade receivables | | 302,608 | 529,667 | 263,763 | 515,512 |
| Receivables from group enterprises | | 4,449 | 25,226 | 7,970 | 27,935 |
| Other receivables | | 18,760 | 16,593 | 18,092 | 16,152 |
| Prepayments | 12 | 2,613 | 867 | 1,897 | 867 |
| **Receivables** | | **328,430** | **572,353** | **291,722** | **560,466** |
| **Cash at bank and in hand** | | **147,167** | **52,919** | **126,928** | **43,830** |
| **Current assets** | | **699,455** | **1,361,155** | **639,721** | **1,297,286** |
| **Assets** | | **997,787** | **1,562,070** | **952,779** | **1,512,764** |

# Balance sheet 31 December

## Liabilities and equity

| | Note | Group 2023 | Group 2022 | Parent company 2023 | Parent company 2022 |
|---|---|---|---|---|---|
| | | TDKK | TDKK | TDKK | TDKK |
| Share capital | | 250 | 250 | 250 | 250 |
| Reserve for exchange rate conversion | | 312 | 387 | 312 | 387 |
| Retained earnings | | 355,671 | 357,628 | 355,671 | 357,628 |
| **Equity** | | **356,233** | **358,265** | **356,233** | **358,265** |
| Provision for deferred tax | 13 | 28,473 | 20,407 | 16,969 | 17,576 |
| **Provisions** | | **28,473** | **20,407** | **16,969** | **17,576** |
| Payables to group enterprises | | 77,605 | 0 | 77,605 | 0 |
| Other payables | | 15,902 | 15,468 | 15,492 | 15,072 |
| **Long-term debt** | 14 | **93,507** | **15,468** | **93,097** | **15,072** |
| Credit institutions | | 152 | 5,168 | 5 | 5,168 |
| Prepayments received from customers | | 6,984 | 5,530 | 4,421 | 5,530 |
| Trade payables | | 466,479 | 1,116,194 | 416,577 | 1,065,423 |
| Payables to group enterprises | 14 | 4,368 | 0 | 37,256 | 10,185 |
| Corporation tax | | 1,983 | 3,454 | 0 | 0 |
| Payables to group enterprises relating to corporation tax | | 15,578 | 21,305 | 14,771 | 20,210 |
| Other payables | 14 | 23,335 | 15,421 | 12,755 | 14,477 |
| Deferred income | 15 | 695 | 858 | 695 | 858 |
| **Short-term debt** | | **519,574** | **1,167,930** | **486,480** | **1,121,851** |
| **Debt** | | **613,081** | **1,183,398** | **579,577** | **1,136,923** |
| **Liabilities and equity** | | **997,787** | **1,562,070** | **952,779** | **1,512,764** |

| | |
|---|---|
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# Statement of changes in equity

## Group

| | Share capital | Reserve for exchange rate conversion | Retained earnings | Total |
|---|---|---|---|---|
| | TDKK | TDKK | TDKK | TDKK |
| Equity at 1 January | 250 | 387 | 357,628 | 358,265 |
| Extraordinary dividend paid | 0 | 0 | -35,166 | -35,166 |
| Exchange adjustments relating to foreign entities | 0 | -75 | 0 | -75 |
| Other equity movements | 0 | 0 | -38 | -38 |
| Net profit/loss for the year | 0 | 0 | 33,247 | 33,247 |
| **Equity at 31 December** | **250** | **312** | **355,671** | **356,233** |

## Parent company

| | Share capital | Reserve for exchange rate conversion | Retained earnings | Total |
|---|---|---|---|---|
| | TDKK | TDKK | TDKK | TDKK |
| Equity at 1 January | 250 | 387 | 357,628 | 358,265 |
| Extraordinary dividend paid | 0 | 0 | -35,166 | -35,166 |
| Exchange adjustments relating to foreign entities | 0 | -75 | 0 | -75 |
| Other equity movements | 0 | 0 | -38 | -38 |
| Net profit/loss for the year | 0 | 0 | 33,247 | 33,247 |
| **Equity at 31 December** | **250** | **312** | **355,671** | **356,233** |

# Cash flow statement 1 January - 31 December

| | | Group | |
|---|---|---|---|
| | Note | 2023 | 2022 |
| | | TDKK | TDKK |
| Result of the year | | 33,247 | 52,872 |
| Adjustments | 16 | 55,147 | 49,538 |
| Change in working capital | 17 | 94,721 | -83,510 |
| **Cash flow from operations before financial items** | | **183,115** | **18,900** |
| Financial income | | 1,997 | 4,169 |
| Financial expenses | | -13,709 | -7,701 |
| **Cash flows from ordinary activities** | | **171,403** | **15,368** |
| Corporation tax paid | | -24,668 | -24,933 |
| **Cash flows from operating activities** | | **146,735** | **-9,565** |
| Purchase of intangible assets | | -1,381 | -984 |
| Purchase of property, plant and equipment | | -2,494 | -3,984 |
| Fixed asset investments made etc | | -19 | -634 |
| Sale of property, plant and equipment | | 0 | 75 |
| Business acquisition | | -116,760 | 0 |
| **Cash flows from investing activities** | | **-120,654** | **-5,527** |
| Repayment of loans from credit institutions | | -4,966 | 0 |
| Repayment of payables to group enterprises | | -12,138 | -28,218 |
| Raising of loans from credit institutions | | 0 | 5,168 |
| Raising of payables to group enterprises | | 115,000 | 0 |
| Dividend paid | | -35,166 | 0 |
| Business acquisition - cash received | | 5,437 | 0 |
| **Cash flows from financing activities** | | **68,167** | **-23,050** |
| **Change in cash and cash equivalents** | | **94,248** | **-38,142** |
| Cash and cash equivalents at 1 January | | 52,919 | 91,061 |
| **Cash and cash equivalents at 31 December** | | **147,167** | **52,919** |
| Cash and cash equivalents are specified as follows: | | | |
| Cash at bank and in hand | | 147,167 | 52,919 |
| **Cash and cash equivalents at 31 December** | | **147,167** | **52,919** |

# Notes to the Financial Statements

| | Group | | Parent company | |
|---|---|---|---|---|
| | 2023 | 2022 | 2023 | 2022 |
| | TDKK | TDKK | TDKK | TDKK |
| **1. Revenue** | | | | |
| **Geographical segments** | | | | |
| Asia Pacific | 147,883 | 146,974 | 146,734 | 145,724 |
| Europe, Middle East and Africa | 2,209,732 | 2,093,724 | 2,094,822 | 2,025,546 |
| North and South America | 991,891 | 621,466 | 885,690 | 567,883 |
| | **3,349,506** | **2,862,164** | **3,127,246** | **2,739,153** |

The Group has primarily one business segment.

| | Group | | Parent company | |
|---|---|---|---|---|
| | 2023 | 2022 | 2023 | 2022 |
| | TDKK | TDKK | TDKK | TDKK |
| **2. Staff Expenses** | | | | |
| Wages and salaries | 192,941 | 172,439 | 168,571 | 160,752 |
| Pensions | 13,685 | 11,640 | 11,260 | 10,413 |
| Other social security expenses | 2,252 | 2,103 | 1,818 | 1,648 |
| Other staff expenses | 11,703 | 10,285 | 11,609 | 8,780 |
| | **220,581** | **196,467** | **193,258** | **181,593** |
| **Including remuneration to the Executive Board** | **6,084** | **5,543** | **6,084** | **5,543** |
| **Average number of employees** | **279** | **250** | **242** | **235** |

| | Group | | Parent company | |
|---|---|---|---|---|
| | 2023 | 2022 | 2023 | 2022 |
| | TDKK | TDKK | TDKK | TDKK |
| **3. Financial income** | | | | |
| Interest received from group enterprises | 0 | 450 | 929 | 1,077 |
| Other financial income | 1,997 | 204 | 1,600 | 249 |
| Exchange adjustments | 0 | 3,515 | 0 | 3,515 |
| | **1,997** | **4,169** | **2,529** | **4,841** |

# Notes to the Financial Statements

| | Group | | Parent company | |
|---|---|---|---|---|
| | 2023 | 2022 | 2023 | 2022 |
| | TDKK | TDKK | TDKK | TDKK |
| **4. Financial expenses** | | | | |
| Interest paid to group enterprises | 1,844 | 0 | 2,657 | 294 |
| Other financial expenses | 8,823 | 7,511 | 9,773 | 7,314 |
| Exchange adjustments, expenses | 3,042 | 190 | 2,758 | 0 |
| | **13,709** | **7,701** | **15,188** | **7,608** |

| | Group | | Parent company | |
|---|---|---|---|---|
| | 2023 | 2022 | 2023 | 2022 |
| | TDKK | TDKK | TDKK | TDKK |
| **5. Income tax expense** | | | | |
| Current tax for the year | 16,807 | 21,602 | 14,771 | 20,210 |
| Deferred tax for the year | -1,064 | -1,744 | -607 | -1,372 |
| Adjustment of tax concerning previous years | 51 | 335 | 0 | 146 |
| | **15,794** | **20,193** | **14,164** | **18,984** |

| | Parent company | |
|---|---|---|
| | 2023 | 2022 |
| | TDKK | TDKK |
| **6. Profit allocation** | | |
| Extraordinary dividend paid | 35,166 | 0 |
| Retained earnings | -1,919 | 52,872 |
| | **33,247** | **52,872** |

# Notes to the Financial Statements

## 7. Intangible fixed assets

| | Group | | | Parent company | | |
|---|---|---|---|---|---|---|
| | Software | Customer relations | Goodwill | Software | Customer relations | Goodwill |
| | TDKK | TDKK | TDKK | TDKK | TDKK | TDKK |
| Cost at 1. January | 13,829 | 105,730 | 123,760 | 12,552 | 91,340 | 106,605 |
| Net effect from merger and acquisition | 5 | 41,500 | 79,670 | 0 | 0 | 0 |
| Additions for the year | 1,381 | 0 | 0 | 1,262 | 0 | 0 |
| Disposals for the year | -10,335 | 0 | 0 | -10,335 | 0 | 0 |
| Cost at 31. December | 4,880 | 147,230 | 203,430 | 3,479 | 91,340 | 106,605 |
| Impairment losses and depreciation at 1. January | 11,933 | 21,765 | 28,615 | 11,185 | 17,173 | 26,899 |
| Depreciation for the year | 543 | 8,911 | 15,083 | 431 | 6,089 | 10,661 |
| Reversal of impairment and depreciation of sold assets | -10,335 | 0 | 0 | -10,335 | 0 | 0 |
| Impairment losses and depreciation at 31. December | 2,141 | 30,676 | 43,698 | 1,281 | 23,262 | 37,560 |
| **Carrying amount at 31. December** | **2,739** | **116,554** | **159,732** | **2,198** | **68,078** | **69,045** |

## 8. Property, plant and equipment

| | Group | | | Parent company | | |
|---|---|---|---|---|---|---|
| | Land and buildings | Other fixtures and fittings, tools and equipment | Leasehold improveme nts | Land and buildings | Other fixtures and fittings, tools and equipment | Leasehold improvemen ts |
| | TDKK | TDKK | TDKK | TDKK | TDKK | TDKK |
| Cost at 1. January | 12,074 | 19,820 | 3,779 | 12,074 | 18,584 | 1,036 |
| Net effect from merger and acquisition | 0 | 498 | 0 | 0 | 0 | 0 |
| Additions for the year | 0 | 1,451 | 1,043 | 0 | 1,250 | 963 |
| Disposals for the year | 0 | -85 | 0 | 0 | 0 | 0 |
| Cost at 31. December | 12,074 | 21,684 | 4,822 | 12,074 | 19,834 | 1,999 |
| Impairment losses and depreciation at 1. January | 52 | 15,276 | 3,210 | 52 | 14,628 | 486 |
| Depreciation for the year | 39 | 2,826 | 230 | 39 | 2,476 | 210 |
| Reversal of impairment and depreciation of sold assets | 0 | -76 | 0 | 0 | 0 | 0 |
| Impairment losses and depreciation at 31. December | 91 | 18,026 | 3,440 | 91 | 17,104 | 696 |
| **Carrying amount at 31. December** | **11,983** | **3,658** | **1,382** | **11,983** | **2,730** | **1,303** |

## 9. Investments in subsidiaries

| | Parent company 2023 | Parent company 2022 |
|---|---|---|
| | TDKK | TDKK |
| Cost at 1 January | 70,759 | 70,760 |
| Additions for the year | 117,901 | 0 |
| Cost at 31 December | 188,660 | 70,760 |
| | | |
| Value adjustments at 1 January | -31,101 | -30,732 |
| Exchange adjustment | -75 | 418 |
| Net profit/loss for the year | 5,212 | 2,051 |
| Dividend to the Parent Company | -3,500 | 0 |
| Other equity movements, net | -38 | 0 |
| Amortisation of goodwill | -6,557 | -2,838 |
| Value adjustments at 31 December | -36,059 | -31,101 |
| | | |
| Equity investments with negative net asset value amortised over receivables | 3,225 | 1,647 |
| | | |
| **Carrying amount at 31 December** | **155,826** | **41,306** |
| | | |
| Positive differences arising on initial measurement of subsidiaries at net asset value | 143,134 | 31,545 |

Investments in subsidiaries are specified as follows:

| Name | Place of registered office | Share capital | Ownership |
|---|---|---|---|
| Danoffice IT SA | Rolle, Switzerland | CHF 100,000 | 100% |
| Danoffice IT Inc. | Newark, Delaware, USA | USD 30 | 100% |
| Danoffice IT Green A/S | Aarhus, Denmark | DKK 500,000 | 100% |
| Danoffice IT Pte. Ltd. | Singapore | SGD 220,000 | 100% |
| Danoffice IT Solutions & Services A/S | Svendborg, Denmark | DKK 700,000 | 100% |

# Notes to the Financial Statements

## 10. Other fixed asset investments

| | Group | Parent company |
|---|---|---|
| | Deposits | Deposits |
| | TDKK | TDKK |
| Cost at 1. January | 2,775 | 2,405 |
| Additions for the year | 19 | 0 |
| Disposals for the year | -510 | -510 |
| Cost at 31. December | 2,284 | 1,895 |
| **Carrying amount at 31. December** | **2,284** | **1,895** |

## 11. Inventories

| | Group | | Parent company | |
|---|---|---|---|---|
| | 2023 | 2022 | 2023 | 2022 |
| | TDKK | TDKK | TDKK | TDKK |
| Finished goods and goods for resale | 130,486 | 242,625 | 128,991 | 218,835 |
| Goods in transit | 93,372 | 493,258 | 92,080 | 474,155 |
| | **223,858** | **735,883** | **221,071** | **692,990** |

## 12. Prepayments

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

## 13. Provision for deferred tax

| | Group | | Parent company | |
|---|---|---|---|---|
| | 2023 | 2022 | 2023 | 2022 |
| | TDKK | TDKK | TDKK | TDKK |
| Deferred tax liabilities at 1 January | 20,407 | 22,152 | 17,576 | 18,949 |
| Net effect from aquisition | 9,130 | 0 | 0 | 0 |
| Amounts recognised in the income statement for the year | -1,064 | -1,745 | -607 | -1,373 |
| **Deferred tax liabilities at 31 December** | **28,473** | **20,407** | **16,969** | **17,576** |

## 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:

| | Group | | Parent company | |
|---|---|---|---|---|
| | 2023 | 2022 | 2023 | 2022 |
| | TDKK | TDKK | TDKK | TDKK |
| **Payables to group enterprises** | | | | |
| After 5 years | 0 | 0 | 0 | 0 |
| Between 1 and 5 years | 77,605 | 0 | 77,605 | 0 |
| Long-term part | 77,605 | 0 | 77,605 | 0 |
| Other short-term debt to group enterprises | 4,368 | 0 | 37,256 | 10,185 |
| | **81,973** | **0** | **114,861** | **10,185** |
| **Other payables** | | | | |
| After 5 years | 0 | 0 | 0 | 0 |
| Between 1 and 5 years | 15,902 | 15,468 | 15,492 | 15,072 |
| Long-term part | 15,902 | 15,468 | 15,492 | 15,072 |
| Other short-term payables | 23,335 | 15,421 | 12,755 | 14,477 |
| | **39,237** | **30,889** | **28,247** | **29,549** |

## 15. Deferred income

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

## 16. Cash flow statement - Adjustments

| | Group | |
|---|---|---|
| | 2023 | 2022 |
| | TDKK | TDKK |
| Financial income | -1,997 | -4,169 |
| Financial expenses | 13,709 | 7,701 |
| Depreciation, amortisation and impairment losses, including losses and gains on sales | 27,641 | 25,813 |
| Tax on profit/loss for the year | 15,794 | 20,193 |
| | **55,147** | **49,538** |

# Notes to the Financial Statements

## 17. Cash flow statement - Change in working capital

| | Group | |
|---|---|---|
| | 2023 | 2022 |
| | TDKK | TDKK |
| Change in inventories | 512,025 | -509,752 |
| Change in receivables | 208,695 | -238,830 |
| Change in trade payables, etc | -625,999 | 665,072 |
| | **94,721** | **-83,510** |

## 18. Contingent assets, liabilities and other financial obligations

| | Group | | Parent company | |
|---|---|---|---|---|
| | 2023 | 2022 | 2023 | 2022 |
| | TDKK | TDKK | TDKK | TDKK |
| **Charges and security** | | | | |
| The following assets have been placed as security with bankers: | | | | |
| As security for group enterprises bank debt, the group has provided company charge of nominal TDKK 4,000. The company charge includes the following assets, trade receivables and other fixtures and fittings, tools and equipment whose accounting value of the balance sheet date is: | 31,650 | 0 | 0 | 0 |
| **Rental and lease obligations** | | | | |
| Lease obligations under operating leases. Total future lease payments: | | | | |
| Within 1 year | 3,498 | 3,295 | 2,951 | 3,295 |
| Between 1 and 5 years | 3,923 | 3,967 | 3,100 | 3,967 |
| | **7,421** | **7,262** | **6,051** | **7,262** |
| Rental obligations between 6 to 72 months | 22,001 | 24,096 | 19,759 | 23,463 |

| | Group | | Parent company | |
|---|---|---|---|---|
| | 2023 | 2022 | 2023 | 2022 |
| | TDKK | TDKK | TDKK | TDKK |

## 18. Contingent assets, liabilities and other financial obligations

**Other contingent liabilities**

As part of the Group's ordinary business procedures, bank guarantees have been provided to third parties. At 31 December 2023, bank guarantees amounted to TDKK 30,322 (2022: TDKK 33,693)

The Group is jointly and severally liable for group enterprises credit facility within Nykredit Bank. At 31 December 2023, credit facilities amounted to TDKK 245,683 (2022: TDKK 161,655)

The company has provided shares in the subsidiary, Danoffice IT Solutions & Services A/S, as security for group enterprises bank debt to Nykredit Bank. At 31 December 2023, bank debt amounted to TDKK 245,683 (2022: TDKK 0).

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 and disclosure of consolidated financial statements

| | Basis |
|---|---|
| **Controlling interest** | |
| Belgravia Bidco ApS | Majority owner |
| Agilitas 2015 Private Equity Fund L.P. | Ultimate ownership |

**Transactions**

The Company has chosen only to disclose transactions which have not been made on an arm's length basis in accordance with section 98(c)(7) of the Danish Financial Statements Act.

There have been no such transactions.

**Consolidated Financial Statements**

The Group is included in the Group Annual report for the parent company, Belgravia Topco ApS.

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

# Notes to the Financial Statements

| | Group | | Parent company | |
|---|---|---|---|---|
| | 2023 | 2022 | 2023 | 2022 |
| | TDKK | TDKK | TDKK | TDKK |
| **20. Fee to auditors appointed at the general meeting** | | | | |
| Audit fee | 360 | 296 | 272 | 261 |
| Tax advisory services | 392 | 168 | 372 | 163 |
| Non-audit services | 1,441 | 409 | 1,429 | 401 |
| | **2,193** | **873** | **2,073** | **825** |

## 21. Subsequent events

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

## 22. Accounting policies

The Annual Report of Danoffice IT ApS for 2023 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 Financial Statements and the Parent Company Financial Statements for 2023 are presented in TDKK.

**Recognition and measurement**

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.

**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. 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.

***Pooling of interests***

Intragroup business combinations are accounted for under the pooling-of-interests method. Under this method, the two enterprises are combined at carrying amounts, and no differences are identified. Any consideration which exceeds the carrying amount of the acquired enterprise is recognised directly in equity. The pooling-of-interests method is applied as if the two enterprises had always been combined by restating comparative figures.

**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.

**Translation policies**

Transactions in foreign currencies are translated at the exchange rates at the dates of transaction. Gains and losses 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.

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.

**Segment information on revenue**

Information on geographical segments based on the Group´s risks and returns and its internal financial reporting system. The Group has primarily one business segment.

## Income statement

**Net sales**

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 the consolidated revenue for the year.

# Notes to the Financial Statements

**Other external expenses**

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

**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.

**Other operating income and expenses**

Other operating income and other operating expenses comprise items of a secondary nature to the main activities of the Group, including gains and losses on the sale 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 Danish group enterprises. The tax effect of the joint taxation is allocated to enterprises in proportion to their taxable incomes.

## Balance sheet

**Intangible fixed 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 year.

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 10 to 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.

**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:

| | |
|---|---|
| Land and buildings | 30 years |
| Other fixtures and fittings, tools and equipment | 2-10 years |
| Leasehold improvements | 5-10 years |

The residual values are estimated at the following percentage of the cost:

| | |
|---|---|
| Land and buildings | 70 % |

The residual value of other fixed assets is determined at nil.

Depreciation period and residual value are reassessed annually.

**Impairment of fixed assets**

The carrying amounts of intangible assets and property, plant and equipment and investments 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 with deduction or addition of unrealised intercompany profits or losses and with addition of the remaining value of any increases in value and goodwill calculated at the time of acquisition of the enterprises.

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.

**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 and costs of completion. 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 recognised 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, including the tax base of tax loss carry-forwards, 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.

**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 liabilities**

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.

# Notes to the Financial Statements

*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.

*Cash and cash equivalents*

Cash and cash equivalents comprise .

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

## Financial Highlights

**Explanation of financial ratios**

| | |
|---|---|
| Gross margin | Gross profit x 100 / Revenue |
| Profit margin | Profit/loss of ordinary primary operations x 100 / Revenue |
| Return on assets | Profit/loss of ordinary primary operations x 100 / Total assets at year end |
| Solvency ratio | Equity at year end x 100 / Total assets at year end |
| Return on equity | Net profit for the year x 100 / Average equity |